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LaRouche: Believing Is Not Necessarily Knowing



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"A little more than two years ago, I broadcast a forecast of the likely situation during a year under the George W. Bush then awaiting inauguration as the next President. Subsequent events have fully borne out that economic forecast in a timely fashion, like every published economic forecast I had delivered to the written record during the preceding thirty-odd years. So, now, on January 28, 2003, . . . I shall deliver another history-making forecast on the state of the Union and of the world, by webcast, from our nation's capital."

—Lyndon H. LaRouche, Jr.

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From the Associate Editor

If you are *not* a member of the LaRouche Youth Movement, aged 18-25 or thereabouts, I suggest that you read Lyndon LaRouche's Feature contribution to the issue, imagining that you were. You have recently joined, inspired by LaRouche's leadership in an international fight to provide a future of happiness and productivity for your generation and your posterity: a future that otherwise looks utterly bleak. Now, you find yourself on a lobbying mission to your fiscally bankrupt state legislature, speaking to an elected official who faces, in the new year, what she perceives as the necessity—as one such person put it to a young organizer—"to cut to the bone and perhaps amputate a limb or two." Stunned, you reply, "That is genocide!" But, what do you need to know, to stop it? What do you need to know, to change the world?

LaRouche's article is written for that audience, to answer that question. He does so autobiographically, describing how he himself came to the conception of "Promethean man," and of the functional integration of physical science and Classical artistic composition, which have been the kernel of his intellectual life and work ever since.

Our news coverage in this issue highlights the two critical strategic issues of January: the breakdown of the economy, and the drive to stop what some claim to be an "inevitable" Iraq war.

LaRouche's Jan. 4 briefing to "The LaRouche Show" (in Eco*nomics*) provides a concise overview of what must be done to revive an economy which is "like a heart patient in fibrillation."

On the Iraq front, LaRouche's pledge to "jam up" the drive for war by the utopian "Clash of Civilizations" faction, continues to hold—although the danger is not past. Opposition to the war is growing worldwide: in the *United States*, where Rep. Charles Rangel has issued a highly polemical challenge to the war lobby; in Britain, where Member of Parliament Tam Dalyell has done the same, forcing the Blair government into a more cautious public position; in Saudi Arabia, where LaRouche's ideas are the subject of intense debate; in Turkey, where a policy fight is raging. And in Israel, what many saw just yesterday as an "inevitable" victory for Ariel Sharon's Likud party in the coming elections, is also being jammed up, as the revelations of corruption which EIR has been reporting for months, now receive widespread international coverage.

Susan Welsh

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The LaRouche Youth Movement organizes in Darmstadt, Germany, January 2003.



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'A Republic If You Can Keep It'

Correction: In Issue 1, "U.S. Consumer Credit Bubble Ready To Explode," by Richard Freeman, the number of credit-card offers sent out by banks to householders in the United States was incorrect; the correct figure is 2.5 billion annually.

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EXECONOMICS

January Crisis: Global Economy Is 'Like a Heart Patient in Fibrillation'

This is Lyndon LaRouche's statement on the Jan. 4 "LaRouche Show," in answer to host Michele Steinberg's opening question on how to get out of the strategic/economic crisis of the weeks of January ahead. "The LaRouche Show" airs every Saturday at 3:00-4:00 Eastern time, at www.larouchepub.com.

It's not a question of exactly what direction we take; it's a question of how we choose our directions from moment to moment. We're in a period which has many of the characteristics of a heart patient in fibrillation. You've just got to stop the fibrillation at that point. And that's what we're in now.

We're in a point where the political systems in the United States, and most of the world, are not functioning. That is, they are not capable of accepting the reality to which they have to respond. Therefore, if you don't face the reality to which you have to respond, you are likely to make inappropriate reactions—such as our current President's, my predecessor's, statement in Texas on "a darn good economy." It's not a darn good economy! Unless you're ducking reality, or drinking something, which I wouldn't want to drink, myself.

During this month, essentially between about now and the 27-29th of January, the world is going to go through one of the most dangerous periods of crisis in recent memory. Already, the international financial system is disintegrating. There are many courses it may follow in this disintegration. But you're now at a point where the recent 18-plus percent drop in the value of the dollar, relative to the euro, European currencies, signifies, not a trade problem—that is, not a factor of trade balances-but this means that the international financial system, which is predominantly denominated in dollars, is disintegrating.

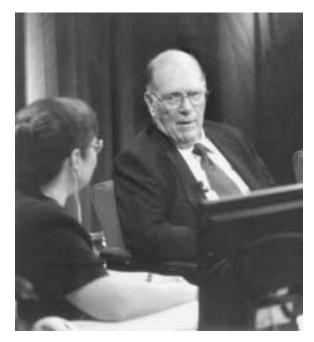
That is, the assets of the United States dollar are not just U.S. domestic assets. They are U.S. obligations, or obligations to the United States, from other countries in other parts of the world—such as Argentina, which is now in the process of disintegrating as a nation. Brazil, which is on the verge. Other countries of South and Central America are in various conditions of disintegration. Sub-Saharan Africa is disintegrating.

And Europe can not survive under the present trends in its economy. That is, Europe—like 46 of the 50 states of the United States, and municipalities like New York City—can not raise enough money to pay the current expenses of government. If they were to increase the tax rates, they will collapse the economy—that is, the municipal or state economy—more rapidly than they nominally increase the tax revenues. So you get to that point where increasing the tax revenues, or cutting expenditures, doesn't work, because it makes the problem worse. It's not a cure.

So, you're at the point where there's only one kind of cure. Put the system as a whole through bankruptcy reorganization. That is, have a group a governments: Each government puts its own central or national banking system, such as the Federal Reserve system, into bankruptcy reorganization; because there's no way the Federal Reserve system can balance its books, under the present trends. The only thing that keeps it alive is the backing of the United States government. Similarly, the central banking systems of Europe, of other parts of the world—they are hopelessly bankrupt. They can not continue to operate successfully under current conditions. They do not have additional sources of current revenues coming in to solve their problems. They are bankrupt in a very special sense, as only nations and central banking systems can become bankrupt.

How To Recover

But the bankruptcy of these institutions, and the craziness into which they plunge when they are bankrupt, becomes a threat to the security of the world. And therefore, to stop the





LaRouche in the studio; Bush giving heart-surgery patient another dose of blood-thinner. "I know how to fix the problem. These guys don't. I'm not laughing at them. I'm standing by and preparing to help them . . . including the President."

fibrillation in the monetary and financial system, governments must intervene—to shut down the fibrillation; that is, to put these institutions, private insitutions, or nominally government-controlled institutions, into bankruptcy reorganization, under the supervision, in one case for example—the Federal Reserve system—of the United States government. Or, in the case of the IMF system, which is also bankrupt, a group of nations, which are the primary backers and owners of the IMF, will have to put the IMF, also, into bankruptcy reorganization.

If these things aren't done, there's no way to stop the fibrillation, and what might happen is incalculable, but terrible. You don't know how the patient is going to die; but you know the patient is in the condition where death is imminent.

Now, the same thing applies to the question of recovery. We can put the system into bankruptcy reorganization; but how can we recover? Where's your recovery program?

Well, President Bush has got the idea that he does need a stimulus program. And I understand he's got Karl Rove and a couple of other people trying to cook up something that might be an economic stimulus program. But actually, relative to the problem, it's a joke.

So we've got to have a very serious reorganization of the U.S. economy. A recovery program in the style of Franklin Roosevelt's measures back during the 1930s. What we need is large-scale infrastructure projects.

The maglev, for example; the magnetic levitation rail system is an example. We don't have a functioning national rail system any more. We need one. Well, the maglev is a good way to start rejuvenating it. Our air traffic system is collapsing. All kinds of things are collapsing. So we have plenty of work to do. We have a water crisis, for example; another problem, especially in the West and Southwest; we've got to do something about it.

So, much to do; much work to be done. And the government is going to have to take the view of raising some credit through the Federal government, which is the only agency which can really do this; and in cooperation with the states, take a number of projects of the type I've indicated—including energy systems and so forth—and say, "For the next 25 years, we have these following programs." Or like the TVA under Roosevelt, these will be going ahead as the stimulant for the real economy, to get employment back in shape; to produce markets for private entrepreneurs who otherwise are going to collapse for lack of markets, and so forth. We have to do these kinds of things.

To do this, we have to do something else, which is even tougher.

Suspend All Deregulation Laws

The reason we're in this crisis, is because beginning about 1964, the United States and England, followed in due course by continental Europe, went into a change in the economic system. These nations had been predominantly producer nations, traditionally. That is, the orientation of the national economy was production of wealth, especially physical wealth, with a large emphasis on high-technology, capitalintensive investment, basic economic infrastructure, modern infrastructure, and so forth—that was the characteristic. So Americans, or Europeans, looked at themselves as producers. If they weren't producing something themselves, they were part of a society which was productive. And they estimated their value-their future, the future of their children and grandchildren—in terms of "I am productive; I am producing real wealth. I am valuable. I have not to apologize for my existence, to anyone."

What happened is, beginning about 1964, with the cultural

paradigm shift in the United States and the Wilson government in England in the same period, which was a similar disaster; we began to shift—as with the rock-drug-sex youth counterculture and other things—we shifted away from being a society oriented to high-technology production, scientific progress, infrastructure, long-term investments, and so forth. We went into a *consumer society*. We said, "We are going to get what we need to eat and wear, from other parts of the world, from poor people who will work for us at slave-labor prices. Our people will not work any more—or, fewer and fewer of them will work. They will live as part of a consumer society, on bread and circuses, as Rome did from about the Second Century B.C. on, until it collapsed as a result of that policy."

We're in that kind of a process of degeneration.

This is not, therefore, a cyclical crisis. This is not a boombust cycle crisis. This is a collapse of the entire system. This is the kind of crisis from which no one recovers. There is no automatic "bounce-back." There is no upturn. It's all the way down; and the only way you go from down, is worse.

Unless you change the system. Changing the system means, essentially: Repealing all of those measures, especially in law, especially by the Federal government, which involve deregulation; which involve deindustrialization; which involve consumer society as opposed to producer society. All of those kinds of laws on the books must be eliminated in one sweep.

In other words, you can take, essentially, what was done from 1971—when Nixon blew the system out with his decision of Aug. 15, 1971—until Carter left office (or better said, Brzezinski left office at that point). And the deregulation and other measures taken during that 10-year period, set into motion a destruction of the U.S. economy, such that the U.S. economy, under law—even with a stimulus package—can not recover today, *unless* you have one sweeping set of decisions, made at the government level—the Executive Branch and the Congress—which says: Those laws are now suspended for the duration, until the recovery; and then we'll consider the whole thing again.

But that means that all deregulation, and things similar to that, have to be cancelled. The 1971 decision on a floating-exchange-rate system, above all, must be cancelled. We've got to go into a long-term recovery process, 25-50 year perspective, of building up the economy of the United States and other countries.

The Eurasia Maglev Breakthrough

We have have one big asset on the horizon—not in the United States, but it affects us very much. As most people may have picked up by now, at the end of the year, and beginning of this year, the Chancellor of Germany, Gerhard Schröder, was paying this visit to Shanghai in China, where he received an honorary degree at the university and so forth. But essentially what he did: He got on the most modern, most efficient railway system existing anywhere in the world today. He got on

with the Chinese Prime Minister. They sat in comfortable chairs. And he had a potful of flowers floating on water, on a small table in front of him, where he was sitting. This thing went from Shanghai to the newly-built Shanghai International Airport, at speeds of up to 431 km/hour. And none of the flowers spilled out of that bowl of water, in which the flowers were floating, on the small table in front of the Chancellor.

This system was built as a technology-transfer—or technology-sharing, better said—operation between Germany and China. I know a good deal about the thing. I was one of the people pushing for this for a long time; one of the boosters of the project. So I'm very happy about it on that account.

But what this means, is that China will now move into a series of more rails of this type, rails of this speed. This probably includes, finally, a line from Shanghai to Beijing and Beijing airport—probably; that's not settled yet. But there are others—like to the old city we used to know as Nanking, and so forth. These areas are now being included for the same kind of treatment.

More significant, is: This project was done in a relatively short period of time. There's no country in Europe, or in the United States, which could do what was done, in putting this high-tech system of magnetic-levitation transportation into place, for that distance, in that time. Only China could do it. That says something.

That tells you that China is a growing economy. It's poor. It is not a great military power by our standards; not today; won't be, for a long time to come. But it shows a capacity for responding to the challenge before it, which is actually gratifying. It's astonishing. All spectators who know anything about this business were pleasantly astonished, as I was.

Now, this means that Germany and other countries of Europe, which are not going to survive under the present trends—there's no way they can balance their books; there's no austerity program that's going to work; it will only make things worse—Europe is going to depend on a process which I've been pushing. That is, back in 1998 in particular, I pushed for the formation of a "Strategic Triangle" of cooperation among Russia, China, and India. Not them alone. My argument is the following.

We need large-scale projects in Asia, and Eurasia, to get the world economy moving. These projects can not go forward without arrangements on cooperation and security among most of the nations of that entire region of the world.

Now you have three major nations in that part of the world: Russia, China, and India. Other nations which are important, such as Japan, Korea, Kazakstan, and so forth. But these are the key nations. If these three nations—of dissimilar characteristics, of dissimilar cultural characteristics—can agree on a joint large-scale economic-cooperation program, and a joint security program for the entire region of Asia/Eurasia; then, all of these nations can come together. And they're coming together. The six nations of Southeast Asia, Korea, Japan, China, Russia, Kazakstan. These nations are coming together around this project.

The maglev project, the Transrapid, which was demonstrated as an operating system between Shanghai and Shanghai Airport over this year-end; this is one of the steps toward that development.

This means, that if we can get the jam-up about this railroad connection in Korea, between North and South Korea, fixed—no more fooling with these crazy ideas about diplomacy; just do it—Japan will be able to ship goods by rail from Pusan, at the southern tip of Korea, to Rotterdam, by two routes: one, the Trans-Siberian route; second, the middle route, the so-called Silk Road route. This means that with the development of high-speed freight, as well as passenger transit, by land, we have changed the character of the planet.

By doing so, we will open up Central and North Asia for development of its raw-materials potential. We will improve the water system: the great Ob River, and the Irkutsk River, will move water down towards Central Asia, to develop [the region] around the Aral Sea and other areas that are now dying; reverse that process; increase areas of human habitation and development.

But at the same time, this system means that Western Europe and Central Europe—including countries such as Poland, Rumania, Slovakia, and so forth—that these countries will now have a future, as now they have none.

And led by Germany, France, and Italy—which are the chief export-oriented countries of Western Europe—Western Europe can become a fountain of technology, exported in cooperation with countries of the Strategic Triangle now coming into existence.

That means that there is the possibility of a recovery in Asia—if we have a new international monetary system to make it work.

What We Have To Do in January

What I propose as a monetary reform, has been endorsed by a majority of the Italian Chamber of Deputies, and by many parts of the Senate. It is my proposal; it has been adopted and voted up *as* my proposal. So there are people in the world moving to do what I've proposed be done.

The United States must have a new orientation. The orientation must be to cooperate with this kind of development in Eurasia; a new kind of diplomacy; peace in the Middle East; ending the genocide which is now policy of practice in sub-Saharan Africa. Stop destroying our neighbors to the south, in South and Central America. Begin a long-term process of development and investment. Turn the United States back into an engine of technology. Start with infrastructure. Save the industries we have. Save our air transport system. Save our rail system. Improve our transport system with an idea that we're going to transport across the Pacific too, into China, Korea, and so forth.

We have options. But what we have to do, is do as I say. At this point of crisis, beginning the month of January, we have to begin to make these fundamental changes in U.S. policy, and policies of other countries. We have to resolve to put the IMF through bankruptcy reorganization, to go back to something like we had between 1946-58; not exactly, but something like it; the same principles. We have to cooperate with Eurasian countries, including our allies in Western Europe, for cooperation in this great Eurasian development project, one of the great projects, and the greatest market, of all humanity today. We have to turn to our neighbors to the south, and go back again to a nation-building, high-technology orientation; to save Argentina; to prevent Brazil from collapsing; to restore Colombia to itself; to restore, fully, the sovereignty of Peru; to build up the nations of Central America; to strengthen Mexico on a stable basis, not a cheap-labor-market basis; to save Bolivia from a drug mob; to prevent that kind of corruption from going on in Paraguay and Uruguay.

We have a great challenge and a great opportunity. It means we have now to say, the system is a failure; going from a producer society to a consumer society was a stupid, evil mistake; going to a floating-exchange-rate system was a stupid, evil mistake; deregulation was a stupid, evil mistake. We're going to fix that; we're going to learn our lesson, correct our errors, and act to stop the fibrillation. And it has to start this month. It has to start in the month of January.

So now, here we are. Congress is preparing to re-assemble. There'll be much fussing in Congress; there'll be various people in the Congress who'll make some measures which are interesting measures, with which I have sympathy. But the question is, are they going to push for the measures which we *need?* Not just band-aid measures, but measures that will actually begin to fix the problem. Are they prepared to change the system?

Then we come along to the question of the President, who, sometime later this month, is going to have to make a State of the Union Address; or it will be a State of the Dis-Union Address, otherwise. I'll be there all along. I'll be doing various things in other parts of the world; but I'll be there in spirit, and active, and watching, and intervening. Then on the 28th, I'm going to make an address, at 1:00 in the afternoon, Washington, D.C. time. Later the same day—probably; it's not yet certain—the President may make a State of the Union Address. Let's see if he does as well as I do, that same day.

On the day preceding—on Jan. 27—a number of very important decisions are going to be put on the table, including the UN discussion on Iraq, and things of that sort. On the 29th, there are other decisions that have to be faced.

So sometime between now and the 29th of January, we're going to see if the United States looks as if it's going to survive. In the meantime, my job is to be there. I know what works. I know how to fix the problem. These guys don't. I'm not laughing at them. I'm standing by and preparing to help them; to give them the direction of leadership they need—including the President; to give him the direction and leadership he needs, to show him what he does not know how to deal with now: how to fix this economy.

Bush Waves a 'Stimulus' At an Economic Breakdown

by Richard Freeman

President George W. Bush's Jan. 7 unveiling of an absurd \$674 billion "stimulus package" had two overriding qualities: its terrified refusal to face reality—the bankrupt world economic-financial is disintegrating in the biggest systemic breakdown crisis in 500 years—and its admission that the Bush economics team does not have a clue what to do about it. The Democratic Party, led by House Majority leader Nancy Pelosi (D-Calif.), grabbed headlines with its noisy criticisms of the Bush "stimulus." But the Democrats' alternative, while glancing at a few real issues, also refuses to admit the breakdown crisis, or remotely to offer a solution to it.

2004 Presidential candidate Lyndon LaRouche commented on Jan. 8, "So far, despite the general recognition that the Bush so-called 'stimulus package' is nothing but a Bush re-election-campaign blivet; despite the criticism of the blivet; the point is that none of the critics, except for the LaRouche campaign, is addressing the reality of what faces the United States and the world now. There's no reality about the nature of the financial and economic crisis; there's no reality about the relations among states as they're affected by a world-wide depression, so people are babbling, trying to take the credit for being captious critics of one another. And, they aren't saying anything!"

What the leadership of both parties have refused to acknowledge, is exemplified by the stunning fall of the U.S. dollar over the past 12 months—especially the past two. During 2002, the dollar plunged against the world's major currencies, 14%, for example, against the euro. In 2003, the fall continues, and reflecting the flight out of the dollar, the price of gold had shot up to \$356 per troy ounce by Jan. 9. The dollar's collapse is due primarily to the bankruptcy of the U.S. banking and financial system. But it is not just the currency of the United States, but the currency for a majority of the world's trade and lending activities. As it plummets further, this could shatter the dollar-centered world financial system.

Against this reality, what good is a counter-cyclical "stimulus" package concocted by mental lilliputians? It is not the particular features of a stimulus package that damn it (although they are not insignificant), but rather the denial of the evident, systemic nature of the crisis, and the inability, resulting from that denial, to conceptualize a solution that would solve the crisis. The destruction of economies and populations seen across the world, will continue unabated.

On Jan. 4, LaRouche told the Internet audience of "The

LaRouche Show," that what is really needed is an emergency mobilization around a global mission of rebuilding infrastructure with the most advanced technologies—one which uproots the failed policy-making processes of the past 35 years, and gets governments to put into bankruptcy the failed monetary system and the central banks, such as the U.S. Federal Reserve (see preceding article).

This is a real recovery program, the standard against which other "economic programs" must be held. On Jan. 28, LaRouche will deliver his State of the Union address, an international webcast, to develop the conception of what must be done in the United States and internationally. He will, he said, give Bush "the direction and leadership he needs, to show him what he does not know how to deal with now: how to fix this economy."

The Bush Policy

Right now, Bush needs all the help he can get. It appears that what Bush read on the teleprompter at the Chicago Economic Club on Jan. 7, was first put through a blender fed by: political operative Karl Rove, with his eye on the 2004 elections; Mont Pelerin Society-oriented monetarists, such as head of the Council of Economic Advisers, Glenn Hubbard; and whoever else was passing through the halls on the days prior to the speech. The primary problem is, indeed, the refusal to address the fundamental reality of breakdown crisis; but if the particulars of a "stimulus" are seriously flawed, they can help widen the scope of the crisis.

In its current form, it appears that the Bush stimulus package stands extraordinarily little chance of getting through the Congress. A handful of Republican Senators, and state governors of both parties, have indicated varying degrees of opposition.

At the center of the \$674 billion ten-year package, is a proposal to eliminate, entirely, Federal taxation of individuals' income from stock dividends. This proposal will cost \$364 billion, apparently to bring only \$280 to \$320 billion of benefits to taxpayers; the remainder of the cost is connected with other concerns. A determination of the distribution of these benefits was done by the Center on Budget and Policy Priorities, using the assumption that \$280 billion would be distributed.

The Center's conclusion: The top 0.2% of tax filers, representing 226,000 filers, would receive \$70 billion in benefits; the top 1% of tax filers (including the top 0.2%) would receive \$117.6 billion in benefits; the top 5% of tax filers would receive \$176.4 billion in benefits; and finally, the top 10% of tax filers, would receive \$210 billion, or three-quarters of all the benefit. The lower 90%, representing 120 million tax filers, would receive \$70 billion—just equal to the benefit the minuscule top 0.2% of filers would receive.

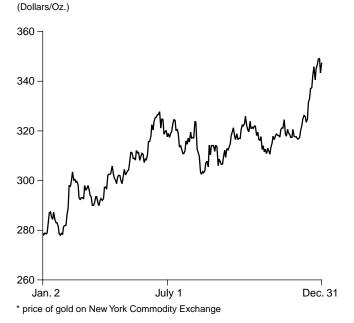
Other parts of the President's program include: an immediate increase in the amount a household can deduct, per child, from taxable income—from \$600 to \$1,000, which would have a ten-year cost of \$87 billion; and a provision for small

FIGURE 1
U.S. Dollar Collapse Against Euro in 2002

(Dollars Per Euro)

Jan. 2

\$1.05 -\$1.00 -\$0.95 -\$0.90 -\$0.85 FIGURE 2
Gold Price* Surges in 2002



businesses to write off investments in new expenses at one time, which would have a ten-year cost of \$16 billion.

July 1

Dec. 31

An additional provision, that would set up "personal reemployment accounts" for the unemployed, to help them find a job or get retraining, would spend only \$3.6 billion. Were this to be spread over the current "official" 8.2 million unemployed, it would provide only \$439 per unemployed American, which is about three weeks of normal unemployment benefits.

Already, as a result of the collapse of the U.S. real physical economy—and thus of tax revenues—the Fiscal Year 2003 U.S. general revenue budget could hit a deficit of an unprecedented \$400 to \$500 billion. The adoption of the latest stimulus package, by cutting revenues, would make the crisis of the budget worse—even if the package were bargained down to half its size in Congress—and would set the stage for ferocious budget-cutting.

Yet, the onrushing economic collapse could offer a powerful lever to kill this bill altogether.

The Breakdown Crisis

But the highly-leveraged, bankrupt world financial system, beset by increasing instabilities, is entering the final phase of disintegration. The collapse of the dollar heralds this process. **Figure 1** shows its precipitous drop between Jan. 2 and Dec. 31, 2002: from a level of 1 euro equalling 90.36¢, to 1 euro equalling \$1.05, a drop of 14.0%. Likewise, during 2002, the dollar fell by 11.1% against the Japanese yen. It also fell against the Swiss franc and the British pound.

But more remarkable is the jump in the price of gold

traded on the New York Commodity Exchange (**Figure 2**), from \$278.90 per troy ounce on Jan. 2, 2002 to \$347.60 on Dec. 31, an increase in value of 24.6%. This is the greatest yearly percentage increase in two decades. The fact that gold has broken beyond the \$300 per ounce barrier, below which central banks had acted to keep it for years, indicates that something very fundamental is happening. This flight from the dollar is the result, primarily, of the bankruptcy of the U.S. financial system, especially its banks. This could collapse the already shrunken role of the "U.S. importer of last resort," upon which so many nations depended, and which depended, in turn, on an artificially strong dollar.

Meanwhile, more than 40 American states are "in the worst fiscal situation since World War II," according to the U.S. Governors Association, as tax revenues plummet. The American air and rail transportation grids are being taken apart. Two of the largest airlines went bankrupt in 2002, and in a Jan. 9 Congressional hearing, airline executives spoke of more bankruptcies in 2003. In order to avoid another ratchet-down in its productivity, America needs to rebuild and upgrade its rail grid, water system, power system, etc., through great infrastructure projects.

The fact that the collapse of every critical sector is simultaneous, and so deep, bespeaks an underlying systemic breakdown crisis. In the face of this reality, stimulus plans are effectively useless. The time for denial is over. This crisis must be tackled on a national and international level: We must "stop the fibrillation of the system," as LaRouche said, along the pathway he has recommended.

Maglev Launch in China Revives Germans' Plans

by Rainer Apel

The spectacular maiden voyage of the Sino-German maglev train in Shanghai on Dec. 31 has created a positive shock of much-needed technological optimism in Germany, where the Transrapid super-high-speed train was developed. The Shanghai launch has had an immediate, visibly remoralizing impact on the movement for magnetic-levitation rail corridors, in German politics, industry, and science; plans for a number of corridors in Germany and from Germany to the East, all of which had been killed by budget austerity dictated by the European Union's Maastricht Treaty, have been revived with the lightning-fast construction, and success, of the world's first commercial line in China.

For example, leading politicians of all parties—except the ecologist Greens—in Hamburg and Berlin called for the revitalization of the original magley project between the cities; it had been prepared for the start of construction work in the Spring of 2000, but was abandoned by the German government in February of that year. The chairman of the Christian Democrats' group in the Hamburg city-state parliament, Michael Freytag, has begun to work on the formation of an allparty appeal from Hamburg, for the reinstitution of the maglev project to Berlin. What makes this debate among Hamburg Social Democrats particularly interesting is that not only are these members of Chancellor Gerhard Schröder's own party, but the national party manager of the Social Democrats, Olaf Scholz, supports that maglev initiative, as well.

Among the Christian Democrats, the other major party, Matthias Wissmann, who was German transport minister from 1993-98, issued a call for a "large-scale European maglev line," that should extend eastward from the Hamburg-Berlin project. Wissmann said that in view of the European Union's expansion to the East, and towards closer cooperation with Russia, "the most modern transport infrastructure" should be given a priority emphasis—therefore, maglev routes from Berlin should be built to Prague, Budapest, Warsaw, and Moscow. Wissmann's remarks indicate again, that the broader, Eurasian Land-Bridge scope of the LaRouche movement's proposals has had an impact on the thinking of some political leaders in Germany.

Adding to these calls, the minister of economics and transport of the state of Hesse, Dieter Posch, a Free

Democrat, called for the revival of the Hamburg-Berlin project and proposed in addition, a line between the airports at Frankfurt and Frankfurt Hahn, with an extension, later on, to Luxembourg and Brussels.

Federal Credits, Sino-German Cooperation

Along with other proposed lines, political support exists in Germany, already now, for about 1,200 kilometers of maglev railroads. They could be realized within a few years utilizing Lyndon LaRouche's concept for long-term, low-interest loans for infrastructure development, which Helga Zepp-LaRouche's recent campaign for the Bundestag (parliament) pushed into the national debate during the elections (see her *Commentary*). That will work, whereas other approaches to mobilize funds from private banks, or out of tax

FIGURE 1
Maglev 'Ring-Road' Around Germany



A map headed "German Magnetic Railroad" shows the "maglev ringroad" around Germany, made up of a number of proposed lines which were killed by budget-cutting before. They are being demanded again after the Shanghai breakthrough.



Germany's Chancellor Schröder and Chinese Prime Minister Zhu Rongji at the "Dedication of the Shanghai Transrapid" on New Year's Eve. The Shanghai-Pudong route, the world's first, is already sold out for months ahead; maglev projects in Germany are now back on the agenda to revive the moribund German economy.

funds in the austerity budgets of the government, have not worked.

The most progressive current among the maglev lobby in Germany favors close Sino-German cooperation for future maglev construction projects—both in China, and in other countries (not only in Asia) that are interested in the technology. This kind of future cooperation will be based on mutual acknowledgment of each other's genuine contributions to the success of the Shanghai pilot project.

In a Jan. 2 interview with Xinhua news agency, the Chinese chief engineer of the Shanghai project, "Commander Wu" Xianming, explained that it had required a lot of research, and been expensive to build the big maglev control center for the Shanghai-Pudong line—but this control center could now also be used as a control and maintenance base for longer, future lines, greatly reducing future construction costs.

Chinese engineers have mastered certain aspects of the maglev technologies, and this will help China undertake domestic production of the maglev train (for the Shanghai line, the Chinese constructed the elevated, magnetic track, and some train components). With these trains built, Wu said, it would take just 30 minutes to travel between cities of the Yangtze River Delta, or the Pearl River Delta in the South, or around the Bohai Bay in north China. This, he noted, will increase economic integration. "The importing of maglev technology will help China to take full advantage of its competitive edge and facilitate the building of a series of highspeed railways, thus driving forward the growth of a series of new high-tech sectors," Wu told Xinhua.

Gerhard Wahl of Siemens Corp., the chief German coordinator for the Shanghai Transrapid maglev line, was full of praise for the Chinese: "It had always been assumed that maglev technology should first be put into commercial use in its birthplace, Germany. No one had expected that China would become the first in the world to do that. What's even more surprising is that it took less than two years for China to build such a new and challenging project." For a developing nation like China to do this, Wahl added, was "a wise, resolute, and courageous decision," demonstrating it is determined to use the most advanced transportation technology for economic development.

FIGURE 2
Transrapid Maglev Projects for Central and Eastern Europe



Source: Transrapid.

Extending the maglev routes to the east and south, to Prague, Budapest, Warsaw, and Moscow—"a grand European maglev line" extending into the Eurasian Land-Bridges—is being called for by some German leaders. It is a mainstay of the LaRouche idea for economic recovery.

Land-Bridge Essential for Germany

Wahl said that he thinks that China will be a world leader in the construction and operation of high-speed maglev railways, noting: "If other countries—including Germany—want to build high-speed maglev railways, they may have to invite managers and engineers from China to undertake the projects."

For Germany, intensified cooperation with China in pioneer areas of science and technology, such as maglev transportation systems, makes sense: China has surpassed Japan, historically the number-one importer of German high-tech goods, during 2002. For 2003, German industry expects exports to China to be 14 billion euros, visibly overtaking German exports to Japan, at 11 billion. Take into account, too, that new foreign markets are all the more important for the Germans, whose export dependence is now at 35% of GDP. This is far greater than the United States and Japan, with only 10% of GDP each; and it also leaves behind the other two major European exporting nations, France and Italy, with 28% of GDP each. Having access to the Asian growth markets via intensified cooperation with China, is a matter of life or death for the export-oriented German industry, and for Germany's economy to break out of depression.

Commentary: Helga Zepp-LaRouche

Germany Must Build Eurasian Land-Bridge

Helga Zepp-LaRouche spoke to a forum in Peru on Dec. 27, 2002, on the promise of Lyndon LaRouche's concept of the Eurasian Land-Bridge. We excerpt from the portion of her remarks, which are immediately relevant to the potential of Germany, as the first designer of the magnetic levitation train, in answering the question she began with: "Will the present historic crisis end up in a tragedy, or will this crisis be used as a chance?"

Then, you have German collapse: I can only tell you, the "German economic miracle," which used to be world-famous, it is about to disintegrate. Many old firms, which took 100 years or more to build—over six, seven generations—are just vanishing! It is unbelievable how quickly the economic collapse in Germany is taking place.

Now, that has created a very interesting situation. Because, the present Schröder government only was voted in on Sept. 22, and he won the election because he made a shift in the last months, on two issues. He totally, 100%, opposed

German participation in any war against Iraq. And that expressed exactly the sentiment of the German population, who do not want to have this war. And, he took one important element of the BüSo program—that is the program of the party I represent—namely, to use a German national bank, called the Kreditanstalt für Wiederaufbau, or the Credit Bank for Reconstruction, which played a crucial role in the post-war reconstruction in Germany; to use that to fight unemployment today, which is exactly what we have been campaigning on for a long time.

Unfortunately, when he came into the government, because of the "Red-Green" coalition [of the Social Democrats and the Green Party], the finance minister announced a very dramatic, brutal austerity package. And then, one other leading former Social Democrat accused the Schröder government of having the same policy as the Chancellor Brüning, who was the third-to-last Chancellor in the Weimar Republic, before the National Socialists took over; or Hitler got appointed, and then basically made a "cold coup," with the Reichstag Fire. Now, to accuse the present Social Democratic government of making the same brutal austerity program, which everybody associates with that that is what led to Hitler—because the unemployment then was 6 million, and that made it very easy for the Nazis to capitalize out of the situation—that has caused a complete freakout in Germany, especially among the Social Democrats, but, you know, it's unfortunately also true! Because austerity under conditions of mass unemployment and depression, is the worst you can do.

It is very interesting, because the other major thing which happened, is, that an economics professor, who used to be a complete liberal, picked up one of our arguments: Namely, that if you would have changed the economic policy in the '30s in time, you would have eliminated the social conditions which allowed Hitler to come to power.

The Lessons of German History

Now, I want to tell you very briefly this historical background, which you may not know, because it's from German history. In the early '30s, between 1930-31, there was a group of economists, both from the trade unions, from the General German Trade Union Association—a guy called Woytinsky, who, when the unemployment, because of Brüning's austerity measures, became worse and worse and worse, demanded in a very elaborated, beautiful program, an international program to combat the Depression, through the increase of the buying power of the population. And, he said, the way to do that, is we have to have a European-wide infrastructure program, to create more productive jobs, and increase the buying power of the population; and that way, we can get out of this crisis [see EIR, April 11, 1997].... There is presently a debate in Germany, saying, "If these policies would have been followed, then Hitler would not have come to power."

On the so-called "conservative" side, there was also a group of people, among them, Wilhelm Lautenbach, and oth-

ers-Wagemann, Dräger, and so forth-especially Lautenbach, who in September 1931, presented a proposal to the Friedrich List Society (named after the famous German economist Friedrich List), in which he said, "The worst thing you can do, when you have a depression and a financial crisis, is to have austerity. On the contrary, the state must invest in those categories, in which one would also invest if the economy would be in good shape. And then you eliminate unemployment, because unemployment is the biggest cost-factor for a national economy. And you create real wealth, because, if you follow clearly scientific principles in these investments, you will realize, that the tax revenue you will get after you re-start the economy is bigger than the initial credits given, simply because of the increase of the productivity of the whole economy. And therefore, this is the only way that you can get out of this crisis."

Now, this program is absolutely important today. Unfortunately, in 1932, the Social Democratic leadership rejected it. And, when von Schleicher, who was the last Chancellor before Hitler, came into office in December 1932, and he tried to get a very broad coalition—from trade unions, social groups, business groups—to put this program through, it was too late. And the SPD [Social Democratic Party] leadership rejected it. And, then through a whole, real nasty operation, including Hjalmar Schacht, Hitler was brought into power, in January 1933, and then it was too late.

In the recent [German parliament] election campaign—the BüSo campaign—I had made that issue, one of *the* leading issues: That, since we are, again, in an economic crisis, we must learn the lessons from history; go with the Lautenbach Plan today. And so, as a result of it, one of the leading newspapers had an article by this economics professor Giersch, who picked up exactly that argument, saying, that if these economic programs would have been implemented in the '30s, the whole history would have gone differently.

Lautenbach Then, and Land-Bridge Today

Now, here we are, at the point: Have we learned the lessons of history? Because, today, we have a very concrete framework for the Lautenbach Plan. It exists in the form of the Eurasian Land-Bridge. The Eurasian Land-Bridge is, basically, the idea to integrate the entire Eurasian continent through infrastructure, so-called "development corridors," and so forth. Just to show you that this is not an abstract idea, but that the LaRouche movement is identical with the development of the Eurasian Land-Bridge, let me very briefly tell you about this. Please take the slide with the "Paris-Berlin-Vienna Productive Triangle" from 1990. When the [Berlin] Wall between East and West came down, in November '89, you all remember-some of you remember, who are old enough—that this was the end of the G.D.R. [East Germany], the end of the Soviet Union later on, and there was no more division—no more Iron Curtain, dividing Eastern and Western Europe.

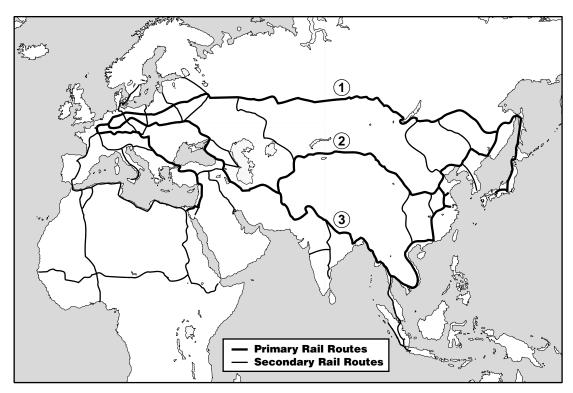
Through the collaboration of Lyn and myself, we proposed, at that time, to develop the East, which had just gone bankrupt. As a matter of fact, the whole global financial system of today, of the free market economy, is as bankrupt as the G.D.R. communist system was in October '89. So, there was a tremendous chance, because, for the first time in the 20th Century, one could put the East-West relationship on a completely new basis. So, we proposed to take this area, between Paris, Berlin, and Vienna, which has the size of Japan, and still represents the largest concentration of industrial capacity, and beef it up through investment in high technology, Transrapid [maglev], high-temperature reactors [for nuclear energy production], and similar things; and then, develop so-called "corridors" into the East, to Warsaw, to Kiev, to Moscow, to the Balkans. And, if that policy would have been followed, there would have been a completely different development: A peaceful relation between East and West.

Now, we know, that this was, unfortunately, not done, at the time. But, in '91, when the Soviet Union disintegrated—take the next slide, with the 1-2-3 infrastructure lines (see **Figure 1**): We proposed, then, to immediately expand these corridors, all the way from Western Europe, to China, to Indonesia, to India, and basically integrate the entire European-Eurasian continent, into one economic zone.

This was a very important conception, because these were not just transport lines—railways, high-speed trains, waterways, and so forth—but it was the idea to use these transport arteries, around an integrated transport system of highways, waterways, high-speed railways, energy production and distribution, and communications—to then use these infrastructure arteries to develop so-called "corridors" of 100-kilometer width: To build new cities; to build new agriculture; to industrialize the agriculture; to have new industrial investment (Figure 2). Because, the idea was not to build infrastructure as during the colonial times, when you just would build these railways to extract raw materials, like you have in Latin America, where, if you have transport lines, they normally from the raw materials to the coast, to be exploited, but there is no integrated infrastructure grid, connecting all of Latin America. And, the same problem exists in Eurasia. So, the idea was, to bring in this infrastructure to industrialize the areas, to uplift the populations, to increase the productivity of the people in these countries, and in this way, for the first time in history, give the so-called "land-locked areas" of the world—those areas which have no access to the oceans or to rivers—the same geographical advantages, as if you have a nation which is sitting on the sea, or connected through large river systems.

Now, this was projected to be 25 years. So, you have to say, totally, goodbye to the idea of quick money and shareholder values, because there is no way you can get profit out of this in a month. Because it takes about 25 years, before a baby is developed to be educated, a skilled laborer, or engineer, or doctor, or something like that. So, you have to have

1992: Schiller Institute Eurasian Rail Network Plan



The LaRouches' original 1992 outline conception of the Eurasian Land-Bridges, which has become the potential reality of productive investments to pull the global economy out of depression.

long-term thinking, as it always was the case, when there was positive economic development.

Schiller Institute at Chinese International Conference

So, we proposed to the Chinese government, to conduct a conference on this, with all participating countries, which finally took place in 1996, with 34 nations participating, including myself and another member from the Schiller Institute as speakers. And, this was actually a very powerful conference, in which the Chinese government committed itself to making this conception the long-term perspective until the year 2010 for China.

But, there was also opposition from the British. Then, in '97, the Asia crisis came. You remember, this was the beginning of the global crisis, with South Korea, Indonesia, Japan. Then, in '98, you had the Russian state bankruptcy. But, we kept organizing, despite all of these difficulties. We made interventions into India—India, which had no idea about these conceptions in the beginning. We organized for a strategic alliance of China, Russia, and India. So, for a long time, this went along very slowly, and was put on the back burner many times. But, now, with the financial collapse, and China is realizing, that it is losing its U.S. export markets—all of Asia is losing the United States as export markets: *This is now the hottest issue on the agenda*.

Now, many countries started to react to the question of a new Roman Empire, coming from the Anglo-Americans, and they started to organize all kinds of alliances among themselves. One of these alliances was the Shanghai Cooperation Organization; then, there was just recently the ASEAN Plus Four summit in Phnom Penh, and they discussed to have one gigantic project along the Eurasian Land-Bridge, namely, the development of the Mekong Delta, which is a very power water region, which has tremendous potentials. Then, President Putin of Russia just recently went to China and to India, and consolidated the idea of a Russia-China-India Productive Triangle, as a peace perspective for Eurasia.

Now, South Korea, which has *no* interest to have North Korea as part of the "axis of evil," and have nuclear bombs flying around the Korean Peninsula, is pushing very, very actively, the idea of an Iron Silk Road, as a peace policy, between South and West. And there are very, very active steps being taken by South Korea, North Korea, Japan, China, and Russia, to have this total development of the Trans-Siberian Railway from Pusan in South Korea, through North Korea, China, Siberia—all the way to Rotterdam; to have that as a gigantic development-and-peace perspective. . . .

Now, a lot of conferences are taking place on this. Just over the [Dec. 28-29] weekend, now, there were many conferences in Central Asia, in Iran, in Russia. And, all of these countries are working, working, working, on this perspective.

China's Magley, the 'Beautiful Technology

Now, Schröder, the Chancellor from Germany, is just now going to China, to Shanghai, with a gigantic delegation from German industry. And the reason why they are going there is, because, on Dec. 31—three days from now, the first part of the Transrapid maglev train is being completed from the Pudong airport to the city of Shanghai, which is a line of 30 kilometers, and, they did this in 22 months.

Now, this has blown the minds of everybody in Germany, because, in Germany for 10, 15, 20 years, they have not been able to get permission for this, studies for that; and the Chinese bought this technology, in a joint-venture, built this 30 km long line, in just 22 months. So, they are completely shocked, that the Chinese today display virtues, which the Germans obviously lost: industriousness, efficiency, and so forth. And the Chinese saved that beautiful technology. And, I can say "beautiful technology," because Lyn and I were travelling with the maglev train about a year ago, in a test area in Germany, and it is absolutely beautiful, because it accelerates from 0 to 450 kilometers per hour in a very brief period of time (I don't know exactly, maybe a minute or two minutes); and then it goes smoothly. And you don't feel any acceleration at all. It goes smoothly at the speed of 450 kph—you can show, now, the slide of the Transrapid—and, this can be not only for passenger transport, but for goods as well. And, when the Land-Bridge is built, and all these new cities—we are planning to build 1,000 new cities along these corridor lines then the Transrapid will be the obvious way to save money for both transport of people and goods.

So, watch reports about the opening of the Transrapid in Shanghai; and German-Chinese cooperation *is* actually a very important breaking point. And, *if* there is a chance for Germany to get out of its present crisis, it can only be through these kinds of agreements with other countries. Because Germany has almost no raw materials at all. And, it only functions when it concentrates on export—Germany only functions when it exports up to 40% of its production. And the obvious places for Germany to export to, are areas with large populations, like China, India, but obviously, also Latin America.

So, I am very happy about this Transrapid, because I claim it, also, as *our* victory; because, for many, many years, we were the only ones campaigning for this, especially in China, in Russia, in India. So, it is also our victory, that this is actually happening. And, it gives you a taste, you know, that things which look difficult for a long time, can, all of a sudden, come to a point of fruition.

From South Africa to Chile by Train

Now, this is actually, as I said, not a program only for Eurasia. If you look at the polar map of the Eurasian Land-Bridge (see **Figure 2**), then you can actually see, that near the Bering Strait, the Eurasian Land-Bridge is supposed to be connected to North America, Central America, all the way down to Chile. And that, basically, through Egypt, and also Tunisia and Gibraltar, we will build this Eurasian Land-



The Shanghai-Pudong maglev leaves Shanghai station Dec. 31 on its first run, reaching over 430 kilometers per hour. "And you don't feel any acceleration at all. . . . And when the Land-Bridge is built, and all these new cities . . . the Transrapid will be the obvious way to save money for both transport of people and goods."

Bridge all the way to South Africa. So that, hopefully, sometime soon, you can travel by the Transrapid, all the way from South Africa to Chile. (I mean, you may not want to do it, because you may want to go by plane, but, it's an important idea, in order to connect the economies of the world in this way.)

So, you actually see, that we are really talking about a global reconstruction of the world economy.

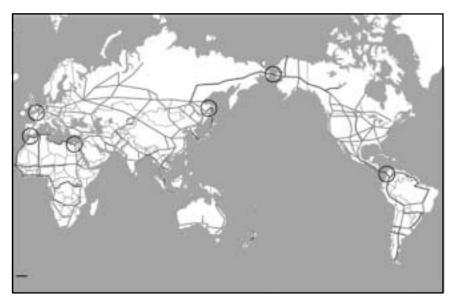
'Best of All Possible Worlds'

Now, that brings me back to the question of the Sublime, and should we act out the tragedy of the present world crisis, by just staying within the framework of the existing parameters; or, can we elevate ourselves, and do—even if it's a little bit difficult, and requires some mental and emotional development and steps—shall we elevate ourselves to the level of the Sublime, and go for that solution, which is so clearly on the horizon?

Now, when Schiller discussed the Sublime, he actually wrote two beautiful treatises about it: He said, what it means is, that you cannot have your identity only in the physical existence. Because your physical existence is a weak one; you are afraid of all dangers, and so forth, and fear is the biggest enemy of man, because it turns him into a slave. Only if man elevates himself, and connects himself, puts his identity on universal principles, that he can have an identity, which is not subject to the fear of dangers.

Leibniz, another of the absolute greatest thinkers of our known human history, made the famous remark, that we are living in the "best of all possible worlds." Now, if you look at the misery in the world today, I mean, people sometimes wonder: How could Leibniz have said such a thing, and maybe, he didn't anticipate how severe the crisis would become. But, if you think about it, that the world is not a linear extension of space and time, but that it is actually an ever-

FIGURE 2
The World Land-Bridge Corridors



Source: Cooper Consulting Co., EIRNS.

"Not a program only for Eurasia," as Zepp-LaRouche says, the Land-Bridge concept is to link the world with modern transport-and-development corridors.

enlarging manifold of degrees of freedom, in which human cognition is that which drives the development further, then you can actually see, that the good thing is, that man is made in such a way, that a very great evil provokes an even greater good in him.

Now, I can see that, right now. Because, if you remember, when it became clear, that this present American administration was preparing to go for war against Iraq, for a very long time, it was actually our movement—and Lyn, in particular—who said, "This war must be prevented, and it must not happen. And it is not inevitable, because we can move forces in the diplomatic process in the United Nations, but especially in the United States itself, and get forces together to stop this war." Now, over Christmas, the Pope came out with a very, very powerful statement, which today is in the headlines of all the European papers, saying, "This war must be prevented, at all costs." And, all the international church leaders are now picking up, what, for a long time, was said by Lyn, alone: Namely, that this war is a war of aggression; it must not happen.

Now, I think the world is shaken up, because, everybody knows, we are looking at the potential abyss of mankind. And, we witness, right now, exactly such a situation, where the view of a very big danger is evoking a much larger good in people. And therefore, I believe, that the same mobilization, which now went into the effort to not have this war, could lead to assigning the solution of reason—namely, the New Bretton Woods system and the Eurasian Land-Bridge.

What we have to do, in addition: We have to connect the

perspective of economic cooperation, as it is presented in the Eurasian Land-Bridge, with the idea of the Dialogue of Cultures. Because, all the many different cultures in the world have produced their best traditions. Now, for example, you cannot think about European culture—which had, obviously, a very big influence in Ibero-America-without thinking, for example, about Dante and the Divine Comedy. And, it is very interesting for the changing spirit of the time, that the last part, the last [Canto] of the Paradise section of the Comedy, was presented over Christmas, in front of a viewership of 11 million people on Italian TV, causing a complete excitement in the population. And, the way this last Canto ends, is that Dante is able to reach Paradise and is looking for one moment into God's face. And, when he looks in God's face, he sees the whole eternity, and that way, is uplifted to be more than just a man.

And, this is very beautiful, because this is exactly the quality of the Sublime,

which is needed. Now, Dante was an absolute stepping-stone and founding father for the Italian Renaissance, which obviously also went back to Plato, and was triggered by a revival of Plato.

If you look at all the other, beautiful high points in civilization—Andalusia in Spain, which brought the best of the Arab Renaissance to Europe; you had, then, Cervantes, Goya. Then, if you want to emphasize the best traditions in Germany, you have to go and make Schiller one of the most important spearheads of this. And especially the idea of the Sublime, the "beautiful soul," which Schiller identifies as being only the genius, because it's only the genius, who is truly free, and creates new degrees of freedom, through his creative action.

Now, I'm absolutely convinced, that not only is it absolutely possible to pull this world out of this mess, of the economic crisis, by having a just, new world economic order based on a global reconstruction—based on the Eurasian Land-Bridge; but, I also think, that especially with the youth movement which Lyn has catalyzed in many countries of the world, there are young people who say, "We reject these axioms, which have led to this crisis. And we look in the best traditions of the whole of universal history, and we make that our own. And, then we create a new Renaissance through the connection of these different cultures."

So, I'm absolutely optimistic, that we are in a very good situation. And I think, that, therefore, we have a very good possibility, that the next year can really become the turnaround for mankind to go into a better direction.

New York City's Crisis Demands 'Super TVA'

by Mary Jane Freeman

New York City's \$7.5 billion budget crisis is as great as many states' budget deficits. Its \$43 billion budget is bigger than that of all but three states. In the nationwide budget collapse of the states and cities in 2001-02, Wall Street bankers have demanded, "protect the bottom line," dictating drastic budget cuts across the nation. In 1974-75 the confluence of postindustrial economic and fiscal policies had nearly bankrupted our nation's most populous city. At that time, Wall Street imposed vicious austerity measures, ensuring the demise of New York's manufacturing and productive economy. Now Mayor Michael Bloomberg is repeating the process, slashing the workforce, cutting service programs for the elderly and poor, and insisting "a series of sacrifices" are required to close the budget gap. All the while, Bloomberg proclaims he doesn't want a repeat of the 1975 "Big MAC" (Municipal Assistance Corporation)/Emergency Financial Control Board-style takeover of the city. He is attempting to put a "kinder, gentler" face on the same genocidal policy, known as "planned shrinkage."

Budget disasters are mushrooming at all levels of government. The United States' Federal deficit is heading to \$400-500 billion; states cumulatively face a \$60-80 billion deficit this fiscal year; most cities are now in the same straits. Neither tax cuts nor hikes, nor "bone-cutting" budget cuts will solve the underlying economic depression conditions, resulting from the 30-year shift to a post-industrial consumer economy. Precisely such measures, used in the 1970s and 1980s, left New York City prostrate and the nation's productive goods-producing sectors decimated.

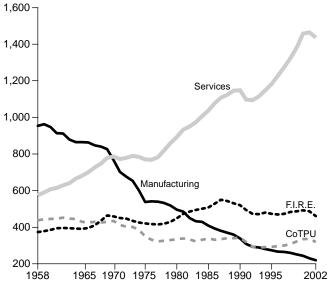
The drastic revenue declines are a direct result of this looting and takedown of our productive physical economy. By the 1990s, government budgets came to rely on revenues from the "New Economy" stock market for as much as 10-25% of their operating revenues. That bubble having turned into mountains of bad debt, the Bush Administration's plan to pump new cash into it *via* tax cuts is as fruitless as the desire of Democrats in state capitals to put new taxes on the rich; the wealth-producing side of the economy is dead.

New York City's budget meltdown may finalize the descent of a once-great metropolis and center of both production and education, if Mayor Bloomberg's current plans for layoffs, tax and fee increases, and government shrinkage are carried out. Yet, the potential for rebuilding New York City

FIGURE 1

New York City Labor Force Shifts to Postindustrial Economy: 1958-2002

(Employment, Thousands)



* F.I.R.E. = Finance, Insurance & Real Estate.

Source: New York State Department of Labor.

as one of the nation's great projects, is enormous. If the nation, states, and our cities are to return to protecting the General Welfare of our citizens, elected officials must junk deregulated, post-industrial economy policies, and take up 2004 Democratic Presidential candidate Lyndon LaRouche's initiative for an FDR-style "Super TVA" to launch an infrastructure-led job creation recovery.

New York Becomes a Post-Industrial Society

In the 1940s New York City had the largest manufacturing workforce of any American city—mostly light and medium industry, but machine-tool shops as well. Wall Street banking and insurance jobs existed within an integrated economy, until about 1970. Then the takedown of President Kennedy's space science-centered industrial policy, and President Richard Nixon's blunder of breaking the dollar from the gold reserve system, combined to usher in an economy based on speculation.

This policy change transformed the revenue base of the city. In 1958 there were nearly 1 million manufacturing jobs, as against half a million service sector jobs (**Figure 1**). By 1971, the manufacturing workforce had lost over a quarter of a million jobs, while the services sector grew by 198,300. From the 1971 cross-over point, the diverging trajectories between these two sectors has continued and accelerated the speculative economy's dominance up to the present moment.

^{**} CoTPU = Construction, Transportation, & Public Utilities.

By 2002, over 77% of the city's manufacturing jobs had been axed. The Finance, Insurance, and Real Estate sector grew to surpass the entire manufacturing workforce by 1982. While the Construction, Transportation, and Public Utilities sector also declined over these four decades, as of 2002 it had 100,000 more jobs than the manufacturing sector.

So while city politicians lay blame on the horrific Sept. 11, 2001 World Trade Center attacks for their current economic woes, it should be clear from this picture that while those attacks did cause untold damage, it was not those attacks that eroded the tax revenue base of the city's economy, but rather wrong-headed policies.

With the stock market in a dive and the banking industry in distress, the city's revenue base is in shock. Of the \$7.5 billion deficit over the next 18 months, \$1.1 billion must be addressed before June 30, 2003. Non-property tax revenues, i.e., mostly wage and salary taxes, have fallen drastically, by 12.2% during 2001-02. With corporate scandals swirling and their stocks having fallen, Wall Street firms will likely pay \$500 million less than projected in corporate taxes to the city this fiscal year, a 28% drop from \$2.3 billion to \$1.8 billion.

Wall Street's decline is also affecting personal income taxes. Mayor Bloomberg reported in late December that one-third of the city's economy and 20% of its wage income is tied, directly or indirectly, to the securities industry, i.e., Wall Street! The mayor's November 2002 Financial Plan shows an expected \$164 million loss due to a wipe-out of projected tax revenues paid on the realized capital gains portion of personal income taxes (PIT).

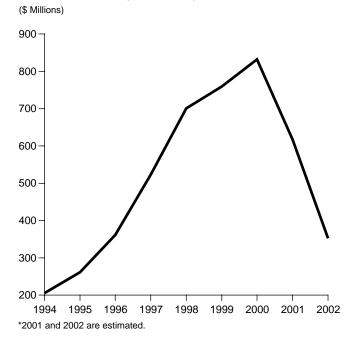
During the 1990s "boom," the PIT component of the city's revenues grew by 50%, from \$3.6 billion in 1994, to \$5.4 billion in 2000. Over that period, *EIR* calculates that the portion of PIT derived from individual realized capital gains, rose from \$206 million in 1994, to \$832 million in 2000, an astonishing 300% increase (**Figure 2**). The extent of the city's reliance on this source of revenue is shown by the percent of capital gains taxes paid as a portion of PIT; this ratio grew from 5.8% in 1994 to 15.3% in 2000 (**Figure 3**).

The artificial capital gains tax bonanza has now vanished; Figure 2 shows that since 2000, there's been a stunning 58% fall in capital gains tax revenues that go into New York City's coffers. Using a Congressional Budget Office formula, it can be estimated that \$480 million of capital gains tax revenues in Fiscal Years 2001 and 2002 went "poof."

The City's Debt Burden

Another contributing factor to the city's budget crisis is its surging debt obligations. In 1982, the Lazard Frères-directed "Big MAC" dictatorship was lifted, but what remained was the means for the Wall Street banks to get their loot via the earmarked income streams of the city, such as sales tax revenues, stock and transfer tax receipts, etc., paying debt service on the bonds issued by MAC and others. So bonds issued by the banks 30 years ago, due to accrued interest, provide a source of loot. Bloomberg noted, "the City is *still paying*

FIGURE 2
Individual Capital Gains Taxes Paid
To New York City Annually*



Source: NYC Mayor's Office of Management & Budget; Department of Finance; Comptroller's Report FY 2002-Ten Year Trend; NYC Independent Budget Office; *EIR*.

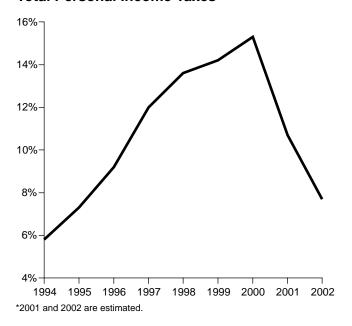
almost \$500 million annually in [MAC] debt service, largely for deficit financing" from that period! (emphasis in original).

At the "lifting" of Big MAC in 1982, the total debt outstanding stood at \$13.9 billion; debt service paid on that debt was \$1.75 billion, which was 22% of revenues (**Figures 4** and **5**). By 1990, the debt profile improved with \$19.9 billion total debt outstanding; debt service paid was back down to \$1.75 billion (the 1982 level), and was only 11.6% of revenues. Then from 1990 to 2002 the total debt outstanding ballooned from \$19.9 billion to \$43.1 billion; debt service doubled from \$1.75 billion in 1990, to \$3.8 billion in 2002; and debt service as a percent of revenues grew from 11.6% to 17.1%. The City Comptroller's December 2002 debt report found that "debt per capita (the share of the burden on each of the City's 8 million citizens) has grown to \$5,083 in FY 2002, an increase of 104% over FY 1990, when the figure was \$2,490 per citizen."

Use of debt to fund capital projects *per se* is not the problem, but rather the debt service and deficit spending funded by this borrowing.

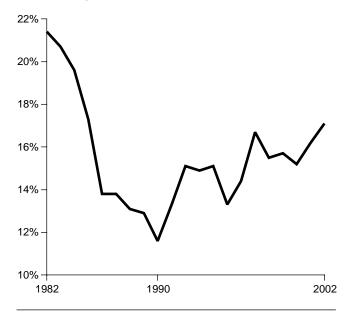
Bloomberg has opted for wielding the budget axe. So far this year he has slashed city programs and workforce budgets by \$2.1 billion, and more cuts are expected soon. Thousands of city workers have been laid off, including police, fire, health and social services, just as demand for city services

NYC Capital Gains Tax Paid as Percent of Total Personal Income Taxes*



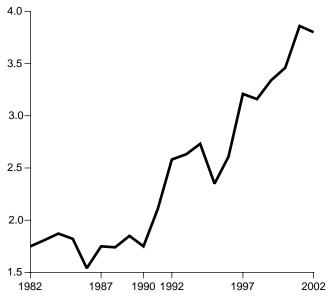
Source: NYC Mayor's Office of Management & Budget; Department of Finance; Comptroller Report FY 2002-Ten Year Trend; NYC Independent Budget Office; *EIR*.

New York City's Debt Service as Percent of Revenues, 1982-2002



Source: NYC Comptroller's Reports, Ten-Year Trends.

FIGURE 4
New York City's Debt Service 1982-2002
(\$ Billions)



Source: NYC Comptroller's Reports, Ten-Year Trends.

increases due to layoffs. Contempt for the city's workforce, notably its firemen—national heroes only a year ago—was shown by Deputy Mayor Marc Shaw: "[Firemen] only fight fires 5% of the time—they hang around doing nothing the other 95% of the time." Shaw was urging adoption of Bloomberg's plan to close firehouses to help close the budget.

Without soup kitchens, pantries, and shelters, 20% of New Yorkers would go hungry. The Food Bank of New York City, a coordinating agency for food distribution, reports an "unrelenting surge in demand for food since September 11," 2001—and demand was very high even before this. As of September 2002, more than 1.5 million of the city's 8 million people depend on free food to survive; of these, 500,000 are children and 300,000 are seniors. Recently, demand has soared, requiring some facilities to cap services. A Food Bank of New York City report found "unemployment, inadequate wages, and homelessness impact the demand" for food the most.

New York's official unemployment rate hit 8% in November, well above the national 6% average; the real rate is far higher, with laid-off workers working part-time or leaving the labor force. But averages are deceptive. The rate is an 10.2% in the Bronx and 8.9% in Brooklyn—between them, a "city" of 4 million people.

The city's infrastructure is enormous: over 6,000 miles of water mains—some over 100 years old; 600 miles of subway track, 5,700 linear miles of streets; over 1,000 schools; 78 police precincts; 223 firehouses; six community colleges; and 23 health/hospital buildings.

During the fiscal "Big MAC" crisis of the 1975-82 period, maintenance of this vast matrix was virtually halted. In 1998 city engineers surveyed the decay, and determined that a *minimum of \$91.38 billion over 10 years* was required to bring it to a state of good repair and address new capital needs. But projected funding levels were \$52.08 billion, thus creating a nearly \$40 billion deficit. They also found that only 40% of recommended funding levels was available for full maintenance of these assets, which led to frequent school closures, water main breaks, and bridge and roadway disruptions.

Deferred spending over the last 30 years, as well as the Sept. 11 attacks, magnify the size of the infrastructure deficit and need to rebuild.

We need not have a destitute "Forgotten Man" again, if LaRouche's Super TVA with bankruptcy reorganization of the doomed monetary system is chosen as the way out of these budget crises. LaRouche's approach to launch an economic recovery and rebuild nations, with its directed credit for great infrastructure projects, is well suited to restore the great city of New York.

Medical Malpractice Meltdown Preventable

by Linda Everett

With each passing month, thousands of U.S. physicians, along with hospitals and nursing homes, are being sucked into a forbidding whirlpool of vanishing malpractice insurance, the new crisis within U.S. health care. On its face, the problem appears to be the inability of physicians to obtain affordable medical malpractice insurance, or even to find an insurance company willing to insure them. Such insurance is necessary to assure that patients, or their families, harmed by a physician's (or hospital's, or nursing home's) medical mishap or negligence, can receive the financial resources necessary to cope with the injury and loss, medically and otherwise. Right now, physicians in Pennsylvania, West Virginia, Mississippi, Florida, Nevada, and Massachusetts are reeling from astronomical increases in malpractice insurance premiums which threaten their very careers as doctors; they have risen as high as 70%, occasionally more than 100% of a doctor's income.

Disappearing Doctors

Some 60% of Pennsylvania's doctors had their insurance policies expire in December, and face major hikes in premiums; 18% of the state's neurosurgeons are retiring, leaving the state or reducing services; 15% of obstetricians/gynocologists are doing the same. Nearly 400 orthopedic surgeons

report that their current insurer will not renew their policy—even though they have no history of malpractice claims. In just five Philadelphia counties, 250 doctors are retiring, leaving the state or limiting their practice due to premium increases. Doctors at Abington Memorial Hospital in Philadelphia announced they would be forced to stop offering trauma care, because physicians there could not find insurance or afford premiums as high as \$150,000 a year. Wyoming County (Scranton) Community Medical Center Trauma Center, one of 23 in the state, may close for the same reason.

In the West, millions of people lost the only trauma center in four states for weeks last summer.

On Jan. 2, over two dozen general, orthopedic, and heart surgeons at four West Virginia hospitals started a 30-day leave of absence, hoping to find lower-cost insurance premiums elsewhere. Almost all surgeries at the facilities were cancelled, forcing emergency patients to travel 90 miles away to Ohio or Pennsylvania. Some 22 Philadelphia hospitals narrowly averted a job action over premium increases, when Governor-elect Ed Randell promised to urge the legislature to take steps to reduce the insurance costs for specialists in the riskiest fields, such as obstetrics and neurosurgery. But doctors in Northeastern Pennsylvania are still threatening to reduce their practices or quit medicine entirely.

Obstetricians have stopped delivering babies in several states, endangering care especially in rural areas. In New Jersey, 65% of hospitals report that some physicians have left their practice due to premium increases. Last year, the American Hospital Association reports, malpractice rate hikes forced 20% of U.S. hospitals to scale back some services. Premium hikes are hitting nursing homes as well.

Insurers offering malpractice coverage are leaving some states, pulling out of the market altogether (St. Paul Companies); some are in liquidation (PHICO Insurance Co.). In Florida, four years ago, there were more than 40 carriers; now there are but six private companies. In Pennsylvania, nine companies used to write malpractice insurance; now, there are two.

Insurers Recouping Losses?

Insurers say that the large number of malpractice claims and extravagant cash rewards some juries award injured patients, are the cause for premium increases. Some studies indicate no such huge increase has occurred (relatively few injured patients actually sue to recover damages; of these, only 23% win before juries). Malpractice claims, payments, and settlements from 1975-2001 have, on average, risen gradually with medical inflation—but malpractice premiums have fluctuated wildly during the same period.

When insurers loot doctors and hospitals through premium hikes, it is often to recoup their own investment losses. With Federal Reserve Chairman Alan Greenspan repeatedly lowering interest rates, insurers have lost dramatically on what they earn on new investments in variable-rate bonds—

while losing in the stock market at the same time. In effect, insurers are setting premium rates in order to cover the deflation of the Wall Street bubble of which their assets are a part. But they are thus looting the medical system of something that can't be replaced: experienced medical practitioners.

The insurers have to change from financial predators into companies based on providing services for the general welfare.

In December 2001, Minnesota-based insurer St. Paul Insurance annnounced that it was going out of the malpractice business, because it claimed \$700 million in losses between 1997-2001—despite 24% increases in premiums in 25 states. The action, the company said, was designed to improve profitability. The nation's second-largest insurer, covering 42,000 physicians, 73,000 health-care workers, and 750 hospitals nationwide, St. Paul began its withdrawal from malpractice coverage through non-renewal upon policy expiration.

But in June 2002, the *Wall Street Journal* reported that St. Paul's problems arose exclusively from grossly poor mismanagement. It wrongly distributed \$1.1 billion in malpractice reserves to stockholders, to hike their dividend profits, instead of holding those reserves to pay claims. Nevada authorities are investigating the company for unlawful business practices. Over 1,200 West Virginia doctors charged that St. Paul abandoned them after taking their premiums for "tail coverage," which covers claims made after physicians leave their practice. Other insurers reportedly tried other scams, leading to their bankruptcies.

A major increase in medical malpractice lawsuits is to be expected in any case, given the more than two decades looting of the American population's medical care via HMOs (health maintenance organizations). Managed-care scams have wittingly destroyed medical protocols, and have denied or delayed needed medical care to the detriment of millions and the country as a whole. *EIR* has reported that HMOs are the root cause behind preventable medical errors in hospitals that kill between 44,000 and 98,000 people a year, according to Institute of Medicine in 1999.

Republicans Blame Lawyers, Protect Firms

Simplistic "tort reforms" have been promoted by President Bush and Sen. Bill Frist (R-Tenn.), and in the states, as the answer to help doctors struggling with the crisis. Health and Human Services Secretary Tommy Thompson is holding town meetings around the nation to promote tort reform, limiting the amount which a jury can award an injured patient for non-economic damages (pain and suffering). Nineteen states have already passed such legislation. Under tort reform, malpractice victims are compensated only for recognized medical bills and lost wages. This hurts non-wage earners, such as senior citizens, the disabled, women, and the poor, who have no other way to pay for unforeseen medical expenses and basic needs—expenses which can be exorbitant over the life

of the injured patient. These patients must then turn to dwindling state or Federal programs for help with those expenses—while the insurer, who is paid to cover such expenses, pays only a fraction of the real costs.

Senate leader Trent Lott (R-Miss.), in an interview, called trial lawyers "a pack of wolves," and said that the GOP, which has received major funding from big business groups, intends to rein in the lawyers by pushing Federal legislation to protect managed-care companies, asbestos manufacturers, major corporations, and (allegedly) physicians, by proposing broad caps on awards made in cases of medical liability and in "outlandish" class-action lawsuits.

Under the Republican proposal, people harmed by medical negligence through HMOs, for instance, could receive, besides medical compensation, only \$250,000 for pain and suffering. The patient, however, may have no other way to pay for support services required for the rest of his or her life.

A campaign to limit class action lawsuits against big businesses is in action as well. Republicans also plan to protect asbestos manufacturers—including a subsidiary of Halliburton Co., which Vice-President Cheney used to head.

Eliminate managed care, the major driver of medical mistakes, undertake bankruptcy reorganization of the practices of medical malpractice insurers, and we can prevent the disaster of losing the nation's experienced and irreplaceable physicians.

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Business Briefs

Steel

ISG Will Lay Off 40% at Bethlehem

The *Cleveland Plain Dealer* reported Jan. 7 that 40% of Bethlehem Steel Co.'s workforce will be laid off when the company is acquired by raider ISG.

Buy-out expert Wilber Ross, a former top exective for Rothschild financial interests who created ISG to pick up bankrupt LTV Steel at bargain basement prices in 2002, has posted an official \$1.5 billion bid for the assets of Bethlehem Steel. The "secret" has become open, that the deal involves the layoff of at least 4,800 of Bethlehem's current 12,000-person workforce and the imposition of a labor contract identical to that just negotiated by ISG and the United Steel Workers of America, which drastically reduces pensions and health benefits and eliminates many work rules. Ross has regularly boasted of increased "productivity" at ISG with a greatly reduced workforce and "more flexible" work rules.

Both the current Bethlehem management and the union justify the deal and the layoffs, arguing that everyone will be worse off if Bethlehem simply goes under. While the deal appears to be done, official acceptance by Bethlehem's management and approval by Federal bankruptcy court are required.

The combination of the two companies would result in the largest single integrated steel producer in the United States, and create a model which would dominate the industry.

Venezuela

Oil Chief Admits, Production Stopped

Venezuelan state oil company (PDVSA) president Alí Rodríguez acknowledged on Jan. 6 that the government has been unable to raise oil production in the wake of a political strike by oil workers, despite statements by President Hugo Chávez and others that production had already doubled. Oil production is still down at 600,000 barrels a day, one-

fifth the levels before the strike began Dec. 2, Rodríguez said. The company has only been able so far to hire 15 workers to replace strikers

This is no small matter. Exports from the world's fifth-largest oil exporting country were 81% down in December, at about 15 million barrels.

Admitting that international tankers are refusing to dock at Venezuelan ports and terminals because of unsafe conditions, Rodríguez claimed that exports would total 40 million barrels by the end of January, because international tankers were about to arrive, and because the company has shown it can operate with much fewer workers. The idea that the oil industry could be run for any length of time without major damage, with such limited numbers of personnel as the government is currently able to deploy, is truly crazy.

Nor is the opposition yielding. The teachers unions voted Jan. 4 that they will join the strike, and bank workers voted on Jan. 7 to shut down the banks on Jan. 8 and 9—and, after the weekend, to resume operating on Jan. 13, at their already-reduced three hours a day. In a maneuver to get the Bush Administration to weigh in on the side of the opposition, Air Force Maj. Juan Díaz Castillo, Chávez's former personal pilot now with the opposition, held a press conference in Miami on Jan. 4, to charge that Chávez gave al-Qaeda \$1 million after Sept. 11, 2001, in the guise of providing aid to the Afghan people.

United States

Factory Orders Fell for Third Month

New factory orders in the United States fell in November, the third consecutive monthly drop, as businesses cut capital spending, according to a report by the U.S. Commerce Department on Jan. 7. New orders for U.S. manufactured goods dropped 0.8% in November from October, to \$319.3 billion, led by a decline in transportation equipment. Orders for non-defense capital goods, excluding aircraft, which is an indicator of business spending plans, tumbled by 2.6%.

"There is no pickup in investment spend-

ing, and it doesn't look like it's going to pick up any time soon," said an economist at Dresdner Kleinwort Wasserstein.

Mexico

Fox Facing NAFTA Fire in Farm Sector

President Vicente Fox personally opened the first round of discussions with Mexican farm leaders on Jan. 6, to hammer out a "National Accord for the Countryside" in the midst of widespread protests about new regulations in the North American Free Trade Agreement, which took effect Jan. 1. Fox acknowledged that 30% of Mexico's rural families "live or survive" on an income of less than one dollar a day, but he insisted NAFTA was the law. Like his Agriculture Secretary, who was booed out of a farm convention, Fox lectured the farmers that they should put aside their individual interests, and work to make agriculture "profitable and competitive," suggesting they produce crops in which Mexico has a comparative advantage under NAFTA.

If the Fox government sticks to this tack, Mexico will blow up. The government won a 20-day reprieve at the end of December by agreeing to hold negotiations on the National Accord, but the situation has not calmed down. Protests were held Jan. 6 at seaports, airports and two border points. Much of the action is being directed by groups dominated by left-populist and "indigenous"-separatist tendencies (e.g., the Zapatistas), who named their planned actions from Jan. 5-Feb. 5, "a great national insurgency." They promise to mobilize a half-million peasants throughout the country in hunger strikes, marches, blockades, and "symbolic" closings of ports, customs houses, and borders through which food enters the country.

Retail

Dramatic Decline In German Sales

German retail sales in November 2002 had their second biggest year-on-year drop for any month since German reunification, according to the monthly report by the Bundesbank released on Jan. 7. November retail sales were down 3.7% compared to October, and a shocking 6% down from a year ago. Only in August 1997 was there an bigger slump in retail sales.

The managing director of the German retail association (HDE) emphasized that consumers were in a state of shock in November 2002, amid all the talk from the newly elected Social Democratic-Green coalition government, about higher taxes and social security contributions. He expects the downward trend to escalate during January when the new burdens on households will go into effect.

Car sales in November fell by 7%. German consumer confidence has now plunged to an eight-year low.

China

Warning Against Too Much 'High-Tech'

An important Jan. 7 commentary in *People's Daily* warned that China needs concentrated development of agriculture and basic industry, and could be "dragged into a mire" by too much "high-tech" and service-sector "industrialization." It said that the government's policy of fostering a "new type of industrialization" is being "interpreted" by local governments in a way that can lead to problems.

The real policy of the government is to use advanced technologies to expand industry, but also to maintain a high employment rate. Too many local governments are "swarming into the so-called high-tech and service sectors," warns the commentary. Localist policies have led to severe problems before, such as during the runaway inflation of 1988-89.

Now, two-thirds of China's technical professionals are working in the service sector, rather than manufacturing, and the total social investment in manufacturing has been declining during the past five years. "It's ridiculous for all cities to spearhead the hightech industries," stated Zhu Gaofeng of the Chinese Academy of Engineering. "Without development in the manufacturing sector, all the other industries cannot grow healthily, which will further worsen the unemploy-

ment problem, impede the general improvement of people's living condition and even jeopardize the nation's stability and security."

A separate report by Xinhua news agency showed that China has made huge investments in solving its water-management problems since 1997. One-fifth of the state Treasury bonds issued in that period—660 billion yuan worth—were used for water projects, Minister of Water Resources Wang Shucheng stated on Jan. 6. This investment was used for building embankments, upgrading old dams, improving agricultural irrigation systems and making potable water available to more people.

In addition, a special investment fund of 30 billion yuan was used to reinforce the dikes along the Yangtze River—using new technologies and materials—to prevent a recurrence of the disastrous floods of 1998.

Germany

Schröder Presents 'Mittelstand Offensive'

Meeting in Wiesbaden Jan. 6, the executive of Chancellor Gerhard Schröder's Social Democrats approved an "offensive for the *Mittelstand*," the productive small and middle-sized manufacturers central to German industry. Making no reference to the ongoing world economic depression, the initiative does not propose measures that would really improve the special situation of the productive *Mittelstand*—like a package for new infrastructural investments of several tens of billions euros annually.

Most of the initiative consists of tiny steps, such as tax cuts for minuscule firms with less than 17,500 euros annual income; deregulation of the professional diploma presently required to establish and head a skilled crafts shop.

Better, are the references to the newly created Mittelstand Bank, as a crucial lender of credits to smaller and medium-sized firms; and the promise to increase support for firms engaged abroad, in terms of loans and export credit guarantees. If linked to productive investment projects in Germany and abroad, this could have a positive impact. But the initiative stays vague on this aspect.

Briefly

BANKRUPTCIES of U.S. corporations shattered the record in 2002. Overall, 186 public companies listing \$368 billion in assets filed for bankruptcy, dwarfing the previous assettotal record of \$259 billion set in 2001, according to the tracking service BankruptcyData.com. The debris included five of the ten largest bankruptcies ever, including World-Com, insurance and finance giant Conseco, Global Crossing (telecom), UAL (United Airlines' parent), and Adelphia Communications.

HOME FORECLOSURES on mortgages edged up to a record level in during July-September 2002, according to the Mortgage Bankers' Association of America. U.S. home loans in the process of foreclosure rose to 1.15% of 34 million mortgages at the end of the third quarter. up from 1.13% in the second quarter. The previous high was 1.14% in 1999. The percentage of mortgage loans that are delinquent fell slightly to 4.66% at the end of September, down from 4.77%.

JOB CUTS in the range of 1.467 million were announced by U.S. companies in 2002, the employment research firm Challenger, Gray & Christmas reported on Jan. 5. Firms had said they intended to slash more than 92,900 jobs from their payrolls in December. This was a 41% drop from the 157,500 planned layoffs in November, but "not . . . an indication of a downward trend," said the firm.

'EQUITY-ONLY' JOBS, which workers receive stock options and a letter of intent to hire in the future, rather than wages and benefits, are on the rise, especially among laidoff "information technology" workers, who no longer want to wait indefinitely for paying jobs, according to the San Francisco Chronicle on Dec. 22. The so-called "equity-only" jobs are often with start-up IT companies. California officials warn that such agreements violate state labor laws, which stipulate that all workers must be paid at least the minimum

ERFeature

REVIEWING AN ORIGINAL DISCOVERY

Believing Is Not Necessarily Knowing

by Lyndon H. LaRouche, Jr.

This statement was released by the LaRouche in 2004 Presidential campaign committee.

December 16, 2002

The root of the increasingly catastrophic failure of U.S. education policy of practice, over the recent thirty-odd years, may be summed up in five points of a general indictment:¹

- 1. Sense perception is not necessarily knowing.
- 2. Learning is not necessarily knowing.
- Generally accepted opinion, academic or other, is not a standard for the definition of truth.
- 4. Today's teachers have not necessarily intended to educate or test their students in a manner suited to human beings.
- 5. The radically reductionist fad known as "Information Theory," as associated with the influence of Bertrand Russell devotees Norbert Wiener and John v. Neumann, was always a hoax. Thus, the educational methods

^{1.} The corrupting influence of McGeorge Bundy's Ford Foundation on U.S. educational practices over the late 1960s and 1970s, should be seen as complementing the disastrous influence of Britain's Dr. Alexander King's 1963 Paris OECD report on education in Western Europe, as the effect of the latter is typified by Germany's disastrous "Brandt reforms." King was a co-founder, with Lord Solly Zuckermann, of the neo-malthusian Club of Rome, and was associated with Zuckermann, the U.S.A.'s McGeorge Bundy, and others in forming the pro-malthusian, Laxenberg (Austria)-based International Institute for Applied Systems Analysis (IIASA). IIASA was the Lord Kaldor-featured Cambridge Systems Analysis group's strategic back-channel to the Moscow malthusians. The corruption is to be recognized as typical of the moral self-destruction carried out simultaneously on both sides of the Atlantic, and also both sides of one-time British Prime Minister Winston Churchill's "Iron Curtain."



"Relevant lessons from history show that sudden changes in prevalent, practiced culture, for better, or for worse, often occur through aid of the catalytic impact of youth movements." Here, Lyndon LaRouche addresses a youth meeting in Wiesbaden, Germany, Jan. 5, 2003.

adapted to the "information theory" hoax, such as the related so-called "new math," are also a hoax.

That five-fold corruption is largely a product of a moral degeneration of our society which was embedded in those standards of general education and culture which were introduced, in pilot-phases, during the course of the 1945-1964 interval.² During the middle to later 1960s, this already emerging trend was unleashed with great destructive force, in forms such as the "rock-drug-sex youth-counterculture," and the moral and economic decadence resulting from the intention to transform a formerly productive society into a "post-industrial" form of "consumer society" utopia. As a result of this post-Missiles Crisis cultural paradigm-shift, which descended upon the adolescents of the 1960s, the world is now gripped, not only by the present, potentially terminal, systemic decline of the economies of Europe and the Americas, but by an ominous intellectual decadence among the generation presently occupying many leading positions, both in government and relevant private institutions.

Thus, we, most notably in the Americas and Europe, must recognize our nations as presently in the grip of that culturally

induced 1964-2002 paradigm-shift in institutionalized popular opinion. This change has now reached the point of crisis at which the existence of this body of popular opinion *almost* assures us that today's Europe and the Americas would not avoid an early collapse into what would become a prolonged new dark age for most of humanity. The practical means to avoid such an *almost certain* catastrophe are available, but the currently prevalent popular culture, combined with its corrupting impact on present educational institutions, would stubbornly resist any of those available, beneficial changes by means of which the economies and their nations might survive.

Therefore, the survival of civilization now depends upon the success of those among us who take the lead in rejecting, and seeking to overturn, very soon, that pathetic body of still currently prevalent popular opinion.

The presently developing international youth movement, whose specific qualities are referenced by this report, is a crucial factor in that effort for reeducation.

Relevant lessons from history show that sudden changes in prevalent, practiced culture, for better, or for worse, often occur through aid of the catalytic impact of youth movements. A youth movement gave birth to the transition from medieval, to modern European civilization, through the Italy-centered Fifteenth-Century Renaissance. So, a youth movement centered around Lessing and Mendelssohn, the German Classic, was a crucial, trans-Atlantic factor in the Franklin-led American Revolution. Yet, an anti-Classical youth movement di-

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^{2.} This cultural-paradigm shift was a complement to the "preventive nuclear war" doctrine of avowed nuclear terrorist and pacifist Bertrand Russell, which became the core of the "Dr. Strangelove" (Leo Szilard) style nuclear-utopian strategic military and cultural doctrines of the anti-traditionalist, so-called "utopian" military-policy faction of the 1944-2002 interval.

rected from London by the British Foreign Office's Jeremy Bentham, played a crucial role in giving France the horrors of the Jacobin Terror and Napoleonic fascism. So, the introduction of the 1960s "rock-drug-sex youth-counterculture," was an essential contributing factor in transforming the previously successful form of U.S. economy axiomatically, from a successful producer society (albeit with serious flaws), into a decadent, parasitical, and self-doomed form of "consumer society." The included result of the latter turn, is what has since become the self-inflicted terminal phase of material and moral collapse of a systemically failed world economy of today.

Look back, across the expanse of European history since Thales and Pythagoras, but especially since "Golden" Athens' tragic folly in launching the Peloponnesian War. One ominous fact stands out.

We see there, in that history, repeatedly, an appalling fact. The renaissances of the past depended upon an intrinsically vulnerable, relative handful of apostles. In each renaissance, the continuation of that upturn was subsequently aborted, more or less, by its enemies. The enemies of progress were able, repeatedly, to mobilize those ruling forces of ignorant popular opinion, from the top-most ranks of society downwards, which misshaped the popular will, and thus induced the foolish majority of the people themselves to destroy or isolate the few worthwhile intellectual leaders available.

So, the legacies of murdered Presidents Abraham Lincoln and Franklin Roosevelt, and murdered Rev. Martin Luther King, have been virtually abandoned, or even explicitly betrayed by so many among their survivors. Thus, the despicable Democratic Party of Athens rallied popular opinion to murder Socrates judicially, and thus, ultimately, bring Athens' selfinflicted ruin upon itself.

In history, the leaders with the sublime quality of a Socrates or France's Jeanne d'Arc, are too few. This is not to recommend, perversely, the intrinsically evil Norman or Spanish inquisitions as a grim yardstick for measuring their heroic victims' achievements. Let us be grateful for those handfuls of exceptional individuals, who led every renaissance; but, let us also be warned, that the impulse for progress has been repeatedly turned back, as it was by the 1966-1972 Nixon campaign's "Southern Strategy."

Remember, that Nixon's "Southern Strategy" was a triumph of a combination of two passionately, morally illiterate, populist rabbles. This rabble included, on the one side, the neo-Confederate Nashville Agrarians' obvious followers; on the other side, the corrosive role of the leadership of the socalled "rock-drug-sex youth-counterculture" of Ford Foundation-backed and other anti-Classical university campus rebels of the middle 1960s. In effect, those ostensibly mutually opposing forces combined in converging effect, to unleash a process of moral decay of the campus-centered youth, which continued through the sans-culottes-like "Rainbow Coalition" of 1972 and beyond. It was those combined varieties of existentialists, including the "speech code" Jacobin Terror of the nation's campuses and public school-rooms, which have played a crucial part in transforming public and higher education of the U.S.A. and the Americas, especially the U.S.A., into the putrid mess it has become today.

In the history of European civilization since the period of Rome's Second Punic War, the continuing cultural conflict within globally extended European civilization, has been, chiefly, the struggle of that decadent Roman legacy known genetically as Romanticism, in its recurring efforts to exterminate that Classical movement for truth which is associated, chiefly, with the Christian tradition of Plato.³

Among the numerous exemplary cases of this history, is the destruction of the Classical movement associated with Germany's Abraham Kästner, Gotthold Lessing, Moses Mendelssohn, and Friedrich Schiller, by the succession of those waves of reactionary Romanticism expressed in such assorted forms as France's Jacobin Terror, the rise of fascism under Napoleon Bonaparte, the waves of Romanticism spread in Germany following Napoleon's victory at Jena-Auerstädt, and the increasing influence and depravity of Europe during the decades immediately following the Metternich-Castlereagh Vienna Congress and the Metternichean Carlsbad decrees. The fascist doctrine of the Napoleonic model of the state, as elaborated for Germany by G.W.F. Hegel, and the rise of Romanticism in poetry and the musical school of Czerny, Liszt, Berlioz, and Richard Wagner, are typical of the cases under which a great upward movement of the Greek Classical tradition has been, once again, aborted for a time by the mobbish thuggery of a Romantic resurgence.4

So, in the history of modern science, when Johannes Kepler, the Classical voice of the Golden Renaissance, had liberated astronomy from the Romantic folly shared among Claudius Ptolemy, Copernicus, and Tycho Brahe,⁵ Venice's Paolo Sarpi unleashed the Romantic follies of his servant Galileo, and his agents Sir Francis Bacon and Thomas Hobbes, to launch that orgy of Romanticist empiricism associated with Descartes, Locke, Mandeville; this empiricist romp was continued by that Voltaire-led pack of salons known as the Eighteenth-Century "Enlightenment" of Venetian Abbot Antonio Conti and his followers.

So, a see-saw battle between the opposing forces of Classical science and philosophical reductionism, has reigned

^{3.} The Gospel of John and the Epistles of Paul typify this most clearly. However, the Platonic tradition is also an ecumenical one, as typified by Philo of Alexandria and Moses Mendelssohn for Judaism, and also Islam.

^{4.} Cf. two works by the anti-Kantian Heinrich Heine: The Romantic School, in The Romantic School and Other Essays, Jost Hermand and Robert C. Holub, eds. (New York: Continuum, 1985); and Religion and Philosophy in Germany: A Fragment, John Snodgrass, trans. (Albany, N.Y.: State University Press of New York, 1986). Emphasis should be placed on Heine's own first edition of the latter work.

Cf. Jonathan Tennenbaum and Bruce Director, "How Gauss Determined the Orbit of Ceres," Fidelio, Summer 1998.



"Now, once again, a new youth movement has appeared an indispensable ingredient for the effort to rescue civilization; but, this time, let us build it more wisely, on the basis of lessons which should have been learned from the outcomes of the campaigns of the past." Here, LaRouche Youth Movement organizing in Darmstadt, Germany, January 2003.

throughout globally extended ancient, medieval, and modern European civilization, up through the present day.

Now, once again, a new youth movement has appeared an indispensable ingredient for the effort to rescue civilization; but, this time, let us build it more wisely, on the basis of lessons which should have been learned from the outcomes of the campaigns of the past. We must aim at producing what might be described loosely as a factor of mass-leadership. We must rapidly develop many veritable "platoons" of truly qualified, young intellectual leaders steeped in a distillation of the most crucial products of the Classical tradition to date. For this, we require not only a movement for education, but a political movement which is education in and of itself. That must be a mass-oriented movement of future world leaders, which seeks to inspire the kind of leadership in institutions today, which those present youth will represent when they become the nations' leaders of a decade or more ahead. It must be based on an inner core of educational programs, around which other elements of education are organized. That approach to education is implicitly represented in the unfolding of this report.

The Needed Principles of Education

In service of that strategic purpose, the alternative to the ugly actuality of today's prevalent educational policy, may be summed up in the following headlined points. These points, and the following exposition of their basis, include a relevant, featured summary of that core of my discoveries in

a science of physical economy, which is otherwise distributed among my published accounts from over more than three decades to date. The relevance of those discoveries of mine, to the issues of educational policy, will become clear in the course of the following pages.

On this account, it is not merely relevant, but, functionally speaking, of crucial importance, to point once more to my published record of more than three decades, as consistently the world's most successful long-range economic forecaster. The extraordinary quality of this comparative success, reflects the characteristic intellectual backwardness, the lack of consideration for scientific principle, among those putative rivals of mine, who practice the statistical methods prevalent among both university economics departments and U.S. government forecasting agencies, still today. Although my knowledge of many of the following matters here has been improved considerably, again and again, during the course of work done over the recent half-century, all of my unique accomplishments as an economist, has been the fruit of principled conceptions already crystallized during 1953. Thus, the evidence

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^{6.} Out of compassion for the incompetents teaching in those economics departments, we should emphasize the virtually criminal kind of intentional statistical fraud practiced over the recent two decades by the Federal Reserve and other malefactors under such rubrics as the so-called "Quality Adjustment" factor.

^{7.} It is notable, respecting lessons for educational policy generally, that an approximately year-long recovery and rehabilitation from a severe case of hepatitis, imprisoned me in circumstances under which recreation often took

of my exemplary successes over some decades to date, will serve now to enrich today's student's sources of insight into the broader implications, for education and other missions, of the Classical physical principles on which my exemplary successes as a long-range forecaster have depended.⁸

As I shall show, economic science, when defined in the way in which the exemplary success of my forecasting demonstrates, should be recognized as implicitly "the science of humanity." Strong language? Admittedly. Exaggerated? Not in the slightest degree! As I shall show, and prove, at least implicitly, in the following pages, that claim is more than justified, especially in the setting of today's awful, global and systemic economic debacle.

The principled issues introduced in the list of summaries given below, reflect the starting-point of my definition of physical economy. That definition is summed up in two arguments. First, that: Physical economy, and its reflection as political economy, is premised upon the specific quality of principled difference which sets the member of the human species absolutely apart from, and above all lower forms of life. Second, that: Political-economy did not exist in practice, until the birth of the modern sovereign nation-state during Europe's Fifteenth-Century Renaissance's introduction of the notion of the supreme political authority of that general welfare principle of natural law which Leibniz later identified as "life, liberty, and the pursuit of happiness." The existence

the form of extended, increasingly intense concentration on the relevant implications of the work of Georg Cantor and Bernhard Riemann for physical economy. This occupied most of the waking hours during the several initial months of recuperation, and reenforced greatly the habits of study and work which have dominated my life since.

8. The reader should understand "long-range" forecasts to be based on the effect of current, implicitly axiomatic assumptions of a society's economic behavior over a span of one to three generations. Approximate forecasts for periods as short as three to seven years are feasible. For example, in February 1982, I first warned the Soviet government, during my part in a 1982-1983 back-channel discussion which I conducted on behalf of the Reagan Presidency, that if the Soviet Andropov government continued the policy its representative had reported to me, that the Soviet-bloc economy would collapse in "about five years." I subsequently made the same forecast publicly. On the basis of that forecast, I warned, in an October 12, 1988 Berlin press conference, later broadcast on U.S. network TV, that the policy of the next U.S. Administration must base its policy-shaping on the expectation of an imminent collapse of the Soviet bloc economy, with Berlin to become the expected future capital of a reunited Germany. This case illustrates the point, that competent short- to medium-term economic forecasts are possible only as they are subsumed by study of long-term capital/generational factors. In the short-to-medium term, the factor of human "free will" may produce immediate effects contrary to nonetheless persisting long-term "orbital tra-

9. While this report was being written, I received several draft papers, of David M. Shavin and other collaborators, on the subject of my own and my associates' continuing fascination with the influence of Leibniz, from Europe, expressed in both the U.S. Declaration of Independence and U.S. Constitution, and in the principles of what Alexander Hamilton defined officially as the American System of political economy. My associates' continuing attention to these connections, which had been spearheaded by historian

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of any acceptable practice of political-economy depends upon the submission of government to the supreme authority of that scientifically defined universal principle of natural law.

That said, the indicated principles of educational reform addressed here, are, in summary, as follows.

- 1. The "axiomatically" absolute difference between members of the human species and higher apes, is typified by that paradox of "The Cave" presented by Plato. The generation of what prove to be experimentally validated solutions for that type of paradox, called "hypotheses," is the gateway to the discovery of what are called, interchangeably, "universal physical principles," or, principles otherwise recognized as in the form of Platonic "ideas." The body of this quality of "ideas" uniquely constitutes the core of actually knowable truth.
- 2. For today's secondary or university science classroom, or comparable setting, the most convenient choice of benchmark for introducing a proof of that notion of "truth" to students today, is Carl Gauss's conclusive exposure of the axiomatically fatal, systemic error, respecting physical science, perpetrated by such leading Eighteenth-Century "Enlightenment" figures as Euler and Lagrange. That error was identified explicitly by Gauss, in Gauss's original, 1799 (Latin) presentation of the fundamental theorem of algebra. 10 This proof of that theorem, by Gauss, supplied a rigorous definition of the notion of "the complex domain." It also supported and clarified Leibniz's earlier, original discovery of both the catenary-keyed notion of a universal physical principle of least action, and Leibniz's related, transcendental conception of natural logarithms.
- 3. These proofs by Leibniz, Gauss, et al., although initially situated within the domain of the functional ("phase-spatial") relationship of the human individual to man-altered nature, are also the key to defining a related, but distinct, second category of universal principles. This second category provides an historical conception of the efficient principle of human social relations, such as the principles of what is known as Classical artistic composition, as these modes of intellectual organization of cooperation in society, bear on the increase of our species' power to exist and prosper in the universe.
- 4. The latter, properly adduced social principles of

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H. Graham Lowry during the early 1980s, will be featured in an edition of the *Fidelio* quarterly to be released from the printer during February 2003.

^{10.} Although the reductionists, such as Lagrange himself, Laplace, Cauchy, Lindemann, Felix Klein, et al., have rejected the crucial kernel of Gauss's 1799 argument, no competent objection to Gauss's proof is known, to the present day.

strictly Classical artistic composition, are also universal physical principles, so defined by their *physical effects* on the potential relative population-density of societies ("cultures"). Both these classes (subphase-spaces) of universal physical principles, are to be located within the anti-Euclidean physical geometry defined by Bernard Riemann.¹¹

- 5. The physical effects of the combination of those first and second sub-phase-spaces, are measured with reference to the long-term (multi-generational) increases (or decreases) per capita and per square kilometer of the Earth's surface: what I have defined as *the potential relative population-density of our species*. The discovery of this twofold set of principles as an integral notion of function to that intended effect, has been my original contribution to a science of physical economy.
- 6. The social transmission of the first class of principles, by means of the second, defines the efficient actuality of the historical existence of our species, and thus defines the uniqueness of the human species. This transmission is the elementary basis in fact for both a history of science and a science of history.

For today's populations, the two sets of principles just identified, are more easily understood by aid of references to my own, critical appreciation of the work of Vladimir Vernadsky's respective, successive definitions of the *Biosphere* and *Noösphere*. However, there are three crucial omissions of essential principle in Vernadsky's known writings, principles which were featured as central to my own original discoveries in the science of physical economy. Nonetheless, Vernadsky's work, if and when taken in the context of my own, is of crucial importance for inclusion in teaching my own discoveries to university-level studies today. My exposition here follows that pedagogical track, as in earlier locations.¹²

For reasons which I shall summarize here, the appropriate approach to study of the case of Gauss's 1799 attack on the systemic fallacies of such anti-Leibniz fanatics as the reductionists Leonhard Euler and Euler's protégé Lagrange, serves today's student of university age, or a relatively exceptional secondary student, as the best point of entry into the foregoing list of categories of knowledge. A clear insight into Gauss's discovery reported there, requires a direct comparison of the equivalence of Abraham Kästner's student Gauss's attack on the axiomatic errors of d'Alembert, Euler, and Lagrange, to the earlier, Classical arguments to similar effect by such Classical Greeks as Archytas and Plato on the matters of methods

of construction for doubling the geometric figures of line, square, and cube. This comparison must include Plato's, Leibniz's, and Gauss's mutually congruent, anti-Aristotelean notion of *powers* for these cases.¹³

The foregoing prefatory remarks mark out the territory to be covered. What now follows is a combination of arguments presented in locations previously published, with some added points needed to bring the totality together in that kind of unified world-outlook which ought to become the common basic knowledge of persons of the 18-25 age-interval of education today.

1. In the Beginning: Plato's Principle of Hypothesis

The sense organs of the human individual are part of the mortal human being's animal-like, biological organism. Sense-perception does not present our mind with direct images of the world "outside our skins," but rather, as Plato and the Christian Apostle Paul's *I Corinthians* 13 warn, our senses show us only "shadows" of that reality which has tickled the human individual's biological mental-sense-perceptual apparatus. So, Plato compares the experience of sense-perception to shadows cast by unseen real objects, as if upon the walls of a dimly firelit cave.

Human beings are nonetheless capable of discovering the real, essentially unseeable, immortal universe whose included, non-substantial effects are those shadows called sense-perceptions. The method by which those discoveries are made, is typified by the Socratic dialectical method of Plato, otherwise known as the method of *hypothesis*. Plato's collection of Socratic dialogues, and his *Laws*, constitute a body of exemplary mind-training exercises, by which the student is aided in attaining comprehension of scientific method.

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^{11.} My use of "Classical" is a strict one, as I indicate below. As I shall show during my summary of the lessons to be adduced from Vernadsky's definition of the Noösphere.

^{12.} Lyndon H. LaRouche, Jr., *The Economics of the Biosphere* (Washington, D.C.: EIR News Service, 2001).

^{13.} Abraham Gotthelf Kästner (b. 1719) is a key international figure behind such of his students as Lessing and Gauss, and a central figure in the 18th-Century development of mathematical physics. He was a crucial influence in the 18th-Century rise of the German Classic around Lessing and Moses Mendelssohn, and played a pivotal role in bringing knowledge of the work of Leibniz into the leading circles of the American Revolution. Among Kästner's many important publications, the most notable, which should inspire some noble souls to produce good English language translations, include his 1758 Anfangsgründe der Arithmetik, Geometrie, ebenen und sphärischen Trigonometrie, und Perspective and his four-volume Geschichte der Mathematik, Vols. I-IV, 1796-1800. Kästner was the founder of an explicitly anti-Euclidean geometry; his influence on his pupil Gauss on this account, is reflected in Gauss's own discovery of elements of an anti-Euclidean geometry, dated to 1792, and reflected in Gauss's 1799 refutation of the reductionist errors of Euler and Lagrange. Riemann's development of an anti-Euclidean, as distinct from merely "non-Euclidean" geometry, is chiefly an outgrowth of this line of development by Kästner, Gauss, and Dirichlet. Kästner was also a crucial collaborator of Benjamin Franklin, as a forthcoming report by my associates will pin-point this crucial connection of the anti-Locke influence of Leibniz in defining the 1776 U.S. Declaration of Independence.

As I shall show, later in this present report, Vernadsky's definition of the Noösphere implies a strictly physical-scientific definition of the meaning of "spiritual." These same Socratic exercises which are the centrally characteristic feature of the discovery and transmission of experimentally validated universal physical principles, are therefore to be recognized as "spiritual exercises."

Among Plato's dialogues, his Parmenides has special relevance for that aspect of our report. In that dialogue, Plato implicitly emphasizes the importance of the development of scientific method by Thales' follower Pythagoras, a connection which has crucial significance for Gauss's referenced, 1799 definition of the complex domain. The most crucial of the known ancient discoveries, are the fruit of a class of paradoxes of geometry, including the Pythagorean experimental demonstration of the paradoxical musical "comma," 14 and the impossibility of reductionist solutions for such paradoxes as: the doubling of the line, the square, and cube, and the construction of the five Platonic solids. Despite the claims of the followers of Euler, Lagrange, and Cauchy, no competent solution for these paradoxes is found by means of a geometry confined by "ivory tower" definitions inhering in the shadowy, axiomatically erroneous presumptions of the reductionists' sense-perception.

Gauss's discovery of the physical principle of the complex domain, as in the referenced 1799 piece, returns our attention to the Classical Greek form of the elementary paradoxes of doubling of the line, square, and cube. These ancient paradoxes are indispensable keys to defining a form of modern mathematical physics, that of the complex domain, which is capable, axiomatically, of functional representation of the real universe, as can not be done competently by the ivorytower imageries of errant mathematical reductionists such as Euler and Lagrange, and their present-day followers.

Consider the relationship between Plato's method and that of such of his modern followers as Brunelleschi, Cusa, Pacioli, Leonardo da Vinci, Kepler, Gilbert, Fermat, Huyghens, Leibniz, Jean Bernouilli, Abraham Kästner, Gauss, Lazare Carnot, Dirichlet, and Riemann. Contrast this to that fanatical sort of axiomatic error of "ivory tower" reductionism, which is common to ideologues such as Aristoteleans, and such empiricists as Descartes, Newton, Boyle, Euler, Lagrange, Laplace, Cauchy, Clausius, Grassmann, Helmholtz, Maxwell, Lindemann, Felix Klein, and the devotees of Ber-

trand Russell. Focus upon the most essential point of irreconcilable conflict in method between the two sets. Then examine those implications of that contrast which are illuminated by the methods employed by Vernadsky to define the Biosphere and Noösphere.

What Is Hypothesis?

The discoveries of Johannes Kepler, effected by the methods he details in his 1609 The New Astronomy, were the beginning of a comprehensive form of mathematical physics. As in all science, so in contrasting the success by Kepler to the failed method of Claudius Ptolemy, Copernicus, and Brahe, we must take into account the relevant ancient precedents for the follies of such followers of the ancient Eleatics as the modern empiricists Galileo, Descartes, Euler, and Lagrange. We must give our attention to what many famous names in history have easily overlooked among the ostensibly fine details of scientific rigor. Those paradoxical details in methods of observation and judgment, are usually the key to truly important discoveries, even validatable discoveries made by confessing religious empiricists. Even reductionists such as Aristotle and the empiricists, sometimes admit the paradoxical existence of efficient principles which can not be observed by the senses, if not those principles themselves. Like the Romanticist Immanuel Kant, they either concede, or claim to know of, the existence of such considerations, which they define wrongly, while insisting that such agencies, if they exist, can not be known rationally by the individual human mind.

Apart from the specific wickedness of Aristotle's *Politics* and *Ethics*, the general folly of Aristotle's method for physical science itself, is typified by Claudius Ptolemy's hoax. Although Aristotle assumes a higher reality than sense-certainty to exist, Ptolemy follows Aristotle in limiting attempted knowledge of actual physical principles to a kind of apparent statistical regularity presumed to be consistent with the introductory books of *Euclid's Elements*. Although Copernicus echoes the heliocentric view of Aristarchus, the astronomy of Copernicus and Brahe accepts the same anti-scientific quality of "medieval" method of Aristotle, adopted by Ptolemy.

Within his *The New Astronomy* and other published locations, Kepler presents an elaborate report on the anti-scientific character of Aristotle's doctrines; Gauss, in developing a crucial proof of the entirety of Kepler's argument respecting the functional composition of the Solar system, applies the case of the principal asteroids as the empirical proof underlying Kepler's definition of the principles of a comprehensive approach to mathematical physics.¹⁵

The errors of Aristotle's method are always found in the

^{14.} The relevant experiment is Pythagoras' comparison of various orderings of what must have been the equivalent of Florentine *bel canto*-trained singing voices, in various modes, against a monochord. The naturally determined differences in intervals of the singing voice, compared with the relevant lengths marked off on the monochord, would define a "comma," not as a mathematically predetermined, but physically lawful characteristic of the properly developed human singing voice. The related case for J.S. Bach's well-tempered system, as opposed to the reductionist system of equal-tempering, is an example of the same principle. Hence, the "comma" is an example of the difference between a physical geometry, and an "ivory tower" geometry.

^{15.} Cf. Johannes Kepler, *The New Astronomy*; see also Tennenbaum and Director, op. cit. Implicitly, Gauss's confirmation of Kepler's case for "the missing planet," in the orbits between Mars and Jupiter, is an application of the notion of the complex domain which Gauss had presented, in refutation of Euler and Lagrange, in the 1799 piece.

details which that method either presumes to deny, or relegates to the domain of the humanly unknowable.

The followers of that Ockhamite perversion of Aristotle called empiricism, as typified by Paolo Sarpi, by Sarpi's personal lackey Galileo Galilei, Galileo's pupil Thomas Hobbes, and Locke, turn Aristotle's details into what often prove to be explicitly an actively nasty sort of what is literally a "devil in the detail." For example, Anglo-Dutch Liberal John Locke, makes implicitly a neo-Cathar argument which is featured explicitly as the central claim of Physiocrat François Quesnay. The same neo-Cathar claim is featured shamelessly in the central arguments for "free trade" by such of Locke's fellow-Gnostic followers as the more frankly pro-Satanic Bernard Mandeville, and Mandeville's follower Adam Smith.¹⁶

Quesnay is a shameless devotee of the ultramontane medieval feudal system of serfdom. His *Physiocratic* scheme explicitly classes the serf, axiomatically, as a form of human cattle. To support that argument, his absolutely irrational, *laissez-faire* defense of feudal parasitism, resorts to copying the dogma of the neo-manichean cult of the Cathars.¹⁷ He, like a Cathar, defines a capriciously corrupt deity, a nasty sort of gnome operating from under the floorboards of reality, who "fixes" the throw of his crooked dice, such that some people are made, magically, rich and powerful, while others are left destitute and poor. Modern Liberal economists describe that swindle as "statistics."

The "Venetian Party's" John Locke, Mandeville, and Adam Smith, are not customarily regarded as traditional feudalists like Quesnay; but, they share with Quesnay a common interest in their hatred of the Fifteenth-Century Renaissance and of, more immediately, the existence of France's Cardinal

Mazarin and Jean-Baptiste Colbert. These "Enlightenment" Liberals are all, like John Locke himself, typical of the philosophical expressions of that neo-Venetian form of Anglo-Dutch Liberalism which raged, like a pandemic, across the maritime regions of late Seventeenth and Eighteenth-Century northern Europe, and spread into the endemically treasonous Essex Junto and slave-owner circles in English-speaking North America. The neo-manichean doctrine of Quesnay appears in a Liberal guise as the explicit advocacy of moral depravity in Mandeville's *The Fable of the Bees*, as the same pro-serfdom dogma of the Physiocrats is echoed in Liberal John Locke's defense of slavery as "Property." Quesnay's and Mandeville's doctrine of "let the Satan whom Smith esteems as the knowing Director of nature, fix the dice," is echoed by Adam Smith's 1759 The Theory of the Moral Sentiments, as in his anti-American tract of 1776, The Wealth of Nations. 19

To situate the subject-matters thus introduced, we must recognize that any attempted attack on the problems of physical science, such as physical economy, requires that so-called physical science and so-called social theory not be kept in separate, virtually water-tight, academic compartments. On this account, a competent understanding of both so-called "physical science" and "social theory," depends upon viewing both, simultaneously, as I have done, from a common axiomatic basis in the standpoint of the pre-Euclid geometry of Plato's Academy.²⁰

^{16.} As I have elaborated this in locations published earlier, the use of the term "capitalism," as Karl Marx does, to describe, implicitly, both the Constitutional economic system of the U.S.A. and the present systems of western Europe, shows the speaker to be either illiterate in the most elementary features of modern economy, or a shameless liar. The crucial, continuing issue of U.S. wars against the British monarchy is rooted in the axiomatic incompatibility of the British system to that U.S. Constitutional system, rightly known to scholars by the names of "The American System of politicaleconomy" or "the national system of economy." The principal objectionable feature of the British system was, and remains, its foundations in that neo-Venetian system of Anglo-Dutch Liberalism, in which a financier slimemold form of oligarchy controls the fate of the nation and its other victims through the agency of an "independent central banking system." The latter system represents the special interest of a Venice-style financier oligarchy, which places itself above government in the foreign and internal affairs of both the nation and foreign targets, alike. This oligarchical feature is the notorious "Invisible Hand" (the one presently in your pocket). Under the U.S. Constitution's Preamble, the U.S. government is the sole sovereign, which is accountable to the interest of the general welfare of present and future generations. Admittedly, the U.S. Federal System, introduced by U.S. agents of Britain's Edward VII, is an abomination, but, since its constituent private shareholders are presently hopelessly bankrupt, the sovereign's authority expressed by the U.S. Treasury should be putting the embarrassed Fed under bankruptcy-reorganization, soon.

^{17.} In English slang, "the buggers."

^{18.} e.g., "shareholder value."

^{19.} Cf. Friedrich August Freiherr von der Heydte, *Die Geburtsstunde des souveränen Staates* (Regensburg: Druck und Verlag Josef Habbel, 1952). My wife, Helga Zepp-LaRouche, and I have compared leading international law specialist von der Heydte's thesis to our own emphasis on the Fifteenth-Century Renaissance. The two views, his and ours, are more complementary than contrasted. He emphasizes the struggle to free Europe from continued enslavement by the imperial law which ultramontane feudalism continued under the tyranny of (in our emphasis) Venice and the Norman military forces. The *Fronde* adversaries of a modern form of French nation-state, and of Cardinal Mazarin and Jean-Baptiste Colbert, who later allied against Colbert with the Gnostic "Sun King" Louis XIV, were a typical expression of the ultramontane tradition. Notably, the explicit coincidences of the Physiocratic tradition of Quesnay and Turgot, with the explicit "buggery" of Mandeville and Adam Smith, reflects the Venetian oligarchical roots common to both the ultramontane feudal and Anglo-Dutch Liberal systems.

^{20.} Benjamin Franklin collaborator, and Leibniz follower Abraham Kästner's crucial, leading role in the middle through late Eighteenth-Century development of both Europe's Classical science and art is strongly implied here. It was Kästner who insisted that mathematics should abandon the post-Plato, "ivory tower" system of definitions, axioms, and postulates introduced as Euclid's *Elements*, and return to a strictly Platonic, anti-Euclidean conception of the experimentally based discovery of universal physical principles (powers). Hence, the development of an actually anti-Euclidean physical geometry is traced from Kästner, through his student Gauss, through the generalization of anti-Euclidean geometry by Riemann. This is not to be confused with the interesting, but relatively superficial "non-Euclidean" geometry of a Lobatchevsky and Janos Bolyai. Kästner, the leading German defender of the legacies of both Leibniz and Johann Sebastian Bach against the Eighteenth-Century "Enlightenment" reductionists, was also the founder of the German Classic of Lessing, Mendelssohn, and such of their followers

The modern reductionist standpoint, typified by Galileo and Descartes, assumes, as Ptolemy's, Copernicus', and Brahe's schemes did, that individual sense-experience can be represented by a set of putatively "self-evident" definitions, axioms, and postulates, and, therefore, that a sufficiently well-developed mathematics, derived from such a set of "ivory tower" presumptions, such as that of the reductionists Euler, Lagrange, and Cauchy, must, as Lagrange taught, be potentially capable of explaining comprehensively anything and everything which occurs with the bounds of sense-experience. No hypothesis allowed!

In contrast to Lagrange et al., the standpoint of the school of Thales' follower Pythagoras, accepts no "ivory tower" assumptions. Typical of the anti-Euclidean physical geometry of the Pythagoras-Plato tradition, are the same three elementary challenges by means of which Gauss, in 1799, defines the complex domain: the doubling of the line, the doubling of the square, and the doubling of the cube, as defined by Plato's collaborator Archytas, the Pythagorean of Tarentum. Add to this the uniqueness of the five regular (Platonic) solids. For Plato's view on these, consider three of Plato's dialogues, where the anti-Euclidean principles of physical geometry are referenced: the *Meno*, *Theaetetus*, and *Timaeus*. Read Gauss's fundamental theorem of algebra against that background; read the powers of the square and cube as they are expressed in an algebra so considered, or, as Gauss's famous, and crucial two documents on biquadratic residues, presents this view. The solution for the physical act of construction of the doubling of the cube, which resolves the so-called "Cardan problem," presents the student with a sense of the efficient "physical presence" of the same complex domain in which Leibniz had located the catenary-keyed expression of a universal physical principle of least action.

The mastery of those elementary challenges of a purely constructive geometry, is to be taken against the experimental background of Fermat's, Huyghens', Leibniz's, and Jean Bernouilli's demonstrations, that physical effects in the universe do not follow a "Euclidean" (e.g., "Cartesian") pathway of "shortest distance," but of "quickest action," a pathway of action which scientific progress typified by the characteristic figure of physical geometry, the catenary. What needs to be purged from education, is the moral degradation of the teaching and application of mathematics to a mere describing of nature, as the Newtonian tradition of Lagrange's dogma does. In other words, as I shall stress at appropriate places in my argument here: the sterile mathematics of mere "energy," must be superseded by the physical geometry of "power."

The implication of such lessons, is that the principles of space-time organization lie in physical space-time, not a space and time of "purely mathematical," "ivory tower" definitions, axioms, and postulates, on which latter, false presumptions, the relevant failures of d'Alembert, Euler, and Lagrange were premised, as were the failures of such followers of Lagrange as Laplace, Cauchy, et al. Contrary to Aristotle, Euclid, and the "non-Euclideans," competent mathematical knowledge can be obtained only by those experimentally verified methods of constructed proof of principle which are reflected in the Platonic argument of Gauss's 1799 paper. The outcome of Gauss's work to this effect, becomes the opening paragraphs of Bernard Riemann's 1854 habilitation dissertation, which presents a general definition for a purely *anti*-Euclidean, rather than "non-Euclidean," physical geometry.

A physical geometry limits the notion of "dimensions" to those *hypotheses*, as Plato defines a notion of *hypothesis*, which occur as the acts of discovery and experimental proof of universal physical principle. These acts must have been validated, as Riemann emphasized, by methods of experiment uniquely appropriate for general claims to a proposed principle's universality. The discovery of the method of construction which enables a human mind to double a line, square, or cube, by no means but construction, defines "properties" of each, which are expressions of the *powers* of physical action by means of which relevant construction is accomplished. For example, the sublime "power" which distinguishes rotation from a mere line, and a solid from a mere surface. Gauss's treatment of the cubic function, and also his construction of the *Pentagramma Miraficum*, are typical illustrations of the use of the principle of construction as a reflection of physically efficient effects of "powers."

Successful hypotheses begin with a paradox. For example, does a cube exactly double the volume of a given cube, actually exist? Think about that; it is not an idle question. Prove it by construction! Look at Archytas' solution for this! The method of construction which solves that specific paradox expresses an experimentally demonstrated hypothesis which guided Archytas to that solution (**Figure 1**).

That which is presented to the senses of the purblind newborn child is a realm of paradox-ridden sense-impressions, not a faithful image of the world outside his skin. The child must not only discover the functional relations within sensed physical space-time; he, or she must repeatedly rediscover those relations, correcting earlier errors of presumption in a succession which suggests the peeling of the onion. From the beginning, the child's mind must hypothesize the existence of that which corresponds to the always paradoxical sense-experience of that real, unseen physical space-time which tickles the human sense-apparatus. Nothing real is simply self-evident.²¹

New dimensions of physical space-time exist for us only

as Goethe, Friedrich Schiller, and the Humboldt brothers, in addition to causing the rescue of the works of William Shakespeare from their savage mutilation in the England of Walpole et al.

^{21.} Truth is expressed as action cohering with the essentially infinitesimal quality of the catenary. Scientific progress seeks to approximate that truth. As Leibniz taught, but an enraged Euler denied, it is truth, not mathematical approximations, which runs the universe, e.g. Leonard Euler, *Letters to a*

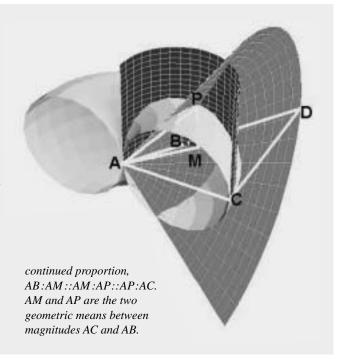
FIGURE 1

Archytas Construction for Doubling of the Cube

Archytas developed a construction to find two geometric means between two magnitudes, AC and AB. Magnitude AC is drawn as the diameter of circle ABC; AB is a chord of the circle. Using this circle as the base, generate a cylinder. The circle is then rotated 90° about AC, so it is perpendicular to the plane of circle ABC; it is then rotated about point A, to form a torus with nil diameter. (The intersection of the torus and the cylinder produces a curve of double curvature.) Chord AB is extended until it intersects

the perpendicular to AC at point D; this forms triangle ACD, which lies in plane of circle ABC, AB, and AC.
Triangle ACD is then rotated around AC, producing a cone.
The cone, torus, and cylinder, all intersect at point P. Perpendicular PM is then dropped from P along the surface of the cylinder, until it intersects circle ABC at point M; this forms right triangle AMP.

Through this construction, a series of similar right triangles (only partially shown) is generated, which produces the



as we acquire those new willful powers over nature which we define as the successive work of Gauss, Dirichlet, and Riemann defines a physical universe of that expanding array of paradoxes. These are paradoxes which the human will has either mastered as human physical powers for hypothesizing in the universe, or are, at the least, recognized challenges, as those paradoxes which we are seeking to bring under the willful control made available to us by experimental proof of physical principle.

That, in short, is the issue of hypothesis which almost invariably prompts the wildest eruptions of distemper among the reductionists of the "pure mathematics" and "physics" departments. What enrages those "ivory tower" fanatics, is their confrontation with the details which threaten to topple the edifice of their "self-evident," mathematical "ivory tower" conceits.

That much said, what then is the way we must define the relations between what is usually assigned to the department of mathematical physics, as distinct from what is assigned to the departments of taught social dogma? A glance at Kepler's method will point the way.

German Princess, 1761. Hence Euler's denial of the infinitesimal for calculus, and Euler's and Lagrange's obsession with their protests against the reality of the complex domain. Hence, Euler's accomplice Maupertuis' fraudulent claim to have discovered a principle of least action.

Kepler & Prometheus: A Matter of Detail

Kepler's attention to detail showed him the existence of some crucial oversights in the work of astronomer Tycho Brahe. The orbit of Mars was not circular, but approximately elliptical. Moreover, the motion of the planets in their elliptic-like orbits was not uniform, but constantly not uniform. Nonetheless, the succession of the recurring orbits was predominantly regular. These elementary details showed that the real universe did not function as Aristoteleans such as Ptolemy, Copernicus, and Brahe had imagined. The real universe was not the universe as a naive Aristotelean or empiricist blind faith in sense-certainty misdefines the notion of what are called "universal principles."

In brief, Kepler recognized the paradox of observed, approximately elliptical orbits, that, not only, can the notion of Aristotelean regularity never be reduced to a simple form of action, but that, more to the point, the characteristic principle of action in the more scrupulously observed Solar system, is expressed by constantly non-uniform motion. The shadows on the screen of a merely perceived Solar system's motions, are therefore controlled by some universally efficient power, in Plato's sense of "power" (as contrasted with the reductionist notion of mere "energy"). Kepler recognized the object which cast the shadows of astronomical sense perception as a controlling intention of the Creator of the universe: *a universal physical principle*, a *power* acting efficiently from outside perception, to produce the shadowy effects presented to the

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astronomer's perception.²²

The intention, which must be discovered, and then proven to be universally efficient in controlling the behavior of the shadows, appears first as a paradox, and then as an hypothesis which needs experimental proof of its efficient universality.

That much, for the moment for that example from Kepler; now, for LaRouche on the Riemannian geometry of longrange capital cycles.

What is an experimental proof of a Platonic quality of hypothesis? Really? Here, on this crucial point respecting the implications of experimental proof of principle, the Aristoteleans and empiricists figuratively hang themselves. The validity of the claim to have discovered any universal physical principle, is not satisfied by the mere repetition of the specified, observed effect. It must be demonstrated that the application of what is believed to be an individual's discovery of a proven universal physical effect, enables mankind to increase its power to exist in the universe. It must be demonstrated that the claimed hypothetical knowledge represents a principled increase of mankind's power to exist in the universe, as Plato defines "power" where the erring Aristotle claims to see "energy."

In the relatively simplest case, the notion of *power*, as employed by Plato's dialogues in respect to doubling the square, or the Pythagorean Archytas' construction of the solution for doubling of the cube, represent pre-existing principles of the universe, but preexisting universal principles whose discovery enables man to produce effects which are changes in that otherwise preexisting universe. The elementary cases of doubling the line, square, and cube, by construction, are typical of such Platonic connotations of power.

To illustrate the point of contention, consider the implications of what I have just said. Consider the legendary image of Prometheus, a subject to which I shall return at a later point here. The mention of that name now cracks the egg-shell, releasing our thoughts into a larger universe. This takes us directly to the most essential implication of Riemann's 1854 habilitation dissertation.

Economist LaRouche's View of Our Universe

Now, we come to the point of this report at which we shall focus upon the idea of measurement of performance of economies in physical, rather than fictitious, financial-accounting terms (Figures 2-5).

This clarification of the principles of real, as opposed to financial-accounting economics, requires a careful, preliminary reconsideration of some of the most important of the underlying considerations of physical-scientific practice. The indispensable role of the discussion of these considerations for any science of economy, will be made clear in the course of both the immediately following, concluding topics of the present chapter, and the subsequent, concluding chapter of this report.

We proceed, at this point, by turning first to an indispensable set of remarks on the nature of science in general. This applies to both matters of the phase-space of the individual's action on the universe, and the physical effects determined by the principles of the social processes within which individual action is situated.

In any competent aspect of physical science, even formal mathematics, nothing exists before, after, or outside our universe. Einstein's notion of the universe (taken as a totality) as "finite, but unbounded," reflects such an awareness of the framework within which we might conduct any rational discussion of the universe. Similarly, if we must suppose that that universe always existed entirely within itself, that is not to suggest that it did not continue to develop, but that it is a Riemannian universe, producing not only new forms, but changes in characteristics of action within itself.

Suddenly, with that latter thought, of development, the universe becomes a fascinating place of residence; physical science suddenly comes to life. Our notions of matter, space, and time, are changed profoundly, both individually, and in respect to their functional interconnections. Those childish notions of space and time which occupy popular and other scientifically illiterate opinion today, vanish, replaced by something which Riemann's notions of physical geometry suggest.23

For us, as mortal human beings, all that science has discovered so far to be universal physical principles, points to principles which must be presumed to be, and should be tested for the quality of being universal, in their efficient extent of relevant application. Therefore, for a qualified physical economist, any Platonic form of hypothesis which is proven to be a universal physical principle by Riemann's implied standards of unique experiment, always existed within "the simultaneity of eternity," with those qualifications, and always will. This is to be understood in the sense that Gauss's 1799 report of the discovery of the fundamental theorem of algebra signifies "universal physical principle" in a Platonic way which reflects the Classical Greek constructions of Archytas, Plato, et al. That presumption of universality will remain true, to the extent some qualifying error in the interpretation of that notion were not uncovered and corrected.

Therefore, in the subject-area within which this report is situated, the practice of economic science, we must proceed from the conditional, pragmatic assumption, that man probably does not create new general types of universal physical principles for the universe, but, rather, is able to create new physical states in the universe, through Platonic modes of discovery and application of pre-existing natural principles.

^{22.} Kepler, op. cit.

^{23.} The principle of least action (as opposed to, for example, shortest distance) points in that direction. With Riemann's habilitation dissertation, the notion of changes in characteristic values of action becomes a distinct idea.

FIGURE 2

A Typical Collapse Function

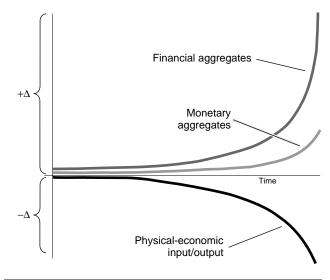
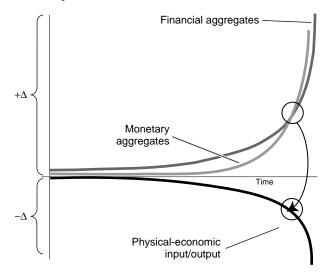
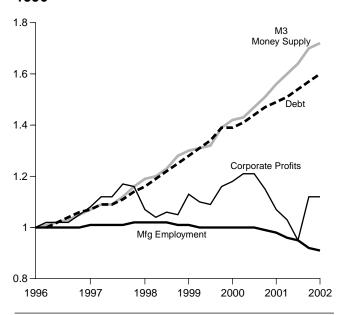


FIGURE 3

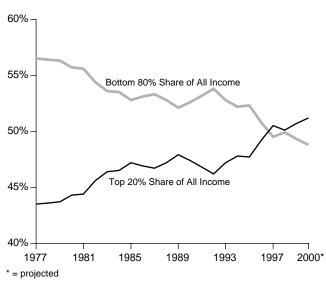
The Collapse Reaches a Critical Point of Instability



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



Top 20% of Population Have More Than Half of All After-Tax Income



Sources: Congressional Budget Office; EIR

Source: Federal Reserve; Bureau of Economic Analysis; Bureau of Labor Statistics; EIR.

Over the 1966-2002 interval, the nominal values of U.S. financial and monetary growth zoomed, while the net physical values per capita collapsed. The financial crises of President Clinton's tumultuous second term, 1997-2000, culminating in the collapse of the "Y2K/ Infotech" and "hedge fund" financial bubbles, were essentially a culmination of long process of degeneration of the U.S. economy's physical basis, as reflected in the collapse of share of income of the lower eighty-percentile of family-income brackets.

EIR January 17, 2003 Feature 35 Man extends the actual application of those discovered, universal principles which have the character of Platonic *powers*. This is the central principle of practice for both economic science today, and the principle governing the determination of relevant forms of competent law and policy-shaping practices of governments. Pending new discoveries which extend knowledge of our universe beyond that available today, this view expresses the principle on which the competent measurement of performance of an economy must be measured currently.

Therefore, the conditional notion of science today, must limit its claimed ambitions, to the bounds of those universal new states in the universe, which our discovery of pre-existing principles enables us to introduce as qualitative changes in our practice upon the universe. All competent notions of economic processes depend directly and absolutely on that view of man in the universe as a whole.²⁴

The essential argument to be made here respecting elementary principles of a science of physical economy, is summed up as follows.

When a person discovers an experimentally validated universal physical principle, a Platonic quality of *power* already existing in the universe, it is placed implicitly at the disposal of mankind. The best evidence of history to date, is that this action adds no new principle to the total of those existing in the universe, but increases the powers of the universe now placed within the domain (Riemannian phase-space) of powers now at mankind's willful disposal.²⁵ The realization of that new potency of mankind produces qualitatively new states within the universe, states which would not be generated without man's practice of those principles. This changes the behavioral characteristics of that universe in a principled way, without yet increasing the totality of principles existing in the universe.²⁶

A related, if more limited conception of the universe, is presented by Vernadsky's successive development of the conceptions of *Biosphere* and *Noösphere*. ²⁷ Vernadsky, a trained geologist, proceeding from the included benefit of the accomplishments in geology and physical chemistry of his former teacher Dmitri I. Mendeleyev, took up the work of Louis Pasteur et al., in defining the existence of *life* as a distinct universal principle, not derived from an abiotic universe. To this end, as a physical chemist of that intellectual pedigree, he introduced the case for the existence of what he identified as the *Biosphere*, whose geological "history" shows the abiotic processes of Earth as under increasing relative domination by the combination of the totality of living processes and their fossils, the latter including our planet's atmosphere, bodies of water, and soils.

As this fact became relatively well known among scientifically literate university graduates of the last half-century, the kernel of this notion of *life* as an expression of a primary form of universal physical power, ²⁸ is that what are known to be living processes, produce what are otherwise impossible states of organization among non-living processes. This conception, whose development relevant classrooms and text-books have traced to outgrowths of the initiatives of Pasteur, was pursued by his associates and followers such as Curie, to the effect of defining *life* as a specific quality of universal principle (*power*).²⁹

Following the introduction of the reductionist notion of thermodynamics, by Clausius, Kelvin, et al., the experimentally based mathematical-physics distinction of life from abiotic processes generally, was early associated, by friends of life, with a mathematical notion originally named "negative entropy." This distinction presumed that life is a self-subsisting universal principle, not dependent upon specifically abiotic assumptions, which is imparted by life to the universe as

The efficient addition of the practiced discovery of any universal principle to mankind's knowledgeable practice, changes the principled character of that phase-space, but, despite that, the fact that a pre-existing principle of the universe is added to human knowledge does not add to the roster of physical principles in the universe as a whole, even though the resulting human activity may change the characteristic anti-entropic efficiency of the universe as a whole.

27. LaRouche, op. cit.

28. Again, the term "power" is used here in the sense of Plato, Leibniz, Gauss, et al., in contrast to the reductionists such as Euler, Lagrange, Cauchy, et al. 29. In follow-up on my initial wrestling against the quackery of Professor Norbert Wiener (most notably, *Cybernetics, Human Use of Human Beings*) and John von Neumann (most notably, *The Theory of Games and Economic Behavior, The Computer and the Brain*), I was confronted by Erwin Schrödinger's *What Is Life?* What Schrödinger failed to grasp, is that the physical evidence for a specific principle of life, as distinct from the abiotic domain, precludes any reductionist inference. Schrödinger, to his credit, was a physicist at heart, despite the Machian influence represented by Boltzmann's work; but, his influence is all the more dangerous to science, simply because he is less implausible than the obviously epistemologically childish Bertrand Russell clones Wiener and von Neumann. See the later discussion here of Vernadsky's concept of life, for more on this ticklish issue of defining a principle of life as such.

^{24.} The notion of development within the universe as a universe suggests four possibilities:

^{1.} The development within the universe which occurs through mankind's application of discovered universal principles which have the quality of Platonic powers. This is a scientific certainty.

^{2.} The self-development of the universe implicit in the notion of a fixed set of active, "original" physical principles considered as Platonic powers. This is also a certainty, as the presently considered development of a Solar system from a "young," fast-spinning Sun implies such development.

^{3.} That man, by discovering and adopting the power inhering in such knowledge of a self-developing universe, qualitatively expands and accelerates the self-development of the universe in man's practiced role as a conscious agent of the Creator.

^{4.} The great ontological paradox, that the Creator, as a self-subsisting personality, creates new primary universal principles (powers) within an otherwise self-developing universe. For our purposes here, we limit most of our discussion to the first three of these notions of development of what Vernadsky identified as the Noösphere.

^{25.} For example: Note for later reference, that man's efficient discovery of a principle associated with abiotic phase-space increases the anti-entropy of the universe by this copying action from the ostensibly abiotic to anti-entropic to the cognitive domain.

^{26.} There is one qualification to be added to that at later point in this report.

a whole. Later, from the late 1940s onward, as the crankish, radically positivist, anti-humanist notions of such followers of the fanatical Ernst Mach as Ludwig Boltzmann, and Bertrand Russell's devotees such as Professor Norbert Wiener, and John von Neumann, gradually gained broad, even popular currency, the original experimental connotations of "negative entropy" have almost disappeared from general use. That term has been taken over by the popularization of the pathetic science-fiction cults of the positivists, not only among science-illiterate politicians and mass-media editors, but even among many persons who are putatively actual scientists.

To eliminate that growing confusion caused by the spread of the "information theory" fads, as through the irrational fantasies of "science fiction" writers and their readers, I found myself compelled to introduce a new, mathematically more precise term, "anti-entropy," for what had been the biologists' original, pre-"information theory" intent of "negative entropy." I premised this notion of "anti-entropy" on the characteristic functional distinction between an anti-Euclidean physical geometry, notably that of Gauss-Riemann, and a merely "non-Euclidean" geometry, such as those of Lobatchevsky, Janos Bolyai, and Hermann Minkowski's famous lecture on relativity. This notion of "anti-entropy," as it must be identified today, ³⁰ reveals its essential role in defining universal physical principles when we recognize two inseparable notions, as Vernadsky did, in his defining a Biosphere.

The fact, that processes characteristic of life generate ordered states of nature not existing in abiotic processes, not only defines living processes, but also provides a rigorous line of experimental division between abiotic and living processes. This line of division has the quality of a universal physical principle of the type associated with the notion of a power in the physical geometry of Plato, Kepler, Leibniz, Gauss, Dirichlet, and Riemann, among others. First: It identifies an expressed power which is always functionally characteristic of the living process, but never the abiotic as such. Second: As Vernadsky showed the proofs of this fact, the biological evolution of our planet, when the fossils specific to living processes are counted in, increases the accumulation of biomass, including such fossils as atmosphere and oceans, the living process dominates the abiotic in long-term effects of this transforming of the planet.

This division between the abiotic and living separates the phenomena of Vernadsky's Biosphere into two distinct but universally interconnected, Riemannian phase-spaces. Vernadsky's work shows no actual comprehension of Riemannian physical geometry and its implications, but his work begs rereading from the anti-Euclidean standpoints of Kepler, Leibniz, Gauss, Riemann, et al.

Vernadsky's approach to the Biosphere leads him toward

defining the Noösphere.

Just as the physical effects of action of living processes, produce the combination of living processes and their fossils, so what Vernadsky identifies as the distinctive creative (*no-ëtic*)³¹ powers of the human mind, produce qualitative changes in the combined processes of the Biosphere, changes representing physical effects which can not be the spontaneous outcome of living processes alone. The combined effect of these *noëtic* and Biosphere processes, produces what Vernadsky defines as the Noösphere. The result is the image of a three-phase universe, the Noösphere, composed of the interconnected action of three distinct phase-spaces: abiotic, living, and *noëtic*.

Where Vernadsky writes *noëtic*, I point to the quality of mental action typified by Gauss's 1799 exposure of the anticreative physical-scientific impotence of Euler, Lagrange, et al. in the matter of those universal physical powers which are reflected in the reality of the complex domain. Gauss, like Leibniz before him, and such successors as Riemann, moved science toward eradicating all "ivory-tower" definitions, axioms, and postulates from science, and replacing these with nothing but those discovered universal physical principles defined by experimentally validated Platonic forms of hypothesizing: *noësis*.³²

It is that specific quality of creative reason which places Euler and Lagrange in stubborn defiance of the existence of human creative reason, as Gauss's cited 1799 argument typifies the product of creative reason, which otherwise is key to locating the functional difference between man and beast. This takes us beyond the accomplishments of Vernadsky, into the domain of Riemannian physical geometry. This is also the key to a competent economic science.

The Measure of Economic Value

The assortment of the universe's known principal phase-spaces, among the abiotic, the living, and *noëtic* processes, should be viewed from the vantage-point of the Plato's Cave allegory, contrasting the shadow-world of sense-perception to the unseeable reality, the principled powers which generate the shadowy perceptions of sense-certainty. The relations among those three principal phase-spaces identified as representing the unseen reality, are to be considered in that light. In short, just as the principles of the abiotic domain do not "see," but are affected by the principle of life, so the biologist qua biologist does not "see" the *noëtic* principle which pro-

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^{30.} This is "anti-Euclidean" in the sense of the use of the term by Gauss's teacher Abraham Kästner. It has the geometry implied by such early Gauss writings as his 1799 report of the fundamental theorem of algebra, a meaning more amply expressed by Riemann's 1854 habilitation dissertation.

^{31.} I would define what Vernadsky appropriately terms "noëtic" processes as cognitive in the sense of Plato's principle of hypothesis. Here, I continue to reference Vernadsky's use of the term up to the point of this report I have made my own preferences clear. I mean cognition (noësis) in the sense of a Riemannian, anti-Euclidean physical geometry, as Riemann employs "hypothesis."

^{32.} In Christian theology, for example, there is no knowledge except through the Platonic principle of contradiction. In mathematics, this takes the form of saying that nothing real exists outside the complex domain identified by Gauss, Riemann, et al.

duces cognitive behavior in a certain species of living organism, man.

I now introduce the matter of the underlying principles of economics to this review, with relevant comments on those distinctions in physical science which are the foundation for any competent economic, or national-income-accounting doctrine of practice.

As I have reported this fact earlier, the notable difference between my own and Vernadsky's definition of a Noösphere, is threefold. This difference defines my concept governing the measurement of the relative value expressed by physicaleconomic processes. I now summarize that distinction, as

First, we have phenomena which are produced without the attribution of either a principle of life, or of what Vernadsky terms a noëtic principle. The first set of phenomena are those we attribute to the abiotic domain.

It became customary, until now, to define the characteristic feature of the abiotic domain as what the Clausius, Grassmann, Kelvin, et al. tradition named entropy. The flaw of that assumption should be obvious; the associated notions of thermodynamic principles introduced by Clausius et al., incorporate an array of largely unstated, a priori assumptions. These assumptions include the error of empiricist mathematical dogma associated with the referenced common blundersin-common of Euler, Lagrange, Laplace, Cauchy, et al. These include the fallacy of "energy," derived from the precedent of Plato's famous philosophical adversary, Aristotle: as opposed to the notion of "power" associated with Plato's notions of physical science.³³ Clausius et al. also include a general fallacy of composition to which I shall turn attention a short space ahead.

It were better to leave out the issue of the empiricist notion of entropy altogether, and to define the abiotic domain as the domain of actions (i.e., a Riemannian phase-space) from which the principled qualities of life and noësis are manifestly absent. I shall clarify the importance of, and basis for that negative definition a relevant short space ahead.

Second, and third, we have the sets of phenomena which are characteristic, respectively, of life and noësis. This points to the principles of life as a universal physical principle, and noësis is also a universal physical principle. By principles, we should understand *power* in the Platonic sense of Kepler's discovery of gravitation as a representative of the existence of a specific quality of *power*. Life as a principle (*power*), is recognized as both an agency specific to living processes and their specific effects, and as also anti-entropic: as I have used the term anti-entropy.

The distinction among the notions of power respectively specific to the abiotic, life, and *noësis*, defined three distinct but multiply-connected Riemannian phase-spaces. All three phase-spaces are in operation throughout the universe at all times, as well-ordered Riemannian phase-spaces tend to be. Hence, the anti-entropic influences of life and *noësis* have always been present and operating in the universe. Thus, for example, the universe as a whole, the universe in which these three phase-spaces are multiply-connected, is anti-entropic, although most encountered textbook-style physics implicitly assumes the abiotic phase-space to be entropic in the sense of the argument by Clausius, Grassmann, Kelvin, Mach, and Boltzmann.34

That negative definition of abiotic, may appear less shocking, if I now emphasize the following qualifications. Rather than saying that life as we usually agree to recognize the term "life," as an act of pointing to certain experimental evidence, life, as expressing a universal physical principle, we must, as Vernadsky emphasizes, recognize it as a physical principle by its specific production of uniquely relevant physical effects. So, as Vernadsky also argues, the term *noësis* is also a way of pointing toward the existence of a universal physical principle. In neither case are we inferring that the principle appears only in the form of expression we associate with our first-impression notions of the terms "life" or *noësis*; we are inferring principles whose expression is usually recognized by us when expressed to us as a principle of life as Pasteur, Curie, et al. defined it, or, for noësis, as Socratic hypothesizing. The principle itself, in both cases, must have a broader and deeper quality of significance than we associate with conventional reference to such terms. From the standpoint of a

^{33.} Power equals work on that real universe which exists beyond the shadow domain of mere sense-perception.

^{34.} The misreading, by Clausius et al., of the celebrated work of the Ecole Polytechnique's Sadi Carnot, is the result of that practice of fallacy of composition of the evidence specific to the reductionist methods of the empiricists, including the positivists generally. After Fermat's introduction of the concept of quickest pathway of action, rather than Euclidean shortest distance, that further work by Huyghens, Leibniz, Bernouilli, et al., leading to both Leibniz's universal physical-geometric principle of least action, and the anti-Euclidean physical geometries of Gauss, Weber (for electromagnetism), Riemann, et. al., we must regard the continued effort of any relevant professional to locate the elementary principles of action within implicitly Cartesian spaces, as tantamount to fraudulent recklessness. Thus, energetic effects are to be mapped as results of actions within that specific, anti-Euclidean physical-space-time geometry within which the supposedly elementary action occurs. Since this requirement was well known since the relevant work of Gauss, Weber, Dirichlet, and Riemann, there was no excuse for that purely arbitrary, ideological error of the reductionist which was typified by such collaborators of Kelvin as Clausius and Grassmann. As J. Clerk Maxwell conceded his own stubbornly intentional subscription to that "Cartesian" fallacy of composition, when challenged for his omission of his work's debt to the preceding discoveries of Gauss, Weber, and Riemann, he replied that "we" have refused to acknowledge the existence of "any geometries but our own" Cartesian tradition. The false claims for Hermite and Lindemann of the discovery of the transcendental and the inclusion of "pi," as by Felix Klein, typify the same ideologically motivated form of elementary disregard for truth. Notably those false claims by such reductionists were premised on the fraud of Euler's ideological fanaticism, as expressed in Euler's 1761 Letters to a German Princess. The lunatic Ernst Mach and such followers of Bertrand Russell as Wiener and von Neumann exhibit frauds born of those reductionists' ideological fanaticism, but carried to an extreme.

science of physical economy, these principles, in their more general, underlying quality, permeate the universe, its astrophysics and microphysics included.³⁵

Ironically, our best knowledge of such a three-phase-space Riemannian manifold, comes from appropriate forms of study of the human mind, rather than abiotic physics or biology. This is, admittedly, contrary to the reductionist method; but, that is a virtue, not a fault. We must proceed from the top down, what we actually know about our own ability to make experimentally valid discoveries of principles, rather than the "ivory tower" methods of *Euclid's Elements* and empiricism.

Plato's Socratic method of experimentally oriented hypothesizing, is itself a great experiment by mankind. We have wonderful access to that experimental domain, because all of mankind's progress in knowledge and power as a species, has depended absolutely on the efficient practice of those specifically human powers of hypothesizing. We are enabled to experience the interior of the *noëtic* processes directly, to observe them consciously, and to confirm those hypotheses experimentally. Our best knowledge of the universe as a whole, is experimental knowledge which we conquer through our consciousness of our sovereignly individual powers of hypothesizing what appropriate experiments show us to be, and to have been, universal physical principles.

Hence, all that we really know about man and the universe is knowledge produced by an understanding of a universal principle of hypothesizing, a higher order of hypothesizing: Plato's concept of an higher hypothesis. What we know, is what we are enabled to know efficiently by aid of the cognitive processes of Platonic hypothesizing of the experimental domain. It is through those cognitive processes of the mind which set us, uniquely, apart from and above the beasts, that we are capable of actually knowing anything, including biology and abiotic physics. Thus, we can not claim to know anything, except through those processes of noësis as I have defined them, yet once again, in this present report.³⁶ It is by validating the functions attributable to those cognitive processes of hypothesizing, that we are authorized to claim any principled knowledge of anything, abiotics and biology included.

To restate the same point in slightly different way, we have the following.

All that we actually know of the universe with the equivalent of scientific certainty, is a product of the hypothesizing activity of the human mind, with its specific power of hypothesizing experimental truths. Where the empiricist attempts to explain the existence of the universe from the starting-point of reductionist notions of sense-perception per se, science knows the universe only through its power to change the shadow-world of sense-perception in ways contrary to reductionist presumptions, as Kepler did in discovering the principle of gravitation. The increase of the human species' potential relative population-density, from the level of potential of millions, to billions of living specimens, should warn us that all we really know is nothing except that which is known experimentally from the standard of the practice of Plato's method of Socratic hypothesizing.

Now, focussing that line of discussion of Vernadsky's argument upon physical economy as such: How, by what universal principles, should we then measure the relative performance of societies as physical economies? Put that pencil and computer away! Before measuring, ask: What is your conception of that which you should desire to measure?

From what is written in the preceding pages of this report, the conception we must choose for measurement must be, in first approximation, the relative physical-economic power of society, as Plato, Leibniz, and Gauss define power in ways consistent with Gauss's referenced 1799 report. We must then refine our definition, to think of measuring the changes in physical effects accomplished by application of the power presently being made available to society's practice. We must then express those Kepler-like trajectories of projectable or ongoing changes in effect, in terms of increases (or, decreases) of potential relative population-densities per capita and per square kilometer of surface-area.

That said, now shift attention to focus on the content of the action by means of which these changes in trajectories are generated: the adoption of discovered universal physical principles for practice. This has the connotation of the idea of science-driven technological progress; but it also implies what is usually overlooked in the discussion of such scientific practice, the determining role of a special class of physically efficient social principles, principles typified by valid methods of composition and performance of Classical forms of plastic and non-plastic art, as opposed to the axiomatic irrationalism of Archaic, Romantic, and modern modes of art.

The point may be conveniently illustrated by focussing upon the dividing-line which separates the first establishment of modern European civilization, the modern sovereign nation-state, in opposition to the preceding feudal system. This qualitative change was the fruit of earlier work under feudalism, including the Augustinian harmonics, derived from Plato et al., expressed by the Chartres school of cathedral-building, and the impact of the work of, especially, Dante Alighieri and

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^{35.} It is unfortunate, that many teachers, and also students, fall victim to the purely neurotic reflex of insisting that the term they have just adopted is also the "last word" in scientific knowledge. So, the neurotic Lord Kaldor allowed himself to be so deluded by John von Neumann's clever, but fraudulent claim to explain almost everything about economics, and legions of neurotic fools have been duped by the ostensible cleverness of Professor Norbert Wiener's sophistry in arguing for "information theory." "Oh, I know all about that," is a typical symptom that we are dealing with neurotic fool, one who, perhaps, "just looked it up on the internet." Knowledge is never a "final event" in a chain, but an ongoing process, a process which increases, rather than diminishes the number of questions yet to be answered.

^{36.} This was the principle, of *De Docta Ignorantia*, on which modern experimental science was founded by Nicholas of Cusa.

Petrarch. However, the shift itself was sharply defined in the Europe-wide impact of the internal history of the Fifteenth-Century Italy-centered Renaissance.

To discover how measurement of these trajectories is to be made, we must now define the relevant features of that modern sovereign nation-state which first came into existence during Europe's Fifteenth-Century, Italy-centered Renaissance.

The Modern Nation-State

No political-economy existed prior to the pioneer models of France under Louis XI and England under Henry VII. Four principles point to the premises for that distinction.³⁷

First, the introduction of the Classical method, in place of the Romantic, as typified by Brunelleschi's successful design of the cupola for the Santa Maria del Fiore Cathedral of Florence.

Second, the birth of modern experimental science, with Nicholas of Cusa's De Docta Ignorantia, as a revival of the Classical method of Plato.

Third, the birth of the modern nation-state, set into motion by Cusa's Concordantia Catholica, the successor to, and supercessor of Dante's De Monarchia.

Fourth, the crucial, commonly underlying feature of these revolutionary reforms, was the adoption of the principle of the anti-Roman, anti-feudalistic modern nation-state republic. In the modern republic, the political-moral authority of the sovereign depends absolutely upon efficient submission to the so-called commonwealth principle of the general welfare (agapē, common good) for both the entirety of the living population and, even more emphatically, its posterity. The supreme principle of the U.S. Federal Constitution's Preamble, the sovereign authority and responsibility of the sovereign nation-state to promote not only the defense of that institution, but the general welfare of the living and their posterity.³⁸

For these reasons, despite many corrupted models of elected government under which the U.S. has suffered, from time to time, the Federal Constitution of the U.S.A., especially when read as under the controlling principle stated in its Preamble, is the primary, historically existing example of a true sovereign nation-state today. The related problem which accounts for the defects of the systems of Europe and with other parts of Americas, has been, that even after the dissolution of the Habsburg tyrannies, the prevalent form of government and political-economy in Europe and the Americas today, is the form of parliamentary system, the Anglo-Dutch Liberal model, under which a Venice-like financier oligarchy, represented, typically by an "independent" central banking system, enjoys relative hegemony over the nation's economic affairs and veto powers over its elected institutions of government. To that degree, whether under the Habsburgs/Hapsburgs or the Anglo-Dutch Liberal system, the state does not exist for the benefit of mankind, but treats the majority of the subject populations as relatively human cattle, as Aeschylus's Prometheus (and Goethe's) denounces Zeus and the self-doomed Olympus on this account.

Thus, as I have emphasized above, and in many earlier published locations, the prevalent European economic model today, is that Anglo-Dutch Liberal model whose typical expression is the pro-slavery dogma of John Locke, in opposition to the anti-Locke principles of Gottfried Leibniz, whose influence was dominant in shaping the U.S. 1776 Declaration of Independence and the 1787-89 Preamble of the Federal Constitution. For example, in U.S. history to date, the Essex Junto, Jonathan Edwards and his grandson Aaron Burr, the pro-racist Nineteenth-Century Democratic Party of Martin van Buren, Jackson, Polk, Pierce, Buchanan, Cleveland, and Wilson, and the Republican Party of Theodore Roosevelt, Calvin Coolidge, and Richard Nixon, and Associate Supreme Court Justice Antonin Scalia, represent the U.S.'s sometimes nearly fatal infection with the Anglo-

then the Anglo-Dutch Liberals so far, to crush the institutions of sovereignty and scientific-technological progress. The challenge of sovereign states' resistance to the London-led form of utopian, heathen form of new Roman world empire according to the Venice financier-oligarchical model, still entraps the opponents of the modern state in a world defined by that which the heathen oligarchical followers of H.G. Wells and Bertrand Russell are attempting to destroy, still today. Europe's long toleration of obscenities such as the Habsburg/Hapsburg systems, and also the Venice-modelled Anglo-Dutch Liberal system, are illustrations of the principle of Classical tragedy. E.g., Shakespeare's Hamlet "failed" for two reasons. Primarily the "rotten Denmark" depicted by Shakespeare, and, only secondly, the failure of Hamlet to reject the folly of that national culture. Hamlet's specific folly, as expressed by the famous Third Act soliloquy, was his fear, not of death, but of what might come to him after he had "shuffled off the mortal coil," his fear of immortality. So, Jeanne d'Arc was a sublime, rather than tragic figure, because she was capable of doing what was necessary to change her corrupt society without fear of immortality. Thus, overriding devotion to the effects one contributes to the future, as if in the image of Christ, is the mark of the sublime, the mark of the figure qualified to lead society, and to govern it. Solon would have agreed with that.

^{37.} This distinction, as a broad distinction between the imperial tradition of, for example, Venice's alliance with its Norman partners, and the sovereign nation-state, is implied by the referenced work of von der Heydte, and, to a lesser degree by others, but the scientific economic definition of the crucial historic change to actually sovereign nations, has been, chiefly, my own work.

^{38.} Admittedly, both the Hapsburg systems of Spain and Austro-Hungary, and the parliamentary systems built according to the Anglo-Dutch Liberal paradigm, are in violation of, and hostile to these republican constitutional principles. Two central points are to be emphasized on this account. First, the post-Fifteenth-Century Hapsburg institutions, and their like, existed within the historical setting of the modern European civilization they struggled to destroy, as through the religious and related warfare of the 1511-1648 interval, and, later, through the decline and fall of Prince Metternich's Austro-Hungary. The role of the Habsburg's chief rivals, France and the Anglo-Dutch Liberal model, was similarly situated. Second, the character of the globally extended influence of the modern European civilization set into motion by the Renaissance, is defined by the failure of the Habsburgs, and



"We must aim at producing what might be described loosely as a factor of massleadership. We must rapidly develop many veritable 'platoons' of truly qualified, young intellectual leaders steeped in a distillation of the most crucial products of the Classical tradition to date." Here, organizers at the university in Darmstadt, Germany.

Dutch Liberal virus of John Locke.

The domination of many nations, and other powerful institutions by the global power of that Venice style in financier oligarchies, which is typified by the so-called "independent" central banking system, distorts economic reality, by making that monetary and financial power peculiar to central banking systems the determinant of the corrupted political and legal meaning of the term "economics." The control over "money" by an "independent" central banking system, is the most immediate source of all corruption of nation-state economies around the world today. This corruption, the substitution of largely fictitious money-systems, for physically efficient economic relations, is the chief factor generating the disasters of the world's political-economic systems today.

Under what is known alternately as either the American System of political-economy (e.g., Hamilton) or the American System of National Economy (i.e., List), the republic is perfectly sovereign, including its authority over the monetary and financial systems of the nation. Under the sovereign republic, unlike states corrupted by the Anglo-Dutch Liberal model, the role of the Federal government as the only lawful creator of national debt and credit, demands a system of national banking, through which all banks either work, or by which their practices are regulated. In such a national-banking role, or, as under a President Abraham Lincoln or President Franklin Roosevelt, the true public interest, the general welfare of the present population and its posterity, enjoys absolute preeminence over the influence of finance.

Consider, briefly, the absurdity inhering axiomatically, and also practically, in all monetarist doctrine and comparable practice. Then, consider the scientific alternative. Today, that contrast is being demonstrated by the currently accelerating economic collapse of the world monetary-financial system, a system which has failed, catastrophically, in precisely the way my "Triple Curve" argument presents the relevant evidence.

To restate the working point: All modern economies rely largely on the adopted role of money, as an instrument through which commerce and capital investment are conducted in the small. The difference is, that in the Venice or Anglo-Dutch Liberal model, the essentially fictitious value assigned to money per se is more or less absolute power, a power placed implicitly above the human right to life. Therefore, in the morally degenerate Liberal, financier dictatorships according to the neo-Venetian model of Locke et al., physical values in economy are judged by monetary processes. In the contrary case, the sovereign nation-state republic, money and its traffic are regulated, as President Franklin Roosevelt understood a gold-reserve system (as opposed to the wicked gold-standard system). The latter regulation is to be through aid of government, to the end of holding relative monetary values within the bounds of relative physical values.

The illustrations used above, and in other published locations, to describe the general lines of economic and moral degeneration of the Americas and Europe over the 1966-2002 interval, show the actual shifts in relative valuations of money, finance, and physical reality over this period, espe-

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cially since the massive destruction of economy effected during the 1971-1981 interval. It is the fact, that these diverging trends among money, finance, and physical output, are characteristic of the policy-making trends under a radically monetarist form of rule by the Anglo-Dutch Liberal model, which has caused the present global economic collapse of the present world monetary-financial system, to be a systemic (e.g., terminal) process, rather than merely a cyclical one.

The world is presently gripped by an incurable bankruptcy of the existing central banking systems of the Americas, Europe, and many other locations. The effort to maintain these doomed systems would produce effects comparable to Europe's mid-Fourteenth-Century New Dark Age, dooming both the financier interest and the nations on which they prey. Only a process of state-directed bankruptcy reorganization of the system, could prevent the virtual doom of most, or even all of civilization for more than a generation to come. Under the urgently needed bankruptcy-reorganization of the ruined monetary and financial systems, the reorganization of national economy and world trade must follow, it will be indispensable to place the monetary and financial processes under the control of scientifically validatable forms of physicaleconomic determinations of relative values. On this account, much can be learned from U.S. economic history as a whole, the pluses and minuses of the 1933-1945 interval most notably.

The most critical political issue posed from the outset of such a now urgent reform, is that neo-manichean superstition associated with the misleading name of "free trade" which the modern European Physiocrats and Liberals adopted from wild-eyed gnostic cults of "the elect," such as the Cathars. The superstitious cultist, such as Quesnay, Mandeville, Adam Smith, or marginal utilitarians, attributes the "secretion" of economic profit to some mystical agency, such as a magical power invoked by a title of nobility, or other form of propertytitle, or the bounty given to the undeserving louts of a Jonathan "Elmer Gantry" Edwards "revival meeting."

In physical economy since Leibniz, the generation of gain of wealth produced over that consumed as a prerequisite, is attributable to the generation and application of improvements in human knowledge. The objective is to reverse the relationship among the trajectories of monetary, financial, and real growth, in directions exactly contrary to that illustrated by the set of "Triple Curves" shown above.

Without taking up, yet, those matters of principles of social relations addressed in the coming chapter, the principles of physical-economic profit, are defined in the following, Rie-

Relative physical-economic profit, as distinct from financial-accounting profit, is defined as the product of the accumulation of applied universal physical principles per capita and per square kilometer of relevant surface-area. This is relative to the improved or depleted condition of the environment in which the relevant activity occurs. To set the stage for the following summary argument, focus again on the most crucial evidence: That were man a higher ape, the living human population of the planet would not have exceeded some millions of individuals, whereas scientific-technological progress has made possible a population in the order of bil-

The discovery of universal physical principles by individual "free will," as the legacy of Plato's method best defines the notion of such principles, and the transmission of those discoveries into socialized practice of societies, is the category of events which accounts for mankind's increasing power to exist, individually and as society, per capita and per square kilometer. The combined benefit is expressed in the form of an increase of the potential relative population-density of society, and also of the human species as a whole.

This process is expressible in the language of a Riemannian physical geometry. The accumulation of "revolutionary" discoveries of universal principles, as Gauss's 1799 attack on the axiomatic fallacies of Euler's and Lagrange's method reflects this, is the action by means of which mankind makes possible an implicitly endless accumulation of successive increases in its potential relative population-density. To the degree that society transforms its practice in accord with such scientific progress, the per-capita power of the individual is increased in a way which is reflected as a gain in potential relative population-density.

Mathematically, such a progressive succession of changes has the quality of a change in the Riemannian physical geometry of mankind's functional relationship to the universe. The change has the form of a transformation of a geometry of n universal physical principles, to one of n+1principles. The change in the characteristic "curvature" of action within such a succession of changes in numbers of principles being intentionally applied by man, is the location of the increase of the relative physical profit of society per capita and per square kilometer.

The Role of Basic Economic Infrastructure

Consider briefly the most ironical feature of such a process, the effect of capital and related improvements in basic economic infrastructure.

The most relevant, and ironical of the typical cases of development of basic economic infrastructure, is that in which the productive powers of labor in agriculture and manufacturing are increased by improvements in basic economic infrastructure, without any relevant change internal to operations in agriculture and manufacturing itself. Such are the notable classes of benefits to production of, and quality of produced goods, the which are more or less entirely the benefit of improvements in such features of basic economic infrastructure as water management, transportation, production and distribution of power, urban physical infrastructure, education, and public health-care systems. These benefits from development and maintenance of basic economic infrastructure, have the

form of improvements in the area and improvements in the general conditions of life of the population.

Making the deserts bloom, fostering the expansion of managed forestation, as well as the expansion of agriculture and adding new, more scientifically advanced forms of urban life, are typical of the essential elements featured in this example of the phase-relationship of public infrastructure to the productivity of private enterprise.

This is to be recognized as a leading example of the reasons why economic processes can not be understood from any standpoint but what I have summarized, above, as the essential role of a Riemannian physical geometry for understanding how economies actually work.

Under the constitutionally traditional American System of political-economy, as distinct from the folly of the recent decades "post-industrial" trends in philosophy of practice in the U.S.A., and among most of the parliamentary systems of Europe, approximately half of the total national economic outputs and inputs should be associated with the development and maintenance of government-regulated basic economic infrastructure. These activities should be a function of either direct investment and operation by Federal, state, county, or municipal government, or assigned to those government-regulated public utilities which are conducted, partially or entirely, as private enterprise. They complement the constitutional function of "Hamiltonian" national banking, as opposed to independent, or quasi-independent central banking systems, and general regulation of commerce, in defining the functional framework within which the nation functions as an integral national economy.

How, then, should the relationship of such degrees of public control of basic economic infrastructure to its effects on the productivity of labor in agriculture, manufacturing, et al., be conceptualized? The broad answer is: Think of infrastructure's role in determining the "physical geometry" of the whole area and entire population to which particular firms are attached. Consider the following examples of that point.

The quality of public education determines the corresponding element of trends in productive powers of labor in the labor-force as a whole. Recent U.S. trends in public and higher education and popular entertainment culture, have been a monstrously costly abomination, on long-term economic trends, for such reasons. Public health affects productivity in a related way. Time lost in commuting is a loss of productivity in the economy as a whole, and thus in the enterprises in which persons are employed. Public policies governing real estate will worsen the economy of a region, by increasing physical-economic losses attributable to increased costs and inefficiencies of commuting.

Similarly, for related reasons, high rates of capital-intensive development in production and infrastructure generally, are essential costs of maintaining, as well as increasing productivity. Power-intensive modes are of similar significance. These changes are effected largely through the development

of infrastructure, chiefly by government, or government-regulated private ownership of public utilities.

Where does private entrepreneurship fit in? This, among its other uses, answers the question: What went wrong with the Soviet economy, which is attributable to a so-called Marxist form of the pro-"Enlightenment" materialist misconception of man?³⁹ A comparison of the better quality of scientist with the entrepreneur who functions successfully as virtually sole controller of the internal policies of practice of his or her closely held enterprise, is the clinical case which points most efficiently to the roots of the characteristic intellectual, moral, and related failures of socialist organizations. Why does the all-too-typical management of the successor to such an entrepreneur lead the inherited enterprise to a relative disaster?

The general form of the answer to such crucial questions, appears as approximate answers to such other questions as the following: Why did U.S. corporations tend to degenerate, as they are falling like proverbial "ten pins" now, more or less as the civilian sector of the Soviet economy did, and for the same underlying causes? Why is the closely held private entrepreneurship, a relatively superior form of enterprise than the giant corporation? Indeed, why do typical examples of effective corporate manufacturing enterprises have a crucial dependency on their high-technology vendors from among relatively small, closely-held enterprises? Why is new management, as in the takeover of a private enterprise by the founder's heirs, or by some hired agents of an absentee owner, so frequently a failure?

The general answer to such questions is the following.

The essential quality of the successful closely held, smaller entrepreneurship, typically of between several to a hundred or so employees, lies in the cognitive qualities of the mind of the individual entrepreneur, or the relative handful of entrepreneurs and some among their key associates. These qualities of mind are of the same broad class as those of leading physical scientists. Often, the crucial entrepreneur is

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^{39.} Typical, in the extreme, are the arguments of Frederick Engels, respecting "the horny hand of labor," his ludicrously incompetent allusions to the "opposable thumb," and his and Social Democrat Franz Mehring's rabidly philistine hatred against the German Classical renaissance of Lessing, Moses Mendelssohn, et al. Also typical of sources of incompetence similar to the follies of Engels, are the spread of anti-intellectual "workerist" cults within the Communist Party U.S.A. and the effect of Leon Trotsky's pro-anarcho-syndicalist and pro-Benthamite leanings on the self-inflicted intellectual and moral decay of the Trotskyist movement internationally. The shallow superficiality and related intellectual dilettantism of these movements' pompous leaders, led, more or less inevitably, to their political, as well as moral bankruptcy, and the subsequent easier takeover of such pathetic organizations by politicalpolice agents, such as the U.S. FBI. In the case of the Soviet Union, Yuri Andropov's passage from Hungary, via the connections to Cambridge's Lord Kaldor, to head of the KGB and Soviet General Secretary, smug cleverness by philosophically shallow-minded, "what's my line?" careerists, created the situation in which the Soviet system was incapable of saving itself from its own follies. When dogma becomes a substitute for science, the frequent result is an increasing labile flight from dogma to dogma, to doom.

either a scientist himself, or relies on one or more key associ-

The preferred such entrepreneur would heed warnings from his accountant, if only in matters where the accountant's non-productive role should be heeded, but would not be such a fool as to allow his accountant, or a Harvard Business School product, to run his business operations.

The effective entrepreneur operates on the basis of an evolving sense of some special function his enterprise could, or does perform within the society. He asks himself repeatedly, "What is it that my firm does which makes a contribution to the vitality of the national and world economy?" That contribution is some action which expresses power, as Plato, Leibniz, and Gauss define power, contrary to the opinion of Euler, Lagrange, Cauchy, and accountants alike. That is the core of what might be termed his, or her "strategy for management." His pride in performing not only a useful function for society, but one of relatively unique importance, is the underlying basis for the best entrepreneur's strategy of management. His successors are, unfortunately, more inclined to focus on "proven" accounting techniques of management, rather than protecting and developing the constantly changing function which makes the enterprise important to society. Often, as a result of that unfortunate shift, the enterprise fails, either only relatively, or absolutely. The successors are, all too often, would-be imitators of the "big boys," the large corporations.

In the Soviet case, the contrasted performance of the military-scientific and civil-economic functions shows the same principle in a slightly different way. In earlier decades, when I worked as a management consultant, I was fascinated with the Soviet literature's documentation of similarities of bureaucratic blunders in Soviet state-owned enterprises to the typical sources of fatal or near-fatal decadence in once-lively U.S. business enterprises. In the typical such case, the decadence of the enterprise reflected a cost-and-profit-conscious management's desire to maintain profits by curtailing the costs of preventing technological attrition. The attrition took such forms as decadence in production technologies, in failing to adapt to qualitative technological changes in markets, or in failing to recognize that the enterprise must adapt to a new market, or new kind of market. Usually, it was the tragically Hamlet-like successors of the enterprise's founder, and their accountants, who were more prone to such cost-conscious follies of bookkeeping.

The secret of competent entrepreneurship, is that what the entrepreneur risks is not his profits, but, rather, like the scientist in the frontier programs of the former Soviet scientific-military programs, puts himself on the line, staking his life on his ability to develop a technology, and to make it work.

From the beginnings of the U.S.A., the foundations of the U.S.'s economic and related resilience and its post-1861 development as the world's leading model of economic power, focussed upon what I have just pointed out as the type of the true entrepreneur, especially the farmer and manufacturer. The development of basic economic infrastructure proceeded as Treasury Secretary Hamilton's 1791 Report to the U.S. Congress On the Subject of Manufactures argued. The decline of the role of the science-oriented entrepreneur, focussed upon some function for the economy at large, and the replacement of that entrepreneur by the increasingly decadent large corporation and foreign "out-source" has been a crucial factor in transforming the world's leading producer, into the presently ruined economy.

It has been the specific advantage of the U.S. Constitutional system of political economy, that we did four things which are of immediate bearing on this discussion of entrepreneurship. 1. We provided large-scale basic economic infrastructure, for the population, for the land-area's development, and to create the preconditions of opportunity for private entrepreneurship. 2. We fostered useful inventions, and protected the inventor more than the invention itself. 3. We defended entrepreneurship against the inhering, predatory impulses of both financier interest and the giant corporation. 4. Under our Constitution, we banned the subversion of our nation's sovereignty by the existence of so-called "independent" central banking systems, especially those of the Neo-Venetian Anglo-Dutch Liberal model.

We have too rarely lived up to those principles, but when we did, they served us well.

The structural features discussed in the preceding paragraphs, are all focussed upon an essential division between the role of the individual mind in discovering and deploying universal physical principles, and the development of both the general land-area and population in accord with the requirements of those expressions of scientific-technological progress which foster increases of the potential relative population-density of the combined land-area and population as a whole.

This set of relationships within policy-shaping, must be aimed to effect a Riemannian development of the creative mental powers of present and future generations. It is through the Riemannian anti-entropy represented by the accumulation of discovered and deployed universal physical principles, that true economic growth is made sustainable. That margin of physically defined growth is the only true measure of gains in national income, and, therefore, also in the profits expressed by the work of individual enterprises.

In this configuration for physical-economic growth, the general changes, as in public infrastructure, have the relatively greatest effect in increasing the productive powers of labor. The development of basic economic infrastructure to this intended effect, changes the physical geometry of the domain in which the private enterprise, and the individual person operates. That change in the physical geometry of that environment, effected largely through public maintenance of and improvements of infrastructures, is the principal source of increase of productivity within the society/economy as a whole. However, the continued success of that process relies upon the continuing contributions of individual minds of discoverers and upon private entrepreneurs who meet the standard implied by summary of the case here.

However, a word of warning must be added. We can not predict precisely how much benefit will be derived from the application of a newly discovered, or newly adopted universal physical principle. The gain in anti-entropy assumes what Riemannian physical geometry identifies as a *characteristic curvature* of the entire system which includes this added feature. That value can not be simply calculated *a priori;* as Riemann warned, it must be determined in practice, as is the case for all matters of real-life physical science. We know only, that things will go better. If the gain were less than we have hoped, then add a new discovery, and continue to add new such discoveries until the desired gain is realized experimentally.

2. Social Systems: Prometheus vs. Apollo and Dionysus

In the preceding chapter, we have focussed upon the situation defined by the role of the relationship between, on the one side, science and the individual thinker, and, on the other side, the changes needed for the development of society. Now, we shift the emphasis in our report, to the reciprocal functions associated with the social process of development of the thinking individual, to the subject of "Promethean man." By "Promethean man," we should signify winning the cause of man's freedom from the inhuman tyranny characteristic of pantheistic oligarchies, such as that of the pagan gods of Olympus and the Pythian Apollo cult of Delphi; we defend, for example, the Mosaic, and also Christian principle of man in that image of the Creator of the universe.⁴⁰

Therefore, we also signify the topic of those self-inflicted

40. According to the legend, Apollo came upon an ancient pagan grotto site, Delphi, which was then devoted to the worship of the Earth Mother and her son-lover, the snake-god Python. Apollo slew Python, chopped him into segments, and buried the remains; but, then, fell into a fit of remorse. Apollo apologized, presumably tearfully, to the Earth Mother, and established the grave-site of Python as the Temple of Apollo, in that international center of usury known as Delphi. On one side of the grave-site, sat a priestess, known by the title of Pythia, who, relative to the fee paid, would reply to questions put, by either plucking stones from an urn, or, for a higher price, babbling nonsensical riddles which were then interpreted, for a price, by the priests of Apollo seated in the first row of places for visitors, on the opposite side of the grave-site. Plutarch, dating from the time of the Roman Empire, is today the most famous of those priests of Apollo. (According to some certified accounts, the rape of the young priestess filling the role of Pythia, led to the prudent substitution of old crones for the role. A charming sort of religious worship was, obviously, being practiced there.) The British, in the footsteps of Lord Shelburne's Gibbon, and kindred worshippers of the pantheon of the heathen Roman Empire, uphold the Apollo cult as their preference over Christianity, Judaism, and Islam today. Dionysus is a synonym for the cult of Python today. Hence, the efforts of decadent Romantic cultural currents of modern Europe to insist, as conductor Bruno Walter did, upon the duality of Apollo-Dionysus today. The Christian complement to the Mosaic principle, is essentially that emphasized in the Gospel of John.

follies by which corrupt societies degrade man to a condition which is less than himself, as, for example, in most contemporary U.S. education, and the recent several decades' so-called "popular culture" generally.

In this report thus far, we have considered the nature of individual man as located, essentially, within what Gauss pointed out as that complex domain for which sense-perception is a world of shadows. In that portrait, we have considered each person as an individual possessed, potentially, with those cognitive powers of individual discovery, by means of which man's power to exist within the universe are increased. That left more or less unstated the way in which a society might be enabled to govern itself according to that conscious awareness of the conception of cognitive man implicit in the physical geometry of Plato, Cusa, Leonardo, Kepler, Leibniz, Gauss, and Riemann.

Now, we ask: How might society, as society, be enabled to see itself as a society of a Platonic form of cognitive species, rather than as if a species which includes some individually clever apes among, perhaps a Nashville Agrarian tribe of higher apes, a tribe which reacts, usually, as it were, as Frederick Engels' species of sense-certainty-bound apes, or, as the existentialist Nazi philosopher Martin Heidegger insisted? Or tribes which might have been, as the utopian circles of H.G. Wells, Bertrand Russell, Aldous Huxley, Leo Szilard, John von Neumann, et al. proposed, "thrown" into an alien universe as more or less feral creatures of no intrinsic morality, wretches like Heidegger's cronies, Jaspers, Adorno, and Hannah Arendt, feral creatures with neither sense of, nor desire for knowable truth?⁴¹

How were it possible, that entire societies might consider themselves as that superior species Plato's principle of hypothesis implies, and therefore act as such a species, rather than an ape-like clan with the advantage of a few egregiously clever individual intellects among them? In other words, how might social processes be developed, by means of which society, as society, reacts according to a shared conception of man as a cognitive being reigning over nature by means of the cognitive powers expressed by Gauss's 1799 devastating attack on the incompetence shared among Euler, Lagrange, et al?

Do there exist discoverable principles of social relations by means of which society might see itself, as society, as the minds of the greatest discoverers in physical science

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^{41.} For a relevant confession of this bitter aversion to truthfulness by the existentialist cronies of Heidegger, Jean-Paul Sartre, Arendt, et al., see Theodor Adorno, Hannah Arendt, et al., *The Authoritarian Personality* (New York: Harper, 1950). The collection of persons in today's U.S.A. who have embraced Arendt's dogma, are among the most degenerate found among so-called "intellectual circles" in the U.S.A. today. The Hudson Institute's presently resident "geek act," Laurent Murawiec, linked through Marc Rich's organized-crime circles to Lewis Libby, and thus to Vice-President Cheney's office, is rather typical of persons of fragile, or non-existent moral qualities, all so easily transformed into a moral degenerate of this specific type of Heidegger-associated existentialists Adorno and Arendt.

reveal the true nature of man's relation to the universe, as in their discovery of universal physical principles? Can society willfully control itself by the recognition that it is a society efficiently unified in its self-conception as the species of Promethean man? Given the great achievements of the Classical tradition of physical science, can society show a quality of insight into the nature of society itself comparable to that which the greatest individual scientific discoverers have shown toward the universe in which our species is situated? What are the faults which tend to lead us into the kinds of relative depravity and ruin which afflict society, most notably the U.S.A. itself, today? What is the cure of such faults?

For example. Few people today realize, that the acquired habits of modes of speaking and punctuation, which have become accepted among post-war generations of secondary-school and university graduates, like the induced fad of "uptalk," cripple the victim's ability to formulate the prose expression of important types of ideas. The relative suppression of the most essential, cognitive function of the "comma" from written speech, is typical of the virtual inability of the contemporary popular writer to express important classes of ideas in a rational way.⁴²

For this crippling of several post-war U.S. generations, the *New York Times*, like the literati among the Nashville Agrarians generally, must bear much of the blame. Often, in working even with people of the post-World War II generations who have developed reasonably good minds, I have seen that their ability to focus upon important classes of ideas, is crippled by their conditioning by speaking and writing habits which actually prevent them from formulating important classes of ideas which they were otherwise capable of comprehending.

Of this, it might be said: Illiteracy afflicting the intestine of speech backs up, and thus stops the digestive channels needed for expressing what Percy Shelley classed as "profound and impassioned conceptions respecting man and nature." It is not the choice of rules of punctuation, and so forth, in and of themselves, which renders spoken or written speech literate; it is the submission of style to the requirements of cognitive forms of ideas being expressed, which imposes forms of effective communication of actual ideas upon whatever previously habituated customs had dictated. All communication of significant ideas depends absolutely on those violations of custom known by the names of irony and metaphor. Therefore, a person who thinks clearly, and has worthwhile new ideas to convey, will compose as Shakespeare composed, tending to punctuate effectively, but in apparent violation of sterile rules of style. A person who puts accustomed formal rules of style, such as punctuation, first, will suffer a corresponding loss of ability to think clearly about important ideas. On this account, the New York Times' style book might be justly tried on charges of menticide.

Hence, it is the conventions of oral and written literary style and interpretation adopted by universities and other relevant institutions, which have virtually destroyed the ability of educated strata to compose, or write important poetry of a Classical quality. Thus, the modes of written and spoken style taught in leading universities, might be usefully classified as either "neo-archaic," or the "fractured neo-archaic" typified by the advertising writer or rock-concert fan.

True literacy of spoken and written communication, is a right of every child which only a contemptible national culture would deny. As Frederick Douglass would agree, to speak of "democracy" and political "equality," without providing all of the young mandatory access to true literacy, is a practice of slavery of the mind more valuable to tyrants than shackles on the slave's hands.

Just as the reductionist methods which Gauss attacked in the follies of Euler and Lagrange, spoil the capacity for scientific insight into physical science, so the lack of insight into cognitively literate use of uttered poetry and prose, impairs the potential of nations and cultures to survive the kind of existential menace now threatening civilization.

The importance of these issues for political-economy today, can be recognized most immediately from recognizing certain broader implications of the way in which the same follies which Gauss exposed in the work of Euler and Lagrange, are at work: follies which cripple the cognitive powers of the mind in the communication of scientific professionals, and also the minds of political leaders today. The case of the addresses of Abraham Lincoln points to the contrast between his mind and the tragic loss of the power of communication of important classes of ideas today.

My recognition of the implications of this problem for a science of physical economy, has been a crucial aspect of all my successful contributions to the science of physical economy. A summary of the way in which I worked through these connections during the 1947-1953 interval, is therefore included as an unavoidable requirement in making the present report.

^{42.} The insertion of the comma, by interrupting the run-on mind-flow of $babbling \ of \ written \ text, challenges \ the \ reader \ to \ regard \ the \ passage \ preceding$ the comma as the integral antecedent of that which follows. For example, Shakespeare's use of "the which," following a comma, is often abbreviated by writing "which" after the comma. This should have two effects on the mind of the reader. First, to utter the statement so composed within one's mind, one must think of the written text as merely the shadow of the relevant prosody to be uttered by the mind of the reader. In the prose of actually literate, thinking writers, one must adduce the intent of the passage by mentally singing the prosody, in an approximation of the Florentine bel canto appropriate for uttering (as if singing) a literate form of that language. The principle is the same as for performance of the Florentine bel canto of Bach counterpoint, such as the Well-Tempered Klavier: the keyboard must sing as a chorus. Habits of speech of university graduates from among U.S. Baby Boomers, for example, tend, therefore to stultify the mind of the speaker, aborting, thus, the capacity for communications of "profound and impassioned conceptions respecting man and nature."

The Prometheus Theme: Brunelleschi's Cupola

An extended period of convalescence, during 1953, gave me the enforced leisure which I devoted largely to a tying up and summing up, and also some debriding, of the work done, in scattered clumps, over the 1947-1952 interval. In addition to settling accounts with the relevant essentials of my references to the work of Riemann and Georg Cantor, I composed an argument on the theme of Percy Shelley's In Defence of *Poetry*, a piece which, together with Keats' *Ode on a Grecian* Urn and Shakespeare, I had already, since adolescence, regarded as expressing a world-outlook on the proper use of the English language, an outlook most closely akin to my own. Such reflections on the use of language had been brought into focus by a critical study, in 1947, of William Empson's Seven Types of Ambiguity, whose topics I examined critically against the related role of Classical music's function in a more strict approach to the subtler, but crucial cognitive functions of English prosody. I am not a follower of Empson's doctrine, but I owe him much for what he provoked in me.

During that 1953 concentration on these matters, I virtually completed that notion of the functional integration of the principles of so-called physical science and principles of antimodernist Classical artistic composition, which has remained the kernel of my intellectual life and work since. That integration defines the systemic features of this present chapter. That integration defines my conception of "Promethean man," as distinct from such explicitly asocial figures as either the legendary Cyclops, or the mis-beknighted "Sir" Alan Greenspan's Ayn Rand.

The notable included result of that focus on the special cognitive functions of prosody in general, and poetry in particular, was a leading feature of my development of the second set of principled features of my discoveries in the science of physical economy.

In 1953, provoked partly by my still resonating anger against objectionable assertions made earlier by conductor Bruno Walter, in a broadcast radio interview, I crafted a case for the *Promethean* world-outlook in Classical artistic composition, against the contending, pro-existentialist view, expressed by Walter in that interview, that Brahms was an *Apollonian* and Beethoven, by contrast, a *Dionysian*.⁴³ What Walter had said in that interview, went against my whole being, so to speak; it rankled. I had correlated my reaction against Walter's remarks with the ringing effects of my first hearing, in early 1946, of a recorded performance of Tchai-

kovsky, conducted by Wilhelm Furtwängler, and also the experience, later, of a startling recorded performance, by Dietrich Fischer-Dieskau, of Brahms' *Vier Ernste Gesänge* hymns. Both of these latter recorded musical performances corresponded to, and greatly improved my insight into the functions of prosody in the communication of a Platonic quality of ideas.

What I have meant, since 1947-1953, by "Promethean," as defined afresh within this chapter, is already elaborated, if not by that name, within the preceding chapter of this report. As have said over these decades, in Christianity, Judaism, and Islam, as in Aeschylus's Prometheus Bound, the image of Prometheus, as the enemy of both the Pythian Apollo and Dionysus, signifies the Mosaic doctrine, of man and woman made equally in the image of the Creator, and thus endowed naturally with dominion (and corresponding responsibilities for care) over all else in the universe. It is the denial of man's access to knowledge of and right to practice scientific-technological progress, as the infamous Roman Imperial code of Diocletian does implicitly, which is the satanic-like evil inhering in the tyranny by the Olympian gods. The conception of man as implicitly Promethean, expresses the conception of eternity, God, and man in the Gospel of John, and in Brahms' presentation of the Christian Platonic conception of agapē from I Corinthians 13, in the fourth of his Vier Ernste Gesänge. 44 A science of culture could not exist on any different basis than that definition of man's nature and destiny as Promethean.

These and related considerations afforded me an insight into the proper apprehension of a principle of truth underlying all that is justly recognized as Classical principles of artistic composition. By this I mean truth in the same sense I have upheld the truthfulness of Gauss's attacks on the falsehood intrinsic to the reductionist ideological method of Antonio Conti followers Euler and Lagrange. This is to point out, and emphasize, that the issue of truthfulness is even more an issue of method than of isolated particular facts.

One might say, for example: "The method is the man." A man may be regarded as a liar, not merely on the basis of a list of his imitations of those displays of that reckless disregard for truth typical of our leading news and entertainment media. That man's method is a lie, because it is a method which

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^{43.} Walter did not make up that egregious blunder. He was following the standard existentialist line on Nietzsche and the "Frankfurt School" which was also popularized in the aggressively decadent, post-Brahms Vienna of Gustav Mahler and Sigmund Freud. Walter's conducting of the second movement of Schubert's *Ninth Symphony*, as to be contrasted with the famous recorded performance under Wilhelm Furtwängler, was also among my grievances against him dated from a half-century ago.

^{44.} For me, the most agreeable service to Brahms' intent is found in comparing the somewhat different approach employed by Fischer-Dieskau and my recently departed friend Gertrude Pitzinger. Conductor Furtwängler's sometimes referenced use of "performing between the notes," is of the utmost relevance. One should not perform the score, unless the composition is one not worthy to be performed; one must perform the composer's intention, which lurks in the score of any musical composition in the Classical genre of J.S. Bach's creation of the foundations for all Classical musical composition from Haydn through Brahms, as opposed to the Romantic parodies of Classical composition. One must think of honorable Classical musical composition as expressing, as the Bach defended by Kästner does, an essentially Riemannian (e.g., anti-Euclidean) view of the musical-artistic universe.

generates false conclusions. So, similarly, the existence of truth in art lies, essentially within the domain of method, in the same sense that the method of Leibniz, Gauss, Riemann, et al., is inherently truthful, whereas the reductionist method of Euler, Lagrange, et al., is inherently false.

This equivalence of the issue of truthful method, is related to factual truthfulness in a specifically crucial way: the issue of historical truth.

More simply seen, as in the contrast of Kepler to Ptolemy, Copernicus, Brahe, and Galileo, a truthful method of mathematical physics, if done from the standpoint of the Socratic method of hypothesis, produces a truthful history of science, whereas a contrary method produces a falsified history of science.

The same is true, as I shall emphasize in this chapter, of the role of principles of Classical methods of composition in art. The same is as true of the method with which we speak, as much as what we say in particular. Thus, we may say that the

properly identified Classical methods of composition in music, those which Haydn, Mozart, Beethoven, Schubert, Mendelssohn, Schumann, and Brahms derived chiefly from J.S. Bach, are truthful, whereas those Romantics who parodied the Classical more or less skillfully or badly, such as Liszt, Berlioz, and Wagner, produced untruthful art.

Once a self-disciplined, reflective individual mind, has considered the determining role of the individual's progress in scientific progress on the development of the condition of society, the issue becomes that of the character of the available choices among social processes, choices which variously foster, delimit, or frustrate the realization of the benefits implied in scientific progress. The moral and physical decadence of the Americas and Europe, which was largely driven by the post-1964 eruption of Dionysian decadence of such forms as the "rock-drug-sex youth-counterculture," is merely typical of the way in which once relatively healthy cultures plunge into self-inflicted slides toward ultimate, self-inflicted doom. Culturally, the "rock-drug-sex youth-counterculture" was an implicitly satanic orgy of degenerates who had chosen to live a lie.

Thus, the history of science becomes inseparable from its dependence upon the practice of a needed science of history. The only possible form of the required connection between the two, is to be found, as I shall now show once more, in the principles of Classical artistic composition. The question of truth in art, which can be found only in Classical art, and not



"We require not only a movement for education, but a political movement which is education in and of itself. That must be a mass-oriented movement of future world leaders, which seeks to inspire the kind of leadership in institutions today, which those present youth will represent when they become the nations' leaders of a decade or more ahead."

Romantic or sundry varieties of "modernism," becomes for us, then, the basis for comprehension of the history of science, and the science of social processes of society. It is essential for saving European civilization from today's systemic collapse, that that case be argued, as I do here.

This connection is illustrated with exemplary appropriateness by a case I have often referenced since 1988, the lesson to be adduced from Brunelleschi's successful construction of the famous cupola of the Santa Maria del Fiore Cathedral of Florence. I continue to emphasize that example, not merely because I succeeded, during 1987-88, in rediscovering a principle which Brunelleschi had used, with his foreknowledge of its success, in effecting a process of construction which had been thought physically impossible. The principle he used to secure that success, was the same catenary principle which Leibniz, more than two centuries later, was first to identify as the expression of the universal principle of physical least action. Here, art and science were the same principle. The otherwise impossible process of construction so effected, was a demonstration of the principle of truth expressed equally as a principle of truth in the triumph of Christian Platonic science and art, over the false, pantheonic tradition and symbols of Latin Romanticism.

Leibniz's principle of least action, which is the basis for Leibniz's discovery of natural logarithms, is expressed by the catenary function, which is the physical curve of "the hanging chain," caused by physical action. This curve was reflected in ancient, pre-Roman Classical Greek sculpture as the principle of continuing motion caught in a midstream moment, as John Keats calls our attention to this equivalence of truth and beauty in his *Ode on a Grecian Urn*.

Once again: *Truth is a matter of method!* In this case, the cupola, truth as a method of art, and truth as uniquely a method of physical principle for successful construction, coincide. To succeed in sculpting a figure caught in mid-motion, the mind of the sculptor must feel the impact of what Leibniz defined as a universal physical principle of least action, just as Brunelleschi settled upon the use of the catenary, in the form of a hanging chain, a form of matter in motion even when it appears stilled, to enable the process of constructing the double wall of the cupola. The point was not that the finished cupola reflected the catenary form, but that the ability to construct those walls depended upon the principle of action expressed during each and every momentary phase of the ongoing process of construction of the still yet-to-be-completed cupola.

The distinction I have just emphasized for the case of Brunelleschi's accomplishment, is the same as that between the unscientific astronomy of Ptolemy, Copernicus, Brahe, and Galileo, and the principle of gravitation which keeps the planet in its non-uniform-motion orbit during each interval of that trajectory. The principle was not a matter of static stability taken statistically from moment to moment, but of an intention rooted not in the sense-perceptual fantasies of empiricists' "ivory tower" fantasies, but rooted in an intention acting efficiently, as a universal physical principle, from the unseen domain from which all universal physical principles exert their tyranny over the shadowy illusions of simple sensecertainty. In Classical art, as in physical science, a principle is an intention to move, a Platonic power, which governs the movement which it, acting as a universal principle from within the complex domain, effects as the result adumbrated as experienced in the domain of sense-perception.

Such are the Classical principles of *truthful* architecture, sculpture, and painting, as Leonardo da Vinci's, Raphael Sanzio's, and Rembrandt's masterpieces attest. The same is true of J.S. Bach's discovery of well-tempered counterpoint, which is the basis for all truthfully Classical composition and its performance. Thus, to shallow-minded thinkers, Classical art may appear to be merely a choice of entertainment. It is actually a kind of spiritual exercise, as Plato's Socratic dialogues are, by aid of which the mind is rehearsed in the methods of effectively truthful communication of important ideas. Brunelleschi's successful approach to constructing the cupola, as interchangeably a work of art and science at the same time, is an appropriate illustration of my point. So is Aeschylus's *Prometheus Bound*.

Prometheus and the Sublime

Friedrich Schiller has shown the difference between the tragic and the sublime, far more clearly than any other modern dramatist or historian. For that reason, during recent years, I have used the comparison of the cases of Schiller's Jeanne

d'Arc and Shakespeare's Hamlet repeatedly, to point to the historical principle underlying the typical failures of leading political and other influential figures, most notably leading political figures of today. My repeated use of the case of Hamlet for this purpose, in lectures and writings, dates from Spring 1994. More recent acquisition of several among the documented histories of the Jeanne d'Arc case, gave me the confidence to employ a comparison of the historical Jeanne d'Arc to Shakespeare's character of Hamlet, repeatedly, during recent years, as a better way of showing the nature of today's real-life issue of the tragic principle versus the sublime.

The formulation of the concept I have illustrated by those references, dates from my work done during the referenced 1952-1953 interval of convalescence. To indicate then the principle which I came to recognize much later as Schiller's concept of the Sublime, my 1952-53 references were chiefly my critical view of Goethe's *Prometheus*, and a study of Shelley's *Prometheus Unbound* from the vantage-point of Schiller's *In Defence of Poetry*. So, during 1953, I situated "Promethean man" as a type within the kind of universe implied by Riemannian physical geometry. 45

If on no other grounds than the implications of Hamlet's Third Act soliloquy, Shakespeare's Hamlet should remain forever a foremost figure of reflection by present and future historians. Hamlet's crucial fear, clearly stated there, is fear of immortality: not fear that there is no immortality, but terror of thought that he might be confronted with its actuality. So, all existentialists and similar cowards, such as swashbuckling professional warriors, flee into the passion of the momentarily living present, mortal moment, and present popular opinion, hoping thus to dull the excruciatingly painful sensibility that death will not purge them of accountability for what they either do, or fail to do, in the present mortal moment.

Shakespeare concludes the drama with the corpse of Hamlet being borne off stage, while Fortinbras rallies the survivors to continue the same popular folly. Hamlet's friend speaks his soliloquy to the English theater's audience: let us pause, to learn the lesson of this catastrophe while the events leading to this catastrophe are fresh memory.

The lesson of this case is, you, as a living mortal person, are personally responsible for the future of mankind, something for which the future would justly hold memory of you accountable. You are also at least equally responsible, in the same manner and degree, for what you have failed to do as an act of justice toward the lives of earlier generations, the responsibility to make right now, what should have been made right then.

Take the case of Christ's Crucifixion, but find the same

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^{45.} To avoid misinterpretations, I shall note the following. It was during that period of 1952-53, that my concept of Shelley as a Promethean figure came together with the notion of a Riemannian universe. The adoption of the theme of Prometheus, and the influence of Shelley and Keats were already fully in progress during 1947-48.

principle expressed by the case of the simple farm girl, Jeanne d'Arc: her mission, which made possible the subsequent existence of the first sovereign nation-state, Louis XI's France, and which was a source of inspiration to the Church and other forces of the Fifteenth-Century Renaissance. Her devotion to immortality realized in that degree, the aspirations of those in France and elsewhere, who had suffered so much at the hands of Venice and its Norman-Plantagenet-Anjou tools, and contributed mightily to the existence of the modern nation-state founded under the leadership of Benjamin Franklin.

Contrast her nobility to the case of poor, contemptible Hamlet, who traded away his soul for the sake of service to the corrupt popular opinion among the ruling circles of legendary Denmark in that time. How many modern "Hamlets" are there among the would-be misleaders of our nation, and others, today?

These are noble notions from political history and Classical art, but they are also notions rooted in the notion of physical science associated with Kepler, Leibniz, Gauss's 1799 paper, and Riemann's physical geometry. Two points are thus implied. These are, in brief, as follows. First, these notions belong to a domain beyond a poor mere animal's naive faith in simple sense-certainty; they lie in Gauss's complex domain as I have addressed that subject, from a Platonic standpoint here. Second, as a consequence of man's power for accumulating experimentally valid universal physical principles, social relations within the realm of humanity as a whole, humanity past, present, and future, are integrated into what some theologians have defined as "a simultaneity of eternity." I explain this conception.

If we think of the history of man as ordered according to an accumulation of discovered universal physical principles, and think of this in terms of a Riemannian geometry like that I have described earlier in this report, we can grasp the universe as a whole, past, present, and future, as a physical space-time, as if instantaneously. All events within that space-time exist simultaneously. In place of clock-time, or the lock, we have a sense of direction, a notion we might subsume under the label of "development." The notion of "development" is that of a Riemannian hyper-geometry so described.

In this physical-space-time, relations are not defined in terms of sense-impressions, but, rather, in terms of functional

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relations among universal physical principles. This is physical-space-time composed of three, multiply-connected phase-spaces, as I have reported above. We assume, as a matter of limiting ourselves to knowledge to date, that the total array of principles in the first abiotic phase-spaces is fixed, but that the development of subordinate universal principles is not fixed. When we add the universal physical principle which corresponds to life, the self-development of that phase-space acts upon the abiotic as well as internally upon itself. The introduction of the notion of a cognitive principle, Vernadsky's *noësis*, operates similarly with respect to both the abiotic and living phase-spaces.

As I have underlined this point above, the discovery by mankind of any universal principle from any among the three phase-spaces, changes the universe by the discovery of a conscious principle of creative intervention into the whole universe by mankind.

In this wonderful simultaneity of eternity, with all such beautiful development under way, the mortal existence of each of us occupies an immortal place. In this eternity, we act within the relatively small place which is our mortal life; but, in the larger domain, that form of action associated with the discovery and development of universal physical principles reaches beyond mortality into the relative past and future of mankind.

We know this each time we re-enact the living thought of the first known discovery of a universal physical principle centuries or millennia ago. The scientist or Classical artist who relives such thoughts has an efficient personal relationship to the original discoverer, and the relevant original discoverer now acts upon the society of our own present time, on the basis of our cognitive relationship to them.

Pause here for a moment. Take the case of the contemporary musician who performs a composition by J.S. Bach, Haydn, Mozart, Beethoven, Schubert, Mendelssohn, Schumann, or Brahms. For the purposes of this discussion, we should limit ourselves to the works of composers who have a thorough commitment to the kind of well-tempered counterpoint implicit in the application of a Florentine bel canto mode of expression for both human voice and other instruments, and whose intent is to compose works which represent the development of a single musical idea, from the breath a moment before the first tone is sounded, until the breath or two of silence following the final tone. In such a case, one can not play the score; once must perform the composition as an integrated process of development, and as nothing less, nor more. The object of the musician is to mediate the direct relationship between the creative mind of the composer and the minds of both performers and audience.

In Classical music, these connections are implicit in the ABCs of a well-tempered counterpoint agreeable to the singer of a Florentine model of *bel canto* voice-training, and also to the instrumental performer who imposes the conception of the *bel canto* singing voice on the behavior of the instrument.

When a work so composed in the mind of a Classical composer is copied to a score, something essential is lost in print, but not necessarily irreparably. The score must be, so to speak, "decoded," to discover the original musical intent of the composer. Thus, the qualified performer relives, in one degree or another, the cognitive processes of discovery of the composer, and thus comes to know, at least approximately, the mind of the composer as if to relive his or her mind's processes in the original composition.

This same point can, and should be made in a second way. In Classical poetry or music, the idea which generates the composition precedes the development of the composition. It were as the entire composition burst into existence in the concentrated form of a single act of thought. After that, the composer is gripped by a relentless passion to elaborate that single burst of thought as a worked-out composition. The performer approaches a score attempting to evoke that "burst of thought" which had prompted and guided the elaboration of the relevant composition.

This principle, so illustrated here, is the characteristic feature of all forms of great Classical composition and of their intended relationship to contemporary and future audiences. This expresses the "spiritual" quality of all great Classical art; this strictly defines the meaning of Classical art.

This quality of relationship between the Classical composer and the audience typifies the concept associated with my use of the term *Sublime*. Great Classical art resembles Classical scientific discovery in that it pertains to those powers which exist behind the shadow-world of sense-perception. Classical scientific discovery is also social, but, the subject of science is, primarily, the relationship of the individual cognitive mind to the universe at large. With Classical art, the subject of the *noëtic* processes, is the relationship among cognitive powers of minds, as such.

To situate the subject of Prometheus, recall that the concept of Prometheus as a case of the Sublime, is primarily associated historically with the relevant dramas of Aeschylus and Shelley.

What Are Human Relations?

The elementary expression of human relations, is the process by which one person provokes, intentionally, in another, that act of (Platonic) hypothesizing, by means of which the other recreates the idea called an experimentally valid universal physical principle in his or her mind. On this account, there is but one significant distinction between Classical science and Classical art. In the first case, the subject of the transaction is a principle of man's relationship to the abiotic domain and Biosphere. In the second case, the subject of the transaction is the act of hypothesizing among persons.

Classical drama is a suitable illustration of the second case. Tragedy, especially tragedy which situates the concept of the Sublime, is the most rigorous expression of Classical drama.

The characteristic subject of tragedy, is the self-destruction of a society at the hand of its own culture, as, for example, by its own prevalent popular opinion. The more typical tragedy is, like Schiller's *Don Carlos* or *Wallenstein*, that in which the leading figures of the drama represent the common folly of the culture and those leaders who, in various ways, act out the situation in accord with that culture's prevalent customs. These more typical cases are contrasted with the cases of Aeschylus's and Shelley's Prometheus, and the historical Jeanne d'Arc.

The importance of Classical tragedy for the study of the principles of history, arises from posing the challenge of hypothesis as a life-death issue for the nation or group of cultures considered. The quality of the playwright (and, also, the performing company's delivery), is to be adduced from the degree to which the issue of the relevant hypothesis is presented to the audiences in ways which make the experiencing of the relevant paradoxes and hypotheses a moving one. As Schiller demanded: The spectators must depart the theater, at the conclusion of the performance, better people than they had entered it.

Better does not mean learned, or reenforced obedience to some set of rules; rather as in Paul's *I Corinthians* 13, as for the Socrates of Plato's *Republic*, better means $agap\bar{e}$ (i.e., the general welfare, the common good). So, the audience leaving the performances of the *Wallenstein* trilogy, should have a warm appreciation of the influence of France's Cardinal Mazarin in bringing about that adoption of the 1648 Treaty of Westphalia which ended the Thirty Years War. The object of Classical drama is not "happy endings" for the characters in the play, but for the audience which grasps the hypothesis posed.

For related reasons, all great drama is based upon a valid conception of either a dramatic paradox posed by actual history, or a plausible legend which functions as a real history might.

All valid and important Classical poetry, and Classicalmusical setting of poetry to song, is governed by the same role of hypothesis. Good Classical prose aims for the same result.

To serve those same ends as great Classical tragedy, art must employ the same tools of irony and metaphor which are the essential features of hypothesizing in physical science. For example, on the stage, or delivery of Classical poetry, the methods of Florentine-modelled *bel canto* singing-voice training are essential, or, the methods used by conductor Wilhelm Furtwängler. The element of surprise, as otherwise typified by irony and metaphor, must free the mind from a literal hearing of the passage, to hear the paradoxical elements on which the prompting of hypothesizing depends.

The subject of Classical art, is always the hypothesizing of human relations. By such art, a human cry can be heard across intervening millennia. The message is always the same: "We are all, in this way, essentially immortal."

TRInternational

Why Saudi Arabia Resists The Drive for Utopian War

by Hussein Askary

Saudi Arabia is known as the land of Islam's two holiest sites: Al-Ka'aba in Mecca and the Prophet's Mosque in Al-Madinah. It is also the world's largest oil exporter with a production capacity of up to 8 million barrels per day. It is one of the United States' main allies in the Mideast since President Franklin Roosevelt established that relationship with King Abdul-Aziz Al-Saud in 1945. Any strategic decision it takes affects a world Muslim population of 1 billion, and at the same time the world economy.

From now until mid-February, almost 2 million Muslims from around the world would gather in Mecca for the annual pilgrimage season, one of the most sacred times for Muslims. If the United States and Britain were to carry out any military adventure in Iraq in this period, it will be regarded by most Muslims as part of a "new crusade" against Islam; the "coalition" shall have to reckon with political and security chaos in the whole Gulf region, Egypt, and probably Turkey, and an earthquake in the world economy. This would set the stage for a real "Clash of Civilizations."

Thus the Saudi Kingdom's position on the Iraqi issue has been a matter of much speculation, and a subject of massive psychological warfare. The Saudi leadership has tried vehemently to explain its position on this matter, even establishing for that purpose a new Foreign Ministry institution—weekly press conferences by Foreign Minister Prince Saud Al-Faisal.

At his press conference on Jan. 7, Prince Saud reiterated Saudi Arabia's opposition to a war in Iraq, but in stronger terms than he had before. Asked about Saudi participation in a U.S.-motivated war against Iraq, he emphasized: "If the United States asks us to join the war, we would not join"; but "If the United Nations asks Saudi Arabia to join, depending on the material breach that they show and depending on the proof that they show, Saudi Arabia will take a decision based on its interests." Prince Saud told the reporters: "We are interested in peace and searching for a peaceful [solution] to this crisis, and even if the United Nations decides on war, we want them to give us a last chance to exert efforts for peace." Asked if the United States had requested military facilities, Prince Saud said: "Concerning Iraq, it has not asked."

Prince Saud and other Saudi officials have already refuted remarks by U.S. defense officials who told Reuters at the end of December, that Riyadh had agreed to allow the United States to use its air bases, and an important operations center, in a possible war with Iraq. The Reuters report had originated from an interview with U.S. Air Force chief Gen. John P. Jumper, covered in the New York Times in late December. Jumper was characterized as one of the supporters of "the Wolfowitz school" of a quick air and special operations war against Baghdad. This characterization appeared in the Dec. 18 Washington Post report featuring the complaints of U.S. Army generals against Wolfowitz and other civilian "chicken-hawks" in the Pentagon who want to rush into a war without considering the risks involved.

Al-Riyadh reported that Prince Saud "called for exerting all efforts to solve the Iraqi crisis through diplomatic and political channels. He warned strongly that launching a military attack against Iraq could lead the whole region into an ambiguous future."

Prince Saud denied any knowledge of an initiative calling on Iraqi President Saddam Hussein to step down as one of the political solutions, and he added that military action to change the regime in Iraq would lead to civil wars with consequences affecting the whole region. He stressed once again that the United States has not asked the Saudi government to provide bases and military support for an eventual attack against Iraq; he expressed optimism regarding recent statements made by President Bush, placing the war option as a last resort, and commended Bush's earlier step to turn the whole Iraqi issue to the UN, rather than acting unilaterally.



Saudi Foreign Minister Saud al-Faisal (right) has instituted weekly briefings in Riyadh to make clear the continued Saudi opposition to any invasion of Iraq. A deeper debate is occurring in Saudi Arabia: on the potential of the LaRouche factor in changing U.S. policy.

Rules and Exceptions: LaRouche's Role

There is a general official consensus among Arab nations on the necessity of pursuing all political and diplomatic avenues to avoid a war in Iraq. On the public level, the rejection of an American-British war, and the reaction to the continuing Israeli crimes against the Palestinian people is reaching an explosive level.

Nonetheless, every rule has exceptions. The exception here is related to a small but interesting phenomenon: an Arab and Muslim Baby-Boomer syndrome. A group of loosely connected, Baby-Boomer-aged Arab and Muslim "intellectuals," educated in the United States and Europe, has emerged as a sort of "Uncle Tom brigade," singing in chorus the glories of globalization and American efforts to "democratize and civilize" Arab and Muslim nations through occupation wars and military governors. They are driven by fears generated by Sept. 11, and some have strange agendas and connections, supported by some doubting and terrified people within the Arab world's elite.

These Arab Baby Boomers were given three messages: 1) Fall before the "almighty new U.S. Empire," or the revenge for Sept. 11 shall haunt you; 2) There are no moral or intellectual American traditions you could invoke to avoid the wrath of the American Empire, there are only oil interests; and, 3) Forget Lyndon LaRouche! Recently, this current has directed its frustration against the American intellectual and Democratic Presidential pre-candidate LaRouche, who has become a household name in most Arab countries, and especially in the Gulf and Saudi Arabia, esteemed as the "moral and reasonable voice of America."

Three specific attacks on LaRouche have appeared in the Arabic press recently. Jamal Ahmed Khashoggi, a prominent Saudi journalist, argued in an article published in Kuwait and Lebanon in December, that although he does not know LaRouche well, he would advise Arabs to stay away from him, and to stick to "mainstream Washington" in spite of its racist "hatred against Arabs"—or, to look for friends in the extreme right and extreme left! The clear message: anything but LaRouche. This silly diatribe was considered an unwelcome "rant" by Arab readers, who felt that it was written for an English-speaking audience and to please U.S. Ambassadors in the region. Refutation of it was well received in many Arabic newspapers and on the Internet, including in Saudi Arabia itself.

Two other cases are even stranger. On Dec. 17, the Saudi daily *Asharq Al-Awsat* published two articles side by side, one by Iranian author Amir Taheri, and the second by Egyptian-American Mamoun Fandy. They were ostensibly about the discarded Defense Policy Board "lecturer" Laurent Murawiec, who attacked Saudi Arabia as a sponsor of terrorism and called for the United States to threaten to seize Saudi oil fields and freeze Saudi assets as part of the war against terrorism. The two writers are typical of the new Muslim Baby-Boomer phenomenon. Although the two articles appeared on the same page, and their authors had discussed them with each other beforehand, Taheri called LaRouche a rightwing extremist, while Fandy called him a left-wing extremist.

Muslim 'Neo-Cons' Attacking LaRouche

These two protectors of Saudi Arabia have question marks on their own activity. Amir Taheri is an Iranian working as a staff writer with *Asharq Al-Awsat*, but also as a "prominent Middle East expert" in many neo-conservative American and Israeli publications, where he is promoted like Murawiec. In addition to being a pro-Iraq war and regime-change advocate, Taheri writes for the Buckley family's *National Review*, the

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Jerusalem Post, Washington Times, New York Post, and Wall Street Journal. The public relations website Benador Associates promotes Taheri and other "experts," such as: Alexander Haig, James Woolsey, Richard Perle, Charles Krauthammer, Michael Ledeen, Laurie Mylroie, John Eibner (of Christian Solidarity International), Meyrav Wurmser, and Frank Gaffney. This is as close as you get to the Clash of Civilizations crusade against Islam, and to America's pro-fascist right wing.

Mamoun Fandy, who is now employed by Washington's National Defense University, has himself been involved in anti-Saudi propaganda, building for himself a reputation in the 1990s as an expert on "political dissent" in Saudi Arabia. Interestingly Fandy was one of the speakers at the Hudson Institute's Saudi-bashing seminar "Oil, Terrorism and the Problem of Saudi Arabia" sponsored by Sen. Sam Brownback (R-Kan.) on June 18, 2002—long before Murawiec was brought to the stage by Richard Perle. Fandy sat next to the fanatic adviser to Israeli Prime Minister Ariel Sharon, Dore Gold. Speaking in the same session were Jeffrey Gedmin, Director of the Aspen Institute Berlin; Simon Henderson, author of After King Fahd—Succession in Saudi Arabia; David Pryce-Jones and Stephen Schwartz, senior editor and columnist, respectively, of the fascist National Review.

Listening to sometimes racist diatribes against Arabs and particularly Saudis, the strongest defense Fandy could put forth was that some Saudis are changing their ways after Sept. 11, from being pro-bin Laden fanatics to becoming liberals. The only person who rang the alarm bells about the dangerous suggestions being discussed in that seminar was an EIR reporter speaking from the audience. EIR, a year earlier, had warned in Asharq al-Awsat against an American-British trend to provoke confrontation with Saudi Arabia, Egypt and other Arab allies. EIR had pointed to the group which later, with Mamoun Fandy among them, launched the attack from the Hudson Institute and Defense Policy Board.

The Trusted American

LaRouche's input in the efforts to stop the war and madness has become a fact of life in the tumultuous Middle East. Three days after the Taheri-Fandy articles in Asharq al-Awsat, the same newspaper published an op-ed by Bassam Abu Sharif, a prominent Palestinian political figure and longtime associate and adviser of Palestinian Authority President Yasser Arafat. Abu Sharif cited LaRouche as the man who could explain why the Bush Administration is almost paralyzed in the face of Sharon's criminal policies, despite U.S. initiatives the past two years to control the violence and foster productive negotiations. Abu Sharif wrote: "The Palestinian people are subjected every day to war crimes committed by the Israeli occupation forces. So, why doesn't the U.S. President order the dispatching of international peace-keeping forces or American military forces to protect the Palestinian people on one side and to provide security for the Israeli people on the other (which is Sharon's pretext to continue the crimes against the Palestinian people)? The explanation may lie in what former Presidential candidate Lyndon LaRouche has declared. . . . 'The U.S. President is subject to a dangerous plot by the agents of Israel inside the White House. The plans to attack Iraq and overthrow Saddam Hussein's regime were presented by the agents of Israel and were rejected by President Clinton in 1996. Those agents returned in order to put Bush in the same trap outlined by Israel in 1996.' "His reference is to LaRouche's campaign release "The Pollard Affair Never Ended," from which he quoted extensively (see EIR, Sept. 20, 2002).

In Saudi Arabia in particular, and the Gulf in general, LaRouche's analysis and political campaigns to shift U.S. policies towards more sanity have continued to be a matter of widespread discussion in the press. An interview with LaRouche conducted by Saudi writer Nora Al-Saad was featured in Al-Riyadh on four consecutive days in late December. LaRouche identified the three main currents in modern Judaism: The great legacy of Moses Maimonides and Moses Mendelssohn; the modern "labor Zionist" movements typified by Nahum Goldmann and David Ben-Gurion; and the Jabotinskyite fascist tradition of Sharon and Netanyahu's Likud. The dialogue aroused a healthy debate on U.S. policy in the region and LaRouche's role in that. The discussion was widely reported on the website of Al-Riyadh, which republished Al-Saad's rebuttal of Khashoggi's attack and other criticisms of LaRouche. She welcomed the many responses to the article, and said, "The voice, which Mr. LaRouche represents, is the voice that will rise and prevail. Even if not immediately now, it will do eventually. As for the doubting ones amongst us, let it suffice that the masks, behind which they have been hiding, have fallen off their faces."

Another Saudi daily, Al-Watan, in early January also continued coverage of LaRouche's revelations of the Likud dirtymoney scandals in Israel's elections, and their extension and impact inside the United States. Al-Watan published LaRouche's warning against a potential attempt by Sharon to provoke a regional war before the Jan. 28 elections. Other debates, articles, and interviews with LaRouche continued to be featured in the Arabic press in the United Arab Emirates, Qatar, Egypt, Lebanon, and the occupied Palestinian territories.

So broad is this discussion, that the Arab nations are starting to recognize a potential force inside the United States working for the common good of nations on the basis of a community of principles and missions, not oil or pragmatic superpower geopolitics. This has contributed to strengthening the position of certain countries against Anglo-American policies that are not just, rather than giving them the automatic support the Utopian faction has expected. This has contributed to blocking a hasty White House decision on invading Iraq, and pushed Bush to reconsider his options in this crisis.

The necessary further step, is to insist the American President listen to "the American voice of reason."

Opposition to Iraq War 'Won't Go Away'

by Michele Steinberg

The year-long campaign that has been led internationally by U.S. Democratic Party 2004 Presidential pre-candidate Lyndon LaRouche, to prevent an imperial war against Iraq, was boosted from an unexpected quarter—a behind-the-scenes faction of Britain's policy elite—on Jan. 9, when British Prime Minister Tony Blair's office put out an official statement that "January 27 . . . should not be regarded in any way as a deadline." The statement referred to the due date of the official report of the UN weapons inspectors in Iraq, as mandated in UN Security Council Resolution 1441. The Prime Minister's Office spokesman said that Blair had told his top ministers in a meeting that "the inspections team had only just acquired their full complement of inspectors in Iraq," and, "they should now be given the time and space to do their job properly."

Paralleling the London statements, U.S. Secretary of State Colin Powell affirmed in Washington that Jan. 27 "is not necessarily a D-Day for decision-making." According to the Jan. 9 Washington Post, Powell said, "At that point, we will have to make judgments as to what to do next. What's the next step." On Jan. 7, in an interview with Public Radio International, Powell had stressed that "the President is anxious to find a peaceful solution. . . . The international community is looking for a peaceful solution." The U.S. is working with inspectors, "providing them information . . . and hope that they continue to do the kind of job they're doing now and intensify their work." Powell said he didn't think it possible to have a final result "after just two months."

There is much more behind the "dry as dust" statement from Blair's spokesman. First, a report exploded on Jan. 9 in the London *Daily Telegraph*—owned by Conrad Black, patron of the U.S. based "chicken-hawks"—that London was pressuring the United States to delay the war against Iraq until Fall 2003; which, if true, would indicate that the chicken-hawks' only ally had put on the brakes. The Prime Minister's spokesman strenuously denied the report.

But, even as the Blair government was announcing the deployment of troops and equipment to the Persian Gulf to demonstrate its support for a U.S.-led war, on Jan. 8, a virtual revolt was under way in Parliament. After an appearance by Blair, from which he left in haste after evading questions about whether he is committing Britain to war *outside* of the approval from the UN Security Council, the *Guardian* reported that "the veteran Labour MP and "father of the Com-

mons," Tam Dalyell, got up and asked for an emergency debate." (Dalyell's open letter to Blair follows). Dalyell argued that such a debate is the only way to know if war is supported by the "overwhelming conviction" of the population and if the "cause is just and . . . urgent for Britain." Even though the Speaker of the House refused the debate request, "about 200 MPs remained behind to listen to Mr. Dalyell. . . . This is an issue that won't go away," said the *Guardian*.

War Policy Isolated

As the new year began, opposition to the Iraq war, and to the imperial doctrine of "preventive war," began snowballing, with more and more senior political figures and governments saying that war should be taken off the table. And in the United States, the policy debate took a new turn, with an attack on the "axis of evil" diatribe in George W. Bush's 2002 State of Union speech, by Gen. Brent Scowcroft, the former National Security Adviser under President George H.W. Bush. Scowcroft was speaking on Jan. 5 on the CNN television talk-show "Late Edition." The next day, the Washington Post reported that Administration officials from President Bush "on down," were distancing themselves from the doctrine of "pre-emptive war," which was written into the White House "National Security Doctrine," put out in September 2002.

The preventive war doctrine was long advocated by the Israeli fascist grouping around Prime Minister Ariel Sharon, and was pushed on the United States by the pro-Sharon cabal around Deputy Secretary of Defense Paul Wolfowitz and Defense Policy Board Chairman Richard Perle. Opposition to this doctrine is overdue, but it is still relegated to leaks and shadows. It was LaRouche who raised unique opposition to this policy as a violation of the American foreign policy tradition going back to President John Quincy Adams' idea of a community of principle among sovereign nations.

In July 2003, LaRouche's Presidential campaign distributed over 7 million leaflets before the November election, exposing the leaders of the utopian war drive in the Clash of Civilizations camp, and their association with Jabotinskyite fascists in Israel and the United States. In addition, the LaRouche movement distributed more than 100,000 copies of an *EIR* dossier exposing the role of the organized-crimelinked Senators John McCain (R-Ariz.) and Joseph Lieberman (D-Conn.) in running a coordinated campaign to blackmail the White House into starting an Iraq war. By October, several leading U.S. Senators, notably Robert Byrd (D-W. Va.) and Ted Kennedy (D-Mass.) attacked the idea of "preventive war" in the Senate debate—but few others.

On Dec. 31, UN Secretary General Kofi Annan used the occasion of an interview by Israeli military radio, to criticize the war rhetoric. He announced that "Iraq is cooperating and the inspectors have been able to do their work in an unimpeded manner, and I don't see an argument for military action now. We need to do everything to disarm Iraq, and the inspectors have been given fresh powers, which I think they are using well."

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U.S. Secretary of
State Colin Powell
continues to
emphasize the effort
to find a peaceful
solution in Iraq.
Jan. 27 "is not
necessarily a DDay" for an Iraq
war, he said—in
opposition to the
pro-war "chickenhawks."

In Germany, Foreign Minister Joschka Fischer said, in a year-end interview with *Der Spiegel* magazine, "We have to do everything for a peaceful resolution, even if our hope is growing smaller and smaller. Naturally, it depends on Baghdad's commitment to cooperate . . . [but] we must not accept any inevitability, just because troops are being massed. The German government will not deploy German troops for combat in a highly dangerous conflict, whose necessity as a last resort is not 100% convincing."

Fischer added, "The terrorism of Sept. 11 was the attempt to provoke the Western world into a Clash of Civilizations. To this day, I cannot recognize any link to the Iraq problem. We are tied up well enough with the war against terrorism. Therefore, it would be wrong . . . to proclaim regime change in Baghdad a supreme priority."

In late December, Russian Foreign Minister Igor Ivanov and Deputy Foreign Minister Yuri Fedotov stressed that Russia's collaboration with the United States on Iraq is limited to Security Council Resolution 1441, on Iraq's not having weapons of mass destruction. Fedotov "reiterated Moscow's opposition to . . . 'regime change,' arguing that there is no basis in international law for such an attempt," reported the Russian news agency ITAR-TASS. He added that the UN inspectors' work was proving "constructive," and "now there is a chance to resolve the situation in the political sphere," including the prospect that sanctions could be lifted by the end of July 2003.

A profound attack on the idea of "preventive war" came from the Vatican, as Archbishop Renato Martino, chairman of the Pontifical Commission Justitia et Pax, presented the Pope's message for World Peace Day, Jan. 1, 2003. "Preventive war is a war of aggression, there is no doubt, and it cannot go under the definition of just war as a defensive war," he said

in a press conference on Dec. 17. "Defending oneself from an attack is a right for every state, but there must be an actual attack and not only the possibility of an attack." There was no doubt that the Pope's intervention was also pointed to Israel, where Sharon routinely sends out hit teams to "preventively" assassinate "suspected" terrorists.

Shift in the United States

How this international pressure can shift the balance in the United States, depends entirely on the international campaign coordinated by LaRouche, who has been critical in jamming up the drive for war in Iraq, since at least February 2002. In December 2002, LaRouche upped the pressure on Washington with his annoucement of his Jan. 28, 2003 State of the Union webcast.

Then, on Jan. 1, in a New Year's message, he said, "There is no competent reason for the U.S. to continue its currently aversive policies toward Iraq or North Korea. . . ." The way to stop the war danger, said LaRouche, is for the Bush Administration to shift its policies, and take on the task of solving the terminal collapse of the global financial system.

Senior U.S. political figures are again speaking out against aspects of the mad utopian war frenzy. Former President Jimmy Carter denounced the "pre-emptive war" doctrine, and the Iraq war, when he accepted the Nobel Peace Prize. On Dec. 31, Warren Christopher, Secretary of State from 1992-97 under Bill Clinton, wrote a *New York Times* op-ed in which he said that President Bush should end the "fixation on Iraq," while pursuing a diplomatic solution to the North Korea crisis through coordination with South Korea, Japan, China, and Russia.

Then, on Jan. 5, Brent Scowcroft, who is very close to Bush senior, not only urged the diplomatic track with Korea, but added an attack on the "axis of evil" jargon. "The problem really started with the axis of evil," said Scowcroft, whereby Iraq, North Korea, and Iran "were dumped together with recipes that were supposed to handle the whole problem." Scowcroft said, "It's never been clear to me exactly why they were lumped together, other than it was a very catchy phrase in the State of the Union address." He added strong praise for South Korea's diplomatic efforts, warning, "One thing we have to remember is that we should not act in this area, about North Korea, except in the closest consultation with South Korea."

There is no question that Powell, Scowcroft, and other U.S. opponents of the Iraq war cannot defeat the utopian crazies without the crucial input of LaRouche.

Thus, over the next month, said LaRouche in a Jan. 4 interview, "what I'm going to do, in particular, I'm going to act as if I were the President. Because the country needs the kind of leadership, that this President does not yet have the knowledge and advice from his own, immediate circle, to know what to do. I know what to do. I may not know all the answers, but I know more answers than anybody else in the United States."

'Before You Send A Single Briton To Die'

by Tam Dalyell

Tam Dalyell is the longest-serving member of Britain's House of Commons, and a veteran of military service. He authorized EIR to publish his letter to British Prime Minister Tony Blair on the threat of an Iraq war. It was printed in the London Times on Jan. 6 under the headline, "In the Name of Democracy, Mr. Blair, Read This Before You Send a Single Briton To Die." Mr. Dalyell's direct attack on "the Cheney-Rumsfeld-Wolfowitz" group, echoes the opposition by American military officers—such as Gen. Anthony Zinni—to a war, and to the "chicken-hawks" demanding it. It also reflects rising opposition in Britain, to Blair's war policy on Iraq.

Dear Prime Minister

Before they are sent into action, at undoubted risk to their own lives, and inevitably, to other innocent lives, do not British Forces have this right? To know that it is the settled conviction of their countrymen and countrywomen that their cause is just, and their task urgent for the British people.

I concede that, whatever I may have thought about the wisdom of military action in the Falklands and in the Gulf, there was such a general conviction. But in the case of Iraq, what would you think if you were serving in the Forces, if you knew that the Archbishop of Canterbury, the Cardinal Archbishop of Westminster, the Moderator of the General Assembly of the Church of Scotland, Field Marshals Lord Bramall and Sir John Stanier, General Patrick Cordingley [British commander during the 1991 Gulf War], and a host of others, right across the spectrum of British life, were vehemently opposed to what you as Prime Minister were asking them to do?

What is the precise military objective? Is this a basis for risking life? Before going along any further with the Cheney-Rumsfeld-Wolfowitz agenda, and before you dispatch any more British forces to the Gulf, you owe the Services one thing: a vote in the House of Commons on an unambiguous motion as to whether Britain should go to war without a clear, updated decision by the United Nations.

Prime Minister, we are supposedly a parliamentary democracy. Each one of us in the House of Commons should be made to feel personally responsible for the grave step of sending our constituents, their fathers, mothers or children into the perilous situation of a pre-emptive strike. Iraqis will surely fight to defend their homeland as they did not in 1991 to keep a debatable conquest.

I would regard this as the most important vote of my 41 years in Parliament. It is a matter of irony that in the U.S. presidential system, Congress has been more genuinely consulted than the House of Commons in what we used to call, proudly, a parliamentary democracy. Morally, you cannot shelter under the Royal Prerogative. In a case of pre-emptive action, rather than reaction to aggression, you must give Parliament a free vote.

You will have been told that there are many members of the Labour Party, at the grass roots, without whose support none of us would be MPs, who will simply not work for achieving a third-term Labour Government if you attack Iraq. There would be a bonfire of party membership cards. And many MPs would put their deep political beliefs and experience above any instruction from the whips to vote against their judgement and their conscience.

Invited to Abu Dhabi in December to give a lecture, I found nothing but alarm and foreboding among opinion leaders from the United Arab Emirates and other Gulf States, the very countries that provided bases and much of the finance for the 1991 Gulf War. Asked to the Palace to see Sheikh Sultan Bin Zayed al Nahyan, he explained to me: "An attack on Iraq will be seen as, Christian against Islam. That may not be how Mr. Blair sees it, but that is how it will be seen throughout the Arab world." And so it will.

What To Do?

Those, like myself, who have heard you at private meetings cannot doubt the sincerity of your desire "to help Africa." How can you prioritise war in Iraq when a fraction of the costs involved would make a significant difference to Ethiopia, Somalia, and the Sudan?

What to do? Give an honest assessment on the findings of Hans Blix and his inspectors. If Cheney-Rumsfeld-Wolfowitz continue to set the bar higher, whatever Iraq does, refuse to go along with them. Recognise that their agenda, even if inspectors come up with nothing serious, is regime change and control of Iraqi oil reserves.

Adherence to what is right may have little direct influence on Cheney-Rumsfeld-Wolfowitz. But a stand against an unnecessary war by you would have a considerable effect on American public opinion. A CNN poll puts support for war against Iraq, in the absence of UN endorsement, at 26 per cent. If the British were to say: "No. After what has happened since the inspectors went in, we think war is unjustified"; the American people's support for military action would plummet further. This might persuade President Bush to hold back from war.

You, in these circumstances, Prime Minister, have the unique power to stop the war, because American opinion itself would not support a war, without the backing of the Security Council and the United Kingdom. If you choose to do so, many of us believe that your actions at this stage could restrain President Bush.

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'Iraq Coup' Plan Masks Chaos: Stop the War!

by Muriel Mirak-Weissbach

The world entered the new year with a call by Pope John Paul II for peace, but also with an escalation of both the military mobilization of forces into the Persian Gulf, and with associated psychological warfare campaigns. The two latter developments have heightened tensions and fears that war factions in the United States and Britain may be planning for hostilities to break out right after the Jan. 27 report on UN inspections has been discussed. The buildup has occurred despite the inspectors' interim report to the UN on Jan. 9, that Iraq is cooperating fully.

For the same reason, forces committed to preventing war have redoubled their diplomatic and political efforts. On Jan. 6, Lyndon LaRouche's Presidential campaign began a million-run leafletting of the United States with his new intervention against the war party. The leaflet is titled "The Weeks of Crisis Before Us" (see *EIR*, Jan. 10).

Accelerated deployments of troops and materiel have gotten front-page coverage in an obvious attempt at psychological impact on the targetted nation of Iraq, and on the world at large. In addition to the 60,000 American troops stationed in the region, the Pentagon announced on Jan. 8 that it was shifting its planning staff of about 1,000 people from Tampa, Florida, to the newly expanded air force base of Al Salilyah in Qatar. Outgoing Marine Commandant Gen. James Jones hinted at what the ongoing military deployment to the Persian Gulf could add up to, in comments at the National Press Club on Jan. 8. He said, "In the aggregate numbers, it's somewhere around 65-75,000 Marines," or approximately 40% of Marine Corps strength. If comparable numbers from the other branches are also deployed, it could mean a total force well above 200,000-250,000 mooted in recent press reports.

In addition, F-15E and F-15C fighter planes, B-1 bombers, and a hospital ship are to be sent to the region. Two U-2 reconnaissance planes from Germany were sent on Jan. 8 to Iraq, while official requests for overflight permission were presented to several governments of the region. In tandem with the American deployments, British Defense Minister Hoon called up 1,500 reserves, to be followed by more. Hoon added that the aircraft carrier Ark Royal, the helicoptor carrier HMS Ocean, three destroyers with four accompanying ships, as well as landing ships, a submarine, and mine-removing ships, were being sent.

The same day that the Pentagon announced its transfer of the planning staff to Qatar, Defense Secretary Rumsfeld reiterated that such a mobilization does not mean that war is inevitable, but quipped that it would be "nice for everybody" if Saddam Hussein simply decided to leave.

Psy-War In Grand Style

This "voluntary exile" scenario, played up as an option seriously considered by Arab leaders, is a fraud. The foreign minister of Qatar did travel to Iraq last Summer, to float the idea there, where it was rejected out of hand. Rumors continued in the Autumn, that Egyptian and Saudi figures were involved in arranging for Saddam Hussein, with an entourage of a couple of hundred family and close collaborators, to be given asylum in some Arab country. Then, on Jan. 4, it was reported that an open letter to the Iraqi leader by "Arab intellectuals" to this effect had been issued, and published in the Lebanese paper An Nahar. At the same time, an Iranian paper close to Ayatollah Khamenei, claimed there had been a secret Russian-American deal to have Saddam Hussein removed, by choice or by force, and replaced by one of his generals.

The "exile" option is another version of the "regime change" which would open up chaos, anarchy, and civil war inside Iraq, with destabilizing effects reverberating throughout the region. More likely is a plan by the utopian war party to attempt a *coup d'état* against the Iraqi leader. Millions of leaflets have been dropped over Iraq, with instructions in Arabic to listen to a U.S. radio station, which is calling on the Iraqi people and military to overthrow Saddam Hussein. Reportedly, not only leaflets but also weapons have been distributed inside the country. Informed sources report discussion of scenarios whereby such a coup, if successful, would be followed by invading occupying forces, to take control over the oil.

Many governments of the region have heard this for months, and have been advised they, therefore, each should position themselves to "avoid war" and reap the benefits afterwards. Different governments have been shown different versions of this post-Hussein landscape.

On Jan. 6, American Presidential pre-candidate Lyndon LaRouche expressed in no uncertain terms his condemnation of such an attitude, whether it be to an exile scenario or a coup. If Saddam Hussein were to be removed, he stressed, every government in the region would be destabilized. Thus, the only serious response to the war party's plans, is to defeat them politically. LaRouche is continuing to accelerate the international and internal U.S. pressure, which has thus far postponed the war.

The Regional Equation

Several factors in the region can contribute to thwarting the war effort. First and foremost is Saudi Arabia, including LaRouche's influence there (see accompanying article). Arab governments consider the Saudi position to be crucial, and its continuing firm "No" to war has generated optimism among Arab League members.

Another factor is Turkey, which was no less crucial to Operation Desert Storm as a base of operations. Incirlik air base has been the launching pad for years of American and British bombing raids in the so-called "no-fly zones." For any planned invasion, either Saudi Arabia or Turkey would be required.

Recently, Turkey has turned against the war. Prime Minister Abdallah Gul, of the new ruling Justice and Development Party, conducted a high-profile tour of the region, visiting major Arab capitals and Tehran, on a "peace initiative." Informed sources report that Gul mainly wanted to find out what the neighboring states were thinking. What he found in every capital was opposition to military action. After talks with Jordan's King Abdallah, Gul stated, "Our expectations are, that if war occurs, the countries in the region will be the losers. The consequences of war will be disastrous."

While Gul was on tour, Turkey did grant U-2 overflight rights to the United States, but denied the right to base them at Incirlik. Although Turkey is a NATO member, and engaged in military maneuvers in the eastern Mediterranean with Israeli and U.S. forces in the first week of January, there have been visible glitches. On Jan. 8, the Washington Post quoted frustrated American diplomats, and summed up, "More than six months after the United States approached Turkey for permission to examine military bases here for possible use against Iraq, ... a 150-person U.S. military survey team remains in Germany, waiting to be waved in. Similarly, the government has not yet decided on a U.S. request to station as many as 80,000 combat troops in Turkey as part of the regional buildup for a possible war." These delays "have confounded diplomats and U.S. officials long accustomed to working smoothly with Turkey. . . . The stakes are particularly high, they said, because of the need to secure rich Iraqi oil fields near the cities of Mosul and Kirkuk, 100 and 150 miles, respectively, south of the 250-mile border between Turkey and Iraq."

Murat Mercan, deputy chairman of the Justice and Development Party of Turkey, said the party is bending to public opinion which, according to a poll, is 80% against war. The reasons given for the Turkish government's reluctance are economic—they suffered horrific economic damage effects from Desert Storm, felt by every Turk—and the political fear that a Kurdish entity may emerge.

The real story is more complex. According to regional experts, there are two distinct fronts inside Turkey: the traditional military; and the political rulers, Gul and party chairman Erdogan. The military oppose a war, but would acquiesce to American forcing of the issue. However, Turkish compliance would be bought at a high price. This includes military equipment, Patriot missiles, tanks, and the like, as well as cash aid in the billions. They would demand guarantees that no Kurdish force would prevail in northern Iraq, and, to be sure, would deploy their own military into the area. Furthermore, they want some "regional territorial changes," as one expert put it, meaning the annexation of Mosul. This, according to a Turkish source, is what the military establishment considers its "national interest."

The political leadership, Erdogan and Gul, oppose any war in principle, but, if the United Staes were to go to war, Turkey would neither support it, nor obstruct it. Different from the Saudi stance, the Turkish position is that if there were a United Nations decision for war, Turkey would go along with it.

A Bigger Conflict

The Turkish issue is not a matter of simple bargaining. A major conflict is shaping up, among Turkey, Britain, and the United States over oil fields in northern Iraq. The United States told Turkey that "only" American troops would enter there; the Turkish military want to do so themselves; and British Defense Minister Hoon visited the country on Jan. 8, in hopes of winning support for the right to have British troops move into Iraq, from Turkey. Then, there are the two Kurdish parties, living on the contested territory, who demand control.

The British "offer" will not go through. One day prior to Hoon's arrival, Mehmet Duler, chairman of the Turkish Parliament's Foreign Policy Committee, told NTV that his country had "serious and strong reservations" against such a move, for "historical reasons." The British Empire was coresponsible for the collapse of the Ottoman Empire, and so Turkey is "not keen" on having British soldiers march into northern Iraq from Turkey.

Foreign Minister Yasar Yakis detonated a political bombshell with a statement to *Hurriyet*, that although Turkey did not lay claim to Iraq's northern oil fields, in the event of war, there were historical treaties giving Turkey co-rights to the oil production. "If we have these rights, then," he said, "we must explain them to our partners and secure these rights." Gul immediately denied the statements, reasserting Turkey's commitment to the territorial integrity of Iraq.

The historical rights refer to what was Villayet Mosul under the Ottoman Empire, an area corresponding then to about 90% of today's Kurdish northern Iraq. The claim to the region has never been erased in reality. Thus, Minister Yakis's statement of the claim to the oil from Kirkuk and Mosul. According to the *Neue Zürcher Zeitung* of Jan. 9, he presented this claim to the Americans who received it "with understanding." The demand is seen as actually a bid for funds, to compensate for the projected economic damage of a possible war. Turkey lost close to \$30 billion in the 1991 Gulf war.

This is also the background to the Turkish military's intention to move into the region itself, if there is war, with 22,000 troops. As the *Neue Zürcher Zeitung* correctly points out, this would be a recipe for disaster: Iran and Syria would react, and the Kurds inhabiting the region would put up military resistance, leading to bloody chaos. And, of course, the United States has said it will do the job itself.

If the Turkish establishment is seriously committed to preserving its real national interests, it will recognize that any war in the region will spell disaster for the nation, and consequently resist the temptations offered it, by refusing to endorse aggression against Iraq.

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Ariel Sharon Is Israel's 'Godfather'

by Dean Andromidas

The corruption scandal raging around Israel's Likud party has reached such depths that Prime Minister Ariel Sharon is being called the "Godfather" and "the Mobutu of Israel." Labor Party Chairman Amram Mitzna told a large group of students on Jan. 6 that "We're not afraid of terror or the threat from Iraq," but that the political culture of "the party in power" is a source of deep concern. "We all stand in shock. Sharon manages the state like the Godfather, and the government is the extended family." New revelations of illegal payments of \$1.5 million to Sharon and his sons prompted Yossi Sarid, chairman of the pro-peace Meretz party, to declare, "The impression is that the ruler and his sons, like in an African country, decided to take advantage of their positions to get rich as quick as they can through bribery, fraud, and breach of trust."

In the latest twist that could cost Sharon the general elections on Jan. 28, if not land him in prison, the Israeli daily *Ha'aretz* on Jan. 7 revealed that Israeli police are investigating an allegedly illegal payment of no less then \$1.49 million made to help Ariel Sharon pay off illegal campaign debts. These debts stemmed from Sharon's 1999 primary campaign for the leadership of the Likud, and have been under police investigation. *Ha'aretz* on Jan. 3 had reported that Sharon had been investigated for allegedly accepting a \$3 million bribe, in return for helping a shady Israeli businessman secure a building permit from the Greek government to build a hotel/casino complex on a Greek island.

Because revelations of a bottomless cesspool of corruption have been overflowing the front pages of Israel's daily papers, Likud's hopes for an easy victory on Jan. 28 are rapidly fading. While in November, Sharon's party was expected to win an unprecedented 41 seats in the 120-seat Knesset (parliament), the polls on Jan. 7 projected that the number would sink to 27. The latest survey conducted by Israel's Army Radio, showed that 31% of Israelis feel Sharon is not fit to be Prime Minister. Party activists, including government ministers, now fear they could be unable to form the next government.

The Sharons Have a Rich 'Uncle'

The scandal that has rocked the Likud for weeks involved criminal evidence of cash for votes, in the Likud primaries to select the party's Knesset candidates. Police are said to be preparing recommendations for the indictment of top Likud leaders. More sinister were revelations that top Israeli gang-

sters such as Moussa Alperon and Shlomi Oz were members of the Likud's Central Committee, and played a leading role in electing the top candidates, including Sharon's son Omri.

Just when that scandal seemed to have peaked, *Ha'aretz* revealed the Israeli police have been hot on the trail of of the allegations of millions illegally paid to Sharon and his family. These allegations are so serious that they have broken into the international media.

In October 2001, as a result of a State Comptroller's report, a police investigation was opened to probe several shell companies used to transfer foreign funds into Sharon's 1999 party campaign. Although not a criminal offense, Sharon's handling of the case, including allegedly lying to the authorities, has been criminal, and could land him in jail. A review of the affair confirms *EIR*'s own ongoing investigative reporting of the international dirty-money financing of the Likud.

The current unveiling of the alleged transfer by a South African, of \$1.49 million to Sharon, is the result of a demand by the Comptroller General in October 2001, that Sharon repay the foreign donors—apparently from the United States—well over \$1 million. Shortly after this order, Sharon announced that he had mortgaged his ranch and paid off the debts. This was his first lie. When his sons Gilad and Omri went to Bank Leumi for the loan, the bank soon learned Sharon did not, in fact, own the ranch, but had leased the property from the government land authority. The bank then demanded real assets as collateral. At this point, South African businessman Cyril Kern, an old comrade of Sharon from the Alexandroni Brigade in the 1948 war, came into the picture.

Kern, also a British subject, is known as a millionaire with a fashion outlet in Capetown; he told the press that he was like an "uncle" to the Sharons. Kern transferred the \$1.49 million to the bank account of Omri and Gilad Sharon at Israel Discount Bank to be used as collateral for the Leumi loan. The money was transferred from an Austrian bank, via JP Morgan bank in New York. Thus, Sharon borrowed foreign money in order to pay off illegal foreign donations.

According to *Ha'aretz*, Sharon never informed police investigators or the State Comptroller of this second loan, while Gilad also kept this information from the police for several months. Other unanswared questions included why Sharon kept this secret and why he even needed such a loan, since he owns a large house in East Jerusalem, another in Tel Aviv, and assets.

The murkiness does not end there. It was also revealed that Sharon's ranch already had a mortgage which was held by the Maritime Bank of Israel. *EIR* has learned that the majority shareholder of this small Israeli bank is none other then American businessman Michael Steinhardt. Son of a well-known bagman for Jewish gangster Meyer Lansky, Steinhardt is infamous for his founding and financing of the Democratic Leadership Council, whose purpose is to turn the Democratic Party into nothing more then a pale shadow of the Republican party.

Steinhardt is a major backer of U.S. Sen. Joe Lieberman (D-Conn.), and is a key adversary of the leadership of U.S Democratic Presidential pre candidate Lyndon H. LaRouche.

Prime Minister in Panic

According to *Ha'aretz*, the Israeli police have also questioned one Yoram Oren, an Israeli living in California, over raising the illegal campaign funds in 1999; and Arthur Finkelstein, the American neo-conservative campaign consultant currently advising the Likud's election campaign. Yoram Oren allegedly was instrumental in forming Annex Research, the American-registered shell company used to channel the illegal funds into Israel. Among its directors were Omri Sharon and Dov Wiessglass, Sharon's lawyer and currently his bureau chief. Four Americans are registered as directors, including Arnold Forster, a New York attorney notorious as general counsel of the Anti-Defamation League of B'nai B'rith.

The American journal *Jewish Week*, in a Feb. 19, 1999 article entitled "Likud's Tangled Charity Web," identified Oren as one of the top Likud fundraisers in America who were suspected of transferring "charity" funds into the Likud's political campaign chests. The article documented how Oren raised money for the Likud-controlled charity, Youth Towns of Israel. But in 1999, Oren also raised money for Sharon's primary campaign, and ordered "tax deductable" checks to be made out to the College for National Studies—which is based in Likud headquarters and is one of the shell companies currently under police investigation in the illegal campaign financing case.

The revelations have Sharon in a panic. He declared the whole affair "a despicable political attempt to topple a prime minister," and promised the truth "with documents and facts." He proceeded as always in a fix: lie and blame others. Sharon's story concerning Kern's loan changed several times within 48 hours. It was to pay off the Leumi loan; then, his spokesman said the loan had nothing to do with the campaign funds, but was to his son Gilad to run the farm; and then, Sharon's spokesman said he knew nothing about the loan, though Kern said he speaks with the Sharon family sometimes three times a week. Sharon claimed his son Omri handled all his finances.

Omri reportedly reserved the right to remain silent when questioned, for fear of incriminating himself and others. It did not go unnoted that in late December, Sharon sacked Deputy Minister Naomi Blumenthal when she reserved that right in the cash-for-votes affair. Mitzna called on Omri Sharon to talk to the police, or resign.

Ha'aretz pointed out that former Israeli President Ezer Weizman had to resign in May 2000 or face prosecution, for receiving gifts worth \$200,000 from a French businessman, even though he had received the money prior to becoming President of Israel. The newspaper noted that Sharon's acceptance of the loan could also be seen as a "breach of trust," because it was not reported. In the Weizman case, Attorney

General Rubinstein concluded, "Receiving money and not reporting it in contravention of the rules, could in certain cases be considered a breach of trust," and thus a criminal offence.

This is not the only case that hangs over the head of Sharon. On Jan. 3, Meretz chairman Sarid filed a police complaint demanding investigation of allegations that Gilad Sharon took a \$3 million bribe from Israeli contractor and Likud Central Committee member David Appel in 1997. This concerned Appel's hotel-casino permit for a Greek island. *Ha'aretz* reported that Israeli arms dealer Norman Skolnik was involved. Skolnik was known for sanctions-busting in selling arms in the 1980s to apartheid-era South Africa. Since Gilad's activities are generally limited to Sharon's ranch, the only explanation possible is that the fee was for Ariel Sharon, who was infrastructure and foreign minister at that time.

Jerusalem Mayor Ehud Olmert, one of the big-time Likud illegal campaign funding bagmen exposed in *EIR*, is now suspected in the same affair. Olmert hosted a Greek delegation that included the Mayor of Athens, and acted as interlocutor for Appel. In return, Appel allegedly partly funded Olmert's campaign for the leadership of the party. Likud Attorney General Elyakim Rubinstein had blocked an indictment in April 2002.

Mitzna Could Win

Sharon's entire reelection strategy has been based on the Bush Administration launching a war on Iraq, enabling him to blackmail the White House for \$4 billion in military aid and \$10 billion in loan guarantees in order to prevent a total collapse of the Israeli economy. He also hoped to launch his "final solution" for the Palestinians by militarily pushing them across the Jordan River and ethnically cleansing the West Bank. The war's receding at least beyond Jan. 28, has hurt Sharon.

Israeli political circles believe Sharon could win the elections, yet remain in a very weak position, perhaps forced to resign after the elections, because of these investigations. He may, according to these sources, want to form another unity government with the Labor Party, in order to continue his current policy of inflicting a slow death on the Palestinian population. But without a faction of over 30 mandates, he will be seriously weakened.

Furthermore, if Labor wins over 22 mandates, Chairman Mitzna will refuse to enter any government led by Sharon, despite strong pressure from those who were Labor's ministers in the former unity government.

Thus, on Jan. 29, Sharon is likely to ask Israeli President Moshe Katzov for a mandate to form a unity government. This is likely to fail, as may an effort to form a right-wing government based on the religious and ultra-nationalist parties. Katzov could then ask Mitzna to form a government based primarily on the peace camp and Arab parties. Israel is at a crossroads, and the policy of the United States is more important than ever.

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Commonwealth's Imperial Crowd Targets Indonesia

by Mike Billington

The utopian war faction within the Bush Administration may see their scenarios of war in Iraq and Korea slipping away under international pressure and factional battles at home; but the old Anglo-American imperialist guard has nonetheless unleashed a barrage of public diatribes calling for a return to Empire. While declarations of an "American Empire" have been prominent in the pages of the *New York Times* and the commentaries of National Public Radio in the United States, the granddaddy of imperial foreign policy think tanks, London's Royal Institute of International Affairs (RIIA), issued a call for the re-colonization of Southeast Asia. RIIA particularly targetted Indonesia, once the most profitable colony in the Anglo-Dutch empire.

In an article called "Costly Delusion, The Bali Bomb and Australian Policy" in the RIIA journal *The World Today* in January, two Commonwealth academics, David Martin Jones of the University of Tasmania and Michael L. Smith of the War Studies Department of King's College, London, call for Australia to return to its white, Anglo-Saxon, "Christian roots," take action against the threat on it's borders with Southeast Asia, dismiss the "increasingly vacuous idea of Asian engagement, and take upon itself, Indonesia's "security problem."

The problem emanates, according to these pundits, with the renegade regime of Prime Minister Paul Keating in Australia between 1991 and 1996, who dared to "redefine the country as an Australasian nation." To achieve this betrayal of race purity, Keating supposedly portrayed Indonesia "as a benign, cooperative neighbor within a stable and prosperous Southeast Asian region," and promoted the idea that Australia should "enmesh itself with the attractively diverse and economically booming region to the north." This "denial," as they call it, of the Indonesian and Southeast Asian "danger," was based on the "delusion" that the region was "one of increased domestic tranquillity and regional order."

Huntington's Clash of Civilizations

This racist diatribe is not original to Jones and Smith. Harvard utopian Samuel Huntington, in a 1993 article in the *Foreign Affairs* journal of the New York Council on Foreign Relations (CFR, the American stepson of the RIIA), in formulating his imperial thesis of an inevitable "Clash of Civilizations" between the Anglo-Saxon West and the Islamic and

Confucian cultures of the world, claimed that Prime Minister Keating had committed the grievous crime of a "civilizational shift," defecting from the West and joining the "East Asian bloc," by attempting to orient towards a policy of cooperation with Australia's Asian neighbors. To Huntington, this was a "major marker in the decline of the West."

The difference between 1993 and today, is that the Clash of Civilizations is now operational policy-at least to the Anglo-American utopian policy faction. The attempt to use the "war on terrorism" to achieve the Huntington "war on Islam and China" is abundantly clear in the Jones/Smith RIIA article, but it is even more apparent in a companion piece by one Rohan Gunaratna, the author of the new flash best-seller Inside al-Qaeda. Gunaratna's book is a rant against Islam which essentially compiles press clippings on terrorism from around the world, spins a web of connections between them all centered on al-Qaeda, and ascribes terrorist intent to every mildly militant Islamic institution. Gunaratna, a Sri Lankan who is now a fellow at the Centre for the Study of Terrorism and Political Violence at the University of St. Andrew's, Scotland, and honorary fellow at the International Policy Institute for Counter-Terrorism in Israel, has unabashedly promoted the recent imperial declaration by the current Prime Minister of Australia, John Howard, calling for preemptive military actions across Southeast Asia.

Howard has not been shy about his distaste for "that region" to the north. On Dec. 1, in a national TV address, he called for a "new and distinct doctrine of pre-emptive action to avert a threat." Although this was clearly tailing after the new Bush Administration policy of pre-emptive strike, the Howard declaration meant that the nations of Southeast Asia could no longer imagine that the threat of pre-emptive attacks was only intended for "rogue nations" defined by Washington. Howard was openly targeting the Islamic populations of Indonesia, Malaysia, the Philippines, and Thailand.

In an article titled "Crush Them Before They Kill Again" in The Australian of Jan. 8, Gunaratna wrote that "many Australians and Southeast Asians have not understood the true meaning of the policy of Pre-emption articulated by Prime Minister John Howard last month. . . . Pre-emption means countries such as Australia maintaining a forward presence in theaters such as southern Thailand, the southern Philippines and Indonesia, where terrorists are active. Such a policy will enable Australia to better understand and effectively respond to the developing threat. In the first place, it can be invisible, but a substantial intelligence, diplomatic and lawenforcement presence, primarily in support of Australia's neighbors. If the situation requires a more robust presence, light forces can be deployed in aid of the affected government. And if the situation deteriorates, heavy forces can be deployed."

The turn towards Empire is far from universally accepted in Australia. The *Australian Financial Review* of Jan. 9 pub-

lished an article by Howard Dick, the Director of the Centre of International Business at the University of Melbourne, which lambasted Prime Minister Howard's pledge to serve as the American "deputy sheriff" in Asia, and his threat of pre-emptive strikes. This policy, wrote Dick, "portrays us as part of a defiant axis of rich, white, Christian, English-speaking nations. . . . Our high-risk 'strategy' is to turn our back on Asia; to arm Fortress Australia against our neighbours at immense cost; and to cultivate economic and political ties with America and Europe, as if we were in the North Atlantic. The more sensible strategy would be intelligent internationalism: seizing the opportunities to live prosperously and harmoniously in our own region. Asia's economies have recovered unevenly, but still represent the world's best long-term prospects for rapid growth."

The Bali Bombers

The justification for these recurring, overt declarations of imperial intent rests on the idea that international terrorism is running amuck across Southeast Asia-and especially in Indonesia. From the moment of the Oct. 12 bombing of a Bali nightclub frequented by foreign tourists, which killed close to 200 people (including many Indonesians), the name "al-Qaeda," or at least "organizations associated with al-Qaeda," has appeared in nearly every Western press report and "expert" analysis, such as those of Gunaratna. And yet, the extensive and highly successful Indonesian investigation into the bombing has demonstrated that the people who perpetrated this bloody act of terror were all Indonesian, had financed the operation largely through petty robberies of local retail stores, and were acting in the tradition of a small faction of Islamic militants endemic in Indonesia since the founding of the Republic in the 1940s, but who have come to the fore (along with several regional and ethnic separatist organizations) as a result of the economic crisis brought on by the speculative attacks on the Asian economies in 1997-98.

National Police Chief Gen. Da'i Bachtiar has repeatedly reported that the investigation has found no evidence of a link between al-Qaeda and the Indonesian terrorists. A few—but only a few—Western observers have been honest in acknowledging this fact, notably including the International Crisis Group (ICG), whose report "Indonesian Backrounder: How the Jemaah Islamiyah Terrorist Network Operates," traces the network back to earlier Islamic and separatist movements in Indonesia; and the dean of American Indonesia scholars, Cornell's Benedict Anderson, who states outright that al-Qaeda is not involved.

It is true that several of the individuals with connections to the Indonesian terrorists operations of the past years have traveled throughout Southeast Asia, and some have received training in Afghanistan. But it would be wise to remember that the United States and Britain dispensed huge amounts of money around the world in the 1980s to recruit militant

Muslims to join the U.S.-funded irregular warfare operations against the Soviet forces in Afghanistan. To now declare that this qualifies such individuals as international terrorists, subject to intervention in breach of national sovereignty, is the height of hypocrisy.

The blatant prejudice and incompetence of Rohan Gunaratna's work is cause for concern in regard to the announcement on Jan. 8 that a new terrorism research institute, the first of its kind in Southeast Asia, is being set up under Gunaratna's direction in Singapore, under the auspices of the Institute of Defense and Strategic Studies. Tentatively called the Regional Centre for Terrorism and Political Violence, the institute is intended to provide training for intelligence officers, diplomats, and others.

Anti-ASEAN

RIIA "experts" Jones and Smith have expressed their geopolitical prejudices in earlier articles which displayed their visceral hatred for the institution of the Association of Southeast Asian Nations (ASEAN). In a piece titled "The Strange Death of the ASEAN Way," pubished in the Australian Financial Review of April 12, 2002, the duo raged against what they describe as ASEAN's "rigid adherence to the doctrine of non-interference in the internal affairs of member states." This dedication to "non-interference," honoring the sovereignty of fellow nation-states, dates back to the famous 1955 Bandung Conference of Asian and African Nations in Indonesia, which gave birth to the alliance which became known as the Non-Aligned Movement. The "Spirit of Bandung" was initiated by Sukarno, the Father the Indonesian Republic (as well as the father of Indonesia's current President, Megawati Sukarnoputri), in cooperation with other leaders of Asia and Africa, including Jawaharlal Nehru and Zhao Enlai. The Bandung Conference rejection of Empire, be it Eastern or Western, and respect for national sovereignty, was the nemesis of the imperial ideologues of their time, and continuing today.

There is now a new wave of optimism spreading across Asia, drawing on the Bandung tradition, based on the idea that the nations of Eurasia can build among themselves the mutual economic and political strength to resist the dictates of the bankrupt international financial institutions and the would-be new imperialists. The blustering of the RIIA and the CFR can not be allowed to subvert that process.

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International Intelligence

Poverty Continues Rising in Argentina

Argentina's unemployment "miraculously" dropped from 21.5% to 17.8% in November; but the national statistical agency INDEC said the drop was only due to governmentsponsored social programs which provided a minimal subsidy of 150 pesos monthly to heads of households, in exchange for a few hours of work. This generated "employment" for 2 million people, although 798,000 of them actually do no work at all! Some 71% of all "new jobs" between May and October 2002 were accounted for by these government "head-of-household" plans. INDEC president Juan Carlos del Bello said that without them "unemployment would have been more than 23%.'

What did not decline during the May-October period was poverty, which for the capital of Buenos Aires and the surrounding metropolitan area, stood at 54.3% of the population. Had it not been for social programs. del Bello said, instead of 24.7%, indigence-severe poverty-would have been at 27%; poverty would have risen to 54.7% from 54.3% nationwide.

Infant mortality in one Argentine area "is only comparable to African countries," warned Dr. Luis Marcelo Albaca, quoted in Clarín on Dec. 29. Eighteen infants have died in the northern province of Tucuman over the past two months. In the town of Simoca, where the lastest victim died, Dr. Albaca says conditions "are dramatic. There is a level of malnutrition and infant mortality only comparable to countries in Africa and regions of India, and the nation does nothing!"

Most U.S. Profits 'Phantom' in 2001

About 69% of corporate profits in the United States in 2001 were accounted for by phantom pension-fund earnings, according to a study by Crédit Suisse First Boston. If actual pension fund gains-or losses-on investments in the stock market, rather than inflated "estimated gains," had been counted in financial statements, overall earnings for the S&P 500 would have been 69% lower than the companies reported for 2001, or \$68.7 billion rather than \$219 billion. In other words, about \$150 billion in corporate profit didn't exist! In reporting gains they hadn't made, the companies didn't violate any rules, but were following accounting practices as written in 1985 by the Financial Accounting Standards Board.

Weyerhaeuser, the world's biggest lumber company, to give one example, relied on reported pension earnings for 66% (or \$234 million) of its net income in 2001, assuming an 11% rate of return—but its pension fund actually lost 9.5% on investments.

The pension-fund "time bomb" will reduce reported corporate profit by billions of dollars in 2003, as many of the largest companies pour money into underfunded pension funds.

Thailand Moving Out of IMF Control

Prime Minister Thaksin Shinawatra announced that Thailand will pay off its International Monetary Fund loans ahead of time, and may dump the IMF's economic "conditionalities." The decision to repay the remaining \$4.8 billion of the emergency loan arranged by the IMF in the aftermath of the 1997 Asian financial crisis, could be confirmed as early as the second week in January, after the Thai Cabinet holds its meeting.

The early repayment has been made possible by the country's strong foreign reserves position—about \$38 billion. Thaksin said, in his weekly radio show, that the payoff would "raise the dignity of Thailand and Thai people in the international community."

The Straits Times notes that Thaksin opposed the previous government's agreement to liberalize foreign investment rules, conditions imposed by the IMF loan, and was "cool to the idea of privatisation of state enterprises, another IMF condition." It reports that Thaksin's backers "have been calling on the government to retract some of the policies, which Thailand was obliged to implement under the bail-out package."

Thaksin announced that his Asian allies had accepted his proposal for an Asian Bond Market, using Asian countries' foreign reserves to invest in bonds, with an initial investment of \$7-8 billion. "An Asia Bond fund will definitely be conceived this year, and full details should come out after the Asia Cooperation Dialogue meeting in June," Thaksin told reporters.

Peru Opens Door To Free Terrorists

The Supreme Court of Peru overturned, on Jan. 3, the laws under which Sendero Luminoso and MRTA terrorists were tried, opening the door to new trials and freedom for top terrorists. The Supreme Court issued a 60-page ruling in response to a petition from 5,000 people (mostly family members of the terrorist prisoners), contesting four emergency decrees issued by President Alberto Fujimori in 1992, which permitted captured terrorists to be tried, convicted, and jailed in military courts. Before those emergency decrees were issued, captured terrorists had been freed en masse by judges terrorized by death threats regularly fulfilled by the ter-

The Court has not released its full ruling, but its President, Javier Alva Orlandini, announced that it had thrown out the decree that allowed suspects to be tried for treason-which decree he denounced as "state terrorism." Clauses and articles of the other decrees were also thrown out, and the court declared life sentences unconstitutional. Instead of eliminating the latter, however, the court ordered Congress to pass a law automatically revising sentences after 30 years

The effects of this decision, made by a Supreme Court formed under the State Department/Project Democracy/George Soros coup which overthrew Fujimori and installed President Alejandro Toledo, will be momentous. Retrials are now expected for those who led the 12-year genocidal terrorist war against Peru, because they were convicted under the treason decree. At the same time the terrorists were given this legal boost, the Toledo government continued to purge and drastically shrink the nation's Armed Forces. More than 400 officers were cashiered in December, and more purges are expected.

Meanwhile, color posters of a smiling Alberto Fujimori began appearing in Lima at the end of December. At the bottom of the poster appears the simple phrase: "He Does Know How To Govern."

China Last Test Before Spaceflight

After a mission of six days and 18 hours, the command module of China's Shenzhou IV spacecraft landed safely at the pre-designated site in Inner Mongolia in snowy northern China. The orbital module is still aloft, carrying out scientific experiments.

On Jan. 2, Chinese official Yuan Jie made the much-anticipated announcement that the first Chinese *manned* space mission will take place in the latter part of this year.

Xinhua reported that the command module performed several hundred maneuvers in space, including the unfolding of its solar panels. The Shenzhou capsule can hold up to three *taikonauts*, and space observers propose that even the first Chinese manned mission may have more than one crew member—orbital rendezvous between two spacecraft is not far off.

Adding to the anticipation of the Chinese manned launch, for the first time, China television aired footage of *taikonauts* during zero-gravity training aboard a Russianmade airplane. There was no indication of when the training took place.

Speaking at the 90th session of the Indian Science Congress in Bangalore on Jan. 4, the President of the Congress, Dr. A.P.J. Abdul Kalam, described space science and technology as "amazing and beautiful," and a "true miracle for all mankind." He continued, "In this connection, I would like to congratulate China for their recent successful launch of Shenzhou IV, orbiting a recoverable spacecraft around the Earth, moving a step nearer to manned space missions."

Guo Baozhu, vice administrator of the China National Space Agency, stated at the Congress that, looking toward the future, his nation's Lunar Exploration Program is in the study phase, and is awaiting government approval.

WFP Says U.S. Holds Back N. Korea Food

The UN World Food Programme accused the United States of holding back its pledged contributions to food shipments to North Korea. On Jan. 5., citing "senior Administration officials," WFP staff said the food shipments had been delayed because of concerns regarding the monitoring of the target groups for the food aid, in spite of the fact that the WFP officials have "no hard evidence" that the food aid is being diverted by North Korea's government. "We have relatively good confidence that the food is reaching the people who need it," one WFP officials said

Asked about this on Jan. 6, White House Press Spokesman Ari Fleischer said, "The United States does not condition food aid on political or security issues. We intend food aid to be viewed and seen and received as a humanitarian gesture of the people of the United States around the world. We intend to be responsive to the World Food Programme's appeal for North Korea, as we have in past years." But he added, "We still have concerns regarding monitoring access in North Korea, that need to be addressed. It remains very important for North Korea to make certain that the people who need the food receive the food"—indicating that the accusations of Bush Administration withholding of food may indeed have some va-

The same line came from State Deparment's Richard Boucher, who also suggested another reason for the delay: "Exactly how much we can give in any given year depends on the budgetary situation, and we are in a position right now waiting for the appropriation so that we can make whatever commitments we will make for this year. Looking at that situation now and seeing if there's not a way to, well, to define further, but we have to have the appropriation. But I think our intention is to continue to support these programs."

Briefly

HMO'S had an extremely profitable 2002, due to hiking health insurance premiums. Except for Cigna, thirdquarter earnings skyrocketted by 47% on average for 11 major managed care insurers, according to a report by a Merrill Lynch analyst. Both premiums and profits are expected to rise again this year. "They did really well financially, and they'll do really well again this year," said Carl Mercurio, the publisher of Managed Healthcare Market Report. Premiums are expected to increase by an average of 15.4% this year, while health costs to insurers grow on 12%.

EHUD BARAK, Israel's former Prime Minister, told an interviewer at Israel's Channel 2 TV on Jan. 4, that "The Likud [party] was always the genuine collaborator with terror. . . . You can't sow fear in the heart of a nation without inside collaborators, and the real terror collaborators are Likud leaders. They made the blood dance and danced on the blood." The interview took place only 24 hours before the Jan. 5 Tel Aviv suicide bombings, which served as an Ariel Sharon election boost.

POPE John Paul II is "deeply worried" over Iraq, Archbishop Renato Martino, prefect of the Vatican's Council for Justice and Peace and former UN Envoy of the Holy See, told Italy's *La Repubblica* on Jan. 4. Archbishop Martino said, "The Pope lives the drama of the moment, he feels involved personally," adding that "unilateralism is not acceptable. . . . We cannot think that there is a universal policeman to take a stick to those who behave badly."

GRAIN production in China rose in 2002 for the first time in three years, according to *People's Daily* on Jan. 3. The 1% increase to 457.1 million tons, was the first such increase since 1999. The Ministry of Agriculture had predicted a 500-million-ton grain harvest in 2002. Acreage was down by 2%, but per-unit grain production grew by 3% from 2001.

ERNational

Rangel's Military Draft Bill Ruffles Hawks' Feathers

by Michele Steinberg

A New Year's Eve commentary in the New York Times, "Bring Back the Draft," by Rep. Charles Rangel (D-N.Y.), the ranking Democrat on the Ways and Means Committee and a senior member of the Black Caucus, has the pro-Iraq war "chicken-hawks," and their allies among the uniformed utopians "up in arms." Rangel said he would introduce legislation to restore the military draft—a promise on which he delivered on Jan. 7, the first day of the 108th Congress. Even before the bill was introduced, angry responses against Rangel, and against Rep. John Conyers (D-Mich.), also a senior member of the Black Caucus, who supports the bill, appeared in the financier oligarchy's Wall Street Journal, accusing them of political opportunism and playing race politics; and came from Secretary of Defense Donald Rumsfeld, who implied that Rangel is ignorant of the matters of the "professional military."

Apparently, Rangel, who is a decorated Korean War veteran and, during the Vietnam War, was general counsel to the National Advisory Commission on Selective Service (the "draft board"), hit a nerve.

Rangel's move was a welcome dose of reality, as a flood of daily headlines were chronicling the Rumsfeld-ordered deployments of U.S. troops to the Middle East, to take up positions that would be used in a war against Iraq. Well-informed Washington sources told *EIR* that the total of forces, already on location, combined with those deployments which have been announced and are planned for the immediate future, adds up to 100,000 American troops—combat and support. Behind the scenes in Washington, the sources said, complaints are growing that this deployment stretches the violation of "separation of powers" between the Executive and Congress on fighting a war, to the limit. Public criticism

may break out, these sources said.

Rangel's commentary has caused a furor among pro-war utopians, precisely because most of the war-mongers are "chicken-hawks," who have no military experience, and who are in no danger of having their own children involved in a war. Rangel's article noted: "President Bush and his Administration have declared a war against terrorism that may soon involve sending thousands of American troops into combat in Iraq. I voted against the Congressional resolution giving the President authority to carry out this war—an engagement that would dwarf our military efforts to find Osama bin Laden and bring him to justice.

"But as a combat veteran of the Korean conflict, I believe that if we are going to send our children to war, the governing principle must be that of shared sacrifice.... Yet the Congress that voted overwhelmingly to allow the use of force in Iraq includes only one member who has a child in the enlisted ranks of the military.... I believe that if those calling for war knew that their children were likely to be required to serve—and to be placed in harm's way—there would be more caution and a greater willingess to work with the international community in dealing with Iraq. A renewed draft will help bring a greater appreciation of the consequences of decisions to go to war....

"A disproportionate number of the poor and members of minority groups make up the enlisted ranks of the military, while the most privileged Americans are under-represented or absent. . . .

"We need to return to the tradition of the citizen soldier—with alternative national service required for those who cannot serve because of physical limitations or reasons of conscience" (emphasis added).



Rep. Charles Rangel (D-N.Y.), a decorated Korean War veteran, has introduced a bill to restore a mandatory draft for universal military or alternative service. Lyndon LaRouche hailed Rangel's legislation as "the get-real bill." It has stung the Utopian advocates of "professional armies" and imperial wars, like the invasion of Iraq—which Rangel opposes.

Blasting the Chicken-Hawks

Rangel, who was awarded a Purple Heart and a Bronze Star for his service, went even further in several television and radio interviews on Jan. 3. Speaking on National Public Radio, he said, "If indeed the President believes war is necessary in terms of our national welfare, then he has to believe that sacrifices have to be made, and those sacrifices have to be shared. We have to kick up a notch the sense of patriotism and the sense of obligation."

When the host of NBC's Today Show asked, "Are you talking of all those people in the higher echelon, all the way up to the top, not being aware of the cost of minorities? Are you saying that?" Rangel replied: "After you get past Colin Powell, they haven't the slightest clue as to the pain of war, the sacrifice of war."

"Wait a minute!" the interviewer interrupted. "You're talking about Donald Rumsfeld, the Defense Secretary. You're saying he doesn't have an idea of the cost, the pain of war? The President of the United States?"

Rangel responded: "Well, when Rumsfeld gets on television and says, 'We can fight more than one war at a time; we can fight in North Korea; we can fight in Afghanistan; we can fight'—when the President of the United States says, 'I've made a New Year's resolution to eat less cheeseburgers, and not to go to war in Iraq if I can avoid it'—that's no way to be talking about war."

He continued, "When I talk with people who support the war, I ask, 'Do you have any idea, do you know anybody who has anybody in the military that would be exposed to this pain and this sacrifice?' And they don't, because these people are not able to negotiate for themselves. And others have treated this as though it was the French Foreign Legion. After all, they volunteered. They're being paid to fight. And a lot of those kids and their families have been on food stamps."

Representative Conyers was quoted on Jan. 3, "It has unfortunately become the duty of someone else's child to go to war and die, as the privileged evade the tragic consequences of war."

Rumsfeld Shoots Back

Rangel's legislation would reinstitute a draft to compulsory military or alternative national service for men and women aged 18-26, who are U.S. citizens or permanent residents. He said bluntly, "This legislation is necessary to achieve a full sharing of the sacrifice which will be required . . . if the President chooses to invade Iraq." The national service can be defined by the President, for national or homeland security.

Later that day, at the Pentagon briefing, Rumsfeld blew his stack. The same Secretary of Defense—who had in earlier moments repeatedly called for emergency measures, including sacrificing civil liberties, because America is "at war" against terrorism, said that the draft proposal has "notable disadvantages" which a professional military force does not. Relegating "patriotism" to his other press conferences, Rumsfeld complained that under a draft, people would be "forced" to serve, and could earn less than they would in the private sector. And draftees are "churned" through the system, making it very expensive, because they "serve the minimum amount of time."

He made an attempt to refute Rangel and Conyers' assertions that the poor and minorities fill the ranks of the enlisted military. "I do not know that that's historically correct," complained the Secretary. "And I do not know that, even if it were historically correct, that it's correct today."

But the real issue is the deeper one raised by Rangel, that it is time to return "to the tradition of the citizen soldier," which is a tradition that was deliberately marked for destruction by Zbigniew Brzezinski clone, Samuel P. Huntington, in the 1956 book, *The Soldier and the State*, where he insisted that soldiers become automatons, following the orders of a civilian leadership, and that they have *no* political or strategic thoughts or identity. Huntington, who, later, with input from British intelligence operative Bernard Lewis, invented the "Clash of Civilizations" war against Islam, argued that the military should be held to the code: "Ours is not to reason why; ours is just to do and die."

Representative Rangel's proposal is unquestionably a provocation to both the chicken-hawks and to the citizens who have let the utopians bring the United States to the brink of starting a global imperial war, which could go nuclear.

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Rumsfeld Revives Vietnam-Era 'Phoenix' Assassination Teams

by Edward Spannaus

On Jan. 8, Defense Secretary Donald Rumsfeld announced a reorganization of the U.S. Special Forces Command (SO-COM) which, he said, will give it the authority and the tools "to plan and execute missions in support of the global war on terror." "The global nature of the war, the nature of the enemy and the need for fast, efficient operations in hunting down and rooting out terrorist networks around the world have all contributed to the need for an expanded role for the Special Operations forces," Rumsfeld said.

What Rumsfeld did not say, except implicitly, is that the reorganization is part of his effort to recreate the Vietnamera "Phoenix" assassination program run by the CIA, which indiscriminately killed more than 8,000 alleged Communist sympathizers in the year 1970 alone. Rumsfeld's plan, like many of the shoot-from-the-hip ideas concocted by the top civilians in the Defense Department clustered around Deputy Defense Secretary Paul Wolfowitz, has set off alarm bells among the uniformed military, and even within the Special Forces themselves.

'Hunter-Killer Teams'

The opening shot of this drive—at least the first publicly acknowledged one—came on Nov. 3 in Yemen, when an unmanned Predator drone aircraft fired a Hellfire missile at an automobile thought to be carrying an al-Qaeda leader. In fact, there were six men in the car, including an American citizen. All were killed instantly.

As background to the Yemen assassinations, investigative reporter Seymour Hersh reported in the Dec. 23-30 issue of the *New Yorker* that Rumsfeld had issued a secret directive to Air Force Gen. Charles Holland, the Commander of the U.S. Special Operations Command, "to develop a plan to find and deal with members of terrorist organizations." Rumsfeld also told Holland: "The objective is to capture terrorists for interrogation or, if necessary, to kill them, not simply arrest them in a law-enforcement exercise." Holland was to develop plans to cut through the Pentagon bureaucracy, so that he could process such deployment orders "in minutes and hours, not days and weeks."

Hersh reported that Rumsfeld and his deputies were complaining that General Holland had a case of "the slows" (a reference to Abraham Lincoln's criticism of Union Gen. George McClellan), because of Holland's caution in carrying out Rumsfeld's order after 9/11, that Holland compile a list of terrorist targets for immediate retaliation in areas besides Afghanistan. Holland had told Rumsfeld that an immediate attack in areas identified—in Somalia, Mauritania, the Philippines, and the Triple Frontier area along the Brazil-Paraguay-Argentina border—was not feasible, because the military lacked "actionable intelligence" on the targets.

Rumsfeld's approach has been opposed by the Joint Chiefs of Staff, who, according to Hersh, do not wish to see the elite special forces units—the Navy's SEALS, the Army's Delta Force, and the ultra-secret Gray Fox unit—turned into "hunter-killer teams." Hersh made it clear that Rumsfeld has been in an internal Pentagon war with the uniformed commanders, who oppose this kind of assassination program as a revival of the Phoenix Program.

Hersh singled out Wolfowitz, Undersecretary of Defense for Policy Doug Feith, and a little-known Pentagon official, William J. Luti, who runs "the vaguely named Office of Special Plans," a unit which Hersh described as "the center of some of the most aggressive strategizing taking place in the Pentagon today."

'P2OG'

Other developments along similar lines have been reported recently, for example the proposed "Proactive Preemptive Operations Group" (P2OG). This came out of a Defense Science Board (DSB) study and report issued in October. According to published accounts, the DSB recommended creation of a P2OG organization which would be comprised of specialists in information warfare and information operations, covert action, cover and deception, intelligence operations, PsyOps, Humint and Sigint (human intelligence and signals intelligence) and Special Operations Forces.

The "proactive" element of the program is expressed in such concepts, contained in a DSB presentation, as:

- "Develop an entirely new capability to proactively, preemptively evoke responses from adversary/terrorist groups," and
- "Improve information collection by stimulating reactions."

That should bring a number of historical examples to

mind, such as as the secret, repeated commando raids against North Vietnam in 1964 which provoked a North Vietnamese response, which was then magnified into a pretext for the "Gulf of Tonkin" resolution authorizing a U.S. response. Or, take a more recent example, that of the Palestinian Authority's revelations that the Israeli Mossad was covertly recruiting young Palestinians to fake "al-Qaeda" cells in the Gaza Strip, which were actually run by Israeli agents.

And, speaking of historical analogies, the P20G would combine Defense Department and CIA capabilities, and would report directly to a special unit in the National Security Council which would be dubbed the "Special Operations Executive" (not accidentally, the name of the British Secret Intelligence Service (SIS) coordination point for special operations during World War II).

Putting P2OG under the National Security Council, is the same model under which the 1980s so-called "Iran-Contra" operations were conducted, when covert operations were run out of the NSC using military and CIA assets, under the direction of the clowns around Oliver North.

ISA/Gray Fox

EIR was advised, early last Fall, that the old "Iran-Contra" networks were being reactivated, and one of the areas of reactivation identified was the Intelligence Support Activity (ISA). ISA was an intelligence unit created as part of the Army's Special Forces, and it did many of the things which were commonly thought to have been done by the CIA—in fact, it sometimes used the CIA as a cover for its own operations. ISA was part of what was traditionally known as the "focal point" apparatus, developed during the 1950s under the Special Assistant for National Security Affairs, which established a special channel for the CIA within the Defense Department. (That was the CIA of the 1950s; not today's CIA, which is a very different, and some would say, more timid, animal.)

During the Reagan-Bush "Iran-Contra" era, ISA was used directly by the NSC for arms deals, counter-terrorist actions, and other covert operations. It was ISA which was responsible for the creation of the John Hull ranch in Costa Rica as a transshipment point for guns (and drugs) in the early 1980s. In 1982, ISA was "buried" so that Congress was not even aware of its existence, with its funds being drawn from the Pentagon's "black budget" and secret CIA funds. Within the Pentagon, it was referred to as "the crazies in the basement." Its free-flowing financing and spending led to the eruption of a public scandal around its "Yellow Fruit" unit, which resulted in criminal prosecutions and the jailing of its leader, Lt. Col. Dale Duncan.

ISA never really went away. Today it is part of the Joint Special Operations Command at Fort Bragg, North Carolina, and is reportedly already active in anti-terrorist operations around the world, under the name "Gray Fox." By some accounts, ISA was in Venezuela earlier last year, involved in the coup attempt against President Hugo Chávez. And in Af-

ghanistan, many of the horseback-riding, bearded special operations forces are actually ISA personnel.

When Seymour Hersh referred to "the United States government's secret undercover teams, known as Gray Fox," which would comprise Rumsfeld's new "hunter-killer" teams, this is what he was actually talking about.

Of course, there is no more obvious example of what is being proposed, than the Israeli "targetted assassinations" of persons they describe as suspected terrorists. The Israeli secret services have a well-known, long history of conducting assassinations abroad. (What is less well known, is that the Mossad has intentionally knocked off moderate leaders of the secular Palestine Liberation Organization (PLO), with the objective of promoting the most extreme religious fundamentalists, such as those in Hamas—which Ariel Sharon was instrumental in creating in the late 1980s.)

U.S. Military Vulnerabilities

Former military officers have explained to *EIR* some of the vulnerabilities that make the U.S. military suspectible to the insertion of capabilities modelled on, and linked to, Israeli and British special operations organizations.

The Special Operations Command (SOCOM) is regarded by many in the military as having become bureaucratized and lethargic. Its commander, General Holland, is considered a good, kind man, and a consensus type, not a warrior type. Add to this, the fact that Special Operations Forces are overdeployed right now, at "warp-speed op-tempo" (as one source put it), and the result is, that there is little or no innovative, strategic thinking going on in SOCOM.

So, into this vacuum ride the Perle-Wolfowitz gang, who are easily able to foist their schemes upon Rumsfeld and Vice President Dick Cheney, who are frustrated with what they regard as a lack of aggressive, "forward-leaning" thinking in SOCOM—or in the CIA, for that matter.

What the recent organizational changes announced by Rumsfeld permit, is that the Secretary of Defense can deploy SOCOM forces directly, without "going through the military bureaucracy;" that is, by-passing the Combatant Commanders of the geographic commands such as the Central Command or European Command. In some cases, it also means that SOCOM units can operate in-country without the approval of the State Department.

In short, what Wolfowitz, Perle and company have done, is to give Rumsfeld his own personal Israeli-style hit squads, to be culled out of the Special Operations Forces. "They want to turn these guys into assassins," Hersh was told by a former high-level intelligence officer. "They want to go on rumors—not facts—and go for political effect; and that's what the Special Forces Command is afraid of. Rummy is saying that politics is bigger than war, and we need to take guys out for political effect."

As for Rumsfeld, the source reported, "The military is saying, 'Who is this guy?' "

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National News

Voters Increase Taxes To Save Hospital

"The [health care] system keeps getting tremendously strained. It is extraordinarily fragile right now," Los Angeles County chief medical officer David Altman said as he welcomed the unexpected passage of a tax increase ballot referendum. Not since California's infamous 1978 anti-tax Proposition 13 has the county fielded a tax increase referendum; this one passed by a 73% landslide. At stake: closure of two more public hospitals. The county, faced with a \$500 million deficit, had already slashed medical services, closing 11 clinics, converting one hospital to an outpatient facility, and reducing beds and services at vet another. The new taxes garnered will keep the hospitals open for now, but new cuts loom.

The state's \$35 billion-plus revenue shortfall has California Gov. Gray Davis (D) and legislators planning to cut benefits and eligiblity in the Medicaid program. The 300,000 citizens cut off will be forced to rely on emergency rooms for primary care, adding to the fragility of the system.

The National Association of Public Hospitals and Health Systems reports that half its members now operate in debt, up a third from last year. One example given by the Washington Post on Dec. 31 is Michigan. Officials report that clinics and hospitals that serve the poor are having to cut hours and offer only core services, due to the state's financial crisis. A Michigan Health and Hospital Association spokeswoman said, "The economic realities of health care are as bad as ever. Many of our members are trying to hang on, but things are tenuous at best."

Oregon's Budget Crisis May Be Worst

Oregon's budget crisis may be the worst of any state in the nation, according to a report in the *Seattle Times* on Dec. 29. Revenues have collapsed, and the state expects a \$1.9 billion shortfall, equal to 18% of its projected two-year budget of \$11 billion for

fiscal 2003-05.

The Portland school district may cut as many 24 days from the remaining six months of this school year, giving it the shortest school year in the nation. The district has already dropped all funding for Spring sports.

Other cuts on the state level are as severe as those in education. The Oregon State Police, for example, will lay off more than 20% of their 1,400 employees, and close four of their seven crime laboratories. In March, all appellate, tax, and circuit courts plan to scale back to four days a week. Public defenders will be cut out completely, so the state will halt prosecuting misdemeanor crimes.

The Oregon Health Plan, in March, will cease all payments for alcohol and drug treatment for more than 100,000 people. In Portland, all methadone treatment and counseling will end for 2,000 people at seven city clinics.

The state's Public Employees Retirement system faces a \$9.7 billion shortfall in coming years.

A referendum to increase the state income tax is likely to fail in January. If so, school districts will shut down some schools, and the entire state will cut 24 days off the school year, which will amount to one day a week for the second semester.

Welfare Caseloads Rise in Most States

Welfare caseloads, which had been slashed by more than half in the late 1990s, following welfare reform passed in 1996, are now again rising in the economic plunge, as official unemployment has reached 6%. From July to September last year, 38 of the 50 states and the District of Columbia reported increases (averaging 2%) in the welfare rolls—at a time when states are facing "the most dire fiscal situation since World War II" as the Federal government is cutting the value of the block grant to the states to support programs for the poor (part of the 1996 reform), according to American Enterprise Institute's Douglas Besharov. At the same time, "aid to working families not receiving cash welfare is at its highest level since the Great Depression," he said.

Over the year from September 2001 to September 2002, welfare caseloads increased, by an average 8.5%, in 25 states—four more states than the previous year. Nevada had a 31% caseload increase, and Wisconsin saw a 15.8% increase. Most states—27 of the 50—have experienced a caseload increase (averaging 12.7%) since March 2001, the "official" start of the "recession." Staggering increases occurred in Nevada (60.1%), Mississippi (26.6%), Wisconsin (23.7%), Arizona (22.6%), South Carolina (22.6%), and Indiana (22.4%).

Call-Up of Reserves Hits Law Enforcement

If President Bush proceeds to activate the Army, Coast Guard, and National Guard reserves to active duty, one area that will suffer is law enforcement. For example, in West Virginia, State Police Superintendent Howard Hill said on Jan. 6, that 9% of his state's uniformed forces are in the reserves. He could lose 51 state troopers.

Nationally, police forces have a disproportionate percentage of employees serving in the military reserves, estimated at between 3-5%. This potential drain of manpower is being made worse by the states' budget crises, which is cutting back law enforcement capabilities and manpower.

Race, Geography Make Death Sentences

According to a death-penalty study by researchers at the University of Maryland, commissioned by outgoing Gov. Parris Glendening (D), the state's death-penalty system is tainted with racial bias, and geography plays a significant role in who faces a capital conviction. The study, released Jan. 7, is one of the nation's most comprehensive official reviews on race and the death penalty. It concluded that defendants are much more likely to be sentenced to death if charged with killing a white person.

"The key finding of this study is that,

when it comes to the death penalty, white lives are considered more valuable than black lives in the state of Maryland," said Richard Dieter, Executive Director of the Death Penalty Information Center. "Such a system should not be allowed to stand. This study, as well as the findings of studies in other states around the nation, clearly illustrate the unfairness in capital punishment. Until these injustices are addressed, states should follow the lead of Maryland and Illinois and enact a moratorium on executions to allow further investigation and reform."

Glendening ordered the study in 2000, after reviewing a 1996 Maryland Commission review which concluded that "the high percentage of African-American prisoners under sentence of death, and the low percentage of prisoners under sentence of death whose victims were African-American, remains a cause for concern." While only 28% of Maryland's population is black, 67% of the state's death row is black, and 100% of these capital cases involved white victims. These statistics and the ongoing University of Maryland review prompted Glendening to declare a moratorium on executions; but the new Governor, Robert Ehrlich (R), has stated that he plans to lift the moratorium when he takes office.

Among the key findings: The race of the victim makes a significant difference in whether prosecutors seek a capital conviction; black defendants who are charged with killing whites are far more likely to face a death sentence than all other racial combinations; prosecutors in different jurisdictions exhibit considerable variation in the extent to which they seek the death penalty; and racial bias is detected in the early stages of prosecution when state's attorneys decide whether to seek a death sentence, and continues through all phases of the process.

Terrorism Can't Stop Nuclear License

The Nuclear Regulatory Commission in Washington ruled on Jan. 6 that the threat of terrorism cannot be used as an issue of intervention into consideration of licensing nuclear reactors or installations. The antinuclear lobby was hoping, that a ruling

which would allow consideration of whether a facility could withstand a terrorist attack, would make it impossible to re-license older reactors—dozens of which are coming up or to build new facilities.

The NRC said that the risk of a terrorist attack is too speculative, and that in one case, the risk—defined as a product of the probability of an event multiplied by its consequences—"we have no way to calculate the probability portion of the equation, except in such general terms as to be nearly meaningless."

The New York Times quoted former Commissioners Victor Gilinsky and Peter Bradford as being horrified by the NRC decision—as if they were "objective" parties. In fact, both represented anti-nuclear views and policies when on the NRC during the Carter Administration, and particularly after the Three Mile Island nuclear accident in 1979.

Amdocs Employees Shifted to U.S.?

The Israeli business daily *Globes* reported on Jan. 6 that Amdocs, an Israeli telecommunications billing company, had begun to airlift employees from its Israeli offices to its headquarters in St. Louis, in anticipation of an Iraq war. *Globes* said the company's objective was to transfer the company's "best minds" to the United States, and that this was begun several months ago, but was being held up because U.S. authorities are checking visa applications more carefully.

As *EIR* has reported, Amdocs' senior management are also senior members of Israel's military and intelligence establishment. Amdocs is one of the world's leading providers of telephone customer billing services, and as such, it has access to records of almost every telephone call dialed in the United States. U.S. law enforcement officials suspect Amdocs of being linked to Israeli organized crime circles, and that its data is used to help criminals stay one step ahead of the law. Many of the so-called "Israeli art students" deported for possible espionage last year, had given Amdocs as their place of employment.

Briefly

MAGLEV trains for the United States were demanded in an enthusiastic letter to the *New York Times* on Jan. 4. Virgil Moorefield of Illinois noted that China is now considering a magnetic levitation train from Shanghai to Beijing, a 775-mile route just under the 797 miles from New York to Chicago. "Imagine avoiding traffic and airport congestion," wrote Moorefield, "and being able to make the trip from Midtown to the Loop in a mere three hours—from Penn Station to Union Station. Chicago's Union Station, that is."

PRIVATE LOANS from banks for college tuition hit a record \$4.95 billion in the 2001-02 year, up 39% from a year earlier. This was almost five times the level of \$1.1 billion in 1995-96, according to the College Board's report titled "Trends in Student Aid." College costs have continued to soar, while the stock market fell, driving families at the limit on Federal education loans, to turn to private lenders. Over the past decade, the average cost of private four-year education has jumped by 43%, while the borrowing limit for the main Federal loan program (Stafford Loan) has remained unchanged.

TEXAS faces a budget shortfall of \$8-12 billion according to Comptroller Carole Keeton Strayhorn on Jan. 8. Previously, she had estimated a shortfall of "only" approximately \$5 billion. While promising to protect "essential services"—which are notoriously underfunded in Texas—Strayhorn said the budget will be balanced through cuts in spending, adding, "It's going to be painful." Both Strayhorn and Gov. Rick Perry denied that the Texas economy is in a recession.

THE DOLLAR reacted to President Bush's Jan. 7 tax-cut blitz, by falling to its lowest level in more than three years against the euro on Jan. 8, and falling against the yen as well. The price of gold jumped \$6.60 to \$354.30 per ounce, the highest closing price since April 1997.

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Editorial

A Republic If You Can Keep It . . .

The year 2003 has been ushered in with a pair of major U.S. media promotions of the bad old idea of imperialism. On Jan. 5, the New York Times Magazine ran a red, white, and blue cover with the screaming five-inch headline, "American Empire (Get Used To It)." The accompanying article, by Canadian-born and formerly London-based Harvard professor Michael Ignatieff, was only a slight less histrionic screed for an American Imperium, starting with the military occupation of Iraq. It is of historical note that Professor Ignatieff is the great-grandson of the founder of the Russian Tsarist secret police, and that he spent ten years as the resident understudy and biographer of the British Fabian diplomat and Ox-Cam professor Isaiah Berlin, who, along with William Yandell Elliott, mentored Henry Kissinger at Harvard.

The second, more pedestrian call for a global *Pax Americana* appeared as the cover-story of the Jan. 13, 2003 issue of Mort Zuckerman's *U.S. News & World Report*, under the title "The New American Empire?" by Jay Tolson. The article diagnosed the September 2002 Bush Administration National Security Strategy, which infamously promoted a new doctrine of pre-emptive war against any nation or combination of nations which threatens U.S. global military hegemony.

This latest effort to spark a public "debate" over the virtues of a benign American global empire is reminiscent of the Council on Foreign Relations' 1993 spotlighting of Samuel P. Huntington's borrowed (from Bernard Lewis) call for a worldwide "Clash of Civilizations," pitting "the West against the rest," particularly the world's 1 billion Muslims and 1.2 billion Chinese.

The idea of imperialism, at the dawn of the 21st Century, is one that has been long overdue for permanent memorialization in the trashbin of history. It has absolutely no place in the political discourse of the United States of America, whether in the form of magazine-sparked popular debate or misguided Administration policy.

As Lyndon LaRouche has stated in numerous speeches and essays, the United States is unique in his-

tory, as the only modern nation-state to be established on the basis of universal republican principles. Both the Declaration of Independence and the U.S. Constitution committed the United States to being an instrumentality for the common good—what the Founding Fathers described, in the Preamble to the Constitution, as the "general welfare." In foreign policy, John Quincy Adams defined the American mission in the world as that of the leading promoter of the community of principle among perfectly sovereign nation-states.

The strategic mission of the United States was set in stark contrast to the very idea of imperialism, colonialism, and all forms of oligarchical oppression.

Unfortunately, the United States has also always faced an "enemy within," in the form of what President Franklin Roosevelt called "the American Tories," and their populist rabble. Today, the American Tories occupy positions of power inside the Bush Administration, particularly in the civilian apparatus of the Pentagon and in the Office of Vice President Dick Cheney. They occupy positions of prominence on Wall Street, and, as the *Times* and *U.S. News* pieces suggest, they also control a growing section of the American mass media and entertainment sector.

Nevertheless, the idea of imperialism, like the "American Tories" (call them utopians or neo-conservatives), represent an alien seed, planted early and now taken root in the American political soil. They are alien to the very principles upon which the American experiment in republican government was launched.

We are now entered into a period of weeks or months, when the fate of the United States and the world will be determined, for decades to come, by decisions on war and peace, and a long-overdue return to the American System of political economy, instead of the bankrupt imperial notion of free trade, globalization, and consumerism.

At the conclusion of the Constitutional Convention, Benjamin Franklin was asked to describe what the delegates had given to America. Franklin responded, "A republic—if you can keep it." Franklin's words echo in our ears today.

A В \mathbf{R} Н

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