

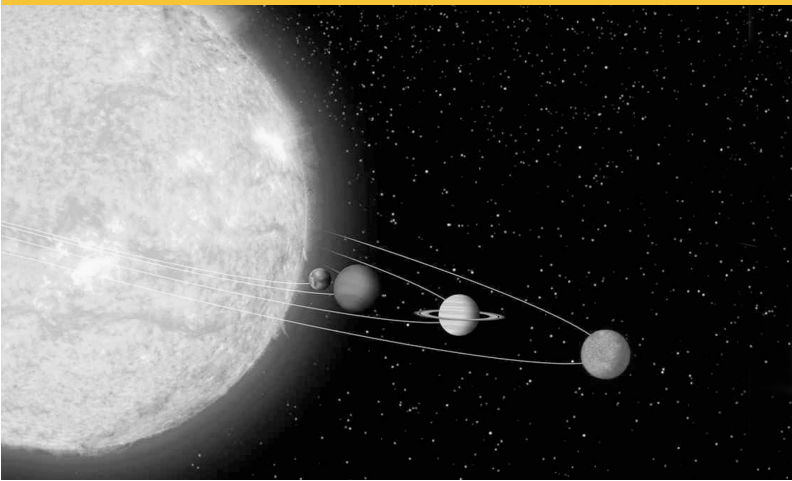
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Stop Being a Dupe! Know Your Actual Enemy
Change the Congress, To Stop World War III
The Mumbai Bombings: Tracking the British Role

**LaRouche: 'Reanimating
An Actual Economy'**



EIR

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From the Associate Editor

This issue is chockful of conceptions that most people today *avoid like the plague*—but which they absolutely must understand, if the world is not to plunge into a Dark Age. So, put your feet up, take a deep breath, and read on. Your trip through the pages of this magazine will not be an easy one (this is not a magazine you can “skim,” as I’m sure you’ve noticed), but you’ll be glad you took it.

- Lyndon LaRouche’s “Reanimating an Actual Economy” hits hard at the fundamental points that the U.S. Senate, Baby Boomers, Tweeners, and economic forecasters (among others) are terrified to admit: that their stinking, pragmatic compromises and failure to grasp the basic principles of physical economics have led the world not only to the brink of a financial-economic catastrophe, but also past the brink, into the abyss of global war.

LaRouche’s article addresses two audiences most especially: first, the Senate, which is permitting the Synarchist banker Felix Rohatyn’s destruction of the U.S. automobile industry, and the vital machine-tool industry it encompasses; but second, the generation of young adults that is the future world leadership. Members of the LaRouche Youth Movement are working with LaRouche, to hone the method of computerized animations that can most effectively convey the *dynamic* and *nonlinear* character of qualitative changes in economic processes. You’ll hear more about this in the future.

Complementing LaRouche’s *Feature*, see Jeff Steinberg’s article on the GOP’s ripoff of \$ *trillion* in tax benefits for the nation’s super-rich. Also, see our interview with Geronimo Velasco, the former head of the Philippines’ energy programs, under President Ferdinand Marcos. He has the inside story on how his country’s economic potential was wrecked by the “globalizers.”

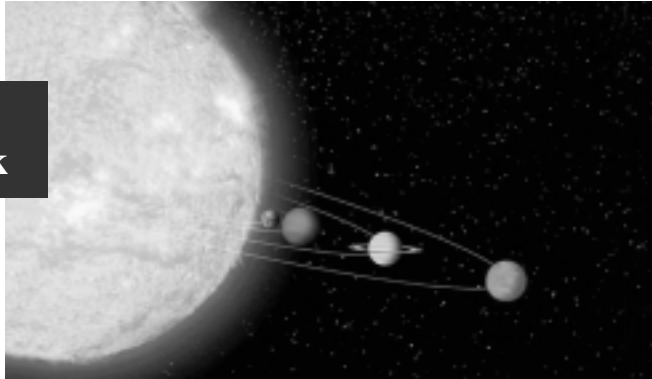
- Our *Strategic Studies* section rejects almost everybody’s axioms about who is behind the war against Lebanon. In so doing, it elaborates the historical identity of Synarchism, including with new quotes from previously classified U.S. intelligence documents of the World War II period. Synarchist fascism does not require swastikas; it is not a characteristic of certain races or nationalities. It was in the past, and remains today, steered by global financial interests—and it *can and will* bring fascism here, today, if not stopped.

Susan Welsh

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Artist's depiction of the Solar System. Kepler's study of musical harmonics led to his "prediction" of a shattered planet where the asteroid belt was later discovered.



NASA/JPL

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WHY THE SENATE'S INTELLIGENCE HAS FAILED

Reanimating an Actual Economy

by Lyndon H. LaRouche, Jr.

July 22, 2006

Many important conclusions must be reached on the basis of the U.S. Senate's wretchedly negligent, even, as some would say, implicitly treasonous expression of cultural decadence, in permitting the Synarchist banker Felix Rohatyn's virtual destruction of the U.S.A.'s national automobile industry, with its associated, strategically crucial machine-tool capacity. While the pattern of sophistry involved in this wicked result is a reflection of the typical cultural flaws of the privileged strata from the so-called "Golden Generation," the Senate's capitulation to a known fascist enemy, its abandonment of the most essential concept of national sovereignty, in favor of the fascist Felix Rohatyn, has gone beyond folly, to, in effect, virtual, if apparently unwitting—or, should I say "witless"—treason.

As I have repeatedly emphasized, publicly, over the years, the victory which President Abraham Lincoln had led, established us as a continental power which could not be conquered by invaders, but only by corruption. Now, that treasonous corruption has ensconced itself, full blown, in the role of the circles of fascist Felix Rohatyn.¹ The notion, on which Rohatyn insists, of subordinating the former sovereignty of the U.S.A. and other nations, to the caprices of what all leading U.S. political figures should have known, by now, as Rohatyn's stated intention to establish a new global, imperial,

Venetian-style financier oligarchy. Rohatyn's action is nothing less than an act of betrayal of the sovereignty of the U.S.A.

That immoral form of intellectual performance on this account, in that chamber, was aggravated greatly by the February 2006 capitulation to the tradition of Nazi "Crown Jurist" Carl Schmitt, in the matter of the confirmation of Judge Samuel Alito. This same incompetence was carried to an extreme in the Senate's panicked endorsement of an utterly foolish Israeli attack on Lebanon, not only a potentially suicidal action by the current misleaders of Israel, but an attack which could be the "Balkan War-like" spark for the early emergence of world war, this time as a virtual World War III. This now



EIRNS/Stuart Lewis

1. It might be said of Rohatyn, that even his rat-like appearance is an expression of Satan's touch of irony, in Rohatyn's likeness to a creature which H.G. Wells' "Dr. Moreau," might have crafted from what had been originally a rat.

Fascist Felix Rohatyn—shown here with co-thinker Donald Rumsfeld—is working to subordinate the sovereignty of the U.S.A. to a new global, imperial, Venetian-style financier oligarchy.



EIRNS/Brian McAndrews

A LaRouche Youth Movement team works on animations (l. to r.): Jason Ross, Delante Bess, Will Madurski, and Brian McAndrews. "The object is to free the mind from the stupefaction which the satanic Olympian Zeus demanded be imposed upon a mankind degraded to the limits of intellect prescribed for an oligarchical Satan's human cattle."

threatens to become a new world war in a new, asymmetric mode, with implications even more menacing for future civilization than the two preceding instances.

As it should be correctly adduced from the coincidence of the Israeli invasion of Lebanon with the strategic mode of terrorist actions against India's Mumbai, and also with the G-8 meeting, this action by Israel was not motivated by Israel itself, nor even by the relevant pack of criminal lunatics presently controlling the U.S. government. The force behind this mounting surge toward a new, third world war, is the alliance of the Anglo-Dutch financier and French Synarchist interests, an alliance which is merely typified in a prominent way by the same French backers of 1922-1945 fascism in Europe, as this cabal is typified by Felix Rohatyn today. In that sense, *this current wave of global crisis does not come from any sovereign government in particular, but from a slime-mold-like, international financier cabal which has positioned itself currently in a global position higher than any government.*

In most of these referenced matters before the Senate, the body, in effect, took actions on the matter of the Southwest Asia region as a whole, which went beyond merely reckless disregard of the available counsel of certain qualified elements of official and private intelligence institutions of the U.S.A., including disregard of excellent senior ranks of our military professionals. Obviously, *it was the pressure of other considerations, including campaign contributions from right-wing financier and related international circles tied to George P. Shultz, Felix Rohatyn, et al., not the interests of the*

U.S.A., which dominated the relevant failed performances within an implicitly DLC-bought-and-paid-for majority of the Democratic members,² as well as similar funding of the moral culpability of most Republicans.

As God punishes all great sins of folly, sooner or later, I can assure the errant Congressional Democrats in the case, that the contempt for what they have both done, and also failed to do, is already resonating among the ranks of the population, and will become thunderous between now and November. Leading Democrats should be reminded, that "confession may be good for the soul"; in any case, nothing less than acts of redemption would be of much value for their careers now—hopefully long before the election toward which they, like legendary lemmings, are currently marching, to a presently threatened humiliating defeat in November.

I have summarized that case during the now publicized proceedings of this preceding Thursday.³ But, it is with that set of leading developments in view, that we must proceed to rescue this republic, and implicitly civilization, from the awful betrayal heaped on the U.S., a betrayal expressed most recently in the instances of the treasonous rape of the U.S.

2. DLC: Democratic Leadership Council, a controlling factor in the Democratic Party which functions as a representative of right-wing groups, including financier and other interests such as those behind the attempted 1999 impeachment of U.S. President Bill Clinton.

3. I.e., July 20, 2006 webcast, "Rohatyn As Satan," *EIR*, June 20, 2006, or available at <http://www.larouchepac.com>.

industrial economy, *to which the Senate has implicitly consented*, and the travesty of U.S. strategic and related diplomatic policy in Southwest Asia and beyond.

The crucial factor, which must be understood, as causing this moral degeneration which is to be seen in the indicated pathologies in the policies of a majority among the Democratic fraction of the U.S. Congress, is to be recognized in the clinically distinct “Baby Boomer” qualities of the modern Sophistry which permeates all of the leading factors in the Senate Democrats’ refusal, since Spring 2005, to block the Rohatyn-led, ongoing rape of the auto industry. We must therefore see the need to defend the nation against the implicitly treasonous policies of Felix Rohatyn, et al. in this light. This decadence within the Senate fraction, began, thus, slyly, as an avalanche does, during May 2005, and later accelerated to emerge in the form we have seen since mid-February of this present year.

The root of this manifest perversity in the ranks of the Congressional body, and more broadly in society, is clearly a pathological pattern of the virtually “brainwashed” condition of the generation of what we should recognize today as the upper twenty percentile of both family income-brackets in the fifty-to-sixty-five age-range, and also those social strata of the same generation which represent relatively lower income brackets, but which have come to share the ideological propensities of the 1968ers of Europe and the Americas. This decadence among those strata, can be best compared, clinically and historically, with the degeneracy of the “Baby Boomers” of Pericles’ Athens, who led their own culture to self-destruction through a Peloponnesian War, a war-policy echoed, as the same disease echoes itself, by the policy which led into the presumed 2000 and 2004 elections of President George W. Bush, Jr., and the war policies, and related virtual treason of the period since the shock of September 11, 2001.

Thus, the foolish President George W. Bush, Jr.’s new war in a disintegrating Iraq, has become for our nation what the crimes against humanity, which Athens perpetrated against the people of Melos, meant for the so-called “Democratic Party of Athens.” Thus, Pericles’ Athens doomed itself with the same quality of degeneration into Sophistry which has been recently illustrated afresh within the U.S. Congress, the DLC-corrupted Democratic Party fraction in the Senate most emphatically.

Only when we recognize the Baby Boomer tendencies seen in the recent months’ downshift in morality of the Democratic Party leadership, as a reflection of the disease of Baby-Boomerism traced to the satanic influences of such agencies of modern Sophistry as Sidney Hook’s Congress for Cultural Freedom and the related American Family Foundation and Committee on the Present Danger, were it possible for us to save the nation as from any epidemic or pandemic disease. We must thus diagnose and treat the present cultural disease of certain leading institutions. We must employ understanding of the nature of the deep corruption which led to this,

today’s presently evident degeneration of the leading policy-directing stratum of our institutions.

On that account, the reading of the following matter, which is on the subject of the required method for forecasting the ultimate consequences of our continuing such follies, must be guided by careful study, especially among those who wish to be qualified to make the urgently needed, remedial corrections in current U.S. strategic outlook and policy.

1. Why Most Forecasters Are Fakers

In the course of my dealings with the implications of these Baby-Boomer atrocities, a copy of a technical paper, on economic matters, was recently forwarded to my attention.⁴ In my response, here, to the kernel of the argument in that paper, I am obliged to emphasize a matter of principle which is also of crucial significance for understanding the most frequent, principled cause of failure of even some otherwise mature and skilled intelligence officers in matters of strategic intelligence. That exposition has direct bearing on the nature of the challenge represented by a series of implicitly mass-suicidal policy-actions by the majority in the U.S. Senate, as in other relevant locations. The treatment of that subject which I provide here, is of the highest importance for shaping our imperilled republic’s policies today.

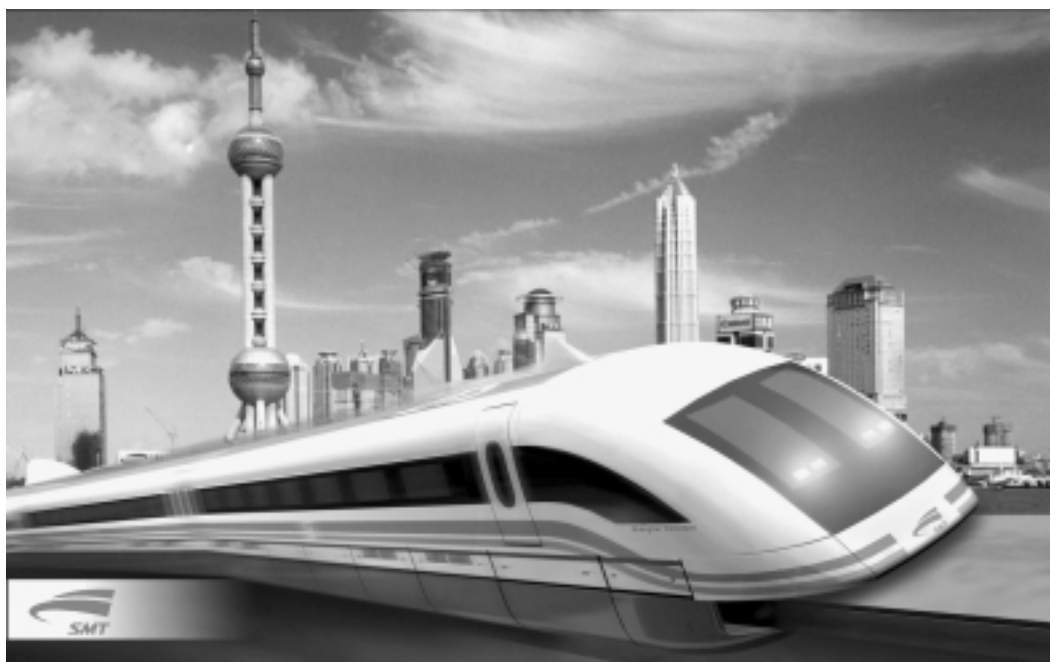
The William Nordhaus paper to which I have referred, was forwarded to me because it is focussed upon an area of economic research, which appeared to have some superficial similarities to my own longstanding program for use of computer animations as a tool of economic analysis. The material contained in the referenced paper which I criticize, is not useless; it has peripheral value, but lacks any insight into the essential characteristics of real-life macroeconomic functions as such, and therefore tends to mislead the author and readers of his report, leading attention away from identifying what should have been his adopted objectives.

This problem which I now address here on that account, treats a matter which is comparable to frequent errors in the practice of strategic intelligence, not only as in the miserably failed, recent performance of the U.S. Senate, but, even among what are otherwise respectable, valuable bodies of professional intelligence specialists.

Nonetheless, despite the fact that the author of that paper fails in his stated primary objective, it is in the urgent public interest that I diagnose the source of his difficulties on this point as follows:

My own original, principal discoveries in the field of

4. William D. Nordhaus, *Geography and Macroeconomics: New Data and New Findings* <http://www.pnas.org/cgi/reprint/103/10/3510>. My thanks to the person who recently forwarded a copy of a Dec. 2, 2005 report by William D. Nordhaus for my attention.



Transrapid

The “treasonous rape of the U.S. industrial economy” must be reversed, so that 21st-Century technologies, like this maglev train in Shanghai, China (artist’s depiction), can be developed.

Gottfried Leibniz’s founding of a science of physical economy, were developed, chiefly, during the interval 1948-1953, in reaction against the terrible fraud at the base of Professor Norbert Wiener’s stated notion of “information theory.” Technically, Wiener’s incompetent claims on that account echoed the same collection of failed Leibniz-hating mathematicians, including D’Alembert, de Moivre, Euler, and Lagrange, whom Carl F. Gauss had roundly refuted in his own 1799 doctoral dissertation. The outcome of Gauss’s argument on this account, was the development of the essential principles of physical hypergeometries by Gauss’s follower Bernhard Riemann, beginning Riemann’s 1854 habilitation dissertation.

As I have frequently reported over recent decades, during the late 1950s I attacked the then accumulated conceptual failures of Tjalling Koopmans, et al., by posing a method which I termed, on the basis of Riemann’s argument, as “dynamic economic” conceptions, conceptions which I proposed might be applied to digital computer systems as a partial remedy for the follies inherent in the use of linear programming for economic analysis.⁵ This adopted method has been integral, and key to my exceptionally successful work, over the interval 1958 to date, in the field of long-range economic forecasting.

A much needed, historically situated, model presentation of the relevant deep principle of physical science, is currently in preparation, and is intended to provide some much needed remedial education of professional economists, and others, in

the presently indispensable, reformed approaches to analysis and programming of crucial matters of economy.⁶

Since those past times, my approach has been based on the evidence that *successful economic behavior of nations and societies generally, is defined by a universal physical principle, a principle specific to human cognition, which is intrinsic to the human individual and his species, but lacking in all lower forms of animal life.* For this reason, the customary attempt of economists and accountants, to treat economy as virtually a branch of animal ecology, as done by, in the worse case, the “post-industrial ideologues,” is intrinsically professional incompetence.

For related reasons, all efforts to interpret long-term characteristics of national or world economy by the methods of statistical mechanics, converge on the extremes of quackery, as, for example, on the lunacy of both former Federal Reserve Chairman Alan Greenspan, and upon the mathematical schemes, of Myron Scholes, et al. Scholes was, largely, responsible for crafting the policy which caused the 1998 collapse of LTCM, and, therefore, was indirectly a contributing factor, in that manner and degree, for the, related, criminal disgrace which Enron inflicted, unjustly, upon its victims, and, justly, upon itself. In general, for such reasons, most of the economic forecasts recently uttered by the Federal government, or by private specialists, are either deliberately false, or simply utterly incompetent.

The needed approach to ending the prevalent incompetence of the most widely-publicized economic forecasts to-

5. According to the style of those times, I identified my method of “dynamic economic modelling,” by *Dynecomo*.

6. This presentation, now in preparation, is a correct demonstration of Johannes Kepler’s often misunderstood discovery of universal gravitation.

day, depends upon a view of the meaning of business cycles which is contrary to every axiomatic assumption those erring folk presently consider their own.

In light of the actual interdependency between economic policies and processes, on the one side, and long-term grand strategy of nations, on the other, incompetencies in methods of economic forecasting, are the foundation for blunders which may become even fatal for the nations which adopt them, as is the general case in the leading institutions of the U.S.A., and the nations of western and central Europe presently.

Understanding Business Cycles

Since all competent modern *physical mathematics* is based on the pioneering achievements of Johannes Kepler, the argument to be made, in explanation of the intrinsic incompetence of statistical mechanics for economics, will employ the image of a planetary orbit, as defined by Kepler's uniquely original discoveries, to define a forecastable quality of true long-term cycles in an economy. That lesson, from Kepler, for economics today, is the best source of remedy for the failures intrinsic to the consistently failed methods which have been employed by economics statisticians generally during the recent decades.

So, for pedagogical purposes here, what are usually regarded as long-term business cycles, may be compared, broadly, with that scientific method for defining orbital cycles which was discovered by Kepler. On this account, we may compare intended and actual results of an economic process, over the long term, to the case of the difference between an estimated and an actual astronomical, orbital cycle.

To illustrate the point, consider the following.

On this account, the post-World War II economic cycle experienced by the U.S.A. has undergone three distinct phases of a cyclical type since the death of President Franklin Roosevelt, up to the present time.

First, 1945-1965, from the death of FDR through the beginning of the follies of the U.S. war in Indo-China.

Second, the transition period, 1965-1971, of preliminary wrecking of the Bretton Woods monetary system, chiefly by the 1964-1967 actions of the United Kingdom's first Harold Wilson government. This deliberate British sabotage of the functioning of the Bretton Woods system's conformity to the existing rules, coincides with the subsequent wrecking-role of the so-called "68ers," against that Bretton Woods system.

The third phase has proceeded with the wrecking of the economies of the Americas, Europe, and Africa, under the influence of the post-1971 devolution which occurred under the floating-exchange-rate form of the IMF/World Bank system.

This third phase had three sub-phases: *first*, 1971-1981, the wrecking of the U.S. economy by "deregulation"; *secondly*, the wrecking which occurred under President Ronald Reagan's economic policies, especially his Administration's post-1983 economic policies; and, *thirdly*, the post-1987 phase of sheer lunacy, as typified by the financial-derivatives swindles under Federal Reserve Chairman Alan "Bubbles" Greenspan. The most recent sub-phase of Greenspan's folly, under President G.W. Bush, Jr., is that which a student of ancient Roman history might wish to dub "Neronic."

The remedy for the intrinsic incompetence presently taught as economics in universities and related professional circles, is twofold:

First, recognize the *specificity of economic cycles* in society, as absolutely distinct from the subject of the domain of animal ecology. From the standpoint of economic science, the current doctrines of the U.S. government respecting matters bearing upon national and world economy, are as clinically insane as Bush Administration strategic policies and practices generally.

Second, *discontinue the popular academic and related attempts to forecast (and analyze) from the standpoint of statistical mechanics*, whereas only dynamic methods associated with the work of such followers of Kepler as Leibniz, Gauss, Riemann, et al., are competent. All current forecasts which I have encountered on the world screen, are hopelessly, systematically incompetent by virtue of the method of argument employed to craft them.

Currently, I am working with a selection of talented young adults of exceptional promise for their future contributions to relevant scientific accomplishments. My included purpose in the immediate project, on animations, is to demonstrate to intelligent professionals, and to others, the proper methods of approach in use of computerized animations of county-by-county data, that over periods of two or three generations, in showing the determining factors in cause of catastrophe or recovery in the U.S. economy (in particular) today.

This work is premised, at its first stages, on the way in which Johannes Kepler defined cycles within the Solar System, and the way in which Kepler thus defined the need for developing both the infinitesimal calculus uniquely developed by Gottfried Leibniz, and the successive development of elliptical and higher (hypergeometric) functions by Gauss, Abel, Riemann, et al.

The crucial topics treated under that approach, include the functionally determined relationship between the general basic economic infrastructure of whole economies, and the productivity of agriculture, manufacturing, and rates of tangible (physical) growth in the so-called private sector of an economy taken as a unified whole. However, the crucially



William D. Nordhaus homepage

William D. Nordhaus's paper on "Geography and Economics" contains some useful features, but fails to grasp the importance of Kepler's original discoveries of the planetary orbits for economic forecasting.

underlying objective of these studies, is to discover the principal factors which are determining, or might determine either net growth, decline, or stagnation in the rate of the performance of the economic phase-space considered, or a national or larger economy as a whole. The latter task, the uncovering of the principal determining factor, is the functional requirement essentially lacking in the approach to defining animations in the exemplary case represented by Nordhaus's report.

The most suitable pedagogical approach to this crucial feature of the study, is that modelled on the most essential distinctions of Kepler's referenced discovery: the discovery of the principle of the "infinitesimal." This is the distinction which is apparently beyond the comprehension of today's commonly encountered academic classroom and related productions respecting the principles of physical scientific and related investigations.

Kepler and Sphaerics

Knowledge is always essentially subjective, because it exists among mortal beings only as human knowledge; its primary existence lies consequently only within the human individual, and that individual's functional relationship to the history of the society within which he, or she lives. Knowledge, in the proper sense of the word, does not exist among lower forms of life. Knowledge is an "attribute" of that principle of the human individual which sets our species absolutely apart from both inanimate objects, and also all lower forms of life. In V.I. Vernadsky's science of Biogeochemistry, this marks the principle which separates the human individual from the animal.

Therefore: subjectively, what has proven itself to be my

uniquely successful approach to long-range economic forecasting, dates in its origin with me, in my immediate and persisting, principled rejection of the standard secondary education in classroom geometry at my first encounter with that subject. My adolescent acquaintance with structures had shown me that the function of geometry in society's practice, is physical: only what is functionally a physical geometry, not a formal Euclidean geometry, could be a valid one.

Historically, my standpoint on the subject of geometry, from that moment in secondary education onward, was, already, implicitly an anti-Euclidean geometry, a view of mine which ultimately converged upon what is to be recognized among the Pythagoreans and Plato as *Sphaerics*. *Sphaerics* was known to those ancient Greeks as a method transmitted to them from the practice of Egyptian astronomy. which distinguished the geometry of the motion of development (i.e., *physical action*) as distinct from what convention today recognizes as simple classroom versions of so-called Euclidean geometry. So-called *a priori* definitions, axioms, and postulates are to be excluded from competent European science; all concepts, including concepts of the form of one's own behavior in this practice, are to be discovered by experimental methods associated, among ancient Greeks, with the tradition of Thales, the Pythagoreans, and Plato. In other words, while we are permitted to take notice of the implied assumptions intrinsic to the practical approach we employ, we can not treat those assumptions as *a priori* principles, but only as being, themselves, subjects of critical experimental treatment.

This is the standpoint from which to consider the rudiments of the method employed by Kepler. This is the standpoint plausibly attributed to the work in astronomy of Thales of Miletus, and is the standpoint of the Aristarchus of Samos who proved the orbiting of the Earth around the Sun by appropriate experimental methods. Kepler's treatment of the relative positions and motions of Solar bodies considered by him, can be traced from the starting-point referenced by Aristarchus' approach. Also, as Kepler himself emphasized, his own scientific method was derived from the founding of modern physical science as an experimental body of scientific work, by Nicholas of Cusa, and as Cusa's initiatives were complemented by the work of such followers of Cusa, and predecessors of Kepler, as Luca Pacioli and Leonardo da Vinci.

That much said, it is sufficient for the purposes of the present report, to focus on a narrow, but crucial feature of Kepler's discoveries: the implications of the observed Mars orbit in terms of reference to the cyclical alignment of relations among the positions of the Sun, Earth, and Mars.

To reduce the matter to essentials, we may say: The generation of an elliptical orbit of Mars was recognized by Kepler's measurements to be the result of what Gottfried Leibniz was to make his unique discovery: his definition of the differential of the infinitesimal calculus. Simply said: the notion of the



Predecessors of Kepler include Leonardo da Vinci's geometry teacher Fra Luca Pacioli, shown here, with his polyhedra, in a painting by Jacopo de' Barbari (ca. 1495).

infinitesimal which Kepler presented to "future mathematicians," was a reflection of the observed consistency of the fact, that the area subtended by the sweep of the orbit of Mars, relative to the Sun, varied in an ordering of "equal areas swept, during equal times." In other words: *the elliptical orbit did not determine the motion of Mars; rather, the relevant, perfectly infinitesimal principle of physical action, generated the elliptical orbit of this specific characteristic, the characteristic of equal areas swept within equal times.*⁷

Notably, precisely that view of the matter by Kepler, prompted him to assign to future mathematicians the development of both an *explicitly infinitesimal* (physical) calculus and of a corollary theory of physical-elliptical functions.⁸ The

former challenge was solved by the uniquely original discovery of a calculus of the infinitesimal by Gottfried Leibniz, a quality of the calculus which is rejected in the failed attempt to understand gravitation by Isaac Newton and his followers. The second challenge, of discovering the relevant physical principle underlying regular elliptical action, was mastered in essentials by Carl F. Gauss and his followers, most notably by the Bernhard Riemann who followed Gauss in going beyond elliptical functions into higher physical hypergeometries associated with an ontological insight into, the matter of the human species' qualitative progress.

The actual rudimentary development of the mathematics of a competent mode in modern physical science, was derived entirely from the combined effect of these implications of Kepler's discovery with what Gauss was to expose as the implications of what was actually Napier's definition of the *Pentagramma mirificum* and Fermat's experimental demonstration of

the existence of physically relative time, the concept of "quickest time" as opposed to primitive superstitious belief in simple (e.g., Euclidean) time."⁹ These are the elementary considerations, as treated, most notably, by Leibniz, Gauss, and Riemann, required for the defining of a competent modern science of physical economy.

However, in any competent science of economy, there is another crucial aspect to Kepler's uniquely original discovery of universal gravitation; this is what William Nordhaus's treatment overlooks completely. Kepler's discovery of the principled, *ontological* character of the planetary orbit, provides students the model of reference for study of economic cycles.

Sphaerics as Such

As I have already stressed, above, it is essential, in exploring the subject matter outlined above, to recognize a qualitative distinction between commonplace, vulgar notions of geometry, such as Euclidean geometry, and what the Pythagoreans, Plato, et al. recognized as *Sphaerics*. In the relevant Classical Greek science, *Sphaerics* is a reflection of the method of the science of astronomy developed in ancient

7. As Leibniz and his collaborator Jean Bernouilli were to show, all curvature of action is to be seen as premised upon the physical geometry of a universal physical principle of least action/least time, as this is expressed both in the catenary form, and the corresponding natural-logarithmic ordering discovered by Leibniz. The development of a notion of the *Pentagramma mirificum* by Napier, reflected the attempt to develop a logarithmic system of a form suitable for processing of astronomical data. Gauss's recognition of Napier's discovery of the *Pentagramma mirificum* opened new, richer dimensions of insight into the deeper implications of Leibniz's principle.

8. As this is treated below, a form of action considered "infinitesimal," does not represent an hypothetical creature of "infinitesimal size," but rather the *action upon a process at every possible, tiniest interval, by an efficient universal principle*. It was fanatical empiricist Leonhard Euler's failure—or stubborn, ideologically motivated refusal—to recognize the ontological implications of Gottfried Leibniz's infinitesimal for the calculus. This same blunder by Euler, typifies all generally crafted and employed attempts at economic forecasting, worldwide, today.

9. Once again, Fermat's experimental demonstration of "quickest time," by showing the physical relativity of time, led Eighteenth-Century science under the patronage of France's Jean-Baptiste Colbert, into Huyghens' hypotheses respecting an isochronic principle, and to the replacement of Huyghens' cycloid by the Leibniz-Bernouilli catenary/natural-logarithmic function of a universal physical principle of least action, as the basis for the physical definition of relative time.



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Johannes Kepler's discovery of the principled, ontological character of the planetary orbit, provides students the model of reference for study of economic cycles.

Egypt, and transmitted to Classical Greek culture. This is absolutely distinguished from a formal geometry. It were better said that *Sphaerics* is a physical science of astronomy as also applied by the Pythagoreans, Plato, et al., to human life on Earth.

Sphaerics is therefore associated, originally, with what we, today, would usually prefer to term “astrophysics” rather than “astronomy.” Since this pertains to the universe within which life on Earth is bounded, the concept of *Sphaerics* connotes *universality*: implying that physical action on Earth is bounded by principles, such as gravitation, which are, primarily, efficiently universal. Many obvious, elementary blunders in discussions of Greek and modern science alike, are the result of failing to recognize the relevant functional distinctions between mere geometry and the character of *Sphaerics* as occupied with the role of universal physical principles of action in a universal physical space-time as such. The failure to take this distinction into account, is the characteristic ontological folly of modern forms of philosophical reductionism, such as empiricism, positivism, and existentialism.¹⁰

This problem arises in the practice of economic forecasting, as the attempt to craft forecasts on the basis of assuming trends located ontologically in the application of Cartesian methods of statistical me-

chanics, in the misguided attempt to adduce what are treated as current trends. Competent forecasting takes a directly opposite, dynamic approach to that of the Cartesians; it considers the process as a whole, as Kepler treats astronomical cycles. It does this to locate the long-ranging principle which determines the physical-geometrical pathway which is controlling the outcome of movements in the small.

Physical geometry rejects all notions of “straight line” or kindred, simplistically conceived pathways of action. First, we must determine the physical geometry of the process within which the relevant action is situated, as Riemannian physical geometry crafts a choice of what is termed a tensor. The physical geometry of the setting, determines the primary character of the relations of action within that (anti-mechanical) physically dynamic setting. Kepler’s definition of universal gravitation, is the beginning of this modern approach to physical science in general.

For example: It is relatively simple, and also very useful for the student, to recognize that the elementary ontological and methodological distinctions of Riemannian physical geometry are already implicit in the methods of practice employed for *Sphaerics* by the relevant ancient Pythagoreans, Plato, et al. The point, the line, the surface, and the solid, as portrayed in reductionist geometry, do not exist in *Sphaerics*. Rather the ontological distinction of, and efficient connection between point and line, line and surface, and surface and solid, occur for comprehension in the form of physical action; this connection is most famously, and efficiently recognized in



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Pythagoras (lower left, in Raphael's “School of Athens,” detail) founded the science of Sphaerics, a physical science of astronomy, “absolutely distinguished from a formal geometry.”

10. What is called “science” in such circles of belief, is naive ideology first, and the interpretation of some aspects of successful experimental practice, as a poor second.

the challenge of doubling a cube solely by construction, as, famously, by Archytas, and treated with informed retrospection by Eratosthenes, after the work of Apollonius. The ontological connections among qualities of objects in physical space-time are made by universal physical principles recognized by the Greek term *dynamis*, or Leibniz's modernized use of *dynamis*, *dynamics*, in showing the principled incompetence of the work of René Descartes.

Thus, for example, in *Sphaerics*, or its modern expression, statistical mechanics does not exist as a scientific category; only *dynamics* does. This distinction is to be greatly emphasized in comparing living with ostensibly non-living chemical action, and in contrasting specifically human behavior to that of all lower forms, such as animal life.¹¹

The crucial distinctions to be recognized are expressed in terms of what are called universal physical principles, such as the universal principle of gravitation, which was discovered, uniquely, by Kepler. The construction of the doubling of the cube, as discovered by the Pythagorean Archytas, is typical of the way in which such efficiently existing universal principles of action are defined. It was the debate respecting the algebraic roots of the doubling of the cube, from Cardano through the empiricists D'Alembert, de Moivre, Euler, and Lagrange, on the one side, and Carl F. Gauss, et al. on the opposing side, which has been the seminal issue of mathematical method in modern mathematical physics and geometry since that time.¹² It is that issue, as applied to the exemplary case of Kepler's discovery of universal gravitation, which leads us into review of the appropriate methods for measuring comparative physical-economic productivity of economies considered as functional wholes.

Kepler: The Orbit as Phase-Space

In relative first approximation, the prehistoric/historic steps toward discovery of empirically verifiable definitions of universal physical principles, are most efficiently typified, in European civilization, as in the Vedic calendars dated to Central Asia of 6,000-4,000 B.C.¹³ We must treat such cycles as phase spaces, and proceed from that, to exploring the higher phase-space of the phase-spaces by which the particular cycles are subsumed, in turn. This method is to be applied to astronomy in the large, and microphysics in the very, very small. Throughout, the principles rooted in the ancient Egyptian-Greek practice of *Sphaerics*, must prevail. The system of

physical hypergeometries defined, as to principle, by Bernhard Riemann, has been shown, in retrospect, as by Albert Einstein, to encompass both the world view expressed in the work of Kepler and discoveries situated, not in so-called quantum mechanics, but in the actually original discoveries of Max Planck.¹⁴

The same issue of method has a limited, but nonetheless crucial, virtually axiomatic importance for economic forecasting.

Mass human behavior, as over the lifespan of the rise and fall of specific cultures, is determined by influences which assume the implied character of axiomatic assumptions. In fair approximation, the span of the existence of such a phase in culture has a beginning and an end. This is a pattern connecting the start and collapse of a cultural phase-space. To understand any corresponding interval of the history of human existence, as a phase-space, we must proceed from identifying the beginning and end of the relevant phase of existence of the cultural phase in a form which corresponds to a cycle, using cycle in roughly the sense of an astronomical cycle.

When we adduce the determining principles of such a phase-spatial historical cycle, we are confronted with principles which do not merely act from the onset to close of that cycle, but which determine the implicit outcome of the actions taken in between those bookends of local history.

For example: Gauss's discovery of the Keplerian orbits of the asteroids Ceres and Pallas,¹⁵ illustrates the method for statistical treatment of some limited samples of current evidence for determining the "orbital pathway" of a cyclical process in its entirety. Gauss's approach to discovering the orbits of these two asteroids illustrates the special quality of method required for adducing the character of the entire cycle of a current economic process from limited samples of current physical-economic data.

Take the case of the systemic difference in culture between the U.S.A. as defined by the 1776-1789 American Revolution, and the cultures of western and central Europe. We understand history, including economic cycles, efficiently, only to the degree that we see the developments within the bounds of a phase-spatial kind of cycle, as shaped by a continuing principle common to the entire span of that culture's

11. Actually, non-living processes are also dynamic. However, as the founder of the modern science of the Biosphere and Noösphere, V.I. Vernadsky, emphasized, the chemistry of action of living processes differs, in the sense of dynamics employed by Leibniz, from the chemistry of the same substances within the non-living domain. However, more important than the difference, is the way in which living and non-living chemistries interface, while remaining distinct in Vernadsky's sense of the distinction.

12. Specifically, it is cubic and biquadratic residues which are Gauss's concerns in this early work of his.

13. Cf. Bal Gangadhar Tilak: *Orion, Arctic Home in the Vedas*.

14. As reported by Einstein, during the interval of World War I, Max Planck and his work came under fanatical, mob attack by the German-speaking followers of the radical positivist ideologue Ernst Mach. The outcome of this Machian witch-hunt, from which Einstein distanced himself publicly, was the Russell-Bohr faction's success in perverting the subsequently broadcast "official interpretation" of Planck's actual discovery. Implicitly, the central issue of the Einstein-Born correspondence is the effect of this corrupt attack on Planck in producing Born's change of heart, away from the thinking of Einstein.

15. Carl F. Gauss, *Werke* 1981, VI, VII *passim*. See Jonathan Tennenbaum and Bruce M. Director, "How Gauss Determined the Orbit of Ceres," *Fidelio*, Summer 1998.

FIGURE 1

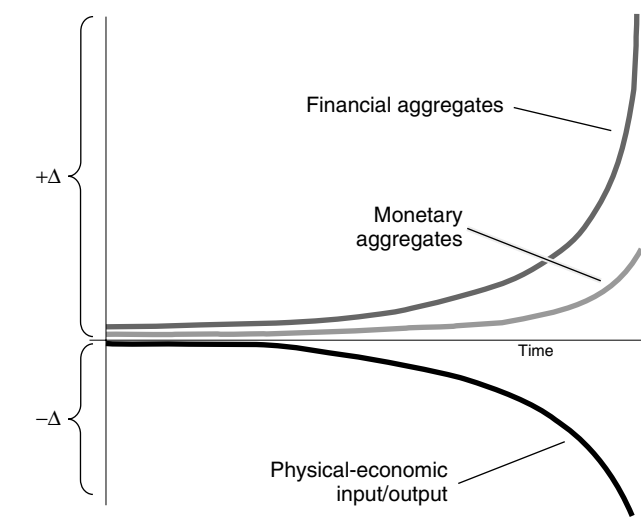
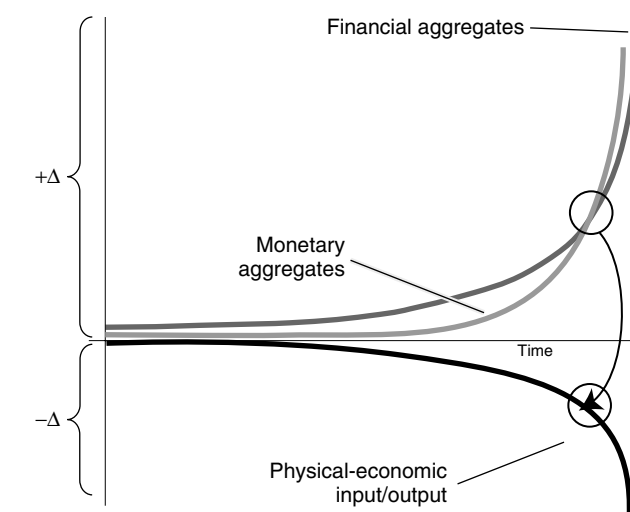
LaRouche's Typical Collapse Function

FIGURE 2

The Collapse Reaches a Critical Point of Instability

LaRouche's "triple curve" heuristic diagrams illustrate the tendency for hyperinflationary expansion, once an economy's physical productive output is cut to the bone. The second figure shows the point at which monetary aggregates overtake the growth of financial aggregates generally: a hyperinflationary blowout.

existence in that form of its functional phase-space.

By identifying the characteristics of the cycle within which a set of local actions is located, we are enabled to foresee the outcome of any relevant sample of the cycle which that sample implies. On that basis, we are enabled to foresee what the outcome will be, within a fairly estimated range of times: unless a principled change in the characteristics of the system were introduced. We foresee the probable outcome of the cycle by locating the relevant interval of current historical development as an interval of the cycle conceived as a whole.

Thus, for example, in my mid-1956, short-term forecast for events of early 1957, I was focussed on a cycle whose origin was approximately "post-Korean War" changes in policy launched in 1954. Thus, for example, in my 1958-1959 forecast of a probable series of late-1960s monetary crises of the Bretton Woods system, as leading toward a likely crash of that system at approximately the close of the 1970s—unless relevant changes were introduced, as potential discontinuities, in the post-1954 cycle—I was focussed, at the close of the 1950s, on the cyclical characteristics of what became the 1954-1972 cycle as a whole.¹⁶

16. Had the crucial economic reforms by President John F. Kennedy not been ruined, step by step, in the aftermath of his assassination, the Kennedy reforms would have aggregated to become a virtual return to the characteristics of the FDR reforms. The post-Kennedy Indo-China war, and the radical changes in physical-economic, social, and monetary policies under, successively, President Nixon and the Trilateral Commission, and John J. McCloy's role in orchestrating the changes of governments in 1960s post-Konrad Ade-

That cycle of 1954-1972, was a different cycle than that of the 1972-1987 interval, and the ensuing 1987-2006 cycle is a different cycle, for forecasting purposes, than either of the preceding two. So, my forecast, in 1992, of an onrushing "great mudslide" culminated in the interim crisis of 1992-1995, and my 1995-1996 forecast (**Figure 1**) and my 2000 forecast (**Figure 2**), were followed by my "shock-wave" forecast.

All of my forecasts, all of which have been successful according to my pre-specified conditions, have been successful in a way which no other known forecasting during the relevant, recent nearly five decades can match.

This issue is one of my method, rather than the contrary, failed, customary modes in current statistical forecasting.

For example, since the relevant policies of a society are products of the human will, no competent flat "yes, or no," could be competent forecasting. The human will can change the currently prevalent assumptions of practice, even radically. Accurate forecasting is conditional upon the continued operation of the relevant, currently axiomatic-like policies which underlie the continued existence of the relevant present cycle. Without the stated, or clearly implied specification of those conditions associated with a forecast, no competent forecast—nor competent analytical assessment of apparent

nauer Germany, are typical of the measures which virtually obliterated the Kennedy initiatives in the direction of a revival of the FDR legacy, albeit that would have been in a Kennedy, rather than Roosevelt mode.

current trends—can be presented.

More on this subject, at an appropriate later point in the following chapter of this account.

Here lies the key to insight into the reasons for the utter incompetence of all of the currently popular methods of statistical economic forecasting, respecting trends within current economic phase-space. The attempted use of merely statistically-mechanistic percussive evidence of action to date in the small, to project the larger span of reality in a mechanistic-statistical way, is intrinsically pathetic, more or less as pathetic as the silliness of the work of LTCM's Morton Scholes.¹⁷ Yet, even still today, virtually every "hedge fund" operation is based on assumptions which express the same genetic quality of incompetence as that of LTCM's Scholes, such as the assumptions which may be regarded as the fruit, i.e., *rotten*, of the life's work of former Federal Reserve Chairman (and Ayn Rand fanatic) Alan Greenspan.

The root of my essentially unique successes in forecasting during the 1956-2006 interval to date, lies in a matter of scientific method, a method which is essentially that associated

17. This is to say that Morton Scholes' shame of August-September 1998 is only a superficial reflection of his greater folly. The naughty clowns of the Nobel Prize committee who made the award to the silly Scholes, are the notable offenders in that case, in the sense Jonathan Swift portrayed the sages of Laputa.

America's Untold Story

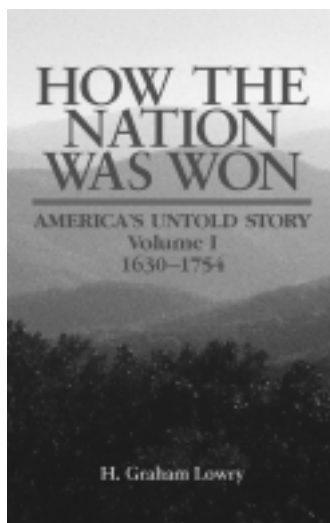
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with the ancient Pythagoreans, Plato, and his followers, and the modern advances on that developed under the impetus supplied by Nicholas of Cusa and his followers through Kepler, Leibniz, and beyond, through Gauss and Riemann.

For example. In brief. Kepler had, in a sense, "predicted" the existence of the asteroids. Kepler's study of Solar harmonics prescribed the previous existence of a planetary orbit between those of Mars and Jupiter. On the basis of those harmonics, Kepler insisted that a planet which had necessarily existed in that orbit, within the harmonics of the Solar System as a whole, would have been destroyed by the harmonic characteristics of that orbit itself. Gauss's discovery and treatment of the asteroids Ceres, Pallas, etc., had confirmed the nature of the asteroid orbits as a whole, as a product of such an harmonic self-destruction of the missing planet.

A more complex set of considerations is presented, apparently, by the implications of Gauss's solution for the asteroid orbits.

On this account, the most notable consequence of Johannes Kepler's discovery of the orbital principle of "equal areas in equal times," is that the orbit, so determined, returns, in one sense or another, to its *relative* origin, albeit in a transformed state. Since these transformations are so ordered, history is defined thus as a cycle of successive cycles, all subsumed under a long-ranging direction of changes in state of the system as a whole. This typifies the most elementary real-life notion of a cycle. Astronomical cycles, considered in the sense of Gauss's discovery of the orbits of the asteroids Ceres and Pallas, should be employed by economists to impart a sensed image of the meaning of "cycle." *The difference between astronomical and human cycles, is that those creative powers of the human will, which enable the discovery and employment of newly discovered universal physical principles, can change the ordering within the relevant phase-space of the universe as a whole.*

Economic forecasts following the lines of my own successes in this field, represent an appropriate adaptation of that method to social processes, as distinct from merely inanimate or animal processes.

The 1945-2006 sequence of principal and subsidiary economic "cycles," which I outlined, earlier in this chapter, under the subheading of "Understanding Business Cycles," is to be treated as the lesson that Gauss's discovery of the asteroid system illustrates.

In my method, as illustrated by my reported long-range forecasts, and also my first forecast, my 1956 forecast of the February 1957 recession, the principles underlying all competent long-range economic forecasting are based primarily on physical-economic, rather than monetary principles, but take into account the role of the *political-monetary process* as the superimposed, political subjective factor shaping the human behavior responsible for choosing, by intent or default, the cyclical character of the corresponding physical process.

2. Money and Physical Economy

In treating the available statistical and related data of a case such as the U.S.A. over the 1945-2006 interval to date, we have two leading points of real-life history's modern systemic conflicts to sort out, at the start.

The Paris Peace Treaty of February 1763, established the Anglo-Dutch Liberal interest, and influence, of the British East India Company as an empire in fact. This development defined the division of modern European economy, and its presently global outgrowth, between two emerging leading types, the Anglo-Dutch-Liberal system, constituting a virtual empire or, vampire, the later British Empire, versus what emerged around the leadership of Benjamin Franklin as the American System of political-economy. With the defeat of Napoleon Bonaparte, the *neo-Venetian*, Anglo-Dutch Liberal financier interests absorbed the financier elements arranged around what Napoleon had created as the Banque de France, creating a hegemonic kind of slime-mold-like organization of sundry, Anglo-Dutch-French financier interests as the dominant financier interest of Europe: a virtual *ultramontane* empire of the type earlier associated with the partnership of the Venetian financier oligarchy with Norman chivalry. That slime-mold-like form of empire exists today; current world history is dominated by the present implications of that *neo-Venetian* financier empire's slime-mold-like existence.

Since 1776-1789, the principal alternative and rival of that Anglo-Dutch Liberal-centered imperial financier interest, has been the constitutional form of economy defined by the combined impact of the U.S. Declaration of Independence and Federal Constitution: the so-called "Hamiltonian system" implicit in the fundamental law of the U.S. Federal Republic: the Preamble of the Federal Constitution. The continued effort to corrupt and subjugate the U.S.A. to Anglo-Dutch Liberal forms of imperial financier power, and even, as now, to destroy the U.S. internal economy and the Federal Constitution, has been the pivotal feature of modern global history since the rapid succession of developments of 1763-1789.

From the beginning of the American System of political-economy, in 1763 colonial North America, the Americans themselves were divided, in respect of fundamental principle of government and economy, between two leading factions: the patriots and the Tories, the latter typified by the British East India Company's lackeys gathered under the banner of the "Essex Junto," a predatory pack of relative traitors typified by the enemies of Benjamin Franklin among the British loyalists of Boston and Essex County, Massachusetts, and the British agent Aaron Burr's New York City Bank of Manhattan. That conflict, between our patriots and the opposing rascals, has persisted as the leading internal enemy of our constitutional system of economy within the so-called



The American System of political-economy emerged around the leadership of Benjamin Franklin, in deadly opposition to the Anglo-Dutch-Liberal system.

"Eastern Establishment," to the present day.¹⁸

On this account, the U.S. economy, for example, presents us with two mutually incongruent systems. On the one side, especially since 1971-1972, the dominant policy-shaping decisions and related actions within both the U.S.A. and the trans-Atlantic community as a whole, have been dominated by, early on, a radical version of the actually imperial Anglo-

18. Especially notable are the work of Anton Chaitkin and the late H. Graham Lowry in defining the characteristic issues of the continuing life-death struggle between the patriots' American System of political-economy and the American System's leading global adversary, the Anglo-Dutch Liberal system. Cf. Anton Chaitkin, *Treason in America: From Aaron Burr to Averell Harriman*, 2nd edition, (New York: 2nd ed., 1986) and H. Graham Lowry, *How The Nation Was Won: America's Untold Story, Vol. I, 1630-1754* (Washington, D.C.: Executive Intelligence Review, 1987). The writing and production of Volume 2 of Lowry's book was prevented by agents of the notorious Nestor Sanchez of "death squads" notoriety, et al., e.g., Fernando Quijano, who had seized temporary control of my philosophical organization under the special, Federal government-directed arrangements, in mid-1990.

These publications have been supplemented by important strategic studies of the defense of the U.S. against its Europe-based strategic adversaries during the 1920-1945 interval, and of the perversion accomplished under the President Harry Truman who did much to console the domestic and foreign enemies of FDR for their earlier defeat at FDR's hands.

Dutch Liberal monetarist system. In an earlier phase of this process, this had been modified as that Liberal system's Napoleonic form; this change continued during most of the periods of globally extended European history since the 1815 subjugation of the Napoleonic Banque de France-centered French system to its customary Anglo-Dutch master. On the other, opposing, patriotic side, especially as we take the full sweep of the history of the U.S. republic into focus, we have an aspect of real economy, largely external to the liberal monetarist systems, which is rooted implicitly in the American System of political-economy as defined by the U.S.A.'s first Treasury Secretary, Alexander Hamilton.

The principal functional difference in quality between those two presently interacting systems, is that, under the U.S. Federal Constitution, money and the regulation of its circulation are a creation of the constitutional authority of the U.S. government; whereas, in the customary modern European systems since February 1763, especially under Anglo-Dutch Liberal tyranny, government is a captive vassal of the private financier interests represented by a so-called "independent central banking system," such as the supranational, imperial tyranny of the European Central Bank of the present moment.

The significance of the radical changes in U.S. monetary policy, of 1971-1972, and their sequelae over the course of the 1970s, combined with the willful wrecking of the U.S. economy under the Trilateral Commission reforms of 1977-1981, have created a somewhat complicated picture confronting us, since then, to the present day. Without some historical insight into the causes for changes within the post-1945 U.S.A. and world systems, no competent identification of relevant recent cyclical patterns could be made.

The U.S. Civil War, for example, was the result of the launching of the effort to destroy the U.S.A. as a republic by the combined monarchies of Britain and Lord Palmerston-created Napoleon III's France. The deadly conflict between the forces led by U.S. President Franklin Roosevelt, and the opposing, anti-American System faction served by Roosevelt's post-mortal enemy, President Harry Truman, is also an important illustration of the conflict. The role of Felix Rohatyn, as among the leading agents of Anglo-Dutch/French



FDR Library

President Franklin Roosevelt, Vice President-Elect Harry Truman, and Vice President Henry Wallace. President Franklin Roosevelt's post-mortal enemy Harry Truman "did much to console the domestic and foreign enemies of FDR for their earlier defeat at FDR's hands."

Synarchist financier interests, working, in the name of "free trade," the "WTO," and "Globalization," to actually destroy the U.S. republic today, is an expression of that same conflict.

It must be emphasized here, that this configuration of two opposing systems has persisted to the present day, and has been the principal feature of conflict both within the territory of the U.S.A. itself, and between our patriots and the Anglo-Dutch Liberal faction and its French Synarchist partners, such as fascist fellow-traveller Felix Rohatyn, to the present day.

The consequence of this history of modern civilization, has been, that, since the 1713 treaty of Utrecht, and since the accession of George I as the first modern British monarch, and since the triumph of what became the British empire, with the February 1763 Treaty of Paris, the globally extended European system has been usually dominated by the Anglo-Dutch Liberal system of political-economy. The general effect of habituation to that state of doctrinal affairs and related practice, has been the delusion that the doctrine of the British East India Company's Haileybury school in economics, has been regarded as the basis for defining the educated notion of political-economy.

Thus, as Karl Marx, a recruit to the Young Europe organization of Lord Palmerston's agent Giuseppe Mazzini, was trained under the guidance of British intelligence's controller of the Mazzini organization, the British Library's veteran spy William Urquhart. Thus, since this decades-long brainwash-

ing of British dupe Karl Marx, by the followers of Lord Shelburne's lackey, Jeremy Bentham, the absurd superstition, the notion of Bernard Mandeville, François Quesnay, Jacques Turgot, and Lord Shelburne's lackeys Adam Smith and Jeremy Bentham, the notion of some mysterious principle of primary economic value as intrinsic to economy, has dominated the sundry schools of taught economy, left, right, and center. The effects of that induced delusion have pervaded most of the universities and popular opinion of the world, to the time of the present day's wild-eyed monetarists.¹⁹ This has been a leading ideological factor in the ruin of many nations ever since.

The System of National Economy

Despite the consequently widespread delusion among relevant academics and others, there is no intrinsic value to money as such. The authority to impose a notion of value on a particular kind of money, or monetary asset, is a political power, either of governments, or of an implicitly imperial power over governments. The value of money, including coinage, is, otherwise, fictitious, not "scientific." In modern society, any sane attribution respecting the value of money is essentially a matter of currently operating, or merely fantastic political fictions.

Such is the distinction which competent science makes between real economy (e.g., physical economy) and political-economy. A clear understanding of this distinction, and of its practical implications, is absolutely crucial for understanding and overcoming the catastrophic, global crisis which menaces each and every nation of the planet today.

Thus, from the standpoint of today's crisis, we are faced with two principal species of political-economic systems, the Anglo-Dutch Liberal system, which is a system of an implicitly imperial type, and the American System of political-economy, as associated with the memories of U.S. Treasury Secretary Alexander Hamilton, Frederick List, and Mathew and Henry C. Carey.

However, behind the American System is, predomi-

nantly, the influence of the founder of *the science of physical economy*, Gottfried Leibniz, in which Hamilton, for example, was educated, and which has been the essential point of reference for my outlook since my adolescence.

These two, conflicting systems, the American System of political-economy, and the reigning Anglo-Dutch-Synarchist element of European political opposition to the American System, have distinct cyclical characteristics, but the interaction between the two also has its own cyclical characteristics. *This array is best treated analytically as a set of relations of sundry nested, and mutually conflicting cyclical phase-spaces, each of which has cyclical characteristics of its own, but interacts, dynamically, to define a commonly subsuming cyclical characteristic.* The phases of the U.S. economy over the 1945-2006 interval, as I have indicated above, are to be examined as products of the characteristic features of such interacting, compound cycles.

The additional complicating factor is, of course, the fact that the will of efficient government, in particular, can change the characteristic of action within the process, as President Franklin Roosevelt did, and thus supersede an existing cyclical pattern, that for better, or for worse. However, if the will, like that exerted by President Franklin Roosevelt, to make such remedial changes, is lacking, the U.S.A. today were already virtually finished as a nation.

Without the Franklin Roosevelt reforms, there would have never been a recovery from the deep depths of the Hoover depression. Roosevelt's reforms left us with a system of regulation, on which the U.S.A. depended for its recovery from the depression, and also for the ability of the U.S.A. to supply the critical margin in the defeat of the Nazi attempt at world empire. This system of regulation implicitly recognized the fact that there is no asymptotic determination of a true value of money in the "floating-kidney"-like system of a so-called "free market."

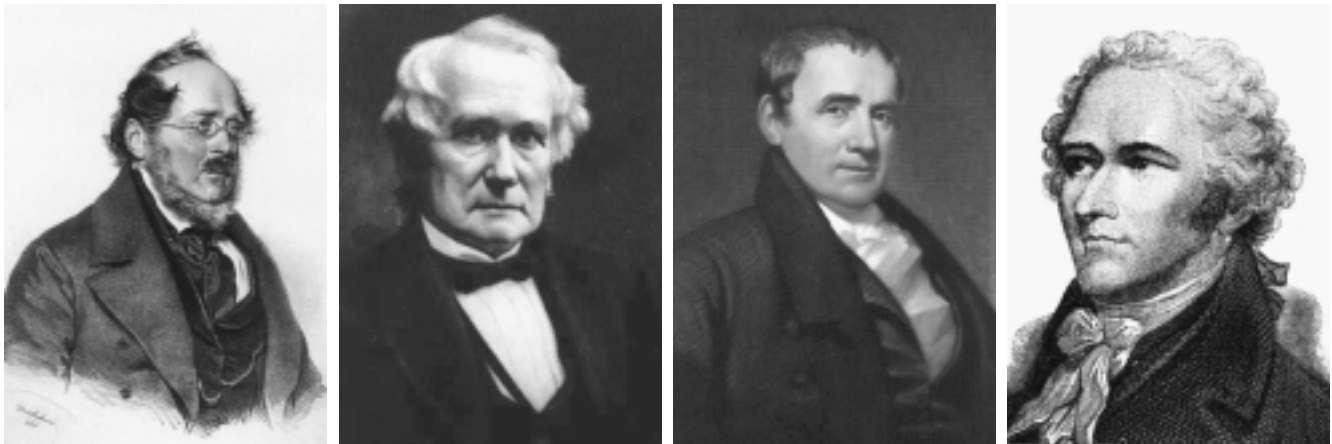
Roosevelt's reforms were essentially products of both the central scientific principle of the U.S. 1776 Declaration of Independence, and Leibniz's principle of "the pursuit of happiness," as this is amplified by the entirety of that Preamble of the Federal Constitution which, contrary to certain morally corrupted, but influential circles in law today, expresses the fundamental principle of natural law underlying the properly assessed intention of the Constitution as a whole.

Unfortunately, both the intentions of those two features of our constitutional law, and their implication for competent practice of law, have been chiefly lost among the educated strata in relevant positions of power and influence today. Hence, the pervasive incompetence of those aspects of our nation's current law-making respecting substantive matters of political-economy.

European systems of economy are best described scientifically as what they are not; although the American System of political-economy was of great influence in Europe, throughout the Americas, and in Japan, Thailand, and China,

19. The modern system of empiricism, on which the mathematical form of the Anglo-Dutch Liberal system of political-economy was premised, is the product of the leading role of the New Venetian Party of Paolo Sarpi. Throughout, that system was based on the principle of gambling, rather than production; Sarpi's personal lackey, the hoaxster Galileo Galilei, pioneered in developing the system of gambling which underlies the design of the Liberal political-economic system generally, and the methods of Mandeville, Quesnay, Adam Smith, and Jeremy Bentham in particular.

Implicitly, as Mandeville argues in his frankly pro-Satanic *The Fable of the Bees*, and as Mandeville is echoed by François Quesnay's doctrine of the magical power of paper titles of property; and as Adam Smith's doctrine of "free trade" plagiarized both Mandeville and Quesnay; and the Turgot, from whom Smith plagiarized much of the content of his *The Wealth of Nations*—this view expresses the implied world-view of Donald Trump, which is that the respective fates of rich and poor are in the hands of virtual little green men under the floorboards of the universe, who cheat in favor of the one, and against the other.



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The American System of political-economy is associated with the legacies of (l. to r.) Friedrich List, Henry C. Carey, Mathew Carey, and the U.S.A.'s first Treasury Secretary, Alexander Hamilton.

after the 1861-1876 developments within the U.S.A., the European systems are not expressions of the principles of the American System of political-economy. In fact, the trends of the post-1865 echoing of the American System, were not only lessened, but have been reversed at an accelerating rate, since 1971-1972. It is feasible, and necessary, to view European systems from the standpoint of the American System; the reverse would always be, as now, an inevitable source of threatened national tragedies. Therefore, to treat the leading global issues of today, we must begin from emphasis on the subject of the American System of national-economy, as such. After that, it is feasible, as also necessary, to view other economies of the planet from the vantage-point of the lessons of the American System as it is embedded in the intention of the original crafting of our Federal Constitution.

From the beginning, the American System of political economy has been protectionist, and this in specific opposition to the post-1763 practice of Anglo-Dutch Liberalism. It was only during peaks of U.S. weakness, that more or less treasonous elements within the U.S.A., elements allied with the rising British Empire, were able to impose free-trade policies on the U.S. In every healthy period of the U.S. economy, our policies were of the American System form of protectionism. In every period that our republic veered away from American System modes in protectionism, our economy, and our people generally suffered greatly, as since 1971, from the inherent evils of a global "free trade" system.

So, today, especially since 1971-1972, and, more emphatically, since the Trilateral Commission rampages during the Carter and Reagan Administrations, there has been an accelerating rate of decline in the physical economy as a whole, and an accompanying ruin of the conditions of life of the lower eighty percentile of our family-income brackets, while a shrinking few within the upper twenty percentile have become the richly undeserving, filthy rich.

To the extent our citizens have tolerated what have usually been the prevalent trends in policy of our Presidency and Congress during the period from 1972 to the present, the U.S. has been moving at an accelerating rate toward the stinking state of looming national bankruptcy to which the current Bush Administration's lunacies are now bringing us, and the world at large, today. Any different views of the trends in our economy is the fruit of stupidity, or is simply the usual Sophist's political lies.

The Principle of Physical Capital

As Gottfried Leibniz demonstrated, the methods of René Descartes were intrinsically incompetent in physical science, and otherwise. Leibniz contrasted the incompetent, failed system of physical science of Descartes, and therefore also Baruch Spinoza's system of thought, to the method which Leibniz had inherited (actually) from the principles and practice of *Sphaerics*, and from Cusa, Leonardo da Vinci, Johannes Kepler, Pierre de Fermat, and Blaise Pascal, and from Leibniz's own collaboration with Christiaan Huyghens and others. The universe is not statistical and mechanical, as the empiricists such as Descartes, D'Alembert, and Leonhard Euler had imagined, but as Leibniz showed, *dynamic*.

This *dynamic* quality of organization, which later assumed its most advanced form of expression, as to principles, in the development of physical hypergeometries by Bernhard Riemann, is characteristic of all three presently known experimental domains: the pre-biotic phase-spaces, the Biosphere, and the Noösphere. A dynamic organization of physical space-time, in which all three of those phase-spaces are found, is not the sum-total of objects floating in kinetic orderings in empty space, but, rather, physical space itself is a product of the interaction of all processes and their associated events within a physical hypergeometry of (e.g., tensor) space determined by the interaction of all included

processes within that domain.²⁰

In the history of European civilization, this notion of dynamics is rooted, as I have already emphasized, in the type of practice of *Sphaerics* associated with the work of the Pythagoreans and Plato. The universe so defined for analysis is essentially Kepler's universe, the universe as Kepler's development of the notion of *dynamics*, and as the harmonic organization of the Solar System defined by the principle of universal gravitation, predefines the concept of physical space-time associated with the work of Bernhard Riemann and such of his followers, in the matter of experimental scientific method, as V.I. Vernadsky and Albert Einstein.

Thus, a competent notion of a national or international economy, is, first of all, a notion of a physical economy, rather than a monetary system. The actual economy is, functionally, a combination of the alterable natural physical circumstances of the economy as a whole, with the artificial principles added by the application of the willful discoveries of mankind, or subtracted, forms a system of dynamic interaction. This dynamic interaction, defines the specific quality of economic phase-space of an entire society at any point in the relative development, or degeneration of that economy. The measurements of a national economy are essentially non-monetary, and pertain, primarily, to the physical attributes of a dynamic manifold as a whole.

The essential measurement which that configuration implies is a manifest increase, and rate of increase, in what is, as I have always taught my students: fairly termed *the potential relative population-density of the population of the system as a whole*. This term implies a rate of relative improvement, or decadence, of mankind's power to exist, per capita and per square kilometer. These rates are to be studied from the vantage-point of the certainty that the initiatives of sovereign individual minds in discovering, or simply promoting universal physical principles, are the form of functional action which determines the potential for rates of growth of mankind's power to exist—per capita and per square kilometer of the total territory, taken into account as forming what might be defined, functionally, as a national economy.

Outstanding considerations include the possible and actual divisions of human efforts between simply maintaining a current level of existence and productivity, and actions which promote increases in the rate of potential relative population-density. Within this framework, we distinguish between wasteful existence and activity, and forms of activity which are either physically productive themselves, or which repre-

sent that necessary creation and maintenance of environmental conditions on which the maintenance and improvement of technological-progress-driven increases of per-capita productivity depend. All of these measurements are made in physical terms, not monetary terms. *Economic value is expressed directly only in physical, not monetary terms.*

The typical moral problem we encounter in popular, but viciously incompetent beliefs respecting economy, and economic policies, is simply ordinary petty greed. The typical victim of that popular delusion, mistakes the power to purchase, represented by the current legal or quasi-legal status of money as such, for the aspect of the process of circulation which he or she prefers not to think about: earning money through production of physical values, rather than merely grabbing it. Though who are obsessed with selling themselves, as to the devilish predators of the DLC, may soon find themselves, and all they are, bought, as author Stephen Vincent Benet wrote in his celebrated "The Devil and Daniel Webster."

However, this picture of economy as a physical process, must take the authorship of all such progress into account: the creative potential of the individual human mind.

Here, the matter of money comes into play. First, one must recognize the nature of physical-economic value, and, after that, assess the relative value which might be usefully assigned to money.

The creative act which presents mankind with the discovery of any valid conception of a universal physical principle, is an action which occurs only within the sovereign bounds of the individual human mind. Here lies the essential functional distinction, in terms of physical science, between the human being and the lower forms of life. As Vernadsky, notably, has defined the creative powers of the human species (i.e., the *Noösphere*) as expressing a physical principle not found in lower forms of life, *human creativity is not an expression of biology*, as we associate biology with animal life.

Human existence expresses a universal physical principle which is physically efficient, as this is expressed as the increase of the *Noösphere* relative to both the mass of the planet as a whole, and also the mass of the *Biosphere*. This is expressed as the specifically creative powers of the individual mind of our species, which we associate with efficient discovery of fundamental (i.e., universal) physical principles. It is through those discoveries that the increase of the potential relative population-density of the human species has been possible. That increase in the potential relative population-density, is the true, physical measure of economic value.

Clearly, the celebrated prophet Moses understood this, as the modern physical scientist must agree, in reflection on *Genesis* 1:26-31; the sane individual human mind has a quality lacking in all other living creatures. This is the quality expressed by Kepler's *intrinsically non-deductive, non-*

20. The mathematical-physical elaboration of this point, is important, of course; but the conceptual overview of this point is not only indispensable, but primary. The trouble with even acceptable mathematical formulations, lies in the tendency of the reductionist to treat the mathematics as the substance, rather than the shadow it is, of the ontological actuality of the relevant concept.

inductive discovery of universal gravitation. This power is personal to the living individual, rather than a product of some kinematic or kinematic-like percussive interaction among persons. Anyone who disagrees with that specification, has no conception of what is actual creativity in physical science or Classical artistic composition.

Society requires creative discoveries of that quality not only to increase humanity's power to exist, per capita and per square kilometer. Creativity is needed to overcome the entropic and like effects of attrition.

Hence, the most important consideration in organizing and leading society, is the process of prompting reenactments of discoveries of universal physical and Classical-artistic principles, such as those of J.S. Bach, in the minds of others. Opinions are worth little, especially the opinions of today's Sophists; knowledge, when expressed in terms of discoveries of experimentally validatable, universal physical and comparable principles, is everything. "How you feel" on matters of personal opinion, is of relatively trivial importance; "What you know," preferably contrary to popular opinion today, is precious. The rigor of an anti-Euclidean physical geometry, is typical of the healthy, and useful individual mind.

This means that certain trends of improvement in the conditions of life of the typical community and family household, are of crucial importance respecting the development of the individual and of those features of social relations on which the discovery, propagation, and use of discoveries of universal principles depend. This means that the acts of production of the articles we require for maintenance and improvement of individual life, must be supplemented by creating artificial environments for life and for production of goods, such as basic economic infrastructure.

Thus, there are several conditions of exceptional notability to be considered before taking up the matters of the nature and role of money in an economy. The physical standard of living of the individual and household, are one consideration which must be treated prior to allowing the presence of a financial accountant in any place proximate to the discussion. The other principled consideration is the ration of invested physical capital, for both production and basic economic infrastructure. The functional relationship among these elements of an economic process treated as a dynamic process, must be defined, firstly, as a matter of physical-capital investment.

Money then enters into proper consideration as a matter of what some term, as delightfully as they might please themselves to say, "the allocation function." The required ratios among the indicated physical-economic, as opposed to financial-monetary accounts, are classed under the title of capital functions: physical-capital functions, rather than monetary functions.

This brings us to the way in which the U.S. administrations of 1969-1981 wrecked the U.S. economy.

Physical and Financial Capitals

For reasons too obvious to require exposition here, the ordering of relations among the component features of a dynamic system of physical economy, requires a money-system. The value associated with money lies primarily with the important functions performed by the money-system, not in any of the commonplace, superstitiously imputed notions of an intrinsic value of money itself.

Under the American System of political-economy, money is a willful creation of the sovereign government of the nation-state, an utterance made by the Executive with the consent of the Congress, i.e., the U.S. House of Representatives. It should be the principal concern of that Federal government, as our republic's relevant founders would agree, that the relative physical value associated with this issue of money, and relative to the nominal value of that money, should appreciate over time. It should be recognized, otherwise, that money has no other intrinsic value in itself. We organize interest-payments on loans, not because money has any intrinsic value, but because an orderly money-system is both valuable and necessary, as a system of credit, in modern society. This was the case in the highly successful utterance of scrip by the pre-1688 Commonwealth of Massachusetts. That principle underlies the notion of Federal credit inherent in the Federal Constitution's provisions, still today.

Our objective is that the non-monetary form of physical value of total social product per capita and for the society as a whole, must increase more rapidly than the price of money. Were the price of money to increase the more rapidly, a potential catastrophe were brewing.

The creation of money by the nation-state, which is the only decent and truly sane form of economy, must be steered in such a way that physical productivity and standard of living of the total population and total territory of the nation, must increase relative to the financial debt created by the issue of money.

In practice, these require a lending rate of between approximately one to two percent, simple interest, per annum, on the primary issue of money as credit by the Federal government. The rate of interest must not exceed the required rate of growth, after relevant provision for reinvestment is taken into account.

In viewing the foregoing broad considerations, we must take the indispensable role of scientific and technological progress into account. This requires a rising physical and cultural standard of living for the population as a whole, otherwise scientific-technological net progress could not be sustained. This increment depends upon increasing the total net physical output per capita at the relevant rates.

In practice, the largest component of national expenditure in a sanely ordered national economy takes us back to pre-Nixon levels of rates of growth of capital-intensive investments in both basic economic infrastructure, per capita and

per square kilometer, and rising physical capital-intensity, similarly. In other words, the general trends in U.S. economic policy since 1968 have been clinically insane, especially since the 1977-1981 downshift of the U.S. economy into a post-industrial phase of savage deregulation of essential production and infrastructure.

On this account, it is essential to reexamine the way in which deregulation of the economy transformed the U.S.A., the world's leading economy, into a mass of bankrupt wreckage of both the economy generally, and the Federal and state governments, today.

Since there is no natural price-level for any useful commodity, the idea that "free trade" would contribute to the efficiency of the national, or world economy, is a case of pure masturbation in the extreme. WTO, globalization, and so forth are clinically insane economic-policy practices!

What the Franklin Roosevelt reforms did, on this account, was to develop a combination of governmental economic institutions, typified by Social Security, and regulations of "fair price" levels, which kept the U.S. dollar in check, relative to inflation and deflation, and, at the same time, used the power of regulation and of utterance of Federal emissions of public credit, to favor beneficial shifts in categories of activities, and to disfavor threatened trends which were inflationary or otherwise wasteful diversions from the meeting of needs by either the private, or public sector, or both.

It must never be forgotten that President Franklin Roosevelt's incurrence of a large national debt, involved the costs of saving civilization from an otherwise inevitable Hitler domination of the world as a whole. Also, it must not be forgotten, that had President Truman and his administration not sabotaged the post-war policies of President Roosevelt, the vast 1945 war debt of the U.S. would have been converted into a system of credit for investment in development of the world economy. The Truman policies of 1945, in postponing the peace agreement already negotiated with Japan's head of state, the totally unnecessary and criminal nuclear bombing of Hiroshima and Nagasaki, and the complicity of Truman, et al. with Winston Churchill, et al., in launching a policy of "preventive nuclear attack" on the Soviet Union, was a determining factor in the avoidable aspects of the economic problems of the post-war U.S.A.

Nonetheless, despite Truman's follies, this "fair trade" system of combined forms of private and public regulation, which persisted, with some faults, into the 1950s and slightly beyond, provided a degree of stability in the economy under and after Franklin Roosevelt's Presidency. Significantly, by tough regulation of a fixed-price monetary-reserve system, it was possible to continue to utter long-term development credit until the ruinous combined effects of the United Kingdom's first Harold Wilson government and the lunatic launching of the U.S. 1960s war in Indo-China.

In all of this, the crucial point to be emphasized, is that

the primary source of available, needed credit, to bring the world system out of an immediately threatened general breakdown crisis of the system as a whole, is to put the present national banking systems, especially the so-called independent central banking systems, into governmental reorganization-in-bankruptcy, while creating vast, carefully regulated floods of long-term state credit, as by the U.S. government, to the immediate purpose of preventing a presently immediately threatened general collapse of the world monetary-financial system, and also launching a rapid expansion of the rate of physical output of the world economy, per capita, up to levels of virtual current operating breakeven.

In other words, the objectives of economic policy must be physical, rather than monetary-financial, but we must also regulate the monetary-financial systems to the effect of providing long-term security for the utterance of the credit needed to reach needed levels of breakeven and growth. The failure to act to do precisely that, would mean, the relatively immediate plunge of the planet into a prolonged new dark age of all humanity.

3. The Role of Creativity

As the Classical tragedian Aeschylus presents this continuing, historic problem of mankind, in his Prometheus trilogy, the leading problem of humanity, as we know this problem from the time of historically ancient Greece to the present, is expressed by the Satanic quality of evil embodied in the Olympian Zeus' condemnation of that true friend of mankind known as Prometheus.

Zeus condemned Prometheus for the offense of permitting mortal human beings to know the uses of fire. Such was the early onset of what became the anti-nuclear, back-to-nature movement of today's 68ers. Aeschylus, however, promises that Prometheus and mankind will ultimately be freed from Zeus' order condemning human beings to the status of dumb cattle. That latter mission, that ascent to truly human freedom of the creative powers of the individual mind, is our purpose here.

Throughout known history, we have repeated signs of the eruptions of the true creativity needed for the progress of the human condition, a progress consistent with the referenced passage from *Genesis* 1. Yet, since the evil represented by the Delphic cult's Lycurgus constitution of Sparta, most of the known history of mankind is dominated by the overlords by what was known in Classical Greek times as the oligarchical principle. Such was the evil of the Roman Empire, Byzantium, the ultramontane system of the Venetian financier-oligarchy and its butchers of the Norman chivalry. Such has been the Anglo-Dutch Liberal form of imperial system, the so-called British imperial system which was outlined as a kind of prophecy, by Lord Shelburne's lackey, Edward



The LYM chorus performs J.S. Bach's motet "Jesu, meine Freude," at a LaRouche webcast, Jan. 5, 2005. "The most important consideration in organizing and leading society, is the process of prompting reenactments of discoveries of universal physical and Classical-artistic principles, such as those of J.S. Bach, in the minds of others."

EIRNS/Brian McAndrews

Gibbon, of an eternal new Roman Empire of the British financier oligarchy, ruled by a proposed new incarnation of Julian the Apostate. Such is the intention of the form of frankly anti-American type of Europe-sponsored imperialism known as "globalization" today.

All through these millennia, there have been continued efforts to bring a just, anti-oligarchical order into human affairs. On this account, the Fifteenth-Century Renaissance, centered on the events of the great ecumenical Council of Florence, gave humanity the promise of a system of sovereign governments, as typified by such products of that Renaissance as the commonwealths of France's Louis XI and Henry VII's England. Unfortunately, the Venetian financier oligarchy struck back, with the orchestration of the Fall of Constantinople, and with the subsequent launching of the satanic bestiality of religious warfare unleashed by the frankly satanic figure of Spain's Grand Inquisitor Tomás de Torquemada.²¹

It was one of the leading architects of what became the Thirty Years' War, Venice's Paolo Sarpi, who created that modern form of philosophical-political liberalism, of Sir Francis Bacon, Thomas Hobbes, John Locke, et al., on which

a modified version of the satanic principle of the Delphic Olympian Zeus has been predicated. Sarpi did not absolutely ban scientific and technological progress, but he and his accomplices devised a policy, modelled on the ravings of the medieval lunatic William of Ockham, which became known as modern European philosophical liberalism, under which technological progress would be sometimes permitted, but knowledge of the principle of "fire" would be banned from most among the ranks of even the technologically literate strata.

This frankly satanic, Venetian aspect of philosophical liberalism, came into the political foreground with the neo-Cartesianism of Voltaire and the Eighteenth-Century empiricist reductionists around such followers of the Paris-based Venetian Abbé Antonio Conti as D'Alembert, de Moivre, Euler, and Lagrange, and such of their followers as Laplace, the plagiarist Augustin Cauchy, Clausius, Grassmann, Lord Kelvin, Helmholtz, and the radical positivists in the mold of Ernst Mach. Among the most extreme were the hoaxster Bertrand Russell, and such of Russell's 1920s cronies as the overt Satanist (and theosophist) Aleister Crowley, and H.G. Wells, from which we had the corrupted personalities of Professor Norbert Wiener of the "information theory" hoax and the John von Neumann of the "artificial intelligence" hoax.

The characteristic feature of these empiricists and their positivist followers, is that denial of the existence of knowable

21. Fyodor Dostoevsky's character, the Grand Inquisitor, represents a valid historical insight into the Torquemada on whom the Martinist freemason Count Joseph de Maistre tailored the career of Napoleon Bonaparte, and of the Adolf Hitler who walked in Napoleon's footsteps.

expressions of creativity encountered among the so-called Newtonians of the D'Alembert, Euler, Lagrange type. This denial was the argument which was demolished, in fact of scientific principle, in Carl F. Gauss's 1799 doctoral dissertation. Carl F. Gauss was a young genius who prospered in that momentarily happier cultural environment, and to whom we owe very much today. Echoes of the Olympian Zeus of the Prometheus trilogy!

The issue of that quarrel between the followers of Cusa, Leonardo, Kepler, Fermat, Pascal, Leibniz, et al., on the one side, and the Eighteenth-Century empiricists on the other, took the form of the empiricists' hysterical denial of the ontological actuality of the infinitesimal, as defined by Kepler and Leibniz, for example. In fact, as the case of gravitation illustrates the general principle for such cases, gravity, as big as the universe, expresses its bigness locally as being an infinitesimal expression of its total self. The empiricists, like their more radical followers the positivists, called the infinitesimal of the Leibniz calculus "imaginary," as a useful mathematical trick considered as having no other ontological significance than useful trickery.

This trick goes to the core of the sleight of hand used by Sarpi, Galileo, and their followers. Their trick, in handling any discovery whose actual origin they wished to deny by sleight of hand, was to use a substitute for the act of physical proof of a discovered universal physical principle, such as universal gravitation, by replacing the act of discovery by a mathematical formula. This formula would be based on the model of the Euclid-Descartes misrepresentation of the ontological-experimental reality of physical space-time. The reality of the physical-experimental discovery, was replaced by the notion of a mathematical formula lodged within a fantastic realm, located in the fanciful, "self-evident" domain of Euclidean space and in time.

The history of that fight between the scientists and the empiricists took an important, if temporary turn for the better during the second half of the Eighteenth Century. This occurred in Germany, through the intersection of the work of a leading mathematician of that century, Abraham Kästner, one of the principal teachers of the young Carl F. Gauss, and the celebrated collaborators Gotthold Lessing and Moses Mendelssohn. During the period of their collaboration, that pair not only shattered, if temporarily, the influence of the Berlin Academy's empiricists around Leonhard Euler, but played a leading role in the Classical cultural renaissance which produced Goethe, Schiller, and their collaborators, and which was a leading part of the movement which associated itself with the cause of the American struggle, against the British and the Habsburgs, for independence from oligarchical tyrannies.

The French Revolution, and the Napoleonic tyranny, were both organized, with British support, by the circles of Martinist freemasonry led by the Count Joseph de Maistre, who

crafted the model which he designed for the personal character played by the real-life Napoleon. This became the Napoleon model later used for designing the public appearances of Adolf Hitler. These developments demoralized the Classical movement in Europe. London's and Metternich's 1815 Congress of Vienna, combined in effect with the Duke of Wellington's installing the Bourbon restoration in Paris. The thought-control laws organized in Germany by the Metternich behind his correspondent G.W.F. Hegel, created a widespread right-wing moral depression which persisted, despite the achievements of Alexander von Humboldt as an organizer of science, until approximately the 1850s.

The last bold stroke against reductionism in mathematical physics, to date, was struck by the most outstanding protégé of Carl Gauss and Lejeune Dirichlet, Bernhard Riemann. The principles of physical geometry as developed by Riemann, represent the upper limits of general thought about physical systems to the present day, as references to this by Albert Einstein and V.I. Vernadsky typify the most relevant of the categorical connections.

On carefully considered reflection, the best approach to assisting the suitably prepared adult student of today in grasping the implications of what Einstein and others recognized as most crucial in Riemann's work, a review of the kernel of the work of Kepler and of his legacy, appears to be the best approach to assisting the student (and others) in freeing the mind from the use of mathematical formalism as a substitute for creative thinking.

However, there is a deeper, more far-reaching purpose in making those connections. The study of the implications of Kepler's principal discoveries, and their reflections in the work of those who followed Kepler, is the best historically-grounded approach to prompting the student's ability to locate science in discovery of the experimental form of expression of universal physical principles per se, thus freeing the student from the dumbing-down effects of today's common *ontological* malpractice, of substituting a description of a mathematical formulation, which merely approximates a shadow of the relevant idea of principle, as if it were a proper substitute for knowledge of the principle itself.

The object is to free the mind from the stupefaction which the satanic Olympian Zeus demanded be imposed upon a mankind degraded to the limits of intellect prescribed for an oligarchical Satan's human cattle. Let the lowing of the cattle on the campuses, be transformed into the delightful sounds of bright souls lifted in enjoyment of choral beauty.

There is freedom from physical chains, and, then, there is freedom to think and act as a human being endowed with that creativity which the so-called "environmentalist" fanatics, and right-wing and other pro-oligarchical fanatics of today would crush out of existence, if they were permitted to continue to do so.

To signal freedom, fire the canons of scientific sophistry.

STOP BEING A DUPE!

Know Your Actual Enemy

by Lyndon H. LaRouche, Jr.

July 23, 2006

Some foolish people believe that Israel is behind the war against Lebanon. Some other people think that the U.S.A. is behind Israel's role in the war. Some point to the British government's plotting behind the war. Meanwhile, actually well-informed people know that it is the international financier circles of which Felix Rohatyn is a part, which are the actual forces steering the current plunge toward what is fairly described as "World War III."

Felix Rohatyn, who is currently a key agent of those foreign powers determined to destroy the U.S.A., has spoken plainly of his own role in this affair. He has stated, at a certain meeting last year, that he considers LaRouche a menace like President Franklin D. Roosevelt, a kind of menace which comes to the surface at times that the U.S. has a President who is a mental case as crudely incompetent as President George W. Bush, Jr. Rohatyn stated that he considers LaRouche the danger to be eliminated under these crisis-conditions.

What Rohatyn stated on that occasion, was that there are now financier conglomerations more powerful financially than any government. He insisted that these financier powers must run the world, and that governments must be reduced to the status of mere errand-boys for financial syndicates of that type. Rohatyn insisted that the world must be changed, such that those kinds of financier power actually run the world as a whole, permanently.

That was not only Rohatyn's stated opinion; that is his practice and that of his apparent rival, George Soros. The international financial circles which Rohatyn typifies, are currently destroying both the institutions of the sovereign nation-state itself, and also the large industrial and agricultural interests of national governments which are the greatest potential threat to the takeover of the entire world by a kind of world government created and run by gigantic blobs of Venetian-

style financier-oligarchical usury.

In this situation, only a poor slobbering fool would actually believe that it is this or that nation-state which is behind the current drive toward global warfare of the type now spreading world-wide out of the strategic cockpit of Southwest Asia. It is the concert of financier-oligarchical power of which Rohatyn is merely a part, which is the actual entity behind the present spread of warfare throughout Southwest Asia and beyond. It is a concert of power which esteems itself, in its current practice, as in its opinion, as the permanent imperial government of a globalized world. It is this concert of power, which is centered, not inside the U.S.A., but in the global octopus of imperial financier power centered on the interlocking interests of French Synarchism and Anglo-Dutch financier cartelization. It is this concert of power, brought together around the British East India Company at the February 1763 Treaty of Paris, which has been the dominant imperial power in the world ever since the defeat of the Emperor Napoleon Bonaparte brought Napoleon's Banque de France into the status of an auxiliary of Anglo-Dutch Liberal financier-imperialism—as the case of the British auxiliary policeman Napoleon III merely illustrates the fact, and as the "Napoleon IV," and Margaret Thatcher flunky otherwise known as France's President François Mitterrand, typifies such traditions.

This is our enemy; this is the identity of our enemy's agents operating inside the U.S.A. and its institutions of government. This is the enemy which employs Rohatyn among its notable agents; this is the enemy who makes war for our destruction, here and abroad, today.

This is the enemy who is currently orchestrating the welling spread of nuclear-armed asymmetric warfare in Southwest Asia, the same enemy, operating from relevant centers in France, the United Kingdom, and the Netherlands, who has launched Israel on its current, virtual national suicide-mission into Lebanon and its neighbors.

Fact Sheet: The Enemy Is Oligarchism

by Jeffrey Steinberg

In November 1940, the Coordinator of Information (COI), the predecessor to the U.S. Office of Strategic Services (OSS), prepared a classified report titled “Synarchie and the policy of the Banque Worms group.” The three-page confidential document began, “In recent reports, there have been several references to the growing political power of the Banque Worms group in France, which includes amongst its members such ardent [Nazi] collaborationists as Pucheu, Benoist-Mechin, Leroy-Ladurie, Bouthillier, and representatives of the big French industrial organizations.” The report continued, “The reactionary movement known as ‘Synarchie’ has been in existence in France for nearly a century. Its aim has always been to carry out a bloodless revolution, inspired by the upper classes, aimed at producing a form of government by ‘technicians’ (the founder of the movement was a ‘poly-technician’), under which home and foreign policy would be subordinated to international economy. The aims of the Banque Worms group are the same as those of ‘Synarchie,’ and the leaders of the two groups are, in most cases, identical.”

The COI report then went on to detail the political agenda of the international Synarchy, as of August 1940:

“(a) to check the ‘Revolution Nationale’ insofar as its development might entail the creation of a new social order [At the time, France was under the “social order” of the Nazis, following the Spring 1940 invasion and occupation—ed.];

“(b) to check any new social schemes which might tend to weaken the power of the international financiers and industrialists;

“(c) to work for the ultimate complete control of all industry by international finance and industry;

“(d) to protect Jewish and Anglo-Saxon interests.”

The document went on to note that there is sympathy for this Synarchist scheme among some key Nazi circles in Germany including “both Goering and Dr. Funk [Walther Funk, who was Nazi Minister of Economics, president of the Reichsbank, and Nazi Germany’s representative on the Bank for International Settlements, following Hjalmar Schacht—ed.]. . . It is alleged that certain industrial circles in Great Britain are also in sympathy with the movement. Some headway is claimed to have been made in securing the adhesion of big U.S. industry to the movement.”

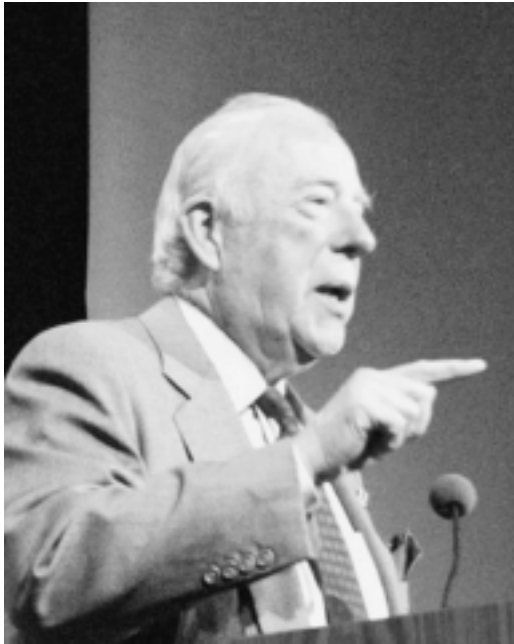
The document also identified Synarchist plans towards Great Britain: “To bring about the fall of the Churchill government by creating the belief in the country that a more energetic

government is needed to prosecute the war . . . and to bring about the formation of a new Government including Sir Samuel Hoare, Lord Beaverbrook and Mr. Hore-Belisha. (Note. The source has added that in the Worms group it is believed that those circles in Great Britain who are favorably disposed to their plans, are most critical of Mr. Churchill, Lord Halifax and Captain Margesson.); and through the medium of Sir Samuel Hoare to bring about an agreement between British industry and the Franco-German ‘bloc;’ and to protect Anglo-Saxon interests on the continent.”

The document concluded, “In regard to Germany, it is hoped ultimately to eliminate Hitler, Goebbels, and Himmler with his Gestapo, from the political scene, thus facilitating the formation of an Anglo-Franco-German economic bloc.”

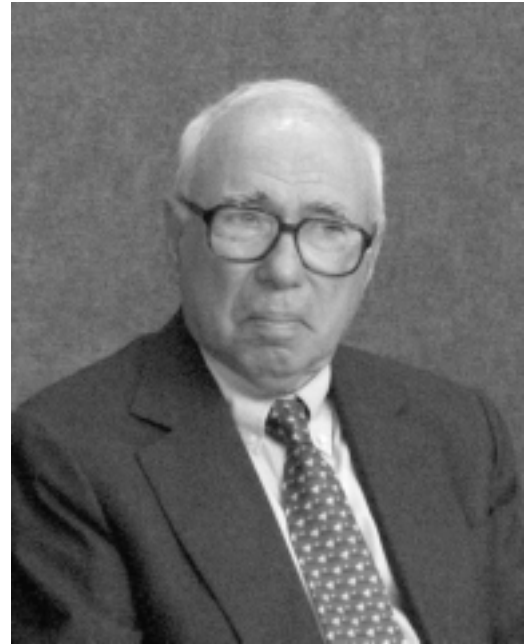
Another insightful snapshot of the trans-Atlantic Synarchist banking apparatus on the eve of World War II appeared, ironically, in *Time* magazine on July 3, 1939, under the headline, “Insider from Overseas.” The article reported on the arrival in New York City of German banker Otto Jeidels, who was named a partner in the New York City branch of Lazard Frères & Co. According to *Time*: “Lazard Brothers & Co. of London is Aryan and aristocratic, a member of the Bank of England coterie, helps back the appeasement movement in London, favors the theory that concessions to Hitler will bring Dr. Schacht and his orthodox economics back to Berlin. It has a highly lucrative and increasingly important sideline in helping frightened European capitalists put their money into good safe American dollars. On the receiving end of this flood of gold from Europe is Lazard Freres of Manhattan, not entirely Aryan, not a Wall Street insider, still correspondent (but no longer a partner) of the highly political London and Paris Lazard banks. Lazard’s of Manhattan underwrites securities and above all, does a big business in foreign exchange. Invaluable to this clearing house of new bullion and foreign capital will be Jeidels, who is a friend of Montagu Norman, has access to choice continental pipelines into Hitlerland. . . . In Germany there is a cynical saying that Schacht has managed to doublecross all save two of his intimates: one of the two is Hitler, the other is Jeidels. Schacht gave Jeidels the high sign in time for him to leave Germany with his family before the great pogrom of 1938 began. . . . Schacht was able to protect Jeidels because his contact with British Bank Boss Montagu Norman was useful to Hitler. . . . Until the spring of 1938, Jeidels functioned perfectly, as much of an insider as Hitler could let any Jewish banker be. He satisfied the British by keeping the debts unrepudiated, the Nazis by keeping them frozen, served as middleman between the Nazis and the British.”

These two reports, one, a classified wartime U.S. intelligence dossier, and the other, a widely circulated news magazine story, represented two exemplary pieces from a voluminous archive of documents—public and classified—from the 1930-45 period, that detailed the role of the international



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Through individuals like George Shultz (left) and Felix Rohatyn, Synarchy has penetrated both the Republican and Democratic parties, planting Synarchist agents, witting and unwitting, into the pores of the Federal government—from the White House, to virtually every Cabinet agency, to Congress, to the court system.



EIRNS/Dan Sturman

banking and industrial cartel, known then—and still, today—as “the Synarchist International.”

Wartime OSS Research and Analysis Branch Director William Langer detailed the role of the Synarchy in Vichy France in his 1947 book *Our Vichy Gamble*. Three years later, James Stewart Martin, a U.S. Justice Department Anti-Trust Division lawyer, who, from 1944-47, headed the de-cartelization unit of the U.S. occupation government in Germany, published his own stunning exposé of the same international Synarchist cartel in his 1950 book, *All Honorable Men*.

These and other contemporaneous accounts, reflected a deep understanding, within the FDR-led U.S. governing institutions of the time, that a top-down international financial oligarchy had been the chief sponsors of the Nazi and Fascist regimes that brought war and devastation to the Eurasian continent, in a failed effort to create a post-Westphalian world without sovereign nation-states, run by an international bankers dictatorship. But for Franklin Roosevelt’s mobilization of the moral and industrial might of the United States, these Synarchists may very well have succeeded in bringing the planet to the abyss of a new Dark Age.

Then and Now

These penetrating wartime intelligence assessments of global Synarchy are of the greatest relevance today. In effect, the COI/OSS and related evaluations of the situation on the European continent were that an Anglo-Saxon and Franco-German cartel of international financiers and industrialists, who comprised a powerful faction financing and controlling the Nazi/Fascist axis, was steering European governments, through agents with little or no loyalty to their nations, but the greatest loyalty to the international Synarchy. As Langer

quoted U.S. Ambassador Nicholas Biddle from London, “This group should be regarded not as Frenchmen, any more than their corresponding members in Germany should be regarded as Germans, for the interests of both groups are so intermingled as to be indistinguishable; their whole interest is focussed upon furtherance of their industrial and financial stakes.”

It was this combination of international bankers, then, who had financed Mussolini and then Hitler, and had steered Eurasia on a path of war and near self-annihilation, in order to secure their own dominance over global economic and financial affairs, no matter what the outcome of the war.

This apparatus was aligned, in the United States, with the very JP Morgan and DuPont interests that had been foiled in their several coup d’état attempts against President Roosevelt. The more extended network of FDR enemies included the Brown Brothers Harriman interests—including Prescott Bush, Sr., the grandfather of the current President of the United States—that had openly bankrolled the Nazi Party, and the Dillon Reed and Sullivan and Cromwell Wall Street axis that had structured the international steel, coal, and petroleum cartels, which included such key Nazi institutions as IG Farben, the Keppler Circle, and the Cologne Stein Bank of Allgemeine SS financier Kurt von Schröder. The head of Dillon Reed during the interwar period, William Draper, became chief of the economic division of the postwar U.S. occupation government in Germany, and crushed James Stewart Martin’s effort, promoting Martin’s resignation and his writing of *All Honorable Men*. As Martin discovered, the intention of the Synarchists was to assure the survival and prosperity of their cartel no matter what the outcome of the war.

Upon the death of Franklin Roosevelt, in April 1945, the

Synarchist vise-grip on the White House was soon, albeit temporarily, established, with the swearing in of Harry S Truman as President, and Truman's 1946 embrace of Winston Churchill's "Iron Curtain" declaration of war against FDR's wartime ally, the Soviet Union. By 1948, most of the French and German financiers at the heart of the wartime Synarchy were freed from jail, acquitted from charges of treason. The Banque Worms group emerged among the principal French financiers and stalwarts of the Congress for Cultural Freedom, the post-war cultural warfare front at the heart of the trans-Atlantic "Red scare." Hjalmar Schacht, himself, acquitted at Nuremberg, resumed his role as a leading financial "wizard." André Meyer, the Paris Lazard banker who relocated to Manhattan's Lazard Brothers a year after Jeidels' arrival in New York, perpetuated the London-Paris-New York Synarchy, and soon designated Felix Rohatyn as his hand-picked successor, whom he considered "as my son." Thus, the Synarchy has maintained a continuity through to the present day. Through individuals like Felix Rohatyn and George Pratt Shultz, the Synarchy has penetrated both of the major U.S. political parties, and through this penetration, has planted Synarchist agents, witting and unwitting, into the pores of the Federal government, from the Oval Office to the halls of Congress, to the courts, and virtually every Cabinet agency.

The neo-conservative movement, with its roots in the philosophical tradition of Leo Strauss, Alexandre Kojève, and Carl Schmitt, is one major spore of the present-day Synarchist International. But in some respects, the case of George Shultz provides the most clinical profile of the Synarchy in action today.

The Economic Hit Men

In 2004, a book was published by Berrett-Koehler Publishers, Inc., which caused a significant stir. John Perkins' *Confessions of an Economic Hit Man* provided a first-hand account of the role of the present-day international cartel of banks and multinational corporations, which work in concert to loot the developing sector of its strategic raw-materials wealth and other national patrimony. The principal strategy employed by the Economic Hit Men (EHM), according to Perkins' first-hand account, was to build up massive debt by developing-sector governments, to trap them in a straitjacket of World Bank and IMF diktats, while multinational corporations such as Bechtel and Halliburton loot them blind, under the guise of "development."

Perkins identified George Shultz, former Bechtel president, U.S. Secretary of the Treasury, and Secretary of State, as the reigning Economic Hit Man—the *Capo dei Tutti Capi* of the very Synarchist apparatus that earlier brought the world to the brink of self-annihilation from 1922-45.

Whether or not Perkins was 100% accurate about Shultz's formal title as the reigning boss of the EHM, Shultz definitely represents the embodiment of the Synarchy. Shultz's ultimate allegiances are suggested by his close relationship to Jacob

Rothschild of Great Britain, to whom he, along with Berkshire Hathaway's Warren Buffett, delivered the California gubernatorial candidate Arnold Schwarzenegger, for inspection and approval. Shultz is also one of the leading proponents in the United States of the radical free-trade dogmas of the Synarchists' Mont Pelerin Society. His University of Chicago mentor, W. Allen Wallis, was the founding treasurer of Mont Pelerin. Shultz is still a director of the Bechtel Group, chairman of the JP Morgan Chase International Council, a director of the Fremont Group and Accenture Energy, a company involved in mega-mergers and acquisitions in the oil and gas sector, with close ties to Anglo-American Corp.

Today, Shultz is not only the "godfather" of the Bush-Cheney Administration, having hand-picked the Vulcans, the team of initial George W. Bush tutors and Executive Branch moles, responsible for the Iraq War disaster. He, along with R. James Woolsey, revived the Committee on the Present Danger, to promote a post-Westphalia world of preventive wars, suited to the fulfillment of the Synarchist agenda. In partnership with Felix Rohatyn, Shultz has promoted the privatization of war, through the proliferation of Private Military Corporations (PMCs), which, they openly boasted at an October 2004 Middlebury College conference, represented a return to the "neo-feudal" system, represented by the 18th- and 19th-Century British East India Company.

Shultz and Rohatyn typify the mid-level Synarchist operative, who works within and around government institutions, on behalf of a thoroughly alien agenda and ideology. Their allegiances are to the Anglo-Dutch/Venetian system of usury, globalization, population reduction, and slavery.

December 1971

George Shultz was Labor Secretary, head of the Office of Management and Budget, and Treasury Secretary under President Richard Nixon. He personally pulled the plug on the Bretton Woods system of FDR. When Lyndon LaRouche labelled the dumping of Bretton Woods as the beginning of a descent into a fascist Hell, he was branded a "potential danger" to the newly launched global tyranny. In a December 1971 debate at Queens College in New York City, the last such event in which he would ever be invited to participate, LaRouche induced his opponent, Prof. Abba Lerner, to unmask himself as a proponent of Schachtian economics. Confronted by LaRouche with the evidence of the lawful consequences of ending the system of global fixed exchange rates, and opening the world's currencies to speculative manipulation, Lerner had blurted out, "If they had listened to Schacht, we wouldn't have needed Hitler."

If there is a phrase that best describes the current Synarchist agenda being promoted by the likes of Shultz and Rohatyn, it is: "Schacht without Hitler." And if anyone thinks that this is an improvement on the earlier experience with Nazism and Fascism, they are about to experience a rude awakening, if Synarchy is not stopped.

Who Owns the Israeli War Party?

by Dean Andromidas and Steven Meyer

The true architects of the new Middle East war between Israel and Lebanon, as Lyndon H. LaRouche has stated, are the international financial circles typified by Felix Rohatyn, his colleagues at Lazard Frères, and others who have created “financier conglomerates more powerful financially than any government.”

Israeli Likud Party Chairman Benjamin Netanyahu’s infamous meeting with Vice President Dick Cheney in June was just another green light for a war whose ultimate benefactors are the real controllers of Netanyahu and Cheney—the international financial interests of which George W. Shultz and Felix Rohatyn are an integral part.

Those in Israel pushing hardest for this Lebanon-Palestinian war are Netanyahu, former Prime Minister and Labor Party member Ehud Barak, and former Prime Minister Shimon Peres. Although this report will reveal some of the deeper connections these individuals have with Rohatyn, Lazard, and oligarchical financial circles, their complicity in the destruction of Israel lies in the fact that they are the key politicians who have brought hard-core, neo-liberal, radical free-market policies into Israel. These policies have dismantled the traditional Israeli social welfare state, and impoverished Israeli citizens. Through privatization, this policy integrated the Israeli economy into the supranational financier conglomerates.

Peace is not part of this policy, since one makes peace among states, and there is no room in this policy for states. The assassination of Prime Minister Yitzhak Rabin in November 1995 signalled that powerful forces outside Israel wanted to destroy the peace process. Rabin’s successors, including Peres, Netanyahu, Barak, and Sharon, have all done their part in systematically wrecking it.

Ehud Barak Joins the Hedge Funds

Ehud Barak met Felix Rohatyn during secret talks in Paris between Palestinian President Yasser Arafat, Barak, and then-Secretary of State Madeleine Albright in October 2000, after Ariel Sharon made his infamous march to the Al Haram Al Sharif, thus igniting the Al Aksa Intifada. Those meetings were held at the home of then-U.S. Ambassador to France, Felix Rohatyn. The meetings failed and, despite efforts by the Clinton Administration to rescue the peace process, the Barak government collapsed, followed by early elections which brought Ariel Sharon into the Prime Minister’s office. Since then, there have been no serious talks between Israel and the Palestinians or the Syrians. Even relations with Egypt and Jordan deteriorated.

Perhaps it was through making Rohatyn’s acquaintance at this meeting, that Barak resigned his Knesset (parliament) seat and became an advisor to Israeli, European, and American hedge funds. One such fund involves a partnership with Walter Kuna, a 15-year veteran with Lazard Frères Paris. In 1999, Kuna became the head of Lazard’s first office in Frankfurt, Germany, which is a partnership in a company called the Hudson Investment Group (HIG). Barak is also an advisor to the Luxemburg-based hedge fund Capital Management Advisors, which is run by the scion of the famous Greek alcoholic beverages dynasty, Angelis Metaxa.

Among Barak’s other links are his involvement with a charity called Natan, which was established by a group of hedge fund managers, including David Steinhardt. David’s father is Michael Steinhardt, one of the “Mega” group of Jewish financiers, who, among other things, bankrolls the Rohatyn-allied Democratic Leadership Council. Michael Steinhardt’s autobiography candidly acknowledged that his father, “Red” Steinhardt, was the leading diamond fence for the Meyer Lansky National Crime Syndicate, and that it was his father’s fortune that provided the initial investment capital that launched Michael’s career in speculation.

Another Mega financier is Charles Bronfman, former co-chairman of the family’s Seagrams, until its merger with Viendi. Now he chairman of Koor Industries Ltd., a high-tech holding company at the heart of the Israeli military-industrial complex. He is also chairman of Claridge-Israel, Inc., which took over Bank Hapolim, when the Israeli government privatized it. The Bronfman family also finances the Birthright Israel charity, with which Barak also cooperates.

Although no longer a Knesset member, Barak commands a faction in the Labor Party that has been working to unseat party chairman and Defense Minister Amir Peretz. Barak openly opposed Peretz’s intention to revive crucial aspects of what was Israel’s social welfare state. The new war has not only taken Peretz’s aims off the agenda, but might very well end Peretz’s political career.

Benjamin Netanyahu and Rohatyn

Netanyahu is far more than the messenger of Dick Cheney in this war. As *EIR* has thoroughly documented, Netanyahu is a tool of George Shultz, the Synarchist controller of Dick Cheney. Shultz transformed “Bibi” from a furniture salesman into the Israeli politician who would mold Israel into a radical free-market paradise, while destroying the Middle East in the process. (See “Netanyahu’s Fascist Record: All Roads Lead

to Shultz,” *EIR*, Feb. 24, 2006 and “Shultz’s Hit Man Fischer to Head Bank of Israel,” *EIR*, Jan. 21, 2005.) New research has revealed Netanyahu’s links to Rohatyn and Lazard.

Shortly after winning the Israeli election in May 1996, Netanyahu came to the United States for his first visit as Prime Minister. On July 11, he addressed a private luncheon given in his honor at the New York Stock Exchange. Two-hundred prominent Wall Street executives were invited. Netanyahu openly declared that he intended to privatize “just about all” government companies and services, telling the guests, “You’ll make money in Israel.”

The next morning, a Reuters news wire reported details from Netanyahu’s speech and the reactions among the guests. There were obvious concerns about the future of Israel after the assassination of President Rabin, and about Netanyahu’s direction with the peace accords and the economy. Then the article quoted Rohatyn, who gave his kiss of authority to Netanyahu: “Felix Rohatyn, a managing director at Lazard, Frères and Co., said he thought Netanyahu had ‘convinced a lot of people.’ Going even further, Rohatyn declared, ‘I think he makes a very powerful case.’ ”

Rohatyn is deeply involved with the same pro-Israeli foundations and money-men as Netanyahu is. Through his Felix and Elizabeth Rohatyn Foundation, he has helped finance the American-Israel Friendship League (AIFL), which was founded in 1971 by a small group of people that included Senator Henry “Scoop” Jackson, who was the mentor of such neo-conservatives as Richard “Prince of Darkness” Perle and former Deputy Secretary of Defense Paul Wolfowitz, who is now head of the World Bank. Other founders were Nelson Rockefeller and Hubert Humphrey. Its current president and chairman of the board is Kenneth Bialkin, the lawyer for pioneer drug-money launderer Robert Vesco.

Claiming to be a nonpartisan, nonsectarian, people-to-people group, the Rohatyn Foundation gives a “Partners for Democracy” Award at a yearly dinner. George P. Shultz received the award in 2002.

The foundation’s directors include members of the Mega group and leading funders and promoters of Israel’s Likud-Jabotinskyites, who have also supported Netanyahu: for example, Merv Adelson, Michael Steinhardt, and Ronald S. Lauder, the heir to the Estee Lauder cosmetics empire.

Another nexus for the Netanyahu/Barak/Rohatyn group is via the exclusive agent in Israel for Lazard Frères, Cukierman & Co., which is owned by a leading French and Israeli family, and led by Edouard Cukierman. Last February, Cukierman and Co. sponsored the “GO4EUROPE 2006” conference, which brought together Israeli and French business representatives, including Netanyahu and Barak. The first speaker was the acting Prime Minister Ehud Olmert. The second speaker was French Interior Minister and Presidential hopeful Nicolas Sarkozy, who is seen as a combination of Napoleon and Mussolini. Sarkozy has been warmly endorsed by Edouard Cukierman’s father, Roger, who is the head of

the CRIF, the organization that represents the Jewish community in France. He also served many years as the right-hand man for the French side of the Rothschilds, as the CEO of Edmond de Rothschild’s Group.

As an indication of Netanyahu’s closeness to this group: In 2005, while Finance Minister, Netanyahu met with a consortium of European investors organized by Cukierman for a bid to buy out the Israeli government’s holding in Bank Leumi. The deal fell through, but Netanyahu’s relations with Cukierman did not deteriorate.

Shimon Peres

As for Shimon Peres, a senior Israeli strategist and peace activist once quipped, “For Peres, when there’s peace, he is for peace; when there’s war, he is for war.”

Peres has been a leading player in the initiation of no less than three Middle East wars. The first was in 1956, where he was a key participant in the Anglo-French and Israeli conspiracy that led to the invasion of Egypt, after Egyptian President Gamal Abdel Nasser nationalized the Suez Canal. The others were the 1967 war and the 1982 invasion of Lebanon.

Peres is also the father of the Israeli nuclear weapons arsenal. In 1956, as Minister of Defense, Peres negotiated the transfer by France and Britain of the nuclear technology with which Israel would produce its nuclear weapons, as a reward for participating in their invasion of Egypt.

As Prime Minister in the early 1980s, Peres played a key role in dismantling Israel’s state sector economy, under orders of then Secretary of State George Shultz. After the signing of the Oslo Peace Accords in 1993, Peres, as an advocate of peace, released the book *The New Middle East*, in which he promoted peace and prosperity. Despite the title, a close reading of the book reveals a vision of a new Middle East economy based on radical free-market policies.

To promote this “vision,” Peres founded the Peres Center for Peace. Its international advisory board comprises a long list of the good, the bad, and the ugly of prominent international personalities. Among them can be found some of the captains of the world financial oligarchy, including Lester Pollack, senior partner and 20-year veteran of Lazard Frères, New York; and Jacob Frenkel, who as governor of the Bank of Israel in the 1990s, was instrumental in implementing radical free-market policies throughout the Israeli economy. Frenkel is now president of Merrill Lynch International. Also on board is Mega financier Charles Bronfman.

Another board member is the Lazard-linked French economist Jacques Attali. Attali has his own foundation called PlaNet Finance, described as “an NGO involved in financing ‘micro financial institutions’ in the third world.” PlaNet has another star-studded advisory board where Shimon Peres sits beside Michael David Weill of Lazard Paris and Felix Rohatyn.

None of these bankers will be found in the councils of war or the command bunkers in Israel. Nonetheless, it is their policy that drives the expanding war in the region.

Citizens Must Change the Congress, To Stop the Drive to World War III

Lyndon LaRouche was interviewed by Jack Stockwell, morning radio host on K-TALK radio in Salt Lake City, Utah, on July 27.

Stockwell: In introducing my guest, I just want to say this: He's been on my show many times in the past, and interestingly enough, I get more criticism about this particular gentleman who's going to be on the show here in a moment, than anybody else I have as a guest. But, by the same token, when he hasn't been on for months, he's the one who is the most requested by many of my listeners to get back on again, to get his viewpoint of the world. So, without further ado, I have Lyndon LaRouche, live on the show this morning from Leesburg, Virginia. Lyn, you there?

LaRouche: Yep, I'm fine.

The Beginning of World War III

Stockwell: There's just a myriad of directions we can go here, which we probably will during the time of this discussion. And I want to know some of the latest publications that my listeners can get their hands on. But the thing I want to start with, obviously, is Israel. And all of the different themes and dynamics that are coming together here, which I think it's kind of typified by some recent comments by Bill Kristol, and also Newt Gingrich, and Sen. John McCain—a couple of weeks ago on “Meet the Press,” when Newt Gingrich said without any reservation, or any real tonal changes in his inflection, when he said it, “This is the beginning of World War III.”

Can we start with that?

LaRouche: Sure. Actually Gingrich, of course, you know has been connected to certain military circles for a long period of time, military intelligence. Now, what he's saying is not unique. That, as a matter of fact, most of the voices in the professional military, and many of our senior intelligence people, are saying the same thing, and I've been saying the same thing.

But the reality behind this is, that this war is a faker. This is a suicide mission for Israel, which it was set up to do. Partly with the help of Gingrich, but that's not the bottom of the story. The bottom of the story is something else. They really are moving for World War III, and you see in today's dispatches, and yesterday's dispatches from the front there in

Lebanon, and in Rome, the negotiations there, that Israel has walked into something which is a piece of stupidity and a piece of willful suicide. The Israelis actually created the Hezbollah, by invading Lebanon some time ago, and as a part of the reaction against the Israeli invasion and actions, a defense force against the Israelis developed around a group called Hezbollah, the “Party of God,” an Islamic, Shi'ite-leaning orientation.

So, this group, which was in combat and resistance against the Israeli occupation, for a period of time—this is almost 20 years—that they have developed a resistance capability, what you might call “asymmetric warfare” capability, of the first order! So, Israel has gone into an area, on a fraudulent basis, because the Israelis sent two soldiers across the border, into this territory, not just across the border but into some depth. And therefore, the Hezbollah apprehended them. The apprehension of them by the Hezbollah was then treated as the *casus belli* by Israel, which then launched an attack and invasion, and has committed atrocities, such as bombing, with foreknowledge, bombing the UN site. After repeated calls by the UN, “Please don't bomb our site,” they kept bombing it!

So this has created a point at which Israel is losing a lot of things. It's losing people, it's bound itself into a war, as stupid as the way the United States went into Iraq, and this is a loser! And it's a potential suicide mission for Israel, which fools in Israel did, but under pressure from other sources. And the sources were not just our dear Vice President, who was a key part of this thing, but also much higher international forces, international banking forces allied to our dear friend here, Felix Rohatyn. So, it's the international banking group which is playing for a globalization game, which was actually the orchestrator.

The complication, of course, is France. Now, France was the partner of the Anglo-Dutch in the Sykes-Picot Treaty, which was a division of the entire area of Southwest Asia, including Iran, which was set up in the beginning of the last century between the British and French, called Sykes-Picot. As a part of the Sykes-Picot arrangement, France got a slice of the action in the Middle East, especially Syria, Lebanon, and so forth. Now this is the last position of France outside of France, virtually.

So, this is an attack on France, and we're getting a reaction



EIRNS/Stuart Lewis



EIRNS/Stuart Lewis

Lyndon H. LaRouche, Jr. (left) and radio talk show host Jack Stockwell. The lively two-hour interchange between the two men ended with Stockwell's affirmation: "I can understand why Felix Rohatyn does not care for you. . . . However, you are my friend, and I consider you a good friend, and I appreciate you very much being on my show."

from the French President, who otherwise is rather a sleepy fellow, whom I didn't recommend to become the leader of France many years ago when I had the chance of putting my word in. But he's squawking now.

And so, now you're in a situation in which we are escalating toward potential World War IV, or something. The bombing of Mumbai, the attacks on Mumbai, a terrorist action, are part of this picture. This is *not* a Middle East problem any more: This is a *global* problem.

Israel Is the Cat's Paw

Stockwell: Well, is the breakaway scenario trying to be forced here, then? If Israel is moving into what you describe as potentially a suicide situation, and when I read editorials in *Ha'aretz*, I read editorials in the *Jerusalem Post*, a significant portion of the Israeli population is *not* in favor of what the IDF is doing—is this something that, even though its origins and genesis extend way beyond the borders of Israel, as you're describing—is this the breakaway ally kind of thing they're trying to do, to suck American forces into that area?

LaRouche: Well, the breakaway ally thing itself was already a fake. Israel was never really an independent factor in playing the spread of warfare in the region. It was often *used* as a factor by various other forces, which were, you know: "Israel, you want to survive? Do you want our help—you do this"—this kind of thing.

So, this is a global event. It is not just a breakaway ally; that itself was a fake, as I say, in the beginning. Israel was

being used as a cat's paw for other people who didn't want to take the blame.

Stockwell: All right. There are those who claim that this was the original intent of the creation of Israel over 50 years ago, was to be able to bring enough division into that area by inserting an Israeli homeland into the picture, so that potentially down the road it could serve the purpose it may just well be doing now.

LaRouche: That would be an exaggeration of the role of—the Israelis, of course, were captives when they went in there. They depended upon backing from European allies and the U.S. That was the way the thing began. And the growth of Israel as a nation, was actually a guilt trip by the United States during the period of Truman. So the idea that Israel is playing the world, is a mistake; Israel is being played as a cat's paw, with price tags attached to it, for what have always been, since [Franklin] Roosevelt, the attempt to destroy the kind of world that Roosevelt had intended to build, had he lived beyond the end of World War II.

Oligarchs' Hatred of the United States

Stockwell: And the intention you speak of, is the end of colonialism, and the beginning of state sovereignty throughout the planet.

LaRouche: Exactly. But what they wanted, also they wanted—never forget, that the people behind this operation are determined to destroy the United States!

Stockwell: Yeah, that's the real target.

LaRouche: The hatred of the United States is the major motivation, because we are a different kind of republic, a different kind of nation than you find in Europe. And it is *this* conception, where *we* run our own banking system, where we, as a nation, control our own financial system, where we don't have oligarchies. We have a little fake oligarchy in the United States, but we don't have a traditional, cultural oligarchy in the United States. We call them puffed-up jerks, and so forth.

Stockwell: Well, we've got something we refer to as the Eastern Establishment, that would like to see themselves as an oligarchy.

LaRouche: But that's an extension of the British, particularly the British, French, and Dutch oligarchies, who, from the time of 1763, from the time of the Treaty of Paris which established the British East India Company as an empire, from that time on, you had traitorous elements inside the United States, typified by the Essex Junto in Boston, in Essex County, and people like Aaron Burr in New York City. And these clowns were actually agents of foreign powers inside the United States.

Because we were a weak nation at our founding, at the time of the French Revolution, we were isolated. And therefore, these forces inside the United States, which were implicitly treasonous, were used as agents of foreign interests. Now, therefore, you have international financier interests, which have a great deal of control over the United States.

Now, for example, take the case of the Hamilton Project, which was set up actually under the impetus of some friends of mine: And this thing is being isolated and is feared, because it is trying to find a way to express the U.S. interest—Bob Rubin, the former Secretary of the Treasury—trying to find a way of expressing a U.S. national interest, in a sane relationship with other nations; and the other side, you have Felix Rohatyn, who is nominally an American citizen, but actually he's a French Synarchist agent, who is the key leader in trying to destroy us and destroy our industrial capability within! And you find our Congress is acting like a bunch of sheep, seeing us being destroyed by Felix Rohatyn, on the basis of setting up a world empire under which we become nothing, and they sit back there, and they tolerate him, and they take money from him!

Stockwell: And surely, when they see what he's been doing, say, with GMAC and Ford, and they see what he's doing in other areas, surely they have enough sense, especially the Senators like Hatch, and Kennedy, and Kerry, who've been around there for a while, surely they know what's taking place here.

LaRouche: Yes, but they don't have guts. You see, the country's being run by a generation which is characterized by the upper 20% of family-income brackets in the so-called

68ers. And if you look at the mentality of the 68er, and the way in which people like Sidney Hook had created the 68er, that is, through the Congress for Cultural Freedom, this kind of Synarchist or this corruption, this has taken over and has virtually destroyed the nerve of the United States' leadership, that is, the leadership which generally comes from the upper 20% of the family-income brackets, in the same way that Greece destroyed itself, or Athens destroyed itself, with Sophistry under Pericles and beyond. So, we have a bunch of sophists, who don't believe in morals. . . .

Corruption of This Generation

Stockwell: . . . Currently, we're just kind of setting the stage for some expanded subjects here, that in the news seem to center around Israel's incursion into Lebanon, the constant flow of missiles from Lebanon into northern Israel, and all of the death and destruction that has already resulted from this. And Lyn, if I understand, you are saying that the motivation behind this is, of course, a much greater influence than just some kind of racial divide that occurs in that part of the world, but extends into the international financier areas, pretty well with a polarized feeling among these people aimed at the destruction of our own country.

Now, I want to talk a little bit more about that. Because when you look at the history of our trade agreements with NAFTA, GATT, and AFTA, and CAFTA, and whatever else is AFTA that, and everything is opening up the world into a complete, supposedly free market system—what is there left in this country that is still uniquely American? We can't make a hammer; even our own cars, we don't make; we just put 'em together. The auto industry is almost gone; the airline industry is next, the railroad industry is about shot, the highways are gone. We haven't had a real advancement in technology, in the sense of energy or power, in three decades or so, when you look at what Russia is doing, what India is doing, what China is doing—it's not that we better hurry up and get on board; the train left the station three decades ago. Can you comment on that?

LaRouche: Yeah, well you've got one thing in this country. You've got, first of all, people who are too much materialist don't understand this, because they don't understand, that man is intrinsically immortal. That is, we have an animal body which is rather frail, as you and I know, and that passes. But the point is, that what we represent, which is not found in the animal kingdom, is something special. And this is associated with ideas, and ideas reach back far in human history, and are transmitted from one generation to another, and carry the personal touch, the personal identity, of people who have died, in creating and generating and promoting these ideas.

In the United States, we have a population which has embedded in it, without sufficient realization of that fact, a certain American principle which is reflected in our Constitution, and which many of our people carry.

Now, what you have is, you have the upper 20% of the



Embassy of Lebanon

With its relentless bombing of Lebanon, LaRouche said, "Israel has walked into something which is a piece of stupidity and a piece of willful suicide." Here, Beirut in July.

population, and some others, from that generation [the 68ers], who no longer believe in the United States. The hatred of Franklin Roosevelt, the hostility to Franklin Roosevelt, typifies that. Because, that generation, which was created by people like Sidney Hook's crowd of the Congress for Cultural Freedom, produced a corrupted generation, which we saw on the streets in 1968. And this generation were just poor people, didn't know what they were, but they were sophists in the same way that a corresponding generation in Athens in the time of the onset of the Peloponnesian War, were corrupted. So this corrupted generation, which lies within the upper 20% of family-income brackets between the ages of about 50 and 65, this is the 68er generation: These people have no firm morality. They are opportunists. They don't have any sense of immortality. They don't have a sense of a commitment to the past and future.

But if you go into the lower 80% of the population, you find two phenomena: You find fanatics among the Tweener generation. And the fanaticism is largely a reflection of the corruption which was shown by the 68er generation. In other words, the Tweeners are generally fairly ignorant of reality; they're very poorly educated, but they know their parents are hopelessly immoral. And therefore they have a moral reaction, without adequate knowledge, and they become a phenomenon which becomes the basis for the neo-con phenomenon, support for the neo-con phenomenon. But then, you still have the lower 80% who remember that their fathers and grandfathers were farmers or worked in industry, were scientists, were entrepreneurs, and have some sense of the American tradition.

What is happening now, is the upper 20% of the population, this Baby-Boomer section, controls the population's politics, as in the Senate. That's what the problem is there. Many of these guys in the Senate are good people. *But!* They are corrupted by being Baby Boomers, and therefore, their moral

strength—they capitulate! They collapse, easily, as we've seen since mid-February of this year.

We have to get the lower 80% of the population, especially among the youth between 18 and 30 years of age, back into the act: Because it's these youth who know that both the Tweeners are "screwed up," as they put it, and that the Baby Boomers are worse, these youth recognize that they have nothing, that the nation has almost nothing, as you've just described it. They say, "We want a nation. We want a future. We want a future for this nation." And therefore, they respond, as my direct experience attests to this, they respond by saying, "*What is our tradition? Where does our soul lie?*" And they're a good force, and the hope of our nation lies with that generation, not only the United States, but *especially* in the United States, and also in Europe and elsewhere.

Our Constitutional System vs. Oligarchism

Stockwell: Now, can you connect that to what you said earlier about how the governments of Europe are so different than the government that we have? I mean, they have youth. They have Baby Boomers. They have Tweeners. They have their neo-con elements, as clearly represented in Britain right now. But because their tradition, the European tradition, can you counter-distinguish that from the American tradition?

LaRouche: Yeah, yeah. Look at our Constitution. Our Constitution is a reflection of our national character. Our Constitution is a reflection of our *revolt* against the disgusting thing that happened with the February 1763 Treaty of Paris, which established the Anglo-Dutch Liberal bankers as an international imperial force. We reacted against that, in defense of our own freedom and in defense of our right to technology, and we actually went to war in 1776 to defend this freedom.

Now, we created a Constitution, under which the Federal government has a monopoly of control over the utterance and management of our currency—

Stockwell: Now, very clearly, in Article I, Section 8, very clearly described.

LaRouche: All right. Now, this is controlled democratically by the consent of the Congress, especially the House of Representatives. Now therefore, we can create Federal credit, but we are also morally responsible to manage it, so that it doesn't go inflationary, haywire. Whereas, in Europe, there is today in Western and Central Europe no government, which is actually a government: It is actually a lackey. Because, each one of these governments is controlled by a central banking system, which in turn is owned by private financier interests. So the action of the government, especially in the management of its economic and social affairs, is constricted by a superior power, which is not accountable to government, called a central banking system.

That is a relic of the old imperialist system of Europe, when you had Habsburgs and so forth running the place. Therefore we, in a sense, are the one nation on this planet which had very clearly, a Constitutional understanding of how to run a government and how to deal with economic affairs. Admittedly, especially since 1971, our system of government has been undermined and destroyed, under Nixon, as a benefit to the forces behind Nixon, of the 68ers: That is, the 68ers, by dividing the population, by turning their generation, the college generation, especially the leading university generation, by turning them against blue-collar workers, and against farmers, and so forth, they created a *division* in the basic voting constituency of our country, which enabled the Nixon corruption, and the Carter corruption, the Brzezinski corruption, the failures in the Reagan Administration, the Bush I Administration, and the errors of the Clinton Administration, and the folly of this present Administration of a virtual lunatic. We divided the constituents, we estranged the mass of the population away from their Constitutional tradition and their moral tradition, and that's the difference.

In Europe, the Europeans generally like European values. These European values include the same values on which our nation was founded. *But!* They have an oligarchical tradition, where they have never freed themselves of the tradition of Venetian bankers. We, in a sense, have a Constitution, which is designed to *protect us* from the follies of Europe. So therefore, our function on this planet, *should be* a function of leadership, to bring the whole world together around the idea of sovereign nation-states, which have the same objectives, in terms of national sovereignty as the United States itself did at its founding.

Stockwell: Well, ever since 1913 and the Federal Reserve Act, we've kind of become Europeanized in our credit management, haven't we?

LaRouche: Yeah, well, that was the purpose. That's why they killed McKinley. McKinley was killed by friends of Teddy Roosevelt. And McKinley was in a sense, for that period of time, the last patriotic President! And then you had

Teddy Roosevelt. Well, Taft was not entirely bad. But then you had Woodrow Wilson. Teddy Roosevelt and Woodrow Wilson were explicitly carriers of the Confederacy tradition, and they tried to change the country into the ideals of the Confederacy! For example, it was Wilson who, from the White House, organized the Ku Klux Klan as a mass organization, revived it.

Stockwell: Yes.

LaRouche: So, then you had Coolidge, who was no damned good. Hoover was a decent, competent guy, but he was under the management of Andrew Mellon. So, Roosevelt came in, almost as a miracle in 1933, knowing what was going—Hitler, remember, had just been confirmed as a tyrant in Germany by the Reichstag Fire. And knowing that we were headed for World War II, not knowing exactly what that war was going to look like, but knowing what the issues were, and knowing that we had a 50% collapse of the U.S. economy, from the time that the crash occurred in 1929, until 1933. So Roosevelt had two missions, both of which had meant saving us. First of all, to build up our economy, to rebuild this economy, systematically, and also to prepare for the inevitability of some form of World War II.

And then, we forgot that lesson. We went in a different direction. We had people like Eisenhower, who had great talent; he was limited, of course, in what he could do as President, but he was a guy—I supported him for nomination for the Democratic Presidential nomination in 1947, hoping to get rid of Truman. But then, other men who were good. Kennedy came around to some good ideas. But this was, again, destroyed. And the 68ers, the Indo-China War, which was a piece of folly, helped destroy us. Long, useless wars are good ways of destroying a nation's confidence in itself. And that happened to us.

Stockwell: Now, you mentioned there briefly that Kennedy had some good ideas. What are you referring to?

LaRouche: Well, Kennedy was his father's son, but he wasn't just his father's son. His father, you know, of course was one of the—

Stockwell: His father supported Hitler!

LaRouche: Absolutely, that's why Roosevelt fired him.

But anyway, Jack made a deal with Eleanor Roosevelt and company, to bear the flag of the Franklin Roosevelt tradition. Now, Jack came in, with making a lot of mistakes—.

Stockwell: . . . Before the break, Lyn, you were talking about this dynamic behind Kennedy. I asked what it was that he did that was right, and why it was so important for these people to take him out? I mean, what direction was he going, that was disrupting the international affairs?

LaRouche: Well, first of all, he was opposed to the Vietnam War, which really got him killed. But there were two



National Archives

Presidents John Kennedy and Dwight Eisenhower at Camp David, April 22, 1961. Kennedy's father supported Hitler, but when John became President, he began to move away from the influence of the Synarchists. Eisenhower was an important influence on him, as was Gen. Douglas MacArthur, who warned him against involving the United States in a land war in Asia.

people who advised Kennedy. One was Eisenhower. And, Eisenhower was extremely important in that period, because he was the first representative of a permanent Presidential system, in our system. Other people like Roosevelt had died, other people disappeared. But Eisenhower set up an operation of a Presidential library, etc., system, which was a very important part of our national life until the point he died. Similarly, but less obviously, Douglas MacArthur, again, was another figure in this.

So the MacArthur-Eisenhower influence in advising President Kennedy, or informing him, which was also to advise him, played an important part, and it was typical of the influences, where Kennedy tried to represent the tradition of those who had fought World War II: Americans who were patriots, who had fought World War II, trying to find their own way, independent of their parents. Not without respect for their parents, but independent of their parents.

And so, Kennedy was out to rebuild the U.S. economy. The space program was the most typical, particularly the Moon-landing program, was the leading thing. The fight against the steel bosses was the other thing. But in all of this, if you look at the MacArthur-Eisenhower influence on the Kennedy Administration, and the evolution of the Kennedy Administration, during its short life, you see something very interesting. And you see, very clearly, from my eyes, why they killed him, and why the cover-up was done. That simple.

They killed him, and look what happened: The Vietnam War, the Indo-China War, destroyed us essentially as a nation.

It crystallized the formation of the Baby-Boomer formation, as manifest in the 68ers. And the 68ers have been the key to the self-destruction of the United States ever since. They have been the unwitting, secret agents of the enemies of the United States. They don't know it, but their culture, just like the culture in Athens under Pericles and beyond: *This* is what has happened to us. And it is very important that we understand, that Kennedy, whatever imperfections he may have had, whatever the problems in his background, that at a certain point, entering the Presidency, was taken by the Oval Office, and taken by a tradition. And the best example of that tradition, among many examples though, is actually the Eisenhower who established the idea of the Presidency: That is, that there's an institution of the Presidency, of people who have been Presidents, who are part of the Presidential system, which, whether in office or out of office, tries to provide a continuous leadership, the kind of spiritual-intellectual leadership for our nation and its leadership, even after they're out of office.

And that's what I've attached myself to: In 1947, I wrote a letter to Eisenhower, asking him to accept the nomination for the Democratic candidacy for President. And he said, it wasn't timely for him to do it at that time. I later understood he was probably right on that, in his reply.

But from that point on, the World War II generation, as typified by Eisenhower who was the *Galionsfigur* of this, and also MacArthur: We, the World War II generation, returned from that war. We represented a core, a tradition, and the best of us stuck to that tradition, and have served it up to this day. And what I've tried to do, is to represent the continuation of that same tradition as I understand it.

Leaders Today Without Guts

Stockwell: I know that in your organization you have contacts, obviously throughout the world. But you also have intelligence contacts inside the American intelligence community, especially in the area of defense and active-duty flag-level officers. How do they see that tradition, as opposed to those who got while the gettin' was good, and jumped behind Rumsfeld, and did what Rumsfeld wanted to get their quick promotions? As opposed to those who've stood back on the edge, very leery of the direction the Pentagon has moved in the last five years?

Let me simplify that question: Of those who are still active-duty, or not even active, recently inactive, flag-officer level—with the contacts you have, how do they see the same Eisenhower-MacArthur tradition you're talking about?

LaRouche: I would say that what I just said, they would

tend to be sympathetic to. They each have their own views, and they're independent. We're in contact, of course, but we don't form an organization, they don't have any particularly attachment to me as such, except their own choice of saying, "Well, this guy is smart, this time he's right," and that sort of thing. And we do exchange views along those channel lines. And we're like a forum. The forum is not homogeneous; it does not have a "line" as such. But we often come to an agreement based on principles that drive us to agreement.

And on this issue, on the great issues of this period, especially since the Bush Administration came in, this Bush Administration, we've been driven together by the insanity of this Administration. I mean, we have a President who is not mentally competent. And we have a Cheney who is not morally competent. It's not a good combination. And you have a Congress, in which there are many good people, but they—

Stockwell: No backbone.

LaRouche: Well, they're Baby Boomers, in large part! They do not—take Murtha, for example, in the Congress. Murtha is an example of a toughie who represents a different generational view than the typical senior member of the Congress. There are people in the Congress who *do* represent that. They are, unfortunately, a minority. There're many other people in the Congress, who under favorable conditions would tend to agree with them. And the problem is, the only way you can get the Congress to behave, is what the people out there should do: Now that the Congress has gone out of session, has gone back to the base, the people at the base, the lower 80% of the people in the United States, *should burn their tails!* Because, only that kind of fearful sense, "Mr. Democrat, you're running for office in November? Ha-ha! You think you're going to get elected . . . *by me!*?" After what you've done to this country? You better get yourself straightened out!"

And that's the only thing that'll save this nation right now.

Stockwell: Well, I'm kind of wondering, when you look at this hard core—you know the President is languishing there somewhere in the 30th percentile, which I think represents a certain mind-set in this country, that even if the worst possible revelations regarding something in the President's past or current behavior were to be revealed to the public, he'd still have that same support group behind him, because they can't see, think or feel anything else.

LaRouche: They can't see, think or feel, actually, in many cases! They're living in fantasy land!

Requirements of Leadership

Stockwell: What is it going to take, short of the breakdown of our society, to bring people to their senses, that's always taking place?

LaRouche: It's always the positive factor, it's always leadership. Now we're providing some leadership, and we do

a fairly good job. I've been fairly successful at this, which is why I have so much trouble. People hate me because I'm effective. They wouldn't hate me if I weren't effective!

Stockwell: Well, that's exactly the point. The people I find the most fascinating are the people you either love or hate.

LaRouche: Yeah, sure.

Stockwell: The people out there, who are never drawing any flak, are usually people who will put you to sleep if you listen to them for a couple of minutes. [LaRouche laughs] I always judge the effectiveness of my show and the agenda I'm trying to bring to pass, by how much flak I pick up. . . .

The dynamic that was behind Kennedy, what he tried to do: They took him out because he was going to scale down the Vietnam War. The "they," probably the same group that Eisenhower had in mind when he was warning about the "military-industrial complex," and the necessity to keep them separated from the political process of this country, and the inevitability of that marriage, which is very strong and in place today, obviously; when you look at the amount of money that we have sent to help Israel, the amount of money we have sent to help Iraq, how much of that money has actually been diverted back to the same complex that Eisenhower was warning about, through various American corporations—I know, sometimes, Lyn, it just seems overwhelming.

And the thing I try to deal with, with my listenership, here on this radio station at this time of the morning, is the concept of ideas, and the concept of leadership. And what I try to do, is to instill ideas to get people to change, maybe, to some degree, how they think. And in the process of changing, or at least *beginning* the process of learning to think, they can conceive of a new idea, that things don't need to be the way they are, and that there is a better answer, and that better answer rests itself in a forgotten aspect of the American principle, the American tradition.

And as we become more Europeanized here, and more internationalized, and this Administration is leading us to that direction, both sides of Congress are leading us into an international direction, it's like the last few swirls of water down the bathtub! I just want to be able to keep us in line, and keep us moving in a direction that we can continue to awaken that lower 80% that realize they're being treated by cattle. Comment?

LaRouche: Yeah, they are. Yes, well, the point is, this requires leadership. And as I said, the key here, and we see it experimentally, empirically in the field. I've created in the past four or five years, I've created a Youth Movement which is based on people 18 to 25, and now some of them are getting toward 30. We're doing this also internationally.

And I find that the Baby-Boomer generation is virtually hopeless. I mean, there are people in it, particularly the lower income brackets, who are patriotic and who will fight for things. But the ones in power are very weak, and it's very

difficult to get them to do the right thing. And if you get them to do right thing once, it's difficult to get them to keep doing it. As you see later, we got them to do some right things, in a sense, during the past year. And then, from early on in February this year, they went in another direction, and they went quite literally to Hell! So, we're trying to get 'em back to that.

And of course, the real worst characters in the Congress hate the youth. That's the flag, when they say they "hate these youth," or call them "brats," you know you're dealing with the very worst element in our Congressional system.

But the key thing, is without young people, the same generation of young people which, in each time we have a world war, goes to war, that generation which is called upon to go to war when we have wars to fight, is always the leading edge of the future of any nation. For example, take the Marquis de Lafayette, who was a major general of the United States at the time he played a key role in the defeat of Cornwallis in the American Revolution!

So therefore, it's this generation, which is building a future for itself as an adult generation for approximately two generations to come, 50 years to come; this generation is always the future. This is the organic leadership of the nation.

Now, this leadership, the organic leadership, as in the case of the Roosevelt generation, this leadership then becomes recognized as the vehicle for the leading ideas to which the nation rallies itself. And it is that generation around which you must build. And I'm concentrating on educating that generation. And they're doing an excellent job, that is, the people themselves. That's our future.

I think we *can* win. I know we *must* win. And I will not give up until we have won.

Who's Going to Issue the Credit?

Stockwell: . . . My guest is Lyndon LaRouche, live from Leesburg, this morning. We have been talking about a kind of a foundation to begin to understand what the American tradition, the American experience, the American System is. As opposed to the European system. And one thing, Lyn, that I've tried to get my listeners to understand, is that what happened in the American experiment, as represented in the thinking of the Founding Fathers, wasn't something that just—they all had a dream one night. These were people educated in the European experience, and had read the European writers, and had studied some of the great thinkers, and had seen the experience of Louis XI and Henry VII, and other people in Europe, in their understanding and desires to create something unique, uniquely human in the sense of recognizing the divine origin of man, and man's ability to think, and his ability to create tremendous hydroelectric power dams, as opposed to wandering around in a pasture with the thought that "Well, I think I'll go stand over there for a couple hours." The belief systems behind those who would want to free man, see man as the creation of God.

There are those who see themselves, perhaps more so, as

the creation of God, and it's their responsibility to husband the rest of humankind, even to their own death and destruction, in the sense of creating a better world from their aspect. And that's kind of the battle that goes on.

And underlying all of that, is a subject of as great an importance as anything else: Is that, who's going to issue the credit? Who's going to issue the system upon which all of our economics depend? The independent private banking system? Or, a well-managed moral government, that is supervised, since government, of the people, by the people is an extension of the people anyway. We can criticize Congress as much as we want. When you look at the incumbency rate that's involved, we know where the real blame lies.

And so, with that in mind, I still have—you know, I consider myself an eternal optimist. No matter how bad things get, I know there are ways to pull ourselves up by the bootstraps and get moving and get forward, and start changing these things. There are efforts here in Utah to do that, regardless of the level and degree of corruption that exists in our own political system in this state! Which is a virtual theocracy anyway. There are efforts that are afloat all the time, to try to bring people to the sense of the awfulness of the situation in which we find ourselves, which is the final dissolution of this republic, in the viewpoint of a larger economic community, that will reduce this once-great nation to a Third World status, never again to emerge as a part of the big, global community.

You know, it's really simple, when you boil it to the lowest common denominator, what we're dealing with here. It's a fight over essentially who is going to issue the credit. Can it be that simple?

LaRouche: Yeah, it is that simple. It's that simple, if you know how to manage the credit that you issue, that's the other side of the coin.

Stockwell: And these families, these European families, who for 1,000 years or more, held onto this tremendous power, they will drive, in my estimation, they will drive this planet to back before the European dark ages, before they'll ever let go of an ounce of power!

LaRouche: Well, Jack, I don't think it's even families. It's a system. We form systems, and you have institutions which are systems. For example: Let's take the greatest force of evil today, which is essentially this Anglo-Dutch-French Liberal/Synarchist alliance, which is really the Synarchist alliance. This is a product, ultimately, of the Venetian financier-oligarchy, which moved from being the rulers of the Middle Ages, with their ultramontane system, and moved into the north into England and the Netherlands, where the Venetian bankers took Dutch and English names, or spread their influence otherwise. Then you had, in France, a corrupt element, which was consolidated around Napoleon Bonaparte. And when Bonaparte surrendered, had to surrender to the British and Dutch, then you had the Banque de France, which had been created by Bonaparte, and also became a cluster of pri-



At the end of the war, Benito Mussolini was trying to cut a deal and blackmail Winston Churchill, who had previously been his controller. The British caught him and his mistress, Carla Petacci, and hung them upside-down.

vate financier interests, which, together with the Anglo-Dutch interests, became essentially a world empire. And what people think of as economics today, is largely a product of this system.

Now, what happens is, the system functions like a club, in which some mysterious force, as far as the individual is concerned, controls the club, and the member who wants to stay in the club, will obey the rules of the club. One club is the "Eat People Club," which is what Rohatyn represents. Remember that Rohatyn is a product of the people who created Hitler. Hitler did not create the club, Hitler was a throw-away instrument of the club. And when Hitler was used up, they threw him away, but they kept in business!

Stockwell: Well, this club got Franco going before they got Hitler going!

LaRouche: And they got Mussolini going, but that's not the issue. These are the instruments.

Stockwell: Right.

LaRouche: I mean, you have organized crime. Organized crime has a man who is an enforcer in a neighborhood. The enforcer in the neighborhood is the one that everyone fears. But he's not the controller, because he can be killed, too, and eliminated. Just the way that Hitler was eliminated, Mussolini was eliminated.

For example, Mussolini was a favorite charge of people like Winston Churchill. A friend of mine, who was then the head of the OSS in Italy, was chasing Mussolini at the end of

Mussolini's life and career, when Mussolini was fleeing to the Swiss border to try to cut a deal and blackmail Winston Churchill, who had been his controller! And they killed him! And then they took him and Carla Petacci, his mistress, and they hung 'em up at a gas station outside of Milan, and said it was the Resistance that did it—it was actually the British that did it. And my friend, who was out there with his .45 on his hip, chasing Mussolini, really had an insight into what really was going on.

So, they got rid of the rubbish, and they started new rubbish: And the new rubbish is the same people that created the old. It's the syndicate behind it.

And the force here, is this Venetian tradition of financier-oligarchy, of the system of *usury* controlling the world. And this is what the empires are based on. This was the empire of the Persian Empire; the empire of the Babylonian Empire; the empire of the Roman Empire; the Byzantine Empire; the Crusader system; and the modern empires are all the same thing: They're all based on a financier principle, finance principle, of usury.

But! The *system* controls the members, the leading members, that is, the club. And the club members now respond to promote themselves within the system, the club. And that's where you have Felix Rohatyn. Here's a man who essentially qualifies as a virtual Nazi. His policies are no different than those of the sponsors of Adolf Hitler. He may be not anti-Semitic, but in every other respect, he's the same thing.

So therefore, this is the enemy. And the question is, the *counter-enemy* is what's important. The counter-enemy is the mobilization of the *people* as a system, around principles, as this is typified by the American Constitution and what that represents. And that's the fight.

In other countries, they have good ideas. But good ideas are not sufficient. You have to have a system, and you have to have leadership which can make these ideas effective. Because we're all mortal, and we come, and we die. And what happens after we die? What is the institution that continues what we are committed to during our lifetime? And it's that institution and its leadership which is of crucial importance to us, as is typified by the U.S. Constitution.

Immortality of Man

Stockwell: And after we die, we either leave behind us the momentum in the club that we just joined, and kept going. Or we left some new ideas.

LaRouche: I think it's more than that. Because, the point is, this thing of Genesis 1, and the question of man and woman, the definition of man and woman. I think that our sense of time confuses us. I think that we're immortal, but in a different way than people think of time. That we are a part of the system of creation, and we're either loyal to that, or we're loyal to something else.

Stockwell: Yeah.

LaRouche: And therefore, our institutions of government, or other institutions which are valuable to us, are the institutions which preserve the interest of our immortality: By taking the good that we contribute and inherit from those before us, and ensuring that that is preserved for generations to come. In that sense, we are an active, living part of the universe, even after we, in our animal side, have died.

Stockwell: So, we can say then, if you take the beauty of that last statement that you just said, that's what the Founders tried to give us, then, in the Constitution.

LaRouche: Absolutely. Why does somebody go to war and die? He's a pig? He's a beast? Or, he's a human being who thinks that putting his life as a sacrifice for the sake of humanity, is something which may be required of him, for the benefit of humanity.

Stockwell: That's why our men and women went to the Pacific, that's why our men and women went to Europe. Because they knew their life was on the line, but they knew there was something greater than that life. And that was the continuation of the American Republic.

LaRouche: And that's where their courage comes from: If you *know* that you have an intrinsic investment in immortality, by using your life, your mortal life, for a good purpose, then you are *strong*. If you don't have that, then you live as a wild animal, and you kill as a wild animal, and you fight and die as a wild animal.

Stockwell: And when that kind of thinking rises to the highest levels of our government, then they're willing to look at the cannon fodder as just so many people to be killed to achieve their monetary and political ends. Because they are thinking as beasts!

LaRouche: It's the system.

Stockwell: . . . This concept, Lyn, I want to expand on this a little bit more, as opposed to the "Club Med" thinking. The Genesis 1 kind of concept, that man is in the image of God, and the immortality you're talking about that that brings—metaphors that can go in a lot of different directions, as to what "created in His image," and all these other things could possibly mean. But the idea of divine parentage, and divine origins, and divine destiny, as opposed to the person who may have been raised with that kind of thinking, but now is elevated either through vanity, or by the pressure of his peers to run for office; and he gets into office, he or she, and they suddenly find themselves in a "club."

I like this metaphor, because Mary and I, we talk about things in this concept all the time. That, if you're going to be a member of the club, then you keep the rules of the club. If you're not going to keep the rules of the club, then the club's got the right to throw you out. But you may not realize, in your most patriotic, most wonderful altruistic desires to come forth and serve your fellow man in some political office, that

once you get in there, you're in a club! And this club has rules that are not necessarily embodied in the Constitution. [LaRouche chuckles] And then, the power that comes with it, the prestige—the seduction, that follows: It's kind of difficult, isn't it? With what the world has to offer, as opposed to the Genesis 1 concept, for anybody of real integrity and determination, and true honest stamina to put up against this stuff?

LaRouche: Well, you see, the problem here, you've got two problems: First of all, you've got too many lawyers in the system. And our legal system is sophist, and therefore, the problem I run into in dealing with the Congress, I run into people who are well-meaning people, but their sophistry takes over! We go to war sometimes, in the same way that Athens went to war and destroyed itself in its wars, because they said, "We have to"; why? Because of popular opinion. Popular opinion says we're going to go to war. Someone says, "Yeah, but it's the wrong thing to do." They say, "Yeah, but we're going to do it anyway, because it's popular opinion."

That's the kind of thing we get here. So, I would say, we have too many lawyers in the Congress, or people who think like lawyers. Not because law is bad, but because the conception of law as practiced by our courts stinks! There is no sense of moral law in the Congress! They may have some religious denomination say, "This is the moral law." But they don't know what the moral law is anyway, so what they're saying is the moral law doesn't cut much ice with me.

So, the problem here is, people don't know that, what the law is.

And secondly, the way that we treat people and we miseducate them, we do not bring forth their consciousness of that within them, which actually distinguishes them *functionally* from a beast! That is, the creative powers of reason, which no beast has, and human beings should have. But we try to reduce people, in these societies, and especially the oligarchical societies as in Europe, we reduce people to the status of *human cattle*. And you look at the ways in which the arguments go: There's no differentiation between the way we define cattle, and the way we often define people! "Look, you're not that important. You need a job, do your job, keep your nose clean, don't get into trouble," that kind of thing. And therefore, we turn people into submissive cattle, who become submissive, like cattle, because they say, "If I don't do as the boss tells me, I'm going to be eaten."

My Approach to the Youth Movement

Therefore, the very thing that makes us human, is the very thing that is not emphasized in the educational system, *particularly* in the modern Liberal educational system, which does not recognize the existence of a universal physical principle.

Now, there are two things that I do, with the youth in particular, which are relevant to exactly this problem. My question is: How do we get young people to recognize that they're actually human? Well, it's a practical question. The



EIRNS/Dan Sturman

A LaRouche Youth Movement pedagogical on geometry, in Washington, D.C. in June 2006. LaRouche's basic approach to youth is: "How do we get young people to recognize that they're actually human? Well, it's a practical question. The question involves, what's the difference between man and a beast? The innate difference is creativity. What is creativity?"

question involves, what's the difference between man and a beast? The innate difference is creativity. What is creativity? Well, let's take, as an example, Kepler's discovery of universal gravitation; and no one but Kepler made that discovery. Galileo did not make that discovery; he was corrupt. Newton didn't make that discovery; he was stupid and corrupt. He was used as a tool. So people don't know what even the principle of gravitation is, what its discovery was. They don't know anything about the actual principles of scientific discovery.

Then you come to music: Now, you have all this rotten music, which is called popular music. It's garbage! And it actually lowers the moral level of the population. We use in the Youth Movement the Bach *Jesu, meine Freude*. It's a motet; it's the best of the motets and the most important one. It was based on a Lutheran hymn, a short one, which was adopted in the wake of the Thirty Years' War, as a hymn which celebrated man's freedom from this horrible thing, the Thirty Years' War.

And then Bach came along, and took this hymn and combined this with passages from Paul, in Romans, and had a dialogue between the hymn and the Apostle Paul. The thing is a real challenge. It's based on a Lydian mode principle of composition by Bach, which is one of his great contributions to how to use this thing. And you see the effect on people of those forms of musical composition, which incorporate

this principle as the Lydian principle, for example, in Bach and others.

You see the effect; you see it in religious music; you see it in other music: That an audience which has participated in a competently performed work of this type, is inspired. This is why in the old churches, this kind of music was crucial, particularly that which expressed this principle, was crucial in bringing people in, an audience, assembled in a church audience, *together, emotionally*.

You see this on the streets: We have youth go out in the streets will sing the *Jesu, meine Freude*, or segments of it, especially the "Trotz" section of that. This has an effect upon the people: They suddenly stop being stupid and corrupt, and they come up and start discussing things seriously. Creativity. Science properly taught and practiced: Creativity. It's by people realizing that creativity is some-

thing which is unique to the human individual, which does not exist in any other animal. And to understand creativity, to actually understand it, not simply a word you use to apply to anything you want to apply it to as an innovation, but to understand what is creativity, the kind of creativity that increases man's power in and over the universe. And that's what's lacking.

Because we've taken the lower 80% and also many other people, and by denying, systematically, *in the rotten corruption of our educational system*, particularly in the post-war system, and particularly the 68ers—they have destroyed the *moral fiber of the nation*, with their approach to education and ideas! And therefore, you have a bunch of poor fellows out there, like people living in Purgatory on the way to Hell, as people, because they're just mulling around, not knowing where they're going in life. You can call it where they're going, spiritually, that's all right—good term. But they don't know where they're going as human beings.

I mean, we all are born and die. We're all going to die. *Therefore, what is the meaning of life?* Is it the meaning of life, to die? Or, is it the meaning of life, what we do as *human beings*, to do something specifically human, to improve the condition of humanity? Are we on a *mission*? And can we die with a sense that we have performed a *mission*? That's the issue that's lacking.

The Principle of Creativity

Stockwell: Is that the high point, then, of human existence, measured as the net result of what we have done, in the sense of making life better for our fellow man?

LaRouche: Not exactly. That's a reflection of it. But my view is, look: As I understand this, even as a scientific question—it becomes theological, but it's scientific: that you look at creativity, and you have different levels of principle. You have the level of the inanimate objects, you have the level of living processes, you have a still higher level of human processes, the human mind, but we all die.

Now, we are in the image of a Creator. And the Creator has a universe, which is, in a sense His universe. He's not a dead guy Who did it. He's someone Who's there. And it's His universe, and we are the instruments of developing that universe. What our mission is, as mankind, we do not fully understand in terms of some particular target. What we do understand, or should understand, is that we should be *making some contribution to getting there, wherever it is*. But that's the Creator's decision, not ours.

Stockwell: That's true. Okay, I'm following what you're saying now, that our higher calling then, is to make a contribution to the development then, with the brains that we have, and the understanding, and the ability and to create and to innovate, and to improve, is our responsibility here to conquer that very physical universe.

LaRouche: Yeah.

Stockwell: And in so doing, we have to organize among ourselves, a system that will promote that. And in organizing a system that will promote that, we have to recognize our frailties, our shortcomings, our weaknesses, and our tendencies towards control, dominion, and power over one another. Therefore: We come together and bring forth the best instrument of government that we can come up with, and this was a rather resplendent display at one time in the thinking of the Founders, of a government that would exist among moral people! Typified by our Constitution.

LaRouche: Yeah. The pleasure is getting there.

Stockwell: Yeah!

LaRouche: And the sense that you're part of the process of getting there, wherever it is.

I'll give you a very concrete example of this, Jack.

A Mission to Transform the Planet

Stockwell: Please.

LaRouche: We have two problems right now, which require nuclear energy, fission nuclear power, and also thermonuclear power. Now, fission power is required: As you know out in that neck of the woods, that we have a major freshwater problem for maintaining civilization. There's plenty of water on this planet, which is created by life. But we don't have

the fresh water where we need it. The Ogallala Aquifer, for example, particularly the southern part of it, is typical of this. You have areas of the United States which could be developed, which could be rich agricultural land, and developed. We don't have that because we don't have water. On the planet as a whole, we are relying today, largely on what is called "fossil water," that is, deposited water, left from 2 million years ago or less, where glaciers melted and left a great deposit, like oil or something, inside the Biosphere.

We also have a problem, in the fact that we depend upon primary materials, what are sometimes called raw materials, minerals, and so forth, which we have begun to exhaust the richest lodes known to us. We have a world population which is growing, and we must meet the requirements of the growing needs of a growing population. But we're going more and more to marginal resources, to meet those needs. We can deal with that.

We're going into what is called, by physical chemists, an isotope economy, in which the understanding and the management of the isotopes of chemistry, and of generating *higher orders* of chemistry, as for example, exploring the transuranic area. Because you have two processes in physical chemistry: You have fission, which is going down; you have fusion, which is what the Sun did in creating the Solar System, going up, going up to higher orders. We know something about this, but we don't know very much. We simply know what the problems are.

But in order to deal with these problems, we have a *mission*: Instead of depending upon what we can *take* from the Biosphere, as fossil residues that we depend upon for life today, such as water, atmosphere, and minerals and so forth, we now have to begin to take responsibility for reproducing and making these, and making new kinds of materials.

The Fundamentalist Problem

Stockwell: . . . Now, in this line of thinking, Lyn, when you're talking about this immortality, and this mission, this responsibility to use the tools and the brain, not just to improve our life; and to build up in the fusion concept, and not to tear down in the fission concept, something I'm picking up there—but this is where—you know, when I look at things religiously, as I am wont to do at times, and I look at what I pick up from Islamic thinking, I don't see Islamic thinking—nothing against the Islamic religion, because I see the same thing in Christianity, any time you start moving in fundamentalist areas—where people are living for something "down the road," trying to get up to the highest level of the Kingdom of God, whether Islamic or Christian, or whatever; as opposed to living for the highest within us on *this* sphere, in *this* realm, where real immortality is established.

And so, here you have fundamentalist Islam wanting a certain position with God hereafter—so they might join Hezbollah; they might become part of the military aspect of Hamas or whatever else, and will go out there and will do



To better understand the historic relationship between Islamic and Christian rulers, look at some contrasts: the murderous Crusaders on the one side; and Haroun al-Rashid's alliance with Charlemagne on the other. Here is an 1864 painting by Julius Köckert, with Haroun al-Rashid on the left in white robe, Charlemagne on horseback.

some rather disgusting, horrible things. On the Christian side, you have these people partying around now, because the Last Days are here, Jesus's Second Coming is imminent, and they're pushing the Administration to *launch* so they can hurry up and get Armageddon under way [LaRouche laughs], and see this world reduced to a burned-out cinder! I mean, both sides are insane!

And so, sometimes, rather than religion helping to develop the best in us, it seems to create an environment where people run off to some crazy extremes, where we end up doing the *opposite* of what Genesis Chapter 1 seems to indicate.

LaRouche: Yeah. But what you're getting there is this—first of all, you look at some contrasts. You look at Islam as it functioned with the Baghdad Caliphate, under people like Haroun al-Rashid, in its alliance with Charlemagne, and with a Jewish connection, that is, functional connection between Charlemagne and Haroun al-Rashid, in that period. Then you look at the Crusades: the Crusaders were a bunch of murderous swine. They called themselves Christians, but they were actually murderous swine. They were fanatics, they were fundamentalists of a special kind, who worked for bankers—and you have fundamentalists who work for bankers in the United States today! They think they're Christians or something . . . and when the doors of Heaven open, they're not going to be opened for them! Not with the way they're acting now. Because, you see, what they talk about, they want their health problem cured, they want their rent paid without they're having to pay it—

Stockwell: They don't have to pay taxes.

LaRouche: And they want sex (they don't want to talk

about it, but that's what's in their mind!). Gratifying sex. So therefore, they are not exactly Christians. They are people who are trying to worship their fantasy, their utopian fantasy of what their personal, swinish life could be!

And the problem is, that they have been demoralized, and have no vision, and no sense of what creativity is. They have no conception of what the Creator is. They have a pagan, an *absolutely pagan* conception!

In Islam, you have the same problems we have in Christianity. You have divisions in terms of views, and divisions which are affected by political conditions. For example, you have people living under, Christians who lived under—think of it! Christ was born under the first Roman Emperor, who called himself Octavian, the son of Caesar. And then you had the second one, that Christ was crucified on orders of Tibe-

rius, through his son-in-law Pontius Pilate! And from that point on, with the crucifixion of Peter, the crucifixion of Paul later by the Romans, you have a *nightmare*, a mass-murder of Christians! And so, in this process, which goes beyond Constantine, this process and then the Crusades, a *monstrous* history of mankind in terms of religion. The Spanish Inquisition was *absolutely Satanic*! Dostoevsky was right in his image of the Grand Inquisitor. The Grand Inquisitor was a *Satanic figure*; the Inquisition was *Satanic in character*. And the fact that religions were subjected to this kind of thing, means that confused people would try to make God in their image, rather than themselves in God's image.

The Challenge to Us Today

Stockwell: Well, here we are, now, 2006, going back to the beginning of this discussion with Gingrich's comments about, here we are, this is World War III: the latest news I heard at the news break, was that Israel was stepping down just a touch—I don't know what that means. But from what you've had to say these last couple of hours, this is a situation where Israel is not acting autonomously. Zionism, the IDF, are tools of a much larger power out there, just as much as our forces in our own forces in this country are, to bring to pass this world community.

Now, we're going to take another break, and when we get back we've got about three to four minutes to wrap it up. In that light, I'd like you to sum up (which is not going to be easy) in the amount of time that's left, this underlying theme of creativity, that the Founders came together to create a form of government that would foster this creativity, that would foster this individual freedom. And how that smacks



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Newt Gingrich, said LaRouche, “is not really a nice person,” but he “is not entirely ill-informed,” and was right when he said that Israel’s war against Lebanon could be the beginning of World War III.

up against this international financier concept, that *they* should have the supreme ruling position, that they themselves should be the ones who make the last decisions in all matters, political, social, and economic—by divine right of kings or however they see themselves. They are in the controlling position.

I mean, even President Bush himself said, things would be better if this were a dictatorship, as long as he were the dictator; he’s also said that God told him to invade Iraq. And there are other people, and they’re just as looney as he is, who have access to the button, if not the button itself, very close to it. That we could be, right here, sitting here at the end of July, right on the verge of what Gingrich has described as World War III. If you could kind of tie all that together, as soon as we take a quick break. We’ll be right back. . . .

Lyn, just in a few minutes left, where are we, and what responsibilities incumbent upon us all to do something, even at this late date?

LaRouche: You referred to Gingrich, who is not really a nice person, but who is not entirely ill-informed: that the fact is that Israel did not invade southern Lebanon, or conduct many other things it did, simply as something of Israeli interest. In point of fact, as we see now, as many of us warned that this could be the end of Israel. Israel was sent on a suicide mission, a suicide for Israel, into southern Lebanon, and everyone who is of military and related competence, who saw the facts, have agreed—and we’ve shared these facts with them—have agreed, that this is a suicide mission.

Now the fact that Israel is being expended when people have tried to use it as an instrument of policy in this way, indicates that we’ve come to the point, that the friends of Felix Rohatyn, of the Synarchist International, the same people who

created Adolf Hitler, and then dumped him, but they created him, and who also are responsible for launching the Hitler who they knew was going to conduct some kind of genocide against Jews, these people are trying to push us to a *real* chaos: *because they know that the end of their financial system as it exists now, is doomed.* That some time in the very near future, unless fundamental changes are made by the U.S. government in particular, this system is going to crash—not into a depression, but into a *dark age* kind of depression.

So they are rushing at this time, to get control of the planet, which is why they’re pushing for a *global world war!* Now! Not a local war, not a regional war. The attack, the terrorist attack in Mumbai, which was largely a British creation, this attack shows you very clearly, and other things from the U.S. Administration also show you, that *they’re headed for a new kind of world war*, World War III in a new form, from which civilization might not emerge.

And the issue now, is to find the leadership, especially in the United States, which will *change the direction of behavior, of the U.S. Senate and the Congress, from what it has been doing in the recent months.* And will also cause a change in the policy of the Presidency of the United States, a *radical change*, of the type which is consistent with the intention of the Founders of this nation.

That’s where we stand: We, now, have the moral responsibility for changing ourselves, for changing the behavior of *our* Senate, *our* Congress, of *our* Presidency, to ensure not only that the United States survives, but survives because it plays a positive role in preventing civilization from going to Hell, under the impact of what is building up rapidly, now.

Stockwell: Lyn, thanks.

LaRouche: Okay!

Stockwell: I appreciate very much you’re being here. I always find that the time you spend on this radio program, to me individually, to be very inspiring. It’s just amazing to me, that, when I read your writings, and I listen to you speak—where some of these people [who attack you] get their ideas! Obviously, they don’t read. But, nonetheless, I appreciate your being here. And I can understand why the Felix Rohatyn crowd does not care for you. I understand why the Cheney crowd does not care for you. And I understand what kind of a threat you represent to the concepts of internationalism, and those that would like to see the end of the American Republic. I can see what a threat your ideas and thinking represent to all of those: However, you are my friend, and I consider you a good friend, and I appreciate you very much being on my show, and your organization. And others, as well, Harley [Schlanger], for instance, who’s been on the show quite bit over the last year. Anytime someone from your organization’s a part of the program, it’s always a thrill for me. And again, I thank you for being a part of the show, sir.

LaRouche: Thank you.

Behind the Mumbai Bombings: Tracking the British Role

by Ramtanu Maitra

The seven synchronized serial bombs that tore through suburban trains in Mumbai, India on July 11, taking at least 207 lives, and injuring more than 600 others, is an indication that the international Islamic jihadis have found a soft target in the country. So far, New Delhi's investigation has little to show, beyond indicating a Pakistani involvement in this dastardly act. No group has claimed responsibility, and the initial arrests carried out by the Mumbai police have revealed virtually nothing.

As of now, the Indian authorities have named the Pakistan-based Lashkar-e-Toiba (LeT) and India's banned Students Islamic Movement of India (SIMI) as being behind the bombings. Reports indicate that several teams from LeT and SIMI were arrested, and that huge amounts of explosive materials, including RDX, were recovered during raids at various places in Aurangabad, Nasik, and Nagpur in the last two months. It is evident that if the Indian authorities do not succeed in widening the investigation to get a glimpse of the broader picture, the cut-outs arrested so far will not be able to reveal anything, and the country will continue to be vulnerable to such massive attacks.

In the aftermath of the incident, India postponed foreign secretary-level talks with Pakistan scheduled for July 20-21. The negotiations were a part of the third annual round of dialogue between the two countries, in their attempt to build confidence, while working towards agreement on a variety of disputes.

While there is no question of far-reaching Pakistani involvement in the attack, the investigation must seek to find out how exactly the network functions. Behind the cut-outs that have been put behind bars, there remains, hidden from public sight, a vast and sophisticated killing machine. In this context, the Indian authorities have pointed out that Pakistan

Inter-Services Intelligence (ISI) has strengthened its base in Nepal and northern Bihar. Investigators have also reportedly questioned several Islamic clerics in India's northeastern state of Tripura in connection with the July 11 bombings.

India has also urged Pakistan to hand over the self-exiled Mumbai mafia-don Dawood Ibrahim, who shuttles between Dubai and Karachi. Dawood, an underworld hood, had long been a Pakistani ISI asset. Long before he fled to Dubai in the 1990s, Dawood, who dealt in opium, heroin, and smuggled goods, had built up a strong underground network in Mumbai, Nepal, northern Bihar, and possibly within the Muslim community of West Bengal. Subsequently, these networks carried out terrorist acts within India. Although the planners of these terrorists' acts have realized that violent acts have little effect on the daily life of the Indian people, their objective is to trigger wide Hindu-Muslim rioting. If they succeed in achieving this goal, by carrying out such acts from time to time, then India can be brought to its knees, the masterminds believe.

'Londonistan'

Credit belongs to Indian Prime Minister Manmohan Singh, for the only serious effort that Indian authorities have made so far. According to the *London Times*, during a discussion between Prime Minister Singh and British Prime Minister Tony Blair, at the G-8 summit in Russia, after the Mumbai bombings, the Indian leader reminded Blair of a detailed dossier that had been handed over, three years ago, which identified 14 men suspected of involvement in the Mumbai bombings, as living in Britain. Blair is said to have assured Singh that the suspects would be investigated.

Another British paper, the *Birmingham Mail*, reported that a jailed taxi driver, of Pakistani origin, and now from the British Midlands, is also being questioned in connection with

the Mumbai blasts. The man is currently serving a nine-year sentence for raising funds and buying weapons for the Lashkar-e-Toiba.

It is widely acknowledged that the origin of most of the international Islamic jihads, lies in London. To those who are aware of the huge number of Islamic militants harbored by British authorities, London is known as “Londonistan.” Camille Tawil, a terrorism expert at the Arabic daily *Al-Hayat*, told the *New Statesman*: “The Islamists use Britain as a propaganda base, but wouldn’t do anything to a country that harbors them and gives them freedom of speech.” What Ms. Tawil did not mention is that these Islamists, perhaps to maintain their bases and prosper, carry out murderous activities against other nations when they are ordered to do so.

For instance, more than 600 Islamists from Britain had gone to join the Afghan mujahideen in the 1980s, to fight the erstwhile Soviet Army. Most of them remained there to join the Taliban and al-Qaeda. Even today, when Anglo-American troops battle insurgents in Iraq, Islamists from Britain are showing up in Iraq.

To get a glimpse of the hidden picture which may clarify why London is such an Islamic headquarters, one has to take a look at the British mosques, and their role in various geopolitical activities. In the 1950s, Muslims from the Indian subcontinent’s disputed state of Jammu and Kashmir began to arrive in Britain. They came mostly from Mirpur, a part of Jammu and Kashmir, to work in the textile industries in Britain. Mirpuris came in droves, because part of their land was submerged by the dams built by the Pakistani authorities. Using their compensation money, the Mirpuris came to Britain to work.

Within a few years, it became evident that these Kashmiri immigrants, who were not only anti-India, but were also seeking an independent Kashmir, somehow got control of the British mosques, from which anti-India Kashmir policies were proclaimed.

Today, Britain has about 2 million Muslims. Of these, about 1 million are of Pakistani and Bangladeshi origin. The most prevalent sect that controls the mosques is Sunni, and its adherents belong to the subcontinent’s Islamic school of Deoband. Others are Wahabis. It must be noted that the Deobandis are considered close to the Wahabis in their orthodox religious outlook. At the time of the migration, the Pakistani ISI was in the process of finding its feet, and these political immigrants were largely under the wings of British intelligence.

Bastard Child of a Brit

The Directorate for ISI was founded in 1948 by an Australia-born British army officer, Maj. Gen. R. Cawthorne, who was then Deputy Chief of Staff in the Pakistan Army. Field Marshal Ayub Khan, the President of Pakistan in the 1950s, expanded the role of ISI in safeguarding Pakistan’s interests, monitoring opposition politicians, and sustaining military

rule in Pakistan. It is evident that the British MI6 and MI5 had then begun working with Pakistani intelligence to bring about this control. This was primarily done by London to maintain British leverage in the Kashmir quagmire, and encourage the emergence of a “Third Force” in the Kashmir milieu that would not want to be part of either Pakistan or India, but India, in particular.

One of the least understood themes of the partition of India in 1947 by the departing British Raj, is what led the British to do it. Run-of-the-mill analysts point out that the British did not want a unified India which could be strong and anti-British. Some others say the British saw that the minority Muslims were in danger in the hands of the majority Hindus, and that that is why they moved in to form Pakistan. While the British did not want the emergence of a strong India, the formation of Pakistan hardly helped the Muslims, who felt that they were a threatened minority. To begin with, those provinces that became a part of Pakistan were those provinces where the Muslims were in majority. Hence, the Muslims there were not in danger. The provinces where Muslims were a minority, and ostensibly “in danger,” became a part of the Hindu-majority India.

But the British objective in breaking up India was simply not to divvy up the country. The British wanted two things out of it: They wanted a weak nation (Pakistan, that is), which would depend on Britain for its defense. And they wanted that newly-formed weak nation to border the oil wells of Central Asia (part of the Soviet Union, then) and to be close to the Muslim-majority, oil-rich nations of the Middle East.

Corollary to the objective was that India, the larger of the two nations then in the subcontinent (now, with the emergence of Bangladesh in 1972, the subcontinent has three nations) must not have any common border with either Afghanistan (the buffer state) or the Soviet Union.

The British objective to control the oil wells was part of the Great Game to prevent the mighty Russian empire from having access to the oil fields. Former British Governor of the North West Frontier Province during the British Raj days, Olaf Caroe used to say the shadow of the north must not extend over the wells of power. Britain realized during World War II that the one who controls the oil fields controls the destiny of many nations. As a result, beginning 1940, south Asia was important to imperial Britain, for the protection of oil fields of Arabia. Nothing more, nothing less.

The Replay

The 1947 partition pretty much allowed the British to pursue the Great Game. But there remained a small hitch: the disputed state of Kashmir, which borders Afghanistan. Once Britain, with the help of a willing and weak Pakistan, and aided by a vacillating Indian leadership, managed to create a major conflict between the two fledgling nations of India and Pakistan, British intelligence moved in to house and finance the Kashmiris in the mosques in Britain. The advantages of

controlling the mosques are manifold. Mosques provide a religious color to a secessionist movement. Mosques also direct the faithful to vote en-bloc for particular politicians, and in the process, virtually own them. This created a number of Members of Parliament in Britain demanding independent Kashmir.

But the scene changed in the 1980s, with the Soviet invasion of Afghanistan. Jihadis and Mujahideens were organized from far and near to battle the Godless communists. It was at that time that the CIA and the British MI6 became extremely dependent on the Pakistani ISI. Although the CIA and the MI6 helped the Mujahideen with cash and arms, all the ground operations were done under the aegis of the Pakistani ISI. At the time, the Pakistani ISI had a very capable director, Lt. Gen. Hamid Gul. Later, in the 1990s, Washington sought and received assistance from Gul to cobble together a Punjab-based political party, the Islami Jamhoori Ittehad (IJI), to defeat the Benazir Bhutto-led Pakistan People's Party (PPP). The party, led by Mian Nawaz Sharif, was an alliance formed by the ISI out of nine mainly rightist parties under Gul. Gul denies this, claiming that the ISI's political cell created by Bhutto only "monitored" the elections.

With Gul at the helm of the Pakistani ISI, a closely-knit network between these intelligence agencies, CIA, MI6, and ISI, with some involvement of the Israeli intelligence agency, Mossad, was set up. Subsequently, when Washington chose

to walk away from Afghanistan in 1989, it was British intelligence and the Pakistani ISI that later oversaw the Afghan civil war (1989-1995) and the emergence of the Taliban (1996). It was also the time when the MI6 and the ISI were sending "committed" Muslim youths from Britain to fight standing next to the al-Qaeda militia, who were seeking no territory, but the establishment of an Islamic Caliphate in the Middle East.

With the Soviet Union decimated and Washington showing scant interest in Afghanistan, the Great Game was back in the hands of the British. They were helped by the Pakistani ISI and the al-Qaeda/Taliban militia. But this phase changed again following 9/11. With the United States moving into Afghanistan, and building bridges with India to counter al-Qaeda and the Taliban, new players emerged on the Great Game canvas.

The emergence of India as an ally of the United States has brought India right into the line of attack of those Islamic zealots who would not allow foreign shadows to fall on the oil wells of Arabia and Central Asia. These zealots, however powerful or committed they are, need organizational support to function and operate in a foreign land which is hostile to Islamic jihadis. That is where the MI6 and the ISI provide the jihadis the organizational and intelligence support. The Mumbai massacre was the outcome of such an organizational "success."

LaRouche: Hit on India Was Strategic Attack

In an analysis entitled "The Strategic Significance of the Hit on India," which appeared in the July 21 *EIR*, Lyndon LaRouche identified the Mumbai bombings as a marker for a new phase of global crisis, being provoked by Synarchist financial forces. We quote from the opening paragraphs of that report:

"This was no ordinary sort of 'terrorist incident'; the characteristics of the attack themselves bespeak the hand of a leading strategic power.

"The admirers of Vice-President Cheney's strategic impulses might be pleased by the intention expressed in these events in India, since what is being served is the same warfare policy expressed by Cheney's wicked partnership with Israel's Benjamin Netanyahu. Worse, although Cheney's conspiring with Netanyahu has been the obvious motive for the presently escalating state of warfare launched, in several directions, by Israel, Cheney himself is merely a disposable pawn in an imperial game played

by forces operating from a much higher level than the current U.S. Presidency, levels higher than Cheney's immediate master, George P. Shultz.

"With the combination of this strategic attack on India, and the continuing actions of Dick Cheney and his accomplice, Netanyahu, in Southwest Asia, a signaled, actually global threat was delivered, in effect, to those assembling for the 'G-8' summit in Russia now. Like the June 28, 1914 assassination of Archduke Franz Ferdinand and his wife at Sarajevo, the Mumbai incident of this past Tuesday has been recognized, in relevant circles in India and elsewhere, as the intended detonator of a global strategic crisis. This is, in fact, a crisis which must be compared with the situation on the verge of the two so-called 'world wars' of the Twentieth Century; unless the present threat is promptly reversed, the outcome will be vastly worse than anything experienced in the two 'world wars' of the preceding century, but of an essentially different type than either of those two great wars."

It is from this standpoint that our Indian correspondent, Ramtanu Maitra, undertook to unravel the international dimensions of the "local" terrorist organizations on the Subcontinent, starting with the historically identifiable culprit, the British Empire.—*Nancy Spannaus*

Regional Powers Key To Lebanon Peace

by Muriel Mirak-Weissbach

When the conference of the Lebanon Group of 15 nations ended in Rome on July 26, without any agreement on an immediate cease-fire in the Israel-Lebanon war, Israeli Justice Minister Haim Ramon concluded—rightly—that this meant that Israel had been given “authorization” to continue its two-week-long aggression against Lebanon. True enough: Thanks to the indomitable efforts of U.S. Secretary of State Condoleezza Rice and her British counterpart, Margaret Beckett, the other 13 governments, plus United Nations General Secretary Kofi Annan, were blocked from forcing through a resolution calling for an immediate truce. It was a green light for Israel. And the U.S. veto the same day at the UN Security Council, against a statement condemning Israel for bombing a UN base, which killed four UN workers, sent a similar message.

Furthermore, the United States has been shipping weapons to Israel. British Foreign Secretary Beckett protested to Washington that two cargo planes loaded with 5,000-pound “bunker-buster” bombs had stopped over at Prestwick airport near Glasgow.

But “authorization” does not mean guarantee of military success. In fact, on the same day the ignominious Rome conference met, Israel suffered its worst casualties in years, when at least 9 (and possibly 13) soldiers were killed, and another 27 were wounded, in fierce house-to-house combat in the town of Bint Jbail in southern Lebanon.

The casualty figures, enhanced by the report of a third downed Israeli helicopter, sparked a debate in Israel about how to proceed. While Israeli radio opined that this could be a turning point in public opinion, which has so far supported the war, others pushed for a more determined effort, aimed at liquidating Hezbollah and establishing a security buffer zone of somewhere between 2 and 20 kilometers into Lebanon. Gen. Udi Adam, head of the northern command, said, “In a number of weeks we will be able to declare a victory.” Similar jingoist statements were to be heard from *Ha’aretz* military expert Zev Schiff, who called it was a “must-win” situation, in which Israel could not afford anything short of victory. A war of attrition was to be ruled out, Schiff wrote, otherwise there could be a victory for Hezbollah.

Nevertheless, the hard-nosed facts of the conflict on the ground hint at another scenario. Hezbollah is determined to continue defending the country. Press reports outside Israel indicate that the Israelis have been surprised at the level and

depth of resistance they have met. Soldiers are quoted saying, that the Hezbollah “know where we are coming from. They know everything. They shoot us whenever they like. It’s their country.”

And, another cultural-ideological factor is relevant: As Hezbollah leader Sheikh Hassan Nasrullah stated, whatever casualties they sustain are considered “martyrs” to be proud of. In contrast, for Israel, the more casualties, the more pressure from public opinion to stop the conflict. There is already psychological pressure on the Israelis. One retired senior U.S. intelligence official who spoke to *EIR* emphasized that the city of Haifa is now virtually a ghost town, with the vast majority of residents either fleeing to safer locations or hiding in underground shelters. The psychological impact on Israel, he emphasized, is unprecedented.

Hezbollah’s aim is maximum damage to the enemy. Nasrullah has announced that his force will soon attack targets farther away than Haifa, perhaps meaning the port city of Netanya. It is a classic case of guerrilla warfare, which, as Vietnam, Iraq today, and Israel’s own 18-year quagmire in Lebanon should have taught, cannot be won militarily. For this reason, Israel is seeking an international force, preferably NATO, to be sent to Lebanon to police a buffer zone.

This will not work. First, as NATO countries are quick to point out, the troops are not available. As for a UN force, no one seems enthusiastic about deploying troops, especially in light of Israel’s bombing and artillery attack on a UN base July 25. France, invited to “lead” such a force, has said, “No, thank you,” and Egyptian President Hosni Mubarak, in response to reports that Condi Rice would like a first contingent of 10,000 peacekeepers, to be made up of Egyptians and Turks, has said, “no way.”

Pentagon generals are scratching their heads over U.S. media leaks July 27 that the United States could send a large contingent to lead such a peacekeeping force. U.S. forces are stretched to the limit in Iraq and Afghanistan, and competent military planners say that the United States should be either pulling out of Iraq or sending in another 150,000 combat troops—which don’t exist.

Furthermore, even were such a force to be rallied and deployed quickly, it would not have the ability to “disarm” Hezbollah, as Rice and company demand. Anyone conversant with the realities of Lebanese politics, knows that Hezbollah, which was formed in response to Israel’s invasion of Lebanon in 1982, is not a “guerrilla” force, but a political and social organization with an armed wing, which represents the only fighting force in the country at present. As Lebanese political figures have indicated, the issue of Hezbollah’s status is an issue for the political groups in Lebanon—all of them—to work out, in a sovereign manner.

Assembling a Political Solution

The history of irregular warfare teaches that there is no military solution. Therefore, a political way out must be



U.S. State Department

Secretary of State Condoleezza Rice and Lebanese Prime Minister Fuad Siniora following the so-called Lebanon Core Group meeting in Rome, July 26, 2006. Rice's refusal to back a cease-fire has given a green light to Israel to continue its atrocities in Lebanon.

found, to end the destruction of Lebanon's infrastructure, economy, and people. Several preliminary steps are obvious: an unconditional cease-fire, followed by negotiations for the exchange of prisoners, and then talks to reach a political solution, including the return of occupied territories.

To achieve this result, the regional governments that wield effective power must be brought into the equation. This means not only Lebanon and Israel, but also Syria and Iran. Ironically, although Rice et al. continue to complain that Syria and Iran are the powers "behind" Hezbollah, they refuse to talk to them. Instead, Rice, like a prim school marm, continues to lecture that Syria "knows what it has to do"—that is, disarm Hezbollah, etc.

Kofi Annan broke the taboo even prior to the Rome conference, when he announced that Iran and Syria should be involved. French President Jacques Chirac, echoed his recommendation in an interview July 26 with *Le Figaro*. German personalities who were involved in successful prisoner exchanges in the past (1996 and 2004), have also voiced their readiness to try the same again, thus signalling Berlin's willingness to engage with Syria and Iran.

Chirac made several pertinent points. First, that a political agreement on all sides must be reached, before there is any deployment of an international interposition force. Second, such a force should not be run by NATO, which is seen as the "armed wing of the West." Chirac calls for an immediate cease-fire, because "there is no military solution to this problem." The political agreement, "which supposes a cease-fire, must be negotiated, on the one hand, between the Lebanese

government and Hezbollah, and, on the other, between the international community, Israel, and Lebanon."

As for the question of whether Hezbollah is a terrorist organization, Chirac responded, "It is not at the moment, when you want to have a return of Hezbollah, if possible, within the Lebanese community, and its transformation into a political party, that questions of this nature should be raised." As to who would disarm Hezbollah, if it refuses to do so itself, Chirac said: "I do not think that an international force . . . has the possibility of disarming Hezbollah. It is up to the Lebanese government to do so. Which means a political agreement. Hezbollah is presently in the Lebanese government. One could well imagine, or, at any rate, wish, that Hezbollah draws the consequences of its presence within the government, and that it transforms itself into a political force. . . . It is in the nature of a disarmed Hezbollah to be a political force in Lebanon."

Concerning Iran, Chirac proposed separating this issue from the controversy over its nuclear energy program. He said Iran had "legitimate" demands to be a regional factor, and recalled Iran's cooperation at the time of the Lebanese elections.

Such indications of openness to deal with these regional powers, especially the statements coming from the UN Secretary General, have not fallen on deaf ears. The bankruptcy of the Rome conference delivered a further signal, that these regional forces must enter the fray. Iranian President Mahmoud Ahmadinejad was the first in the group, July 26, to call for a cease-fire, followed by talks. Former Iranian President and current head of the Expediency Council, Hashemi Rafsanjani, sent a letter to the Saudi leadership, also promoting a cease-fire. The same day, Syrian Information Minister Mohsen Bilal, stated: "To resolve the crisis in the region, it is necessary to declare a cease-fire, proceed with a prisoner exchange. and for Israel to withdraw from all occupied Arab territory." This means the Golan Heights as well as the Shebaa Farms in Lebanon. Syria's Foreign Minister stated explicitly that Damascus could help solve the crisis, saying, "We are ready to play a positive role. We ask that the United States put pressure on Israel to accept a cease-fire and an exchange of prisoners."

Last but not least, Hezbollah issued its call for a cease-fire. Mohammad Raad, the leader of the party's parliamentary bloc, said, "The position for the Lebanese government is to establish an immediate and complete cease-fire and to start indirect negotiations for a prisoner exchange. Anything other than that," he added, "is not acceptable."

Addressing the Root Causes

Were there the desire for peace, these steps would be the precondition—but they would not be sufficient. To put an end to conflict in the region, the root causes have to be addressed and solved; and these are not the so-called root causes put forward by Rice, such as the presence of Hezbollah and the existence of Syria and Iran. Rather, the main cause for the current conflict lies in the determination by the synarchist financial oligarchy, to spread chaos and anarchy in the region as part of its drive for world dictatorship. (See “Know Your Actual Enemy,” in this issue, by Lyndon LaRouche.)

As far as the historic, regional dimension is concerned, the root causes go back decades, to the 1967 war, the Israeli occupation of Palestinian, Syrian, and Lebanese lands. Numerous United Nations resolutions (such as 242 and 338) have been passed demanding an end to the occupation, but these have been ignored by Israel and the “international community.”

Since then, especially since the post-9/11 synarchist drive for permanent war, new “root causes” have been created: the devastation in Afghanistan, and the destruction of Iraq, both situations now exploding into civil war.

If peace is to be established between Lebanon and Israel, then peace must be established in the region as a whole, between Israel and its neighbors. This means that *all* the regional powers must be brought into the equation. Lyndon LaRouche outlined an approach for regional peace in April 2004, which remains the only viable proposal on the table. In his “Southwest Asia: The LaRouche Doctrine,” he wrote that, to establish stability in Iraq, a regional security arrangement must be struck with the neighboring countries, emphatically including Syria and Iraq, as well as Egypt. Such a regional security arrangement, as was discussed recently at a conference of these nations in Tehran, can work *only* if endorsed and supported by the United States. In this context, a durable peace agreement must be reached between Palestine and Israel, for a two-state solution.

LaRouche stressed that such peace negotiations could work, only to the extent that they were underpinned by agreements for economic cooperation to develop the infrastructure (especially water infrastructure) for the region as a whole. The vast destruction wrought upon Iraq during the war and the continuing conflict, followed by the total destruction of Lebanon’s infrastructure, make this economic reconstruction approach all the more urgent.

The regional parties (excluding Israel) have signed up for a cease-fire and the beginning of negotiations leading to a comprehensive peace. Iran and Syria are willing to use their influence to reach an equitable solution. Nothing will or can happen, however, unless a radical, urgent change is effected in Washington’s foreign policy. This is the fight that LaRouche is leading in the United States: to resurrect the Democratic Party into a fighting force, to take the reins of policy out of the hands of the madmen around Vice President Dick Cheney, Defense Secretary Donald Rumsfeld, UN Ambassador John Bolton, et al.

Investigation Proves Bush-Cheney Illegal Activities in Italy

by Claudio Celani

Italian prosecutors in Milan have renewed an extradition request, blocked by the previous government of Prime Minister Silvio Berlusconi, for 26 CIA agents accused of having organized the kidnapping of Egyptian citizen Abu Omar on Feb. 17, 2003, on Italian soil. Abu Omar was seized in broad daylight on the streets of Milan, driven to the U.S. airbase in Aviano, Vicenza, and flown to the U.S. airbase in Ramstein, Germany, and thence to Cairo and delivered to Egyptian police. Eventually, Omar was able to contact his family in Milan and report that he had been imprisoned and tortured.

The warrants issued by Milan prosecutors Armando Spataro and Ferdinando Pomarici concern, among others, former CIA station chief in Rome Jeff Castelli, former CIA station chief in Milan Robert Seldon Lady, and agents Sabrina de Sousa and Ralph Russomando. Also the head of Italian military intelligence (SISMI), Niccolò Pollari, is being investigated as an accomplice in the kidnapping, together with SISMI counterintelligence director Marco Mancini and Mancini’s predecessor Gustavo Pignero.

Investigators have plenty of evidence on the kidnapping, consisting of cellular telephone conversations between the CIA team, their chief in Rome, and even headquarters in Langley, Virginia. The commando team felt so safe that it used their own credit cards to rent cars and pay hotel bills. They were even caught speeding by police cameras, as they drove through the streets of Milan.

This is the first time in which an “extraordinary rendition,” i.e., illegal kidnapping implemented by the U.S. government under the Cheney-Bush “war on terror” doctrine, has been solidly documented. It is expected that the current Italian Justice Minister, Clemente Mastella, contrary to his predecessor, will file an extradition demand with the U.S. government.

The Italian government shall clarify whether it knew about the CIA illegal activities and whether it authorized SISMI to collaborate. SISMI head Pollari has already declared that, when he was requested by the CIA to help in such practices, he refused and threatened to resign if he was pressured to do so. Now, he has added one detail: The Italian government, Pollari says, has documents proving that SISMI did not participate in the kidnapping; however, he cannot reveal the content of such documents, because they are classified. Such papers, according to Pollari, were transmitted by

the former Berlusconi government to the office of current Prime Minister Romano Prodi.

Whereas Pollari's position remains to be clarified, SISMI counterintelligence head Mancini has already confessed to the role he played in the kidnapping. In 2003, Mancini was SISMI's counterintelligence head in Milan, and acted under orders from Pignero, who was director of counterintelligence. Mancini reported that his role was to help in surveilling Abu Omar, and supply support, short of the kidnapping itself. For the kidnapping, the CIA was helped by an Italian citizen, a police agent named Luciano Pironi who wanted to join SISMI and who had been recruited to the operation by a former colleague and a friend of Mancini's. Pironi performed a key role, as he stopped Abu Omar in the street, identifying himself as a policeman and asking for Abu Omar's ID papers. This created a favorable situation for the kidnapping team to grab Omar, pull him into a van, and drive him to "nowhere."

An 'Independent Cell'?

Presuming that SISMI head Pollari was unaware of the involvement of his counterintelligence section, Milan prosecutors have spoken of an "independent cell" inside SISMI, obeying outside orders. The background of both Pignero and Mancini support such a conjecture, showing connections to past infiltrations of synarchist networks in Italy's intelligence apparatus. Both Pignero's and Mancini's careers developed under the protective wing of a person who has been in the middle of several key terrorism investigations, all of which are affected by intelligence manipulations and cover-ups. This person was Col. Umberto Bonaventura, a *Carabinieri* (military police) officer, whose team Mancini joined in the early 1980s, in the Pastrengo *Carabinieri* division in Milan. The Pastrengo division had a high density of members of the secret Propaganda-2 (P2) freemasonic lodge, among its officers.

Eventually, Mancini followed Bonaventura to SISMI, where Bonaventura became head of the First Division (counterintelligence). When Bonaventura left SISMI, he was replaced by Pignero, who was then replaced by Mancini in 2005.

It happens that Bonaventura was involved in key terrorism investigations, all of which involved manipulations of some sort. The most important is the case of the "Moro Memorial," the records of Aldo Moro's interrogations by the Red Brigades terrorists, which were found by Gen. Carlo Alberto Dalla Chiesa's men in Milan, in 1978, a few months after the assassination of the Christian Democratic chairman and former Prime Minister. Bonaventura, a captain on Dalla Chiesa's team, removed the papers before they could be put on the record, copied them, and gave them back with a number of pages missing.

It was Bonaventura himself who confessed this before the Parliament Investigating Committee chaired by Sen. Giovanni Pellegrino in May 2000. Bonaventura acted on behalf

of circles who feared that Moro could have revealed NATO or other military secrets in those writings. Bonaventura's action was unknown to Dalla Chiesa, a respected law enforcement officer who was killed by the Mafia in 1984.

Colonel Bonaventura also managed the "Mitrokhin dossier" on alleged KGB spies in Italy, received through the British intelligence service MI6. A couple of days before his planned testimony to the Parliament's "Mitrokhin" Committee, Bonaventura was found dead of "natural causes" in his apartment, on Sept. 7, 2002.

Bonaventura's protégé Mancini has had an astonishing career, considering that he is a non-commissioned officer and has become the number 2 of military intelligence. This is highly unusual and has raised some questions. Journalist Guido Olimpio, a counterterrorism expert, wrote in the daily *Corriere della Sera* that, "former CIA head George Tenet allegedly wrote a letter to support Mancini's promotion." Whereas this allegation is not confirmed, the fact is that the Italian government has been, in some form, aware of the CIA illegal activities on Italian soil.

The Abu Omar story came after the "Nigergate" scandal, also involving Italian complicity in fabricating the false documents on Saddam Hussein's alleged possession of enriched uranium from Niger. The involvement of SISMI in that fabrication has never been proven. It might be that the Pignero-Mancini group is not extraneous to that conspiracy, whose strings were apparently pulled by Michael Ledeen of the American Enterprise Institute, and an old friend of the *piduisti* (P2 members).

The invoking of "state secret" protection by SISMI head Pollari indicates that by publishing documents in possession of the Italian government, the involvement of a foreign agency would be revealed. Opponents of the investigation, such as former State President Francesco Cossiga, a protector of the synarchist P2 networks, has warned that the Milan investigation is threatening to jeopardize future collaboration between Italian and "allied" intelligence agencies. If he means collaboration in the Bush-Cheney "war on terror" or "preemptive warfare," "regime change," "clash of civilizations," or "extraordinary renditions" policies, such a disruption would be welcomed!

For more information on the role of the Italian and allied secret services, see "Strategy of Tension: The Case of Italy," *EIR* March 26, April 2, April 9, and April 30, 2004. The series was reprinted in a 282-page LaRouche in 2004 Special Report, **The Synarchist Resurgence Behind the Madrid Train Bombing of March 11, 2004.**

Mexico Must Come to Grips With López Portillo's Legacy

by Dennis Small and Gretchen Small

It is over a month since Mexico's July 2 Presidential election, and the country still has no President-elect. The announced leader of the vote count, by a minuscule 0.6% of the vote, is Felipe Calderón of the Synarchist-spawned PAN party. But Andrés Manuel López Obrador—universally known in Mexico as AMLO—the candidate of the For the Good of All coalition, has contested the election before the Federal Electoral Court, and is demanding a full vote-by-vote recount, charging that massive, documented fraud occurred. The court has yet to issue its ruling. Meanwhile, AMLO mobilized a half-million people in support of a recount on July 8, followed by a 1.5-million-person rally in Mexico City on July 16. And he has called for a third such "Informational Assembly" on July 30, which is intended to be twice the size of the last one.

Mexico is indeed in the throes of revolutionary-type ferment.

Perhaps the one thing which both candidates agree on, is what is at stake in this election. As Calderón put it, in his final campaign speech on June 25: "In this election, the future of the country for decades to come will be decided. We Mexicans will have to choose between two programs of government, two projects which will have radically different consequences in the life of Mexicans."

In that same speech, Calderón took up a highly controversial issue which, in many ways, will shape which of these two courses is taken by Mexico: the legacy of former Mexican President José López Portillo (1976-82). After promising that his government would "attract investments" by "responsibly" holding down wages and government spending, Calderón blasted López Obrador for the "lie" that he could increase

Mexicans' income "by magic." That will bring about debt, devaluation, and economic crises, he charged.

"We have already seen this movie," Calderón raved, "and it is a terror movie for which all Mexicans paid very dearly. Because in 1982, there was another López, López Portillo, who also announced [wage] increases of 10, and of 20, and of 30% for Mexicans; but the result, which must not be repeated, was a disastrous result, because for each 20% increase in workers' salaries, prices and the cost of living also increased for the workers. Not by 20, but by 120% a year. . . . Mexico suffered one of the worst crises ever suffered in its history. The lesson is clear," Calderón warned. Such "economic irresponsibility" cannot be allowed to happen again.

This Calderón speech was only one component of a full-



EIRNS/Philip Ulanowsky

President López Portillo explains the dangers of global speculation, in a speech to the UN General Assembly, Oct. 1, 1982. The global financiers were terrified that his example would spread to the rest of the developing sector.

scale Synarchist campaign to paint AMLO as “a danger to Mexico,” “another Hugo Chávez,” and an “irresponsible populist” like López Portillo. For example, one of Calderón’s TV ads featured a somber-voiced announcer warning about the danger of dictatorial populism, while a mournful solo violin played in the background, and images of various fascist demagogues flashed on the screen—closing with a lingering shot of López Portillo, which slowly grew to fill the screen.

More than the cheap subliminal theatricality, the true scandal of these ads, and of Calderón’s cited speech, is the shameful fact that the majority of Mexicans *have* been suckered by the bankers’ vilification campaign against López Portillo, and that most politicians *do* consider it a liability to be compared with the former President. But if Mexico is to survive and flourish—through this electoral crisis and beyond—the nation is going to have to come to grips with López Portillo and his legacy. Like the cases of Franklin Delano Roosevelt in the United States, and Getulio Vargas in Brazil, these are national leaders which the international Synarchists are determined to wipe off the political map: “Never again,” is their nervous war-cry.

What are the central lies so often repeated about López Portillo? That he destroyed Mexico by provoking capital flight in 1982. That he was a corrupt, big spender, who promised Mexicans the Moon. And that he was an authoritarian who didn’t play by the rules of the game, either nationally or internationally.

And what is the truth of the matter? That López Portillo was the last great President of Mexico, a true nationalist leader, who fought to defend Mexico by helping to build a more just New World Economic Order. That he achieved high rates of economic growth for Mexico (physical output per capita rose by 15% during his term of office), based on a policy of exchanging oil exports for advanced technology, including nuclear energy. And that he was Lyndon LaRouche’s friend. He became so in the 1980s, when he met with LaRouche in the Presidential Palace and discussed strategic issues which LaRouche later elaborated in his famous *Operation Juárez* essay of August 1982. López Portillo stayed so over the dark years of the late 1980s and early 1990s, when he publicly called for LaRouche’s exoneration and release from jail, where George H.W. Bush had banished him as a political prisoner. And he used his towering moral authority, in the waning years of his life, to tell the world—as he did when he and Helga Zepp-LaRouche spoke together at a Dec. 1, 1998 meeting in Mexico City—“It is now necessary for the world to listen to the wise words of Lyndon LaRouche. Let us hope, Doña Helga, that your husband can influence the government of the United States, so that the proposals which you so brilliantly have laid out to us, can, in some way, be realized.”

As President, López Portillo travelled the world to organize for a more just world economic order. He called for a

“New Bretton Woods for energy,” to bring order and justice to an area dominated by speculators. He announced that Mexico would build 20 new industrial cities, and as many nuclear power plants. He travelled to Japan, France, and the Soviet Union to sign nuclear technology accords with those countries—and had hoped to do the same with U.S. President Ronald Reagan.

He was steadfastly opposed to any free trade agreement—such as the NAFTA accord signed years later among Mexico, the United States, and Canada—arguing that it would condemn Mexico to “perpetually extracting and exporting raw materials for their consumption by more advanced societies.”

And in 1982, when Mexico was slammed with economic warfare which sucked \$54 billion in capital flight out of the country, López Portillo met with LaRouche in May of that year, and then adopted leading features of LaRouche’s *Opera-*

‘Whammo,’ Mexico Was Hit

The following excerpt is from remarks made by José López Portillo after the keynote address given by Helga Zepp-LaRouche at the Mexican Society of Geography and Statistics, on Dec. 1, 1998. He was asked what had happened after 1982, after he had implemented LaRouche’s proposed “Operation Juárez.”

López Portillo: It was nothing specific, but simply circumstantial. The hard-headedness of the international bodies left us without any option, and as a consequence, we were trapped. We misbehaved with the international bodies, and we were punished. They accused us of being populists, etc. Other governments behaved themselves, and the result has been the same. This is what is dramatic: We push the rock to the top of the hill, and when we reach the top, it falls down on us. It is always the system, the environment which stubbornly refuses to understand revolutionary values, as I mentioned a moment ago. And perhaps the rejection has made us used to this, and we end up forgetting them; because we became used to this, to being disdained, to being put off, and we began to behave ourselves—and then “whammo,” we get hit again. This is simply the result of the fact that the international system isn’t set up for countries like ours. This is a concrete example of a specific national economy not fitting into that financial order, and hence the necessity for [that order] to be reformed. That is why I am so happy to hear that many people have begun to talk about reform, from which I was shut out. Thank you.

tion Juárez—including the September 1982 nationalization of Mexico's private banks, which had headed up the \$54 billion blood-letting.

López Portillo then turned to Argentina and Brazil to join Mexico in using their combined foreign debt as leverage to force through a reorganization of the international financial system. The policy would have worked, but Argentina and Brazil said no, leaving López Portillo alone in his heroic endeavor.

On Oct. 1, 1982, López Portillo delivered a historic address to the United Nations General Assembly, in which he warned that the world economic system must be changed, or the planet would likely enter “a new medieval Dark Age. . . . We cannot fail,” he told the world leaders. “Not only the heritage of civilization is at stake, but also the very survival of our children, of future generations, and of the human species. The place is here, and the time is now.”

Was López Portillo wrong to have fought? Did he fail, as most in Mexico now believe? Twenty years later, on Sept. 1, 2002, the Mexican daily *Excelsior* interviewed him about his nationalization of the banks, and other economic measures, with the following exchange:

“Is it difficult to recover the banks?” *Excelsior* asked.

“Of course.”

“But, how can they be recovered?”

“With a new expropriation.”

“But we don't have a nationalist President, as when you expropriated the banks in 1982. How can it be done now?”

“With balls [*huevos*], my friend. From that standpoint, I do believe I was [a nationalist].”

The question is, will today's Mexican leaders rise to that standard?

1982 State of the Union

‘Mexico Shall Live’

Excerpts from President José López Portillo's Sept. 1, 1982 State of the Union address, explaining his decree nationalizing the banks.

The world's productive capacity has been increasingly subjected to contraction and unemployment by an unjust and obsolete financial system that claims those policies are the only remedy to the growing crisis. . . .

The lack of coherence between industrial progress, whose technology advances by ever more astonishing leaps, and a world financial structure that has responded to the technological challenge primarily by attempting to stop it, is increasingly evident. The financial plague wreaks more

and more havoc around the globe. As during the medieval era, it plunders country after country. It is transmitted by rats, and in its wake lie unemployment, misery, industrial bankruptcy, and speculative enrichment. The remedy of the witchdoctors is to deprive the patient of food and submit him to forced rest. . . .

What we could not deal with was the loss of confidence in our peso, aggravated by those—inside and outside the country—who could manipulate expectations, and cause what they pronounced, by the mere pronouncements themselves. . . . Against this, the vigor of our economy simply could not hold out. . . .

One of the unavoidable decisions that the New World Economic Order must take before the current system collapses in an untimely and perhaps catastrophic manner, is the formation of a system of compensation, so those nations that are victims of capital flight can have access to some form of credit originating in those resources, through a special recycling mechanism. . . .

We would like to discuss this with representatives of the financial system of the United States, and, I emphasize, to convince the generous American people that in the solution to our respective problems, we are not trying to harm the American taxpayer, but rather to make accessible to Mexico the credit represented by extensive Mexican resources that have left our country in a way that creates economic and trade problems on both sides of the border. . . .

The Mexican state has never expropriated for the sake of expropriating, but rather for the public good. What we now do liberates the free initiative and the free productive impulse of Mexicans from free trade and the straitjacket imposed by a parasitic system. . . .

[W]e can conservatively affirm that within the past two or three years, at least \$22 billion has left the Mexican economy; and an unregistered private debt . . . of around \$17 billion more has been generated, adding to the country's foreign debt. These figures, when added to the \$12 billion in Mexdollars [accounts in Mexican banks denominated in dollars but originally funded mostly by pesos]—in other words, a total of \$54 billion—are the equivalent of half of all the deposits in the Mexican banking system at this moment, or about two-thirds of the entire recorded public and private debt of the country. . . . [I]n the past two years, Mexican rentiers have made more investments in the United States than all of the foreign investment in Mexico in all of history. The book value of the foreign investment in Mexico is approximately \$11 billion, 70% from the United States. The net income to our country in 1981 from foreign investment was \$1.7 billion. A ridiculous sum in light of what flowed out of here. . . .

It has been a certain group of Mexicans . . . counselled and supported by the private banks, that has taken more money out of the country than all the empires that have exploited us since the beginning of our history. . . .

The fundamental question is determined by the difference between an economy increasingly dominated by absenteeism, by speculation, and rentier finance, versus an economy vigorously oriented toward production and employment. Speculation and rentierism translate into a multiplication of the wealth of a few without producing anything, and is necessarily derived by the simple plundering of those who produce. And over the long run, it inevitably leads to ruin.

In effect, our country, given its total shortcomings and its social dynamic, cannot afford to allow the development of speculative activities. Our nation has the imperative of dedicating all its resources to production. . . . Mexico cannot permit financial speculation to dominate its economy without betraying the very essence of the system established by the Constitution: democracy as the constant economic, social, and cultural betterment of the people. . . .

We must organize to save our productive capacity and provide it with the financial resources to move forward. . . . In response to these priorities, I have expedited two decrees: one that nationalizes the country's private banks, and another that establishes general exchange controls. . . . It is now or never. They have looted us; Mexico is not dead. They will never loot us again. . . . Let joy and excitement in the battle reign in every Mexican home. . . . We have shut down the capital flight.

Mexico has lived. Mexico lives. Mexico shall live.

Viva México!

1982 Speech to UN

We Must Stop 'A New Medieval Dark Age'

On Sept. 30, U.S. Secretary of State George Shultz told the UN General Assembly that the days of funds for development were over, and the United States would not tolerate opposition to the IMF. "Immediate debt problems are manageable if we use good sense and avoid destabilizing actions, but the magnitude of external debt will almost inevitably reduce resources available for future lending for development purposes. Economic adjustment is imperative, and the International Monetary Fund can provide critical help and guidance," he intoned.

López Portillo, speaking before the same body the next day, answered Shultz, with a clarion call for a New World Economic Order. The following are brief excerpts from that historic speech.

. . . The most constant concern and activity of Mexico in the international arena, is the transition to a New Economic Order. . . .

We developing countries do not want to be subjugated. We cannot paralyze our economies or plunge our peoples into greater misery in order to pay a debt on which servicing tripled without our participation or responsibility, and with terms that are imposed upon us. We countries of the South are about to run out of playing chips, and were we not able to stay in the game, it would end in defeat for everyone.

I want to be emphatic: We countries of the South have not sinned against the world economy. Our efforts to grow, in order to conquer hunger, disease, ignorance, and dependency, have not caused the international crisis. . . .

After major corrective efforts in economic affairs, my government decided to attack the evil at its root, and to extirpate it once and for all. There was obviously an inconsistency between internal development policies, and an erratic and restrictive international financial structure.

A reasonable growth policy was irreconcilable with freedom to speculate in foreign exchange. That is why we established exchange controls.

Given our 3,000 kilometer border with the United States, exchange controls can only function through a banking system that follows the policies of its country and government, and not its own speculative interests or the fluctuations of international financial chaos. That is why we nationalized the banks.

We have been a living example of what occurs when an enormous, volatile, and speculative mass of capital goes all over the world in search of high interest rates, tax havens, and supposed political and exchange stability. It decapitalizes entire countries and leaves destruction in its wake. The world should be able to control this; it is inconceivable that we cannot find a formula that, without limiting necessary movements and flows, would permit regulation of a phenomenon that damages everyone. It is imperative that the New International Economic Order establish a link between refinancing the development of countries that suffer capital flight, and the capital that has fled. At least they should get the crumbs from their own bread. . . .

The reduction of available credit for developing countries has serious implications, not only for the countries themselves, but also for production and employment in the industrial countries. Let us not continue in this vicious circle: it could be the beginning of a new medieval Dark Age, without the possibility of a Renaissance. . . .

We cannot fail. There is cause to be alarmist. Not only the heritage of civilization is at stake, but also the very survival of our children, of future generations and of the human species.

Let us make what is reasonable possible. Let us recall the tragic conditions in which we created this Organization, and the hopes that were placed in it. The place is here, and the time is now.

Report From Germany by Rainer Apel

Barbed Wire and Barbecue

Bush's "charm offensive" was facilitated by none other than John Kornblum, chairman of Lazard's German branch.

President Bush had a "relaxed, unprecedentedly harmonious stay in Germany"—or, that is what the media said. Naturally, Bush and his host, Chancellor Angela Merkel, discussed some politics, but the President's main activities were biking in Heiligendamm, where he was lodged between July 12 and 14, sightseeing in Stralsund during the day on July 13, followed by a wild boar barbecue with Merkel at night, in the village of Trinwillingshagen.

Merkel got a smooch on both cheeks from the President in Stralsund, while the media cheered. (But when Bush snuck up behind her at the G-8 summit in St. Petersburg on July 17, and gave her a "Texas quickie" back rub, the Chancellor was not amused.)

In Stralsund, as was the case during Bush's visit to Mainz in February 2005, the entire surrounding region was put on maximum security alert: The old city was completely sealed off; residents received special passes for the "Bush days" and even were put under house arrest for several hours on July 13, to keep the President's sightseeing undisturbed. Private cars, even bicycles, had to be moved away by the residents, and anti-Bush protests were allowed only at the outskirts of the city. The beach at Heiligendamm, one of Germany's favorite seaside holiday resorts on the Baltic Coast, where Bush and his entourage were staying, was sealed off with barbed wire. So much for Bush's "charm offensive" into Germany.

Most Germans, especially those in Stralsund, were not amused.

Who's running international politics behind the scenes is elucidated by the fact that Bush's trip was steered by a neo-con Democrat, former U.S. Ambassador to Germany John Kornblum, to serve the propagandistic purpose of touting "vastly improved U.S.-German relations." Kornblum spelled out the line in media interviews, already before Bush's arrival, that the Bush-Merkel meetings would be relaxed—no talk about controversial themes like Guantanamo, Iraq, or Iran would be on the agenda. The visit would mostly be a "symbol of improved U.S.-German relations," Kornblum said—relations which in his view were not possible when Gerhard Schröder was still Chancellor and was in open opposition to Bush's Iraq War. They were not possible from the U.S. side, either, because Bush at that time did not realize he needed partners in Europe. Britain, France, and Italy are politically paralyzed, and cannot be partners for the time being; therefore, Germany stands as the only relatively stable potential partner in Europe, Kornblum argued.

And as the Iraq War "coalition of the willing" has decomposed, with all former European allies of Bush now in the process of pulling their troops out of Iraq, Bush has recognized that he needs "new ideas" for dealing with Europe, and here, Germany gains in importance. Kornblum is said to be one of those with the greatest influence behind the scenes, working on those "new ideas" for a "new understanding" between the U.S.A and Germany. The Bush-Merkel encounter was arranged in this context.

Kornblum not only served as a chief interpreter of Bush's "new ideas" for the German media during the President's visit, but also served as a guide for the President during his sightseeing tour of Stralsund, along with Chancellor Merkel herself. Kornblum knows Stralsund, for example, from late 2004, when the German branch of Lazard bank, which he has chaired since January 2001, tried to arrange the sale of the government-owned savings bank there to private banks. The sale was designed to be a foot in the door for a takeover of the rest of the German savings banks sector, by speculative private investors; it failed, fortunately.

Kornblum's Lazard bank has a leading role also in the American Chamber of Commerce in Germany, which, just two days before Bush's arrival, had an "American investors conference" in Dresden, on the theme of "increased U.S. investments in eastern Germany." Rather than industrial investments (which are welcome, naturally), the kind of takeover deals promoted by Lazard and other investment banks and hedge funds, are of the nature of the purchase of Dresden's entire municipal housing sector for 1.7 billion euros, by the U.S.-based fund Fortress, in February.

Just three weeks before Bush's arrival in Germany, Kornblum's Lazard announced a new "consulting" drive for takeovers in the German capital goods sector. For that job, Kornblum hired Eric Fellhauer, a specialist who has worked on such operations for the Carlyle Group (in which the senior George Bush has long been active). Fellhauer was crucial in some spectacular deals of the recent years, including the merger of the two steel firms Krupp and Thyssen (where Kornblum is on the board, as well), and of the auto giants Daimler and Chrysler.

The GOP's Trillion-Dollar Ripoff for the Super-Rich

by Jeffrey Steinberg

A group of Congressional Republicans, led by House Majority Leader John Boehner (Ohio), House Ways and Means Committee Chairman Bill Thomas (Calif.), and Senate Majority Leader Bill Frist (Tenn.), orchestrated a shameless taxpayers ripoff at 1:30 a.m. Saturday morning, July 29, giving America's wealthiest 7-8,000 families what could amount to a \$1 trillion tax cut over the next decades. Through the worst kind of parliamentary chicanery, this group of GOP zealots bundled the first hike in minimum wages in a decade, and a package of needed small business, middle class, and R&D tax benefits, into a bill that vastly and permanently cuts the estate tax for America's super-rich, thereby extorting Congress to choose between vitally needed measures or a defeat of the \$1 trillion taxpayer ripoff on behalf of the super-rich.

By a vote of 230-180, the House ultimately passed the marathon bill, and departed Washington for a five-week recess until after Labor Day, leaving the Senate to take up the measure the week of July 31. Senate Minority Leader Harry Reid (D-Nev.) vowed that the entire measure would be defeated, to avert the trillion-dollar tax ripoff; however, this wipes out the vital package of tax relief and an urgently needed, long overdue hike in the minimum wage.

One senior Congressional staffer, contemplating the arrogance of the Republican cabal that pushed through the estate tax cut scam, complained bitterly: "These people are out to shut down the Federal government altogether. They do not want the government to function on behalf of the needs of the American people. This is beyond the pale."

Rep. Charles Rangel (N.Y.), the ranking Democrat on the Ways and Means Committee, had issued a press release two days before the final vote, preemptively denouncing the GOP ploy in the most blunt terms. "The reputation of Congress is at stake, as the House Republican Leadership holds the pension bill and the tax extenders hostage for the benefit of a

wealthy few. Millions of hardworking Americans are looking to Congress for some assurance that their life savings and pensions will be secure, yet we find House Republicans catering to the whim of less than 1% of the American people who are eligible for estate tax relief." The press release noted that the estate tax bill component would benefit "roughly 7,500 of the wealthiest families in America, at a cost of nearly \$300 billion." Rangel asked: "How in the devil is this small group of people so powerful that they can hold hostage legislation that affects millions of working families?"

The release noted that "among the many popular provisions that have expired, or will expire by the end of 2006, are the extension of the credit for research and development, deduction of State and local sales taxes, deduction for qualified tuition, work opportunity tax credit, and extension of qualified zone academy bonds." These legitimate tax benefits must be renewed every two years.

Rep. George Miller (Calif.), the ranking Democrat on the House Education and the Workforce Committee, issued a separate press release following the 1:30 a.m. vote, also denouncing the GOP action: "In a cynical effort to provide political cover to vulnerable members of their party, Republicans in the U.S. House of Representatives this morning passed a minimum wage increase that stands little chance of approval in the U.S. Senate because it is coupled with massive tax breaks for the wealthiest estates in the country. Democrats had offered alternative legislation, raising the minimum wage without including the controversial tax provisions, but Republicans defeated it."

Miller, who had been working for months on both the minimum wage hike and a viable bill to salvage the nation's private employer fixed-payment pension system, was quoted: "Republicans have killed this chance to give a raise to the millions of American workers who need it most, but Demo-

crats will not stop fighting for a minimum wage increase. What American workers deserved was a straightforward vote in Congress on whether or not to increase the minimum wage from \$5.15 to \$7.25 per hour. What they got instead was one of the most shameful and cynical acts of political deception that I have ever seen. It's no wonder that the American people are so fed up with the way things work in Washington, D.C."

In addition to the fact that the estate tax "poison pill" was attached to the minimum wage bill, to ensure that it would either be killed, or trumped by the massive tax give-away to those who least need it, the bill that was finally attached to the legislation at the last moment, was significantly watered down from the minimum wage plan put forward by the Democrats. The GOP bill excluded more than 1.8 million workers from the minimum wage gain, and imposed an actual minimum wage *cut* on restaurant workers and others who receive gratuities. It also eliminated the extension of the minimum wage boost to the Northern Mariana Islands, the U.S. territory that houses slave labor sweatshops, boosted by former House Majority Leader Tom DeLay (R-Tex.) and his former K Street lobbyist crony, Jack Abramoff.

"Republican leaders are holding a minimum wage increase for 6.6 million workers hostage to tax breaks for just 8,200 families," Miller continued. "It's hard to decide what's worse: that Republicans still won't allow a vote to increase the minimum wage with no political strings attached, or that Republicans believe the American public would be fooled by their sham minimum wage bill."

This act of political treachery by Boehner, Thomas, and Frist has also infuriated some more honest Republicans, including Charles Grassley (Iowa), the chairman of the Senate Finance Committee. Grassley, along with Mike Enzi (R-Wyo.), chairman of the Senate Health, Education, Labor, and Pensions Committee, had been pressing for the tax extenders to be added to the pension bill, which had finally come out of House-Senate conference, and which also passed the House the week of July 24, and will likely be approved by the Senate. Grassley called a leadership meeting on July 27, to confront Thomas and other House Republicans on their efforts to sabotage these vital small business, R&D, and middle class education tax breaks, by attaching them to the estate tax. House Republicans flat-out boycotted the meeting and refused to confer with the GOP Senators, before pulling their late-night stunt. On July 29, Grassley told the *Washington Post*, "When my credibility is abused and used, I resent it." He said that he had been "stabbed in the back."

Loss of Revenue: Do the Math

Under the best possible estimates, the costs to taxpayers of the permanent reduction in estate taxes over the next ten years, will be \$268 billion. However, as the full cut in estate tax rate kicks in several years from now, if passed, the costs will balloon. According to a fact sheet prepared by the Democratic Staff of the Committee on Ways and Means, between

2011-21, an estimated \$800 billion in tax revenue will be lost, and when interest on these revenues is factored in, the loss in Federal government tax revenues soars towards \$1 trillion! According to the fact sheet, an average of 7,500 estates per year will get all the benefits from the tax cut, and an estate worth \$20 million (approximately 800-900 of America's ultra-rich families) will each get \$5.6 million in tax relief.

Senate Democratic Leader Reid, who has vowed to defeat the measure—with a filibuster if necessary—told the *Washington Post*, "Republicans have made perfectly clear who they stand with and who they are willing to fight for: the privileged few."

A Wake-Up Call for Democrats?

The gutter parliamentary maneuverings and blackmail games of Boehner, Thomas, and Frist aside, the trillion-dollar permanent estate tax cut drive, by a faction of the Republican Leadership, does put a far more existential issue on the table. And it is an issue that Democrats have, so far this year, dodged. At the core of the estate tax cut and the Republican effort to block even a modest increase in the minimum wage, is a drive to destroy the very principle of the General Welfare, which is at the heart of the American Constitutional republican system. In effect, a major faction of the Republican Party, aligned with the very international financial Synarchy that Lyndon LaRouche has exposed, are out to impose "Schacht without Hitler" on the United States. The drive to bankrupt the Federal government and impose an Executive Branch dictatorship, is aimed at achieving a counter-revolution before Bush and Cheney leave office, that would leave the United States bankrupt, isolated, and vulnerable to Presidential dictatorship.

While Democrats did mobilize, effectively, in 2005, to defeat the drive to privatize Social Security, just months later, Senate Democrats caved in to the nomination of an outright fascist to the U.S. Supreme Court—Samuel Alito. And when Democratic Party money-bags Felix Rohatyn was exposed as the architect of the takedown of America's high-technology industrial base, a majority of Democrats ran for the hills.

The estate tax drive is part of the larger scheme to bankrupt the Federal government through a flurry of privatization schemes, including Rohatyn's own Public-Private Partnership Initiative. A just-released 20th *Annual Privatization Report* by the Mont Pelerin Society-linked Reason Foundation, makes the point clear. Calling for the elimination of Social Security, Medicare, Medicaid, and the selling-off of the Tennessee Valley Authority and every Franklin Roosevelt government-directed infrastructure project, the Reason Foundation document basically calls for the U.S. government to remove itself from any role in the economic affairs of the nation.

If that is not a sufficient wake-up call to the Democratic Party, that it is time—as LaRouche demands—to fight for the FDR legacy, then nothing is.

'Truman Project' Outed at DLC Confab

by Anton Chaitkin

The Democratic Leadership Conference (DLC) put on display, for a limited audience at its national convention, its pro-fascist initiative: Use Harry Truman's image to crush Franklin Roosevelt's legacy in the Democratic Party.

This was the notorious July 24 Denver meeting, which the media reported only as the place where Hillary Clinton called for "tuition credits," in her speech on "The American Dream," while avoiding any discussion of the world or national crises. A dismal air hung over the meeting. No one was talking politics, or about much else. And while the DLC claimed that "more than 374 state and local elected officials from around the country are attending the Democratic Leadership Council's annual conference," spokesmen for the Denver Hyatt Regency hotel said there were no more than 200-250 attendees.

The meeting's crucial first panel, its policy presentation on the current war rampage, went unreported.

Former DLC chairman Sen. *Evan Bayh* (Ind.) gave the keynote, entitled, "With All Our Might," to frame the discussion on the need for Democrats to outdo Bush-Cheney in extending the global war against Islam. Responding to Bayh were *Rachel Kleinfeld*, founder of the Truman National Security Project (exposed in the July 21 *EIR*: Jeffrey Steinberg, "DLC Neo-Cons Spit on Franklin Roosevelt's Grave"), and another speaker on war against jihad.

This panel, and the title of Bayh's speech, reprised the book that the DLC published earlier this year, *With All Our Might: A Progressive Strategy for Defeating Jihadism and Defending Liberty*. The DLC published the book through its Progressive Policy Institute (PPI), whose most important director is Felix Rohatyn.

The book, the conference panel, and the Truman Project are one and the same initiative.*

Buckleyites: Youth are Truman Democrats

That book's final chapter, "The 9/11 Generation," was written by Rachel Kleinfeld and Mathew Spence, the two co-directors of the Truman National Security Project. The authors claim that the Sept. 11, 2001 attacks shaped the views

* The moderator of the Bayh-Kleinfeld panel was PPI president Will Marshall, who edited the book; Marshall is a board member of the Truman National Security Project, as is Ann-Marie Slaughter, who co-authored the book. Editor Marshall thanks PPI foreign/security-studies director Steven Nider for "helping inspire and shape this book"; Nider is a Fellow of the Truman National Security Project.

of today's young adults, making them so right-wing, that Rooseveltian ideals are gone, replaced by permanent war and the economics of pure selfishness. In a startling conclusion, they hail the guidance to political youth of the Synarchist fascist William F. Buckley—by no coincidence the most important early sponsor of DLC star, Connecticut Sen. Joe Lieberman.

Here are excerpts from that chapter:

"[T]oday's young . . . are more concerned about . . . security threats, more comfortable with the use of force, and more in favor of free trade than their elders. . . . [H]alf say that free trade has . . . helped their personal financial situation—indicating a personal stake in free trade that is likely to last. . . . This generation knows it cannot expect job stability—instead, they value options. Expanding trade means more options and lower prices as buyers. And . . . they know that they will be steady consumers throughout their lives. Thus, the effects of trade on prices are likely to affect young people more than the effects of outsourcing on any particular job they might hold. . . .

"Their views resemble . . . the muscular, values-driven policies of our Greatest Generation leaders like President Harry Truman. The natural home for a new generation of young people with a world-view similar to President Truman's should rightfully be in Truman's party. But Democrats have drifted. . . . To return our party to its own traditions, a group of young Democrats have joined to form the Truman National Security Project. . . .

Down on the 'Raunch'

"How can Democrats offer a national security message to inspire and tap into the enormous political power of voters under thirty? In the late 1960s, when liberalism seemed to be the dominant ideology of the future, a group of young dissidents gathered on William F. Buckley's ranch [in Connecticut] to hammer out a credo of conservatism. They articulated guiding principles—lower taxes, limited government, and strong defense—that sustained the movement for years. We now face this situation's mirror image: and it is time for young progressives in the September 11 Generation to do the same.

". . . What would the September 11 Generation's ideology look like? The polling data about specific issues—from free trade to the military—may paint a discouraging picture of a conservative generation soon to be lost to the Democratic Party. . . . The September 11 Generation is coming to political power. . . . The Truman Democratic movement is creating a new home for this new set of beliefs within the Democratic Party."

Lyndon LaRouche remarked that this DLC initiative is a "Tween jump." Instead of dancing by jumping on their legs, they "bounce on the top of their skulls." As for William F. Buckley's ranch, LaRouche said "he does have a lot of *raunch*. He is steeped in it. It is an antedeluvian version of Crawford ranch, which is a desert. This is a swamp version."

Our Cities Are Not Prepared for Disaster

by Pat Salisbury

The official organization of mayors of the United States held a press conference July 26 to issue a chilling report documenting that America's cities are not prepared to survive upcoming disasters, be they natural or man-made. The mayors' conclusions, presented by a bipartisan panel, were released under the title: "Five Years Post 9/11, One Year, Post Katrina: The State of America's Readiness. A 183-City Survey."

Speaking at the press conference were Tom Cochran, executive director of the U.S. Conference of Mayors; Michael A. Guido, mayor of Dearborn, Mich., and president of the group; Martin O'Malley, mayor of Baltimore, Md.; Douglas H. Palmer, mayor of Trenton, N.J.; J. Christian Bollwage, mayor of Elizabeth, N.J.; David G. Wallace, mayor of Sugar Land, Tex.; and John E. Street, mayor of Philadelphia.

The mayors minced no words, and dove right into their findings, placing much of the blame on the Federal government, and virtually begging the assembled press corps to alert the American population.

One of the most startling findings is the documentation of a continuing lack of interoperable communications, the basic ability of first responders to reach and communicate with each other and with relevant public officials, hospital personnel, and other institutions. This lack proved disastrous in both the 9/11 terrorist attack and the devastation of New Orleans by Hurricane Katrina.

Eighty percent of the cities report that they have not received sufficient Federal funds to achieve full communications interoperability. When asked how far away they are from achieving full communications interoperability, cities reported the following: 40% said "four years" and 60% either were unable to respond or said "unknown." Therefore, not one city is even within reach of achieving this most basic parameter of disaster preparedness.

Several mayors commented on the obstacles to success. Mayor Wallace, a Republican, described the way in which aspects of the communications system put into place, have been delayed by a cutback in Federal funding. He also noted that while many municipalities in his regional area have created a network which is at least partially functional, the city of Houston is not participating. Wallace reported estimates that it would require \$150 million to bring Houston into the net.

Mayor Street, a Democrat, later reported that \$25 million would be required to establish basic communications in the subway system in Philadelphia and the surrounding area.

'Market Forces Will Not Do It'

The study also documented the inabilities of the cities to cope with a bird flu pandemic, given the insane refusal of the Bush Administration to admit Federal responsibility in such an emergency. Seventy percent responded "no" to this question: "The Federal government has already stated that local governments would be largely on their own during the first days and possibly weeks of a pandemic. Is your city prepared to handle such a crisis on its own?"

Mayor O'Malley, a Democrat, elaborated on this point, stating that there is no way any city could be prepared for a bird flu pandemic without the aid of the Federal government. "Market forces will not do it, the profit incentive is not there," he said.

Mayor Street made a similar point, reporting that an in-depth study conducted in the tri-state, 11-county area around Philadelphia had convinced him and other public officials that they remained "woefully unprepared" for an emergency. "I'm telling you we have whole sections of the country that are unprepared," he said, adding that he could not stress forcefully enough that the local taxpayer cannot foot the bill; huge assistance is needed from the Federal government.

During the question and answer session, this *EIR* reporter challenged the mayors to go further and address the fundamental cause of the problem. Summarizing the role of fascist financier Felix Rohatyn in the destruction of urban infrastructure, *EIR* asked them to comment on reversing the Rohatyn policies that caused the infrastructure takedown. Tom Cochran, executive director of the mayors' group, chose to answer this question by making remarks on the importance of infrastructure, and lamenting that there was no climate in Congress or in the population for building infrastructure. He said that he had known Rohatyn when he was U.S. Ambassador to France.

In subsequent discussion with *EIR*, Cochran said Rohatyn had told him that infrastructure development had to be paid for by an increase in the tax on gasoline. He told Rohatyn that would never work, he said.

Cochran and the mayors received copies of the just-completed *EIR* study "Rohatyn Steals Public Property Coast to Coast," which documents Rohatyn's seven-year campaign to win over the Conference of Mayors to the proposition that globalization is here to stay, and that huge chunks of taxpayer-funded urban infrastructure should be "privatized." It is to be hoped that study of this report and proposals by Lyndon LaRouche for Federal infrastructure projects to reverse 30 years of looting and decay, plus constituency pressure, will prod the mayors to make a serious response to LaRouche's call to both parties to rid themselves of Rohatyn and his ilk.

Power Outages Hit U.S. Grid; Utility Deregulation to Blame

by Mary Jane Freeman

More than 3 million Americans found themselves without electricity from July 16 to 29, some for hours, others for ten days. It was not only the intense heat wave across much of the nation that brought this harm and economic loss, but also the impact of deadly deregulation. Under deregulation, “power pirates”—made up of formerly regulated utilities—have been looting the electrical infrastructure system, especially the distribution grid. The result is that more than 100 people died in the July heat wave, and there were billions of dollars of spoilage and interrupted business activity.

Enron may be defunct, but its legacy lives on. Over the past five years, a pattern of “destructuring” of electricity companies has occurred. Utilities that under traditional regulation had operated coherent generating and distribution capacity to serve their regions, were split up, and in the course of this fracturing, infrastructure and workforce were drastically cut. Among the major players are AES, Duke/Cinergy, Exelon, and MidAmerican. This is the inevitable result of the process of deregulation begun in 1996, when California and Pennsylvania passed the first state energy deregulation laws. In the next ten years, utilities scrambled to privatize and gain control of electricity service in targetted locations—to loot the big markets.

Then in 2005, the treasonous action of Congress and the Bush Administration opened the flood-gates for still bigger mega-mergers of utilities: They repealed the 1935 Public Utilities Holding Company Act (PUHCA), just as Vice President Cheney’s energy task force had demanded.

Now, from Queens, N.Y., to Pennsylvania, to St. Louis, Missouri, to California, power outages, triggered by severe heat and storms, revealed the vulnerability of the power grid as repairs and replacement of aging infrastructure were deferred, to beef up profits by cutting costs. Thus the nation’s

transmission and distribution system has been cannibalized in deference to the almighty “market.” North American Electric Reliability Council (NERC) spokesman Stan Johnson reports “a 50% reduction in capital expenditures by utilities” over the last 15 years, especially in new transmission lines. He pointed to the deregulation climate in the industry as the culprit.

At the same time, the building of new power plants lags behind demand. This historic heat wave led to an “all-time record” demand for electricity, stated an Edison Electric Institute press release. “U.S. utilities delivered 96,314 gigawatt hours (GWh) of electricity for the week ending July 22.” This above-normal demand highlighted the system’s looted capacity.

A 22-year veteran electrical worker with the International Brotherhood of Electrical Workers (IBEW) in the Midwest reported to *EIR* that after AES Corp. bought up the utility he worked for, “crews were cut” and “preventive maintenance and inspection programs were scaled back.” Underground cables, like those in Queens that burned out in July, are “by manufacturer’s specifications good for only 25 years,” he noted.

He said “weather certainly factors into power disturbances and outages. Hurricanes, tornadoes, wind and ice storms” are hard to “safeguard against.” But “as far as the weather of extreme heat or cold, that is all a matter of the need to plan for demand.” In fact, the Edison Electric Institute release noted that the record demand set as of July 22 was only a bit more than 1% above the July 23, 2005 record of 95,259 GWh.

Blackouts Across the Nation

New York City. In the Borough of Queens, 25,000 Con Edison customers went without power for nine days as pri-

mary and secondary feeder lines burned up, causing some man-hole cover explosions. At the peak of the outage, as many as 100,000 people were affected. Economic losses are in the tens of millions of dollars. But Con Ed will reimburse only up to \$7,000 for spoilage, whatever the loss, and there is no reimbursement for loss of business and wages, or ruined equipment.

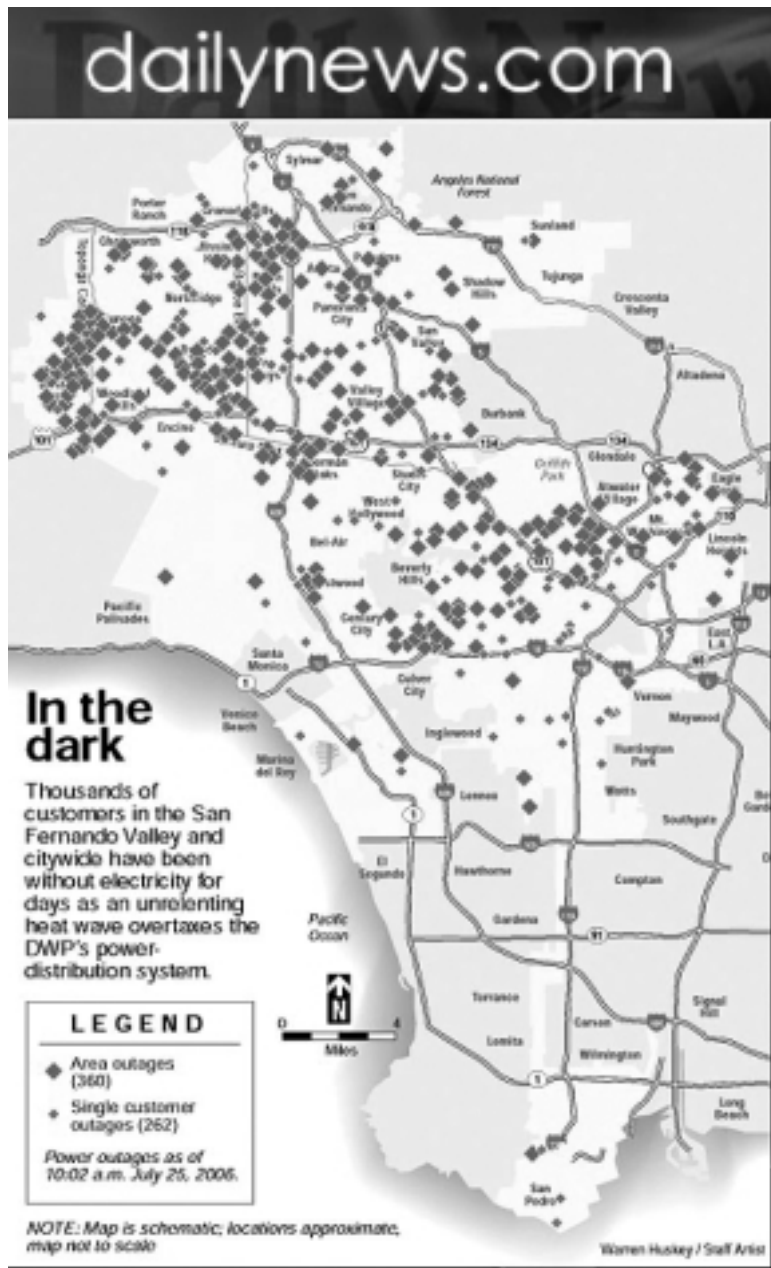
New York state regulators reported that parts of the system are 30 to 60 years old. A New York City official task force on electric power, reported in 2005 the phenomenon of “sidewalk shocks” to people and animals walking on sidewalks above decayed cable networks. Repairs and upgrades in distribution capacity to the Con Ed network have been minimal, as deregulation set its priorities on profits first.

Moreover, more electricity is needed. A 2001 report by the New York task force recommended that 25% more power be added by 2008. But nothing was done, and in June 2006, the same task force meekly decided that no capacity really needed to be added until 2012—this, only weeks before the power went out and stayed out for ten days!

Under deregulation, Con Ed’s own power generating capacity was sold off during 1996-2000 as follows: 2,200 megawatts to KeySpan Energy Corp.; 1,615 megawatts to Orion Power Holdings; 1,450 megawatts to NRB Energy, Inc.; and 1,200 megawatts, including nuclear plants, to the New York State Power Authority (which, in turn, sold them to Entergy in 2002). Con Ed retains only a 7,100-megawatt capacity.

Con Ed did make \$500 million in repairs to the distribution system in 1995-99. Then, after a large electric rate increase in 2000, the company made a \$400 million investment in 2001, with a few small expenditures since. Over ten years, this is a pittance for the country’s largest distribution system. Its capacity, at 7,100 megawatts, is 1,000 megawatts less than it was 30 years ago.

Pennsylvania. In Pittsburgh in mid-June, after a mere two-tenths of an inch of rain and slight wind gusts, 2,700 people had no electricity for seven hours. The multiple outages to the Duquesne Light Co.’s network occurred when trees fell and knocked out power lines, stressing its aging system. “A lot of the equipment is faulty [and] the transformers are old,” said consumer advocate David Hughes, executive director of Citizen Power. He attributes its vulnerability to employment cuts and deregulation of the state’s power industry in 1998. Then in July 2006, another outage affected 15,000 people.



Los Angeles Daily News

News media nationwide reported on utility power outages as up to 3 million Americans went without power, off and on, since mid-July. Here the Los Angeles Daily News depicts the location of thousands of customers without electricity for days in the San Fernando Valley, and in Los Angeles. The story with the map noted that “outdated equipment could lead to more failures.” An extraordinary heat wave, severe storms, and lack of capital investment in the nation’s energy grid by “power pirates” since the 1996 deregulation frenzy, led to this Summer’s power failures.

In the Philadelphia area, 400,000 customers of PECO, a subsidiary of Exelon Corp., had no power for days after a July 18 thunderstorm.

Missouri. In St. Louis, where the heat wave began on July 12, the area was hit by severe storms a week later, uprooting

trees and downing power lines, leaving 700,000 customers without power, many for more than a week. At least 12 deaths have been reported as “heat deaths,” while another 379 people have been reported with heat-related illnesses.

The Missouri Public Service Commission has opened an investigation into Ameren Corp.’s handling of the outages, including whether it kept trees properly trimmed back from power lines.

Illinois. In Chicago, 110,000 customers lost power this Summer, when storms knocked out 1,000 power lines, 500 transformers, and 500 other devices such as poles and pole arms owned by Commonwealth Edison Company, a unit of Exelon Corp. Exelon is now one of the nation’s largest electric utilities, with 5.2 million customers and more than \$14 billion in annual revenues.

California. Triple-digit temperatures for 12 straight days in California this Summer, led to transformers burning out across the state, leaving more than 1.7 million customers without power, and 100 deaths reported as heat-related so far. In Los Angeles, more than 25,000 customers went without power, when 10% of the city’s transformers failed or blew up. “The problem is that many are decades old and stop working when high levels of electricity are run through them for extended periods of time,” the *Los Angeles Times* wrote.

The Los Angeles Department of Water and Power admitted before a City Council hearing July 25, that it had failed to “invest enough in a modern power system, creating the potential for wider outages and failures as record heat stresses a now-inadequate distribution system,” according to a *Los Angeles Daily News* report.

Another 765,000 customers of Edison International’s Southern California Edison had no power for several days when between 800 and 900 transformers burned out or failed. In the San Jose/San Francisco Bay area, 1.26 million customers of Pacific Gas & Electric Co. (PG&E) lost power over a ten-day period, because of equipment failure, mostly transformers. PG&E made a tacit admission on July 27 that it had under-invested, when it announced that it will replace all transformers that failed in the San Jose area with higher-capacity transformers. “We need to improve our infrastructure and make it better because a lot of [it] is aging,” a PG&E spokesman said. California has yet to recover from the energy gouging that Enron and others inflicted on the state.

The Era of Enron II

At the height of the 2001 energy crisis, largely centered on California, Vice President Cheney, then newly appointed by Bush to head an energy task force, was asked what his solution for California would be. He replied, “I’m a believer in markets, and I think the notion of deregulation is basically sound.”

An early victim of such privatization buyouts was the 2000 takeover of Indianapolis Power and Light Co.

(ILPACO) by AES Corp. An IBEW source close to the events recounted for *EIR* how within six months of the takeover, 600 highly skilled members of the workforce, with years of seniority, had left under a voluntary early retirement program, much like GM’s buyout packages to Delphi and UAW workers now. Shareholders’ investments lost 76% in the same period, and reliability and service declined.

The source said when “Dennis Bakke and Roger Sant of AES filed their application with the Federal Energy Regulatory Commission to purchase IPALCO, it was a done deal,” because both of them had previously been players in the Federal Energy Regulatory Commission.

As deregulation took off, the nation experienced its worst ever blackout, August 2003, when 50 million people had no power for days. Yet, the Cheney energy task force called for the repeal of PUHCA, which had prevented Wall Street control of utility companies by its prohibition of mergers in the industry.

Lyndon LaRouche’s proposed solution to the energy crisis in 2001 was simple: Re-regulate the electric utilities, and return to President Franklin Delano Roosevelt’s framework, whereby universally available, reliable, affordable electricity is a public good, and a government responsibility. The FDR-era codified this framework in PUHCA.

PUHCA was repealed on Jan. 10, 2006, when Bush signed the Energy Policy Act of 2005, which included the repeal. With this prohibition out of the way, a mega-merger blitz took off among deregulated utility companies. The value of utility mergers and acquisitions announced in 2005 was \$196 billion, 60% higher than in 2004; and most of the transactions involved U.S. utilities.

This year, Duke Energy bought Cinergy Corp. for \$9.1 billion, and Berkshire Hathaway (MidAmerican Energy) bought PacifiCorp.

More mega-merger talks among the so-called IOUs— independent operator utilities—include: Exelon/Public Service Enterprise Group; FPL Group/Constellation Energy; and National Grid/KeySpan. Exelon/PSEG would end up with 7 million electric customers and 2 million gas customers, making it the largest U.S. utility. And Exelon Electric & Gas is the country’s largest power generator, with 52,000 megawatts of generation, including 20,000 megawatts of nuclear capacity.

On the move is the Australia-based infrastructure operation owned by Macquarie Bank Ltd., set up in the 1960s out of London, by core Synarchist financial interests. On July 5, Macquarie Infrastructure Group announced a buyout of Duquesne Light of Pittsburgh, which serves 450,000 customers; Macquarie also owns Michigan Electric Transmission Co.

As of 2010, the transition process from regulated to deregulated energy markets will be complete in 17 states, in which buffering of electricity prices will end, and completely unregulated pricing will prevail—an Enron II Era.

Not Much Time Left To Retool and Save Auto

by Paul Gallagher

The pace at which the U.S. auto industry, its machine-tool capacity, and its skilled workforce, are being lost, has undeniably accelerated during the second quarter of 2006. The quickening shutdowns bear out the warning first circulated by Lyndon LaRouche and *EIR* in early 2005, that without a Congressional intervention into the oncoming auto crisis to protect, retool, and diversify auto production, the United States could lose its most important and versatile industry to globalization, and become a “Third World nation industrially.”

At that time, 18 months ago, LaRouche first laid out a Congressional policy of retooling for production of new economic infrastructure in auto plants that otherwise were going to close in large numbers. As a website posting of United Auto Workers Local 696 in Dayton, Ohio emphasized on July 27, time is now running out for Congress to act.

During the June 2000-June 2005 period of manufacturing collapse under the Cheney-Bush Administration, the production employment of the auto industry in North America (“motor vehicles and motor vehicle parts and supplies,” according to the U.S. Bureau of Labor Statistics) fell from 1,339,000 to 1,101,000, a net loss of nearly 240,000 production workers. In March 2006, and again on May 2 for the “Emergency Legislation, Now!” White Paper of the LaRouche Political Action Committee (LPAC), we published a list of 67 major auto plants which Ford, GM, Delphi Corp., Visteon Corp., and Tower Automotive were going to shut down “by 2008,” as their sales fell and they outsourced more and more of their remaining auto production.

We warned that these plants being lost over three years, 2006-08, comprised 75-80 million square feet of machine-tool-rich production capacity, exceeding the auto capacity shut down in the United States in the previous 30 years combined. And in further White Papers in June and July, LPAC nailed synarchist banker Felix Rohatyn personally as responsible for the worst industrial devastation case in auto history—the Delphi “strategic bankruptcy”—and Rohatyn’s Lazard Bank circle of financiers as the fascist core of the deindustrialization disease in the U.S. economy.

Not by 2008, But Now

By the end of July, 10 of these 67 “marked” plants had already shut down, including GM plants in Muncie, Indiana, New Jersey, Baltimore, and Oklahoma City; Tower plants in

Tennessee and Ontario; Ford Assembly in St. Louis; and a Delphi plant in California. In addition, the Budd Company had unexpectedly closed its auto-supply plants in Detroit and Ohio. Some 8,500 production jobs were lost in these shutdowns of major plants by just these few companies. But the preliminary Bureau of Labor Statistics employment reports through June, showed that in fact, the auto sector had suffered a net loss of another 27,000 jobs, down to 1,074,000 by mid-June—showing a nearly three-to-one multiple of jobs lost in many small and mid-sized auto supply, design, and machine-tool companies.

But worse for the industry’s capabilities, during May, June, and July, between 60,000 and 70,000 auto workers have been signing up to retire immediately, in the “buy-out” programs which have snared 35,000 GM employees, nearly 15,000 Delphi workers and rising, and close to 10,000 Ford workers. *All* of these workers will have been swept out of the industry before the end of this year, replaced by relative handfuls of temps to keep targetted plants producing while they “wind down.” It should be expected by the multiple reflected above, that another 150,000 or so workers in smaller suppliers, etc., will lose their jobs to this accelerating “wind-down”; and many of the remaining 57 plants on the main “target list” of the big producers, will close quickly, by the first half of next year. Auto employment could easily fall to 850,000 by then—nearly 40% of the industry gone in seven years.

In a threatening death-rattle, Delphi announced on July 25 that it has again hired the co-architect of its “globalization by bankruptcy,” Rothschild, Inc.—where Felix Rohatyn is both board member, and “consultant”—to take charge of selling off the auto plants in Delphi’s Cockpits & Interior Systems division, and its Integrated Closure Systems (locks, latches, etc.). These divisions involve seven of the plants Delphi wants to close or get rid of, in the United States. But Delphi indicated that Rothschild’s consultation “may” also involve selling off the plants of Delphi’s Brake & Chassis, Catalysts, Ride Dynamics, Steering and Wheel Bearings divisions. Altogether, this would quickly ditch most of the 25 plants Delphi is closing in the United States. Corporate culture Wilbur Ross said on July 26 that he is interested in buying some of these facilities. “We look at everything in the distressed auto world, and my guess is that we will look at these assets, though we haven’t done any ‘due diligence’ on them as of yet,” Ross said.

Continued falling auto sales in the United States and sales stagnation across Europe, point to further acceleration of the shutdowns. Chrysler Corp., which has avoided closures and production cuts since 2000, is now reported to be cutting production for the coming quarters, and anticipating big losses. Plant shutdowns will follow.

The time is running out for action to create a Federal public corporation to put all these plants to work on a new mission—helping build a new national economic infrastructure.

Mercosur Dumps U.S. Economic Lunacy

by Cynthia R. Rush

Contrary to twisted media reports and the howls emanating from various centers of world finance, the July 20-21 Presidents' summit of the Common Market of the South (Mercosur), in Córdoba, Argentina, was not some meeting of Ibero-American leaders "moving to the left," supposedly evidenced by the presence of Cuban President Fidel Castro and Venezuela's Hugo Chávez.

The reality is that, like many other foreign leaders who see only insanity coming out of Washington, the five Presidents of Mercosur's permanent members (Brazil, Argentina, Paraguay, Uruguay, and now, Venezuela), and associate members Bolivia and Chile, are all seeking ways to distance themselves from the Bush-Cheney Administration's insistence that fascist globalization is the road to economic progress. Absent any serious global programmatic initiatives, such as those put forward by statesman Lyndon LaRouche, Ibero-American Presidents discussed plans to create new regional financing agencies and mechanisms to address disparities within the bloc, to accelerate the process of regional integration, and ensure that its benefits are enjoyed by all of its members.

Without a dramatic change in U.S. policy and a new global financial system, none of these proposals alone is sufficient to ensure survival. But these governments grasp, to varying degrees, that tolerance of Washington's current policy lunacy will doom them for sure, and they are actively exploring alternatives.

Argentine President Néstor Kirchner, who is providing crucial leadership to the region, was very clear in his July 21 speech to the summit's opening session. Difficulties in the integration process are to be expected, he said, especially in a region that has been looted as horrifically as South America has been. There are differences among members, but no one should assume Mercosur has failed because of that, he warned. Regional integration and Mercosur "are not mere rhetorical issues. . . . Mercosur is an instrument for the integral development of our countries . . . a strategic project."

Kirchner, who is passing the baton of Mercosur's President Pro Tem to his Brazilian colleague Lula da Silva, told the Presidents that "we have a great historic responsibility." It is difficult to "move beyond the concept of integration as a strictly economic agreement, to the vision of a *political community* oriented to the productive and social development of our people," he said. But this must be done. "We're not interested in a region of the world where economic integration

exists alongside poverty, exclusion, unemployment . . . and lack of *industrial* development."

The issue is not "which country is slicker and can obtain more benefits for itself," Kirchner emphasized. "Solidarity must be the banner which guides our actions. . . . Integration must be fair for everyone." The Argentine President reported on the proposal to set up a \$100 million Mercosur Structural Convergence Fund (FOCEM), which will offer credit lines to less-developed members Paraguay and Uruguay, and begin to address economic and trade disparities which have been a source of tension within the common market.

A Regional Development Bank

Mercosur's leaders enthusiastically endorsed the proposal to create a Mercosur Development Bank, first put forward some months ago by Venezuelan President Hugo Chávez, and then elaborated more fully by Argentine Finance Minister Felisa Miceli's staff in collaboration with Venezuelan officials. Brazil's support was crucial to moving forward with the proposal, as were consultations with other member governments.

The idea is to create a financing mechanism independent of the International Monetary Fund and World Bank, and the austerity conditionalities attached to their loans. Having paid off their debts to the IMF earlier this year, Brazil and Argentina are considered to be in a strong position to guide this process. Initially, Brazil's National Economic and Social Development Bank (BNDES), Argentina's Foreign Trade Bank (BICE) and its state-owned Banco de la Nación will capitalize the new bank, and Hugo Chávez has also offered to contribute \$5 billion.

The creation of any independent financing entity is alarming to the financial predators on Wall Street and in the City of London. Equally distressful to them was the July 24 announcement by Brazil's Finance Minister Guido Mantega, that Brazil and Argentina were discussing how to "de-dollarize" bilateral trade by using only their own currencies. Mantega announced this after his meeting with Argentina's Felisa Miceli, during which the two also discussed formulating joint initiatives to be presented at the IMF's next annual meeting in September. Among these is the call to create a special IMF credit line to be available to members in the event of a financial emergency, without requiring a letter of intent or draconian conditionalities.

Since Lula took office in 2001, he has obediently applied the IMF's austerity dictates inside Brazil. But Mantega reflected the shift among Ibero-American governments—not "to the left," but toward an increasing desire for sovereign control over their economies—when he pointedly suggested that the IMF step up its surveillance of member countries that have failed to comply with stated targets and responsibilities—such as the U.S.! "I don't want to name names," he said, "but the U.S., for example, has a huge fiscal deficit while Brazil and Argentina have surplusses."

Globalization's Destruction Of the Philippines

Geronimo Z. Velasco, known to all as Ronnie Velasco, became one of the most successful businessmen in the Philippines in the 1960s, as CEO of Republic Glass, and of Dole (Philippines), Inc. President Ferdinand Marcos then tapped him to head the Philippines National Oil Company in 1973, and then to head the newly created Ministry of Energy in 1977. Under Velasco's direction, the Philippines moved toward independence from the international energy cartels, through extensive hydropower development, nation-to-nation deals with several leading oil producers, and most importantly, the construction of the first nuclear power plant in Southeast Asia, which could have provided the nation with the required power to fuel the large-scale development plans of the Marcos Administration.

When Marcos was deposed in 1986 in a U.S.-directed "regime change," Velasco was also thrown out, and the nuclear power plant, finished and ready to go, was mothballed. After 20 years, Velasco has finally published a powerful memoir, Trailblazing: The Quest for Energy Self-Reliance, telling the story of the lost potential, and of the role of the U.S. in that subversion. His book was reviewed in EIR, May 12, 2006.

The following interview was conducted on July 23 in San Francisco, by Mike Billington.

EIR: You told me earlier that it took you 20 years to be able to write your book, because you didn't have the "political space" to write it. Why not, and what do you think changed, that made it possible to do it now?

Velasco: As I stated in the book, if I had written it earlier, I don't think people would have read it or would have appreciated it, because we were washed out politically—the Marcos image. And although my associates at the Philippine National Oil Company (PNOC) were all professionals—none of them were politicians, including myself—I decided to take all that time, because the space was really not available to us. They would have made fun of us: "Oh, this guy is bragging; this guy is this, this guy is that." But I decided, when I was in San Francisco in 1986 [immediately after the coup which removed Marcos, and Velasco—ed.], on the basics of a book. I was fortunate, in that my secretary at the PNOC, who worked for me for 14 years, all the time that I was with the government, came over to San Francisco as well. Over the weekends, for several months, we spent time together at my house, where I



Courtesy of the Velascos

*Geronimo
"Ronnie"
Velasco and his
wife, Erlinda.*

was dictating my memoirs.

This was my first time to write a book. All our papers—still today—official and personal, that were found in our office, are still garnished by the agency that was created by Cory Aquino [who was placed in the Presidency to replace Marcos—ed.], to go after Marcos and his people. I've been trying to seek release of those documents, but I was never granted access.

EIR: Not even to see them?

Velasco: Not even to see them, let alone take them. In fact, they say there are certain documents that are missing, and they were even accusing me of having had them stolen. You know how things go! So, I was fortunate that I took time and dictated, while I was here, over the weekends, when my secretary was free from her work.

EIR: What led you to decide to go ahead at this point, to publish them?

Velasco: All along, I knew I was going to write a book—primarily, you might even call it in self-defense. Because we had been accused of things, just about for everything that we did. I had been fortunate, because I was working with a group

of professionals, who were essentially ex-Esso professionals. That's essentially how PNOC was created. Esso, the oil company, decided, in '73, to leave the Philippines. They offered their facilities, their network of service stations, etc., for less than \$19 million. It was a good buy on the part of the government, and that's how we started.

Now, together with the physical assets came the staff, who were well trained. Quite a number of my staff had PhDs, from universities in the U.S. One of them is from MIT; quite a number of them are from Harvard; one, my immediate assistant, was from Carnegie Mellon—very prestigious universities. And moreover, they were trained in the Esso offices here in the U.S. So I was fortunate that this was the kind of staff that was available to me.

But they were hesitant to work for the government, and their first reaction was, they all wanted to leave. I literally had to plead with them. I said, "Let's all work these things out. You guys know I'm not a politician, I'm not a government man. This is my first government job; I'm basically a private-sector person, having been head of Dole and head of Republic Glass. So I said, "If in six months we can't make things work, I'll let you go." None of them left. And we stayed together, all of us, for all those years, until 1986.

In 1986, Cory [Aquino] decided to dismantle the whole energy program, for whatever reason. I think it was strictly a political reason, in the sense that anything Marcos created, was no good. And, people thought that.

So how could I write something, when people believed Cory? Until some time had passed, when people discovered that most of her decisions on the things she dismantled, were completely wrong.

EIR: And you said the reception to your book has been quite good.

Velasco: Yes, in fact I'm really elated by the fact that, for the kind of subject I introduced in the book, it made the bestseller list. I have quite a number of friends at the University of the Philippines, who have been writing books—not necessarily textbooks, but on current events and observations, and they said, "You lucky bum! How the hell did you make the bestseller list? We never did."

EIR: Has it helped to stir up interest in the nuclear power issue, which was so discredited by Cory?

Velasco: To a certain extent, yes. Because I have received telephone calls from a number of organizations and private individuals, asking me whether it was possible to revive the nuclear plan. In fact, I'm really thinking of writing a newspaper article, in order to cover this.

But I think the biggest problem we have, if we want to revive the nuclear plan, is the constitutional limitation. Because in the present Constitution, which is the Constitution made by Cory—that's something typical about the Philippines: We get a new leader, we get a new Constitution!

EIR: They're trying again right now!

Velasco: Yes, they're trying again to have a new Constitution. In the present Constitution, there's a limitation, that we declare ourselves nuclear-free. Now, what do you mean by that? This is the first question. I think the intent is simple: that we will never carry nuclear arms. Which is something like the declaration of other countries. So, whether waste material, like uranium waste, is "nuclear," because it's convertible—that's the basic criterion. And the legality of that, is what has to be first clarified. If there is a new Constitution passed, I don't know how they will look at that statement.

EIR: Our LaRouche Youth Movement of the Philippines is very anxious to do a formal tour of the Bataan nuclear plant, to get some pictures, and use that as part of the political organizing in the country, to try to revive the spirit for nuclear energy—so if you have a voice in getting a tour of the plant, we would encourage you.

Velasco: I will gladly. I have a beach place where I spend my weekends, now that I'm in retirement. As the crow flies, it's probably three miles from the nuclear plant. In fact I used to use that as one of my arguments: that I'm not scared; that I will live there.

EIR: In terms of trying to establish a higher degree of energy independence, how successful was that during your era, and where does that stand today?

Velasco: When we started in '73, we were 96% dependent on oil for energy sources. Four percent was basically hydro. There is an organization, National Power Corporation [Napocor], which was blended into the Ministry of Energy, and they developed the capability to develop hydro systems internally. It was started by a distinguished Filipino engineer in the '30s.

EIR: In collaboration with Lucius Clay and Douglas MacArthur's associates, I understand.

Velasco: That's right. A Filipino engineer was able to get the assistance of Maj. Lucius Clay, and was able to convince the governor-general then to allow the organization of National Power. In 1975-76, we were the only country in Asia that had the capability to do a complete hydro-system by ourselves. We would design the dams; we would design the whole system. But of course the power plant had to be supplied by a foreign company, because we didn't have the capability to build the power plant.

EIR: And by 1986, what was the energy independence, approximately?

Velasco: We were almost 50%. Had the nuclear plant gone on, by 1986 we would have been more than half, because the nuclear plant was supposed to supply, to my recollection, 15% of the electrical requirements in the main island of Luzon, which is the main consumer.

EIR: You have mentioned to me that your experience working earlier in your life, in the United States—

Velasco: At Murray Manufacturing in Kentucky; it was actually owned by Tappan Stove.

EIR: You have said that you developed an appreciation for the machine-tool capacity in the United States, and credit that as the core source for America's potential in almost any area. This is something that LaRouche has always emphasized, the machine-tool principle. Could you say a few words about that, and whether it has developed at all in the Philippines?

Velasco: Well, to a certain extent. You see, one of the strategies that the government adopted, was to be self-dependent. When I was growing up, the best shirts, to us, were Arrows; the best shoes, unquestionably, were Florsheim. In fact, I am told by my mother, that some of our food came from the United States. We didn't even have that much chicken, egg production, because the U.S. was sending everything! So we were heavily import-dependent.

Now, to reverse that, the government, after the independence of the Philippines, decided to go into a strategy of import substitution. Then came companies that said, "Okay, we'll do the manufacturing in the Philippines." They were looking at the market, potentially. We probably did offer a good potential, but somehow it did not develop. And because of that, I trained at Tappan, because they were going to put up a plant in Manila, to service Asia. And this is where I got exposed to machine tools.

Definitely, I think your strength, in the United States then, was your manufacturing capability: automobiles, appliances, etc. In fact, I considered, after I quit the Tappan plant, that I would specialize in tool-and-die design, because that offered a potential. You want to industrialize? You want to manufacture? There's nothing you can do without tool-and-die design.

EIR: As you know, on the direction of Felix Rohatyn of Lazard Frères, the U.S. auto industry is being shut down, which means not just the production of automobiles, but the intensive machine-tool capacity that's imbedded within the auto industry. And rather than retooling that, and using that tremendous capacity for other purposes, they're literally being shut down, sold off for scrap or to be shipped overseas.

Velasco: Yes. My basic impression of why the U.S. is losing its manufacturing capability, is because the Japanese are able to undersell you—and not only undersell you, but make better quality. And as a result of that, your machine-tool industry is suffering. Automobiles are a very good example. Appliances are another very good example. They go hand in hand. Let's talk about appliances—General Electric, Westinghouse. General Electric is now a financing company; Westinghouse is now a media company!

EIR: General Motors was making most of its money on finances.

Velasco: It's a pity to me that you're leaving that industry behind. Because to me, the strength of America, as I was exposed to it during that time, was its capability to manufacture. Nobody else could manufacture with the strength of market you have, with the strength of the quality that you could do, and in the capability that your people had. But this seems to be disappearing now.

EIR: Yes, absolutely. And while it's true, what you say, about the incompetence of our automobile management and so forth, it's also the case, as LaRouche emphasizes and as our Emergency Legislation emphasizes, that that machine-tool capacity could be retooled, as it was during World War II, to produce the war machine. And this country has a *vast* deficit in basic infrastructure: in roads and bridges, in nuclear and other energy facilities, in locks and dams, a lot of which can be produced by those auto plants. But we're shutting them down. My point is that it's a political decision, not just an economic reality which we have to accept. It's a political decision, to in fact, do away with America's machine-tool capacity.

Velasco: That's sad. Because how was America built, to be the greatest power on Earth? It's true, for your industry, of course, probably World War II was the culminating definition of what power the United States had, and that power was because of your manufacturing capability, in my own mind. Now, it's a pity if you are losing that capability—and it's obvious you *are* losing it. I'm an observer from outside; I could be wrong. But I can speak from an authoritative point of view, because look at my country! We're obviously a failure, you know! [laughs]

EIR: LaRouche has long looked at the Philippines' machine-tool capacity that had existed around the two U.S. bases, at Subic Bay and at Clark, as a potential that, had it been developed, could have not only begun a machine-tool industry in the Philippines, but for all of Southeast Asia. And yet when the bases were removed, what happened to the machinery and the technology that were associated with those? Were they transferred to the Philippines?

Velasco: Not at all. The extreme example—I know, because after the Americans left Subic, I spent a lot of weekends there, because I have a boat; I'm retired, so on weekends I'm in my boat. And I'm told that even the last bowling alley was ripped off, and shipped to the United States! There's really nothing left there. It's really too bad. There is evidence of the foundations of the big lathes, the big presses. Being a major ship-repair facility, it's a safe assumption that you had a very major machine-tool industry right in Subic. And quite a number of Filipinos were working there, on machine-tools. Some of my classmates in school wound up there; but they had a different interest too. If you worked in Subic, you could get access to the United States. So they've mostly left and are retired in the U.S. now. And



Industrial and other facilities at the U.S. Naval Base at Subic Bay in the Philippines, 1983. When the United States pulled out, it took everything—from the machine tools to the bowling alleys.

U.S. Navy

they did it by working for the U.S. military in the Philippines.

EIR: So both the machine tools and the trained personnel—
Velasco: —were shipped off to the United States. Those are the realities.

EIR: Globalization!

Velasco: Yes, globalization. I am a victim of globalization! When Castle & Cook decided to invest its interests in my glass factory, I offered to buy them out. In fact, to my knowledge, it's the first management buyout in the country. And Castle & Cook—because we were able to make Dole a successful company, in the sense that we didn't have community problems, those problems that were evident when I came in, were resolved. So I guess as a reward, they gave me a very good opportunity to buy the glass factory. So, I had a controlling interest in the glass factory. But I sold the factory in 2000, because I was not the only one—there are glass factories similar to ours in Indonesia, in Malaysia, in Thailand, and it just so happens that we had the same Japanese partner. But globalization came in, and trade preferences, etc., and we could not compete with Chinese glass. It's impossible! The cost of fuel—the glass industry is very heavily dependent on fuel. Remember, you have to melt that sand. You have to literally cook that sand! And so, Malaysia, Thailand, and ourselves were forced to sell. In fact, we negotiated as a group, to sell to our glass partners. Our glass partners expressed a lot of interest; the negotiations didn't take long. Because we

knew that globalization was going to step in.

EIR: So, there are no more glass factories?

Velasco: There are glass factories, but they're 100% owned by the Japanese. And do you know what the Japanese did? They closed their own factories in Japan! And they're now dependent on ASEAN [Association of Southeast Asian Nations] production, because it's cheaper to produce in these countries, than to produce in Japan.

I don't know if that's globalization in its purest form—I don't think so. In my opinion—and of course I'm a victim of it—it's not quite working the way it was conceived!

EIR: Except, the way it was conceived, which is not the way it's broadcast, was in fact as a new form of imperialism, by supranational bodies. And that is succeeding much too well.

Velasco: Another good example is, we have 11 cement companies in the Philippines. You want to industrialize, you want to build the country? The first thing you need is a cement plant. All the 11 plants were owned by Filipinos. Today, only one plant is Filipino-owned; 10 are foreign-owned. And the reason the Filipino is able to own it, is because he can't *sell*, because it is garnished by the government. He was hoping to be able to sell it, but he can't, because it's garnished by the government!

EIR: This is true of the banking system.

Velasco: Yes. Although at least in the banking system, the

local parts continue to exist, but are totally dependent on a tie-up with a foreign bank.

EIR: What other industries have gone down the tubes, with globalization?

Velasco: Small industries, basically. Some of it we lost because of our higher labor costs. We were quite good at clothing, textiles. In fact, we had quite a number of textile plants—I don't recall how many—but I think only one or two are operating now; the others have closed down. So, there are benefits to it, but after globalization was adopted as a policy, industry was lost, not only in the Philippines, but in most of Asia. With the exception, to a certain extent, of Indonesia. Because Indonesia, being heavily populated, had a built-in market. They were not dependent. And Indonesia adopted a policy of restrictive imports; they did not adopt totally the policy of "open your market."

Your problem is your machine-tool industry. Our problem is, we lost our market. Our market is now, basically, foreign-sourced.

So, the world is changing. But the policies that have been developed lately, in my opinion, have not been well thought out. I don't know if the General Motors people realize—or Ford, etc.—that by not competing in the market, the way they used to, you are losing your basic industry.

EIR: Let me ask you about George Shultz, who is the architect of the Bush-Cheney Administration, the architect of the preemptive war doctrine, and who was Secretary of State at the time that Marcos and yourself were deposed. What could you say about the U.S. role in what happened in 1986, and especially as regards Shultz and his deputy, Paul Wolfowitz, and others?

Velasco: I really don't know about your internal politics, although I have had the opportunity to read Shultz's memoirs, or autobiography, *Turmoil and Triumph*. And it was very obvious that he was the one that orchestrated the Marcos debacle. Obviously, based on this book, Reagan didn't want to do it, because Reagan was a friend, and he always treated friendship with a lot of value.

I think this dates back, as far as Reagan is concerned, to the time when the Cultural Center of the Philippines was inaugurated, in 1969. Reagan was governor of California then, and he was sent by whoever the President was at that time, as the official representative of the United States. I have a very good recollection of this, because I remember seeing what a lovely couple they made—Reagan dancing with Imelda [Marcos], who was the sponsor of the center. The friendship probably dates back to those days. I don't want to get involved in your own politics. But [the ouster of Marcos] was obviously done to coincide with American interests.

Regrettably, since then, the Philippines has been in a tailspin. Successive people have taken over the Presidency. Perhaps one possible exception, in Mr. Estrada, who became

President in 1998, and stayed President for only three years. He dug his own grave: He was accused of taking money, etc. But with the exception of Estrada, each one had *American* interests. I'm not even sure that America did not have an interest in Estrada, but I think Estrada was elected with the highest majority ever. He was a very popular movie actor, etc.

The reason I point out these things is, the Philippines, in spite of having been prepared for democracy since the American occupation in 1898, thereabouts, has never been ready for democracy. It's not ready for democracy now. Under the American principle, I don't see how you can convert Iraq into a democracy! I don't see how you can convert the Middle East into a democracy. But even we, with a lot of training in American-style democracy, we are not ready for it. I think if we want to fix our problems, we've got to back into autocracy for a period. Everything in the whole governmental system is shot, be it the judiciary, be it social services, be it health services—it's all a problem, and that's why it's all got to be put back together again. Unless we find something which could put us all together—all the Filipinos—some unifying factor, like during the war. During the war, symbolized by MacArthur—you know, the "I shall return" statement—and of course the assurances given by then-President Franklin Roosevelt, that we would eventually be independent, and he acknowledged the fact that we had given up Filipino lives in the war against Japan.

EIR: In the current global financial breakdown crisis, which has been increasing over the last decade, you've had two figures who have succeeded in defending their countries against the conditionalities of the international financial institutions. You had Dr. Mahathir in Malaysia, who slapped controls on their currency, and refused to allow globalization to rape the population.

Velasco: Thanks to Mr. Soros!

EIR: Yes, under Soros's speculative pressure. And you have now, President Kirchner of Argentina, who has had a different, but similar stand, to defend the general welfare, the services that you've indicated. In fact, he's throwing out the companies like the Suez water company, which also has undermined the Philippines, by privatizing and destroying their water system.

Velasco: The French company, in Manila.

EIR: Yes. And they were thrown out of Argentina, because they were providing dirty water. These are the kinds of steps against the IMF that have taken place. There have been steps in the Philippines, recently, by the institutions, by the Senate, even by the Supreme Court, and by some layers of the military, to attempt to defend the country against a potential dictatorship. What do you think of the chances, as this crisis unfolds, that there are those with leadership qualities in the Philippines that could step forward and do something similar

to defend the general welfare?

Velasco: I am sure that there are many Filipinos who are highly qualified to run the country. Quite a number. But they cannot get into the political system, or they refuse to get into the political system, because it's a "free-wheeling democracy," in the sense that you've got to buy your way through—in very plain lingo.

But there is a general consensus today, even among the leftist elements, that unless authoritarian government is reestablished in the Philippines, we don't have much hope to fix the problems. And I don't think we have that much time either.

Now, the real question is, can we trust someone, after what happened in the free-wheeling days of Marcos as an authoritarian government? That's too near our experience; time has not healed it yet. But we have to have an authoritarian government, and solve the problems the way Mr. Kirchner did. "Look, this is all I've got; this is all I pay." And it may even be more radical than that. We could do it à la Hugo Chávez! [laughs] It may even be more radical than that. If we don't do it soon enough, it may be quite radical. But the problem is, as the joke goes around, that we have to find a Filipino who will be trusted by everyone, in the light of past experience. But this Filipino—you know how clannish we are—has got to have no wife, and no relatives!

You would almost have to invent that Filipino! Now, they say there *is* no Filipino that has no wife and has no relatives, so maybe the solution is to look for someone who has a wife and has relatives—but let's castrate him! Pardon the analogies and everything.

EIR: Leadership, Philippine-style!

Velasco: Yes, Philippine-style. But that's what democracy has brought to us. I'm not saying democracy's wrong. I think there is really no form of government that is more solid than democracy itself; but, you have to have the educational level; you have to have the independence, in order to have a solid democracy. How long did it take the United States? Years. Europeans? Longer than the United States. It's a real problem.

The other evening I was watching TV, about the history of Japan. Japan, as you know, isolated itself under Tokugawa, for 200 years. They closed the door to all foreigners. And I think that's one of the strengths of Japan today.

EIR: Until now—Japan is now opening up to the hedge funds and the equity funds.



Dravo Corp.

Pipe assemblies produced in Ohio in 1980, for the Philippines nuclear power project then under construction. The pipes were shipped to New Orleans, to be loaded onto a ship bound for Manila. Twenty-six years later: New Orleans is destroyed, and the Philippines nuclear program is defunct.

The problem of the discussion of so-called democracy, and so-called authoritarianism, is that there are many preconceived notions of what they mean. But when you say, "democracy," and all you mean is the electoral process and so forth, but at the same time you are allowing a powerful international financial cartel to take over the banking system, take over economic policy, take over raw materials, that is *not* democracy.

Velasco: That is no doubt a dangerous precedent, a formula for failure, evidenced not only by what happened in the Philippines, but also in the rest of the countries where we're having problems. Look at Africa: what a problem! Under globalization, how the hell—! You can't just push a country in a situation like that in Africa, and say, "You're now a democracy." That's what happened in the Philippines. We like democracy; I like democracy! Do you think I could talk this way if we were not democratic? Could I talk like this in the United States if you were not democratic?

EIR: After President Estrada was deposed in 2001, in a U.S.-backed military coup covered up as "People's Power," just

like in 1986, the National Power Company was privatized by Gloria Arroyo. What do you think of that?

Velasco: The privatization of Napocor was only the implementation of a policy; it was not the Arroyo Administration that conceived of the policy. The policy was established since Cory Aquino. And the policy was in accord with globalization. I remember this. Arthur B. Little Company was commissioned by the ADB [Asian Development Bank], to make a study of the Thailand Oil Company. This was about the time we were bowing out, or were about to be thrown out, in the mid-'80s, '86. We at the Philippines National Oil Company were being criticized as too powerful for a country like ours. In fact, we had our own funds; whenever the Central Bank needed dollars, they went via PNOC, because we could borrow money without government guarantees. It was only in instances when we got a loan from the Group of Seven, that we were required to put up a government guarantee. But I moved away from the U.S. and the Europeans; I went directly to the Japanese.

There was an instance where we even established our own shipyard, and I was heavily criticized for that. Arthur B. Little insisted that we privatize our shipyard. I argued with the Arthur B. Little people, that yes, that it should be a private sector responsibility, to build tankers, because our tanker fleet was getting too old. We are an island country; we have to transport oil by barges, by ships, and our fleet was really old. The only way to revive the fleet, was to have our own shipyard. So I argued with ADB, and Arthur B. Little, that eventually the shipyard has to be sold, has to be spun off to the private sector, but only after we have improved our fleet. Because if we have to depend on somebody to do it, there's going to be more graft accusations—"Why are you favoring that company?" Because there's probably only one company that can do it!

And that shipyard was the first thing to fly, under Aquino. Privatized.

EIR: Did the ships ever get built?

Velasco: Yes, we built several under our government. Not enough, but several. We completed one 20,000 dead-weight tanker, under PNOC.

EIR: And after Aquino privatized it, did the building process continue?

Velasco: Yes, it continued, but the argument I had, was that alongside our shipyard company, the Singapore government put up Keppel, a major company in Singapore. I said, "Look, Keppel is owned by the government of Singapore! 100%. Why can't we own ours?" I knew very well that I would be criticized for it, but I had to move in that direction, because nobody else would do it. And we didn't want to depend on a foreign company to do what we needed, when we can do it ourselves. It's *learning to do it yourself*. And that's what happened.

The guy who headed our geothermal work at that time—

he didn't know the word "geothermal." He was told, "You be in charge of that." He was hesitant: "I don't even know the word geothermal; this is the first time I've heard it!" But we've got to learn! And there was another fellow; I said, "We've got to go into coal; we have coal resources—not to the extent that we would like to have, and neither the high quality, but there's a coal plant that we're building. If we can mix 20-30% of it, good enough!"

And there's another thing: When you use your resources, *you create employment*, compared to importing the coal. It's an expensive way to do it, but PNOC could afford it.

EIR: Instead of importing your coal and sending your workers overseas, like now.

Velasco: That's right. That's sad. But of course, the Arthur B. Little people were looking at it from the totality of the Western world. They criticized us for going into geothermal. I said, "Eventually that has to be spun off, with private sector investment; but in the meantime, PNOC will have to lead it." It's like I say in my book, the presence of foreign oil companies is not good. PNOC was sold to Aramco; I can say it's not good, but some say, "We can sit back and relax with Aramco, nothing to worry about, concerning oil. There's no bigger oil company in the world than Aramco itself."

Well and good, but that's not in your immediate interest. You develop it yourself! And you can pull resources from elsewhere. I've always adopted that policy, if you talk to my people. That's why I was fortunate that I had a real staff to work with, not the government type of staff—bureaucratic-oriented. These guys were private-sector-oriented, and we never lost that. They could not accuse me of having a political motivation. I never got involved in politics, and will never get involved in politics, electoral politics. You want a dirty game? I don't know how to play that game.

EIR: Finishing up, on this question of Felix Rohatyn. He is at the center of the effort to wipe out, not only national-sector industries, but, as you are indicating, even *private* industries which are too closely associated with national governments. And this includes the role that the hedge funds and the equity funds play, in creating literally a global, centralized financial structure, in which all businesses, and all raw materials, are controlled. Their idea is to extract profits from existing production, but never produce anything new.

Velasco: That's right. That's the whole idea about the 11 cement plants. Or the example I gave about the glass factory. It's built for that. Now, probably if I were not a Filipino, but an American involved in hedge funds, I might think that way too!

EIR: No, you can't do that, because you play the 'cello! [laughter] Because you appreciate truth and beauty. You know the reason that Keats wrote about truth and beauty being one: They are.

Editorial

Guns of August, One Year Later

It was approximately one year ago, on July 27, 2005, that American statesman and Democratic Party leader Lyndon LaRouche issued an international alert covering the period of August 2005, identifying it as the “likely timeframe for Vice President Dick Cheney, with the full collusion of the circles of British Prime Minister Tony Blair, to unleash the recently exposed plans to stage a preemptive tactical nuclear strike against Iran.” LaRouche’s warning spread like wildfire internationally. It was translated into Arabic, Russian, and many other major languages, and was reprinted widely in both Internet and print publications. LaRouche’s Political Action Committee circulated hundreds of thousands of pamphlets, exposing Cheney’s Hitler-like plans, and demanding that the Congress, and patriotic citizens, act to stop them.

From one standpoint, you could say that this mobilization was extremely successful. Cheney was unable to activate his plans, due to opposition within the Bush Administration itself, as well as within the military and the broader institution of the Presidency. Yet, today, the danger of the wider war, with or without nuclear weapons, looms larger than ever.

The fundamental point is this: Holding actions are not sufficient in periods of systemic breakdown. The only way that the war danger can be taken off the table, is not only that the chief warmonger, Cheney, be removed from his position of power, but that a positive policy perspective, both economically and strategically, be put in place within the U.S. government.

As we enter August 2006, the Synarchist banking grouping which controls the likes of Dick Cheney, and fascist operatives on the Democratic Party side such as Felix Rohatyn, has, in effect, upped the ante. As one bankers’ meeting after another over the past months has attested to, the world financial system is not only in its “last throes,” but is on a trajectory for a likely blowout as early as September, and the Synarchists know it.

On the economic/financial side, we can see how this reality is driving them into a frenzy of looting. Mergers and acquisitions (big sharks eating little

sharks) are at an all-time high. Speculation and cartelization in the crucial areas of raw materials are hitting a fever pitch, resulting in civilization-threatening shut-downs of productive employment, and devastating hyperinflation. And bubbles—the chief product of the long reign of Ayn Rand fanatic Alan Greenspan at the Federal Reserve—are beginning to burst, starting with the U.S. housing bubble, the hedge funds, and threatening the banks themselves.

But the Synarchists have no assurance that they are going to be able to get away with this rapine without a challenge. They have to keep their operatives in power—and there are two essential ingredients for doing that. One is to disorganize the opposition, so that it has no capability for pulling together an alternative to their fascist economic policies. (Rohatyn’s role within the Democratic Party, for example, is of great help to them in this regard.) The second is to create a war frenzy, which can be used to intimidate populations into supporting governments that are committed to cutting their throats.

Hence, the expanded war in Southwest Asia, in which all the players in the area are being used as pawns, in order to spread the chaos. See how quickly the U.S. Congress, including the Senate, was whipped into line on this one, without even stopping to think of the implications for the planet.

The reality is that we are not now *waiting* for a war to begin; the Synarchists have already moved to expand the one they’ve started, in pursuit of maintaining their control over a global fascist Hell. The only option for those nations, and American patriots, who are willing to face this reality, is to join the LaRouche movement, especially its youth, in *demanding* that the Democratic Party free itself of Synarchist agents like Rohatyn, and in moving for immediate implementation of an FDR-style policy in economic and foreign policy.

After reading LaRouche’s discussion with Utah radio host Jack Stockwell in this issue, you will understand why this is your fight, and one that cannot be delayed without danger to all mankind, present and future.