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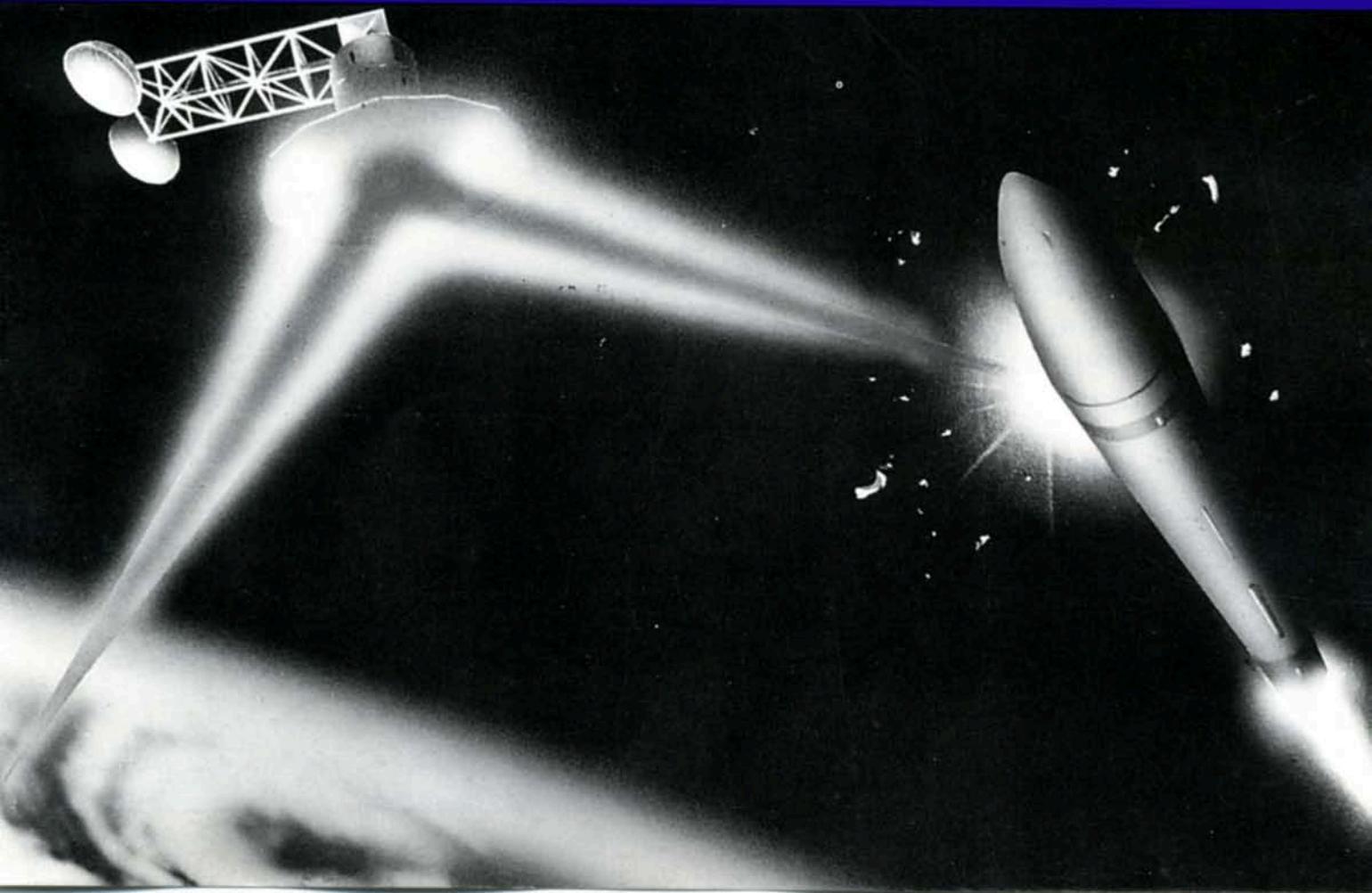
Executive Intelligence Review

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How capital controls are helping Malaysia  
Ocalan's capture detonates a strategy of tension  
Clinton's China policy under renewed assault

**LaRouche, author of the SDI,  
dissects 'the new ABM flap'**



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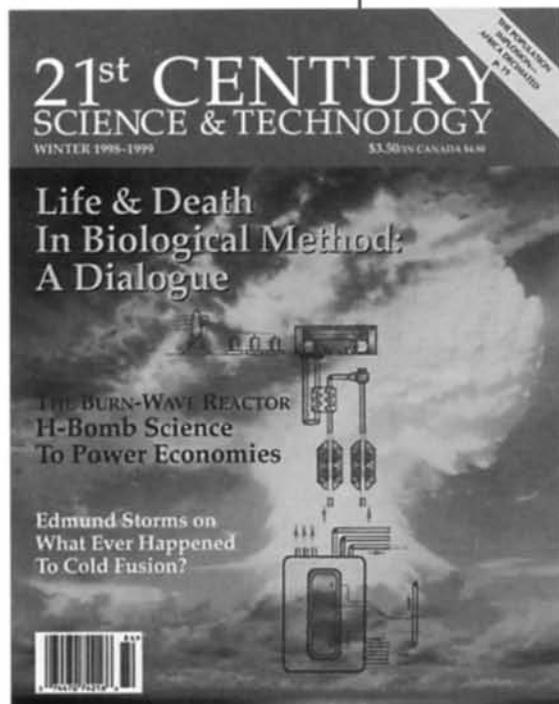
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**European Headquarters:** Executive Intelligence Review Nachrichtenagentur GmbH, Postfach 2308, D-65013 Wiesbaden, Bahnstrasse 9-A, D-65205, Wiesbaden, Federal Republic of Germany Tel: 49-611-73650. Homepage: <http://www.eirna.com> E-mail: [eirna@eirna.com](mailto:eirna@eirna.com)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

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

**In Mexico:** EIR, Río Tiber No. 87, 5o piso, Colonia Cuauhtémoc, México, DF, CP 06500. Tel: 208-3016 y 533-26-43.

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## From the Associate Editor

No sooner did the impeachment trial of President Clinton end in his acquittal by the U.S. Senate, than the London-backed forces committed to destroying both his Presidency and the republican nation-state, lashed out again with renewed fury. In the past 12 months, while Clinton has been virtually paralyzed by the assault against him, Al Gore and the other members of the Principals Committee have seized control over U.S. policymaking. News reports in this issue show an explosion of crises all around the world. The strategic geometry has shifted in a way that could lead to World War III, if a radical change in policy is not implemented quickly.

The danger of such a “doomsday scenario” is laid out by Lyndon H. LaRouche, Jr., in his article on “The New ABM Flap.” In order to understand what is really behind the cry for a National Missile Defense system (Senate Bill 257), and the remarks of Defense Secretary William Cohen and others, you have to look at the real history of President Reagan’s Strategic Defense Initiative—the policy fight between LaRouche and the group around Lt. Gen. Danny Graham. What is being proposed today, is even worse than what Graham was pushing in the 1980s, LaRouche writes. It is “a scheme for provoking doomsday-scenario wars, throughout the planet, the kinds of wars which no one could win.”

This analysis is fleshed out by Rainer Apel’s report from the Munich “Wehrkunde” conference, on the insanity of the representatives of NATO countries, including Secretary Cohen; by our reports on the “strategy of tension” in the Mediterranean and the imminence of a showdown in Kosova and Iraq; and by the renewed assault against Clinton—this time, hitting directly at his attempt to form a vital strategic partnership with China.

Countering all this insanity, there are positive moves on the economic policy front. Russian Prime Minister Primakov is continuing his crackdown against the financial mafia, and Moscow journals are giving prominent coverage to LaRouche’s policies. We also bring you an interview with Malaysian Finance Minister Tun Daim Zainuddin, who documents how his nation’s defense of its sovereignty, by imposing capital controls, has improved the situation there. And, the Danish Parliament held hearings on the world financial crisis, including expert testimony on the need for a New Bretton Woods system.



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**Photo and graphic credits:** Cover, *Fusion*/Christopher Sloan. Pages 9, 10, 52, EIRNS. Page 15, 50, EIRNS/Christopher Lewis. Pages 21, 26, DOD/Helene C. Stikkel. Pages 28, 31 (Graham), 46 (Murdoch, Wolfensohn), 61, 65, EIRNS/Stuart Lewis. Page 31 (Patriot missile), U.S. Army/Frank Trevino. Page 35, EIRNS/John Sigerson.

**Correction:** In "Asbestos: The Real Danger Is Irrationality," in our Jan. 1, 1999 issue, it was stated that OSHA had set the standard of 0.1 fiber/cc and that the average asbestos fiber content found in a study of 214 schools was 0.0025 fibers/cc. The actual OSHA standard is 0.2 fibers/cc and the actual measurement in the schools was 0.00022 fibers/cc. The exposure was 900 times less than the safety standard set by OSHA.

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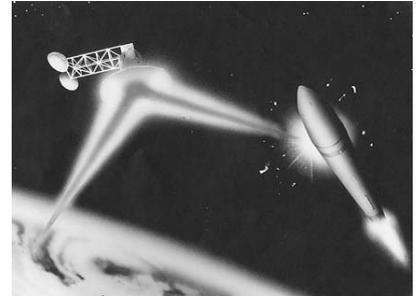
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By Lyndon H. LaRouche, Jr. Those who have proposed revising the ABM Treaty are not acting out of rational concern for U.S. security, warns LaRouche. "What we are witnessing . . . is not their desire to win a war; theirs is a far more modest goal: merely to start one." Their intent, says LaRouche, is "to crush those Eurasian and other nations, such as Brazil or Mexico, which might come to resist the imposition of so-called 'International Monetary Fund (IMF)' hyperinflationary policies of 'free trade' and 'globalization' upon them."

LaRouche writes, "The strategic issue today, is the menace of the kinds of 'doomsday' scenarios which the British monarchy and foolish and wicked Vice-President Al Gore's Wall Street cronies are currently forcing upon the world. . . . We must not permit the world, ever again, to be locked into a state of relative technological stagnation in which nations are forced to resort to 'doomsday options.' "

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## Will Primakov defeat the Gore-Chernomyrdin ‘Russian mafia’?

by Jonathan Tennenbaum

With the clock ticking on a new explosion of Russia’s debt crisis, Prime Minister Yevgeni Primakov took bold steps toward breaking the power of Boris Berezovsky and other elements of the Russian “financial mafia” that controls most of the Russian economy and banking system. Whether Primakov will succeed, is no mere internal Russian affair, but a global strategic battle whose outcome is closely tied, among other things, to the fate of U.S. Vice President Al Gore. As documented in *EIR*’s Feb. 12 issue and elsewhere, Gore and his buddy Viktor Chernomyrdin have functioned, in effect, as leading sponsors and protectors of the Russian financial mafia since no later than 1993. Not only was it the International Monetary Fund (IMF) shock therapy and the financial and economic policies carried out by Gore’s friend Chernomyrdin and the “young reformers” Yegor Gaidar and Anatoli Chubais, that handed the Russian economy to the criminal structures on a golden platter, but there is increasing evidence of direct, massive personal corruption on the part of Gore, Chernomyrdin, and others involved in that top-down looting process.

Not surprisingly, London’s *Financial Times* of Feb. 18 added its voice to Berezovsky-linked Russia press outlets, denouncing Primakov and First Deputy Prime Minister Yuri Maslyukov for facing down the IMF, and threatening Primakov’s demise if he did not fire Maslyukov for the continuing failure of the IMF negotiations.

The showdown with the British-American-Commonwealth (BAC)-connected Berezovsky comes at a time when the Primakov government, refusing to follow the insane dictates of the IMF, has evidently slowed and partly even reversed the collapse of real production, and achieved a crucial margin of political support in the Russian population. Prima-

kov’s position is strengthened by the collapse of the financial bubble both inside and outside Russia, as evidenced most recently by the Feb. 8 formal default of Russian “oligarch” Vladimir Potanin’s Onexsimbank on its Eurobond payment. The recent moves against the Russian oligarchs and the mafia structures connected with them, is also fully coherent with prominent coverage of Lyndon LaRouche in Russian economic newspapers (see *Documentation*), as well as an acceleration of Russia’s active moves to consolidate its cooperation with China and India as the pivot a “survivors’ club” of nations determined to outlive the collapse of the world financial system.

A brief review of some highlights:

### ‘Making room in the prisons’

On Jan. 31, Prime Minister Primakov declared on Russian television, that the government intended to give amnesty to 94,000 petty criminals, thus clearing the prisons to make room for those “who are plundering the state and robbing society.” Primakov gave clear signs, that this declaration of war against rampant, organized corruption was not only directed at “small fish,” but also at Berezovsky, whose media networks had been mounting an energetic campaign for the ouster of Maslyukov and, implicitly, of Primakov himself (see *EIR*, Feb. 5). For anyone familiar with Primakov’s background as a master of intelligence, his open challenge to Berezovsky was not likely to be an idle threat, but rather one backed up by elaborate preparations and highly professional capabilities.

Indeed, on Feb. 2, Prosecutor General Yuri Skuratov was suddenly fired, and personnel from his office and the Federal Security Service (FSB) raided both the Berezovsky

oil firm, Sibneft, and the Berezovsky private security firm, Atoll. The Prosecutor General's office confirmed that the raiders had confiscated video and audio cassettes where "evidence of illegal bugging was found." According to various Russian press accounts, Atoll and Sibneft had been bugging the offices and private residences of President Boris Yeltsin and members of his family, including his daughter Tatyana Dyachenko, who is an official adviser to her father.

The next day, on Feb. 3, the offices of Berezovsky-linked partners of the airline Aeroflot were also searched, while simultaneously, two top Berezovsky appointees at the airline were fired, including Aleksandr Krasnenker, who had previously been Berezovsky's deputy at the latter's flagship enterprise, LogoVAZ. Interestingly, the firing was ordered by President Yeltsin's son-in-law Valeri Okulov, who is director of the company. Parallel with this, a series of moves was initiated against Berezovsky's press empire, particularly his influence on the television channel ORT.

On Feb. 9, *Kommersant* reported that the General Prosecutor's Office had interrogated Yevgeni Bychkov, former head of the Russia's State Committee on Precious Materials, and others in connection with the embezzlement case against the company, Golden ADA, which channelled a reported \$1 billion in diamonds, gold, and other precious objects out of the Russian Treasury. As documented by *EIR* of Feb. 12, the Golden ADA case goes all the way to the doorstep of Vice President Gore, Chernomyrdin, and former Russian Finance Minister Boris Fyodorov. A day later, Gaidar and Fyodorov gave a press conference to promote their pro-IMF political party, "Right Cause," which they said was ready to fill all the posts for a new government to replace that of Primakov! On that occasion, Gaidar had to answer some unpleasant questions concerning a new scandal, namely, the alleged diversion by the Russian Central Bank of up to \$50 billion into offshore accounts in the English Channel Island of Jersey during the early 1990s, when Gaidar and the other IMF "reformers" were in the driver's seat of Russia's financial policy.

A summit meeting of the Commonwealth of Independent States, of which Berezovsky serves as executive secretary, was abruptly postponed from its planned late-February date.

The coordinated assault on Berezovsky et al. did not go unanswered, of course. Immediately, leading Russian newspapers were filled with nasty attacks and insinuations against Primakov, trying above all to drive a wedge between the Primakov-Maslyukov government and President Yeltsin. In the latest round of these attacks, *Moskovsky Komsomolets* floated the wild story, that Yeltsin was about to dismiss the government for alleged incompetence, and that Gaidar was helping Yeltsin draft the announcement! So far these obvious attempts to destabilize the situation using wild rumors and disinformation, have met with little apparent success, while at the same time, Berezovsky's own position is clearly weak-

ened by in-fighting among the oligarchs and related structures. According to Russian press reports, the head of Gazprom, Vyakhirev, led off a list of Russian "influentials" who had issued a letter supporting Primakov against the "mass media campaign" mounted by Berezovsky-linked press.

### **An expendable BAC instrument**

This underlines the fact, that Berezovsky, like any of the other so-called "Russian financial oligarchs," is little more than an expendable instrument of the BAC-directed control and looting of the former Soviet Union. They have no significant, *independent* power, and it is entirely conceivable that Berezovsky, in particular, might be sacrificed in favor of other BAC assets at any time.

A more serious proposition is "Gore's favorite god-father," Viktor Chernomyrdin. Over the last two weeks, numerous reports have surfaced in the Russian and foreign press to the effect, that Primakov had decided to employ Chernomyrdin as a special representative for negotiations with the IMF and other creditors, replacing Maslyukov in that role. Although that report was later denied by *Izvestia* of Feb. 17, claiming that Finance Minister Zadornov, not Chernomyrdin, had been named special representative, the pattern of events still suggests that Primakov is playing a cat-and-mouse game with the IMF and its backers. The possibility of a potentially fatal, "rotten compromise" imposed under enormous pressures, cannot absolutely be excluded. What is for sure, is that Russia's battle for survival has gone into a new phase.

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## Documentation

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### **Moscow journals publish LaRouche on economics**

*The Feb. 11 issue of the Moscow weekly Ekonomicheskaya Gazeta carried answers from economist Lyndon LaRouche, in reply to questions posed by the journal's editor-in-chief, Aleksandr Chekalin. The headline is "To Save the World from a New Dark Age."*

*In December 1998, Ekonomicheskaya Gazeta carried Chekalin's open letter, addressed to a number of prominent people, on the question of foreign debt relief. The letter was published in Latin, Russian, and English, under the headline, "The World Financial Octopus Has Grabbed the Peoples by the Throat. Shall We Try to Escape?" A boldface text followed: "The notorious phenomenon of foreign debt, which is unjust and immoral, strips some peoples of their will to reor-*

der their own affairs, while giving others an exaggerated notion of their talents. In both instances, it is evil. That is why Ekonomicheskaya Gazeta and the newspaper Razvitiye have decided to address certain people, who have already shown that they are not indifferent to this problem—Their Holinesses Aleksii II and John Paul II, the vice-president of the Brazilian Conference of Bishops Marcel Cavaliero, the leaders of Cuba, Fidel Castro, and Malaysia, Mahathir bin Mohamad, and the scientists Lyndon LaRouche (U.S.A.) and Andre Franck (the Netherlands)—with a request to state their opinion on how to free the peoples from the foreign debt noose.”

Chekalin’s open letter said, “The editorial staff of Ekonomicheskaya Gazeta and the newspaper Razvitiye share your alarm about the increase of foreign debt in the world. The discussion, carried on the pages of these two newspapers, would undoubtedly acquire a qualitatively new substance, if you could acquaint the readers with your point of view on this problem, including by answering the following questions. . . .

“Ekonomicheskaya Gazeta and Razvitiye are ready to take part in preparing the international public, as well as practical measures, for the implementation of this idea, which you have repeatedly proclaimed, and which would be an advance towards life built on principles of justice and mutual assistance.”

Ekonomicheskaya Gazeta printed LaRouche’s answers in full, adding some editorial explanations. The questions and answers are given below. The answers are reported here from LaRouche’s original English text.

1. Why is it necessary to cancel these foreign debts, either all at once or within a short period of time?

**LaRouche:** The more appropriate language would be “cancel or rewrite these debts.” For the case of debts in the form of financial derivatives, the debt must be simply cancelled as an ordinary gambling-debt, illicit in its essential nature, as if it never been incurred. For the case of the Ibero-America debt, for example, in which the nominal debt was rewritten upwards, by fraudulent means used under the “floating exchange-rate system,” the debt must be written down to reflect the obligations actually incurred through payments actually made to the debtor, and the remaining balance rewritten as new debt, at interest-rates in the order of not more than 2% per annum. The latter measures are fair, and also provide the creditor, the holder of the reduced debt, with a viable financial asset for his portfolio.

Given the fact that outstanding nominal derivatives debts, both on-balance-sheet and off-balance-sheet combined, currently exceed a fairly estimated \$140 trillions equivalent, that debt must be written off at the first appropriate occasion such action might be taken. If it is not simply written off the books of all parties to that gamblers’ agreement, then the effect of imposing that debt, several times the combined Gross Domestic Product of all nations combined, would represent an abso-

lute commitment to plunge the entire planet into a “new dark age.”

2. What would be the technique for carrying out this task?

**LaRouche:** The legal authority utilized for such measures, is the absolute law of the nation-state, the sovereignty of that nation itself, a sovereignty which is violable only by an act of war. It were a more pleasant choice of remedy, for this action to occur through a partnership among several or more such states. Since violation of such sovereignty would be an act of war by the offending agency, principles of war and avoidance of war must be applied to this situation; a group of states strong enough to deter the prospective war-making aggressors is most desirable.

My preferred choice of technique, is to return to the point of reference in history at which U.S. war-time President Roosevelt was in fundamental conflict with Prime Minister Winston Churchill over the design of intended post-war relations among states on this planet. The agreements among the majority of the allies, during that period, most notably the U.S.A., the Soviet Union, and China, may not be legally binding in and of themselves, and certain features of those agreements must be regarded as mistaken, but they ought to be regarded as informing the consciences of modern statesmen with special force.

There were two crucial, leading points of difference between Roosevelt and Churchill at that time. First, President Roosevelt stated clearly to Prime Minister Churchill that his post-war government would not tolerate subjecting the planet to the British traditional “Eighteenth-Century methods” of Adam Smith et al. Second, the President of the United States was committed to the abolition of the colonial system and its relics, globally, at the close of the war. The adoption of the Bretton Woods system, under Roosevelt’s Presidency, is among the numerous precedents for the sort of remedial action to be taken against the lunatic forms of global financial, monetary, and trade practices which have been introduced, in the manner of rape, to international relations since, especially mid-August 1971.

If we desire an order of peaceful cooperation among perfectly sovereign nation-states, which was the implicit, and reasonable objective of the majority of the allies, during the period of that war, reflection on history says that we must seek to realize the just new world economic order among states which was rightly foreseen as required by all decent statesmen and peoples during that period. An order freed from the rapine inhering in what President Roosevelt denounced as “Eighteenth Century British methods,” an order freed from the evils of a global rentier-financier form of imperial neo-colonialism.

I suggest that Prime Minister Primakov’s public declaration to his hosts, during his recent state visit to India, goes to the heart of the matter. The degree of cooperation which

has been emerging between Russia and China, and the effort to extend this, to define Russia, China, and India, as three corners of a wider sphere of cooperation in Eurasia, defines a keystone of a system of good will and mutual benefit around which a new global economic system can be built, to replace the ruin of the hopelessly bankrupt, present, rentier-financier form of global, oligarchical financial system. If President Clinton is not impeached, his enemies defeated, I know that the present realization of President Franklin Roosevelt's goals for global cooperation among sovereign states can be reached. At this moment, this appears the only safe option for humanity.

3. What would be the benefit to the peoples of different countries and to humanity as a whole, if existing debts were abolished?

**LaRouche:** To save the world from what would be otherwise an assured "new dark age" for this planet, it is necessary to effect a global debt-organization, and a new financial and monetary system, and, also launch a new system of credit devoted to the growth and increased productivity of the physical economy, while suppressing financial speculation and the evils inherent in so-called "free trade." Any forces which might succeed in resisting this change in affairs, would find themselves soon sitting in a Hell they themselves could not survive. That is already a certain kind of benefit.

We require the mobilization of large masses of presently idled or otherwise wasted productive potential. Economic recovery of this planet from the present peril of global doom could occur only through relatively vast amounts of long-term new state and private credit, at discount rates of not more than between one and two percent per annum, over medium- and long-term periods extending to between twenty and thirty years into the future.

This expanded investment in physical-economic growth per capita and per square kilometer, will not succeed unless it proceeds in a capital-intensive, power-intensive, and science-intensive mode.

It must be based upon a vast expansion of improvements and maintenance of both physical and social forms of basic economic infrastructure, without which private investment can not actually generate the rates of growth of net productivity needed in the economy and its territory as a whole. Food production and basic industry must be expanded in quantity, quality, and productivity measured both per capita and per square kilometer. Otherwise, the leading emphasis must be on driving a great expansion of the machine-tool sector of production through high rates of expansion of rates of validatable discoveries of physical principle, including biology. This means, in Russia, the greatest emphasis on reviving the export and other economic potentials of the surviving portions of the former Soviet scientific-military-industrial sector, including space-exploration and colonization. The conquest of

Russia's Arctic region by such methods is one of the greatest prospective, pioneering achievements of this planet during the coming decades.

In aid of this, the masses of accumulated, honorable forms of debt must be rewritten as long-term debt at low interest rates, and with special terms of deferred payments as may be required. By this device, earlier proposed and used successfully by the first U.S. Treasury Secretary, Alexander Hamilton, otherwise useless private and other debt can be held in deposit in banks, as security for the issuance of credit used to promote development of infrastructure, agricultural development, and industry. This use of such restructured debt in aid of such lending, keeps the debt from default, and current. It becomes a sane alternative to bandit and other lunatic forms of desperado "privatization," as a part of the base-line for developing the private sector's increasing role in a successfully growing national and world economy.

### **LaRouche on physical economy**

*On the occasion of the death of Prof. Wassily Leontieff, the Russian-born economist, Kommersant-daily on Feb. 10, 1999 surveyed a range of economists on the question, "Are there any real economists left in Russia?" Responses from just two non-Russian economists are included: a professor from the Sorbonne, and Lyndon LaRouche. LaRouche's comment is rendered by Kommersant-daily as follows:*

"It is not a question of personalities. The most important thing for Russia now, is to rebuild the economy from the consequences of monetarist experiments. Here, I think, Russian economists from what may be termed 'the Russian classical school of economics,' are among the world's most competent. Leontieff had an instinct for the economics of the real sector, and your economists may be considered his successors, in this respect."

For the record, in view of the condensed and not entirely precise translation that appeared in *Kommersant-daily*, here is LaRouche's reply, in the original:

"In assessing Russia's economists today, the leading consideration is a practical one: How to rebuild the physical economy of Russia from the ruined condition into which recent monetarist experiments have plunged it. For this purpose, what may be termed the 'Classical School' among senior Russian Academicians in this profession are, without doubt, and without exaggeration, among the world's most competent. Some years ago, back during the 1950s, I had a brief correspondence with Wassily Leontieff, with whom I found myself in implicit alliance against the 'ivory tower' economists, such as Tjalling Koopmans et al., of the radically positivist variety of representatives of the Operations Research networks. He had, unlike the 'ivory tower' variety, an instinct for the physical reality of production. I think that the comparison applies to the senior Academicians among Russia's economists today."

# Positive results from Malaysia's selective capital controls

Tun Daim Zainuddin is First Finance Minister, Special Functions Minister, and Chairman of the National Economic Action Council of Malaysia. On Jan. 23, 1999, Gail G. Billington of *EIR*'s Asia Desk and Dino de Paoli of the international Schiller Institute interviewed the Finance Minister at his office in Kuala Lumpur. Since the interview, two developments worth noting have occurred, the first a Feb. 4 announcement of a change in the policy with respect to repatriation of portfolio capital and profits, and the second, a dramatic shift in perception of the success of Malaysia's selective capital controls internationally.

On Feb. 4, the Finance Ministry released a statement from Tun Daim announcing a new policy, replacing the 12-month holding rule on portfolio investments imposed on Sept. 1, 1998, with a graduated levy, ranging from 10-30%, depending on how long the investment remains in Malaysia, and whether capital is brought in before or after Feb. 15, 1999. The new measures, which were based on discussions with fund managers, are, according to Tun Daim's release, "aimed to encourage existing portfolio investors to take a longer-term view of their investments in Malaysia and to attract new funds into the country, while at the same time discourage destabilizing short-term flows."

Worth noting, too, are examples of the positive support Malaysia's policy is garnering worldwide, exemplified by what numerous press have called "the thunderous applause" Malaysian Prime Minister Dr. Mahathir bin Mohamad received following his address to the assembled heads of state and representatives of the Group of 15, meeting in Montego Bay, Jamaica on Feb. 10, and by two other endorsements of some significance. In a Feb. 2 interview with Malaysia's *Business Times*, Cristovam Buarque, Governor of the Federal District of Brasilia, Brazil, reported that "in Brazil, there is free flow of foreign money and I do not agree with that. I prefer the Malaysian way." He added that when he returned to Brazil, he would speak to the relevant authorities to propose emulating Malaysia's controls. "We need to bring this to a higher level," he said, "and if possible give it a global perspective. . . . We do not need an agreement. Just maybe 10 countries to support the idea to start the ball rolling."

Finally, state wire services and leading newspapers in Southeast Asia, including the Singapore *Straits Times* and

Malaysia's *New Straits Times* and *The Star*, have reported on a three-page article published in the Indonesia weekly *Panji Masyarakat*, titled "Good News From the Neighbor," which declared Dr. Mahathir "the hero of Davos," referring to his Jan. 29 luncheon address to the World Economic Forum in Switzerland, where he called on governments to resign if they are incapable of penalizing currency speculators. The article also commends Malaysia's selective capital control measures, noting that they are enabling people to lead a normal life. *Panji Masyarakat* reportedly has a circulation of 60,000, and was founded in the 1960s by the reknowned Islamic scholar, the late Haji Abdul Malik Kari Amrullah, or Pak Hamka. Subsequently, the Indonesian Parliament broached discussion on Feb. 12 of limited measures to monitor foreign exchange flows, especially short-term speculative flows, to prevent capital flight and speculation in the capital and money markets.— *Gail G. Billington*

**EIR:** The financial control measures adopted on Sept. 1, 1998 have been very closely watched throughout the world. What was the purpose of these policies and what have been the results?

**Tun Daim:** The main objective is to stop the internationalization of the ringgit [Malaysia's currency], and to manage capital flows in order to contain ringgit speculation and minimize the impact of short-term capital outflows that caused the economic crisis. The result of the capital controls is the stabilization of the ringgit, which brought about business environment stability and reduced foreign exchange uncertainties. As a result, confidence in the economy has returned. The Kuala Lumpur Composite Index has doubled, and sales of passenger cars have increased sharply. Foreign direct investment rose to \$1.2 billion in September, compared to less than \$40 million in July and August combined.

**EIR:** Malaysia has stated that these controls will remain in place until something is done about the anarchistic state of international currency markets. What do you think is required?

**Tun Daim:** The G-7 countries, being the major players in the international monetary system, must be determined to deliberate and act to reform the global financial system. There



*Malaysian Finance Minister Tun Daim Zainuddin (center), with Gail Billington of EIR and Dino de Paoli of the Schiller Institute. "Malaysia is in favor of a revamp of the current global financial system," says Finance Minister Tun Daim. "The international community should consider various proposals, such as those suggested by LaRouche, so as to come up with a workable system that will benefit all parties."*

should be increased transparency in currency trading and clearer rules of the game. The IMF [International Monetary Fund] should not drag its feet in promoting reforms in the financial system. Further, the IMF itself should be more transparent in its operations. The IMF should put in place a mechanism that will be more effective in providing financing to help countries pursuing sound policies to maintain stability.

**EIR:** Could you explain how some of the speculation had worked prior to your imposition of controls? Specifically, the role of hedge funds, and their ability to move money in and out of the country? What role did offshore holdings of ringgit play in this?

**Tun Daim:** There was panic in the region with the flotation of the Thai bhat. The foreign media inflamed the fear of widespread failure of the banking and corporate sectors. This led to panic, and investors moved funds out of the region in a herd-like fashion. The highly leveraged hedge funds started the panic, and took advantage of the panic to reap high profits. The offshore interest rate for the ringgit was around 30-40%, while commercial bank three-month fixed-deposit rates were around 11%. This led to the outflow of ringgit that was used to short the currency.

**EIR:** What is different about the situation you addressed in the mid-1980s to get Malaysia out of recession, and the situation that struck in 1997-98?

**Tun Daim:** The crisis of the mid-1980s was fundamentally one involving the public sector. The expansionary role of the public sector during the 1970s and early 1980s had led to high government expenditure, and also meant high imports. This

situation led to twin deficits, on the fiscal account as well as the current account of the balance of payments. In addition, the economy was over-regulated, and the investment climate was not liberal.

The current economic crisis, on the other hand, involves private-sector excesses, with the private sector having borrowed short-term funds largely to finance investments in the property and share markets. The crisis did not originate in Malaysia, but in Thailand, with the contagion spreading to Malaysia through the currency market. Currency speculators exploited weaknesses in the global financial system to undermine the ringgit, thereby causing severe instability to the financial sector and subsequently the real economy.

**EIR:** What are the similarities and differences between the approach Malaysia has taken to dealing with the non-performing loans, or NPLs, from that of Thailand and Indonesia?

**Tun Daim:** Malaysia, Thailand, and Indonesia have all taken steps to resolve NPLs. In the case of Malaysia, it has set up Special Purpose Vehicles, namely, Danaharta, to acquire NPLs from banks, and Danamodal, to recapitalize banks. The programs to resolve NPLs have been on a fast track, with 42% of NPLs removed from the banks. Thailand also has a similar program of addressing NPLs, and has made some progress in this regard. From independent reports, the progress achieved by Indonesia is more limited.

**EIR:** In 1997 and 1998, Malaysia voluntarily implemented several policies recommended by the IMF, but ended them with the Sept. 1 controls? Why were those "virtual" IMF policies implemented and what were the results that led you

to abandon them?

**Tun Daim:** As a matter of clarification, the change in the direction of Malaysia's fiscal and monetary policy came with the adoption of the National Economic Recovery Plan in July 1998, and not Sept. 1. The initial policy package had anticipated a less severe economic contraction and the tightening of monetary policy was to address rapid expansion of credit before the crisis. However, when the economic contraction turned out to be worse than anticipated, the continuation of these policies will only deepen Malaysia's economic troubles and cause more business failures. In addition, the volatility in the exchange rates, which was linked to the regional contagion, had frustrated whatever attempts by the government to bring about economic stabilization. In order to bring about a more conducive economic environment, the government adopted selective capital controls so that the fiscal stimulus and easing of monetary policy could help the domestic economy.

**EIR:** The Sept. 1 measures have prevented the trade in derivatives on the Malaysian ringgit in Singapore and elsewhere. How are you keeping speculation on the domestic derivatives markets under control?

**Tun Daim:** The Securities Commission (SC), which also oversees the equity market, oversees the regulation of the derivatives market in Malaysia. With the imposition of capital and currency controls, SC will continue to monitor developments in the derivatives market, a role that it had undertaken even before Sept. 1, 1998.

I believe that some form of speculation in the derivatives market is quite natural to ensure a healthy development of this market. Nevertheless, if and when necessary, SC will introduce regulations to ensure that the derivatives markets do not spin out of control.

**EIR:** How is Malaysia dealing with foreign debt restructuring of the major firms, such as Renong?

**Tun Daim:** In our efforts to address the problems of the corporate sector, the Malaysian government has set up the Corporate Debt Restructuring Committee (CDRC) to provide an avenue for financially distressed companies to arrive at an amicable solution with their lenders. In carrying out this work, the CDRC will seek to address problems of not only local debts, but also foreign debts of the particular company. The CDRC has also been entrusted with the task of working out a solution for Renong's local and foreign debt problems.

**EIR:** The government has appealed to the banks to increase lending. Is this purely voluntary? And how has this request been met?

**Tun Daim:** Credit plans are submitted by banks to Bank Negara every year. The loan growth target for 1997 was 30%, which Bank Negara at end of 1997 suddenly reduced to 25%, because domestic lending had exceeded 30%. For 1998, it was 15%, but in view of the cautious lending policy, the gov-

ernment asked the banks to reduce the target for loan growth to 8% for 1998.

**EIR:** It has recently been pointed out that since the controls were applied, the level of investment and of foreign reserves have risen since the low point earlier this year. Can you comment on this?

**Tun Daim:** Contrary to what critics say, capital control measures have been positive to Malaysia. Malaysia has been recording positive trade balances for the last 13 months, leading to a trade surplus of \$13.6 billion (51.5 billion ringgit) at end of November 1998. Malaysia's foreign reserves had gone up to \$26.2 billion, or RM 99.4 billion as of the end of December 1998. Total investment in projects approved by MIDA [Malaysian Industrial Development Authority] for September and October amounted to \$1.7 billion, several times larger than the \$194 million in July-August 1998.

**EIR:** Representatives of China and Japan have made favorable comments about the controls. How would you gauge the support of these countries? Of the Association of Southeast Asian Nations (ASEAN) countries? And outside of Asia?

**Tun Daim:** We have come across mixed reviews on capital controls ever since Malaysia imposed selective exchange controls on Sept. 1, 1998. Within Asia, there have been favorable comments from China and Hong Kong, particularly because China itself has its own capital controls, while Hong Kong saw the merits of controls when currency raiders were attacking the Hong Kong currency. Japan was generally neutral, although recently there have been some favorable statements.

Countries that are currently being assisted by the IMF under the structural adjustment program will certainly not be supportive of Malaysia's currency controls, because it would be considered heresy to subscribe to such unorthodox measures.

To be frank, it is not important to Malaysia whether other countries see our actions favorably. The government felt that in overcoming the crisis, it had to begin with currency stability so that business could plan and function without having to fear what will happen to the ringgit the following day. Selective capital controls are expected to insulate the economy from the instability of the currency turmoil so that we can address the larger problems of the banking sector and the real economy.

**EIR:** In Dr. Mahathir's speech to the ASEAN heads of state meeting, he spoke of the risk of globalization being used to weaken, even destroy the economies of developing nations. How has globalization worked against the interests of these nations?

**Tun Daim:** We are not against globalization but we have to point out its weaknesses, too. Very briefly, globalization has resulted in the movement of money across borders quickly and easily, very often through a stroke of the computer keyboard. Much of the movement of capital is from industrial

countries to the developing world that needs capital to develop their economies. As the quantum of capital flows increase, so does its volatility, since the sudden withdrawal of short-term capital from a country can destroy the country's economy, its businesses, its jobs, and its standard of living overnight.

This is why the global financial market needs to be regulated and a new global financial architecture put in place.

**EIR:** *EIR's* Founding Editor Lyndon LaRouche has proposed an overhaul of the global monetary system, literally, creating a New Bretton Woods system, which would channel credit for production, putting an end to speculative flows. It would build rail corridors across the Eurasian continent, and in these corridors build industry, power generation, and water management projects. Within this geometry of growth, relations among nations would be changed. How do you see Malaysia fitting into such a new global economic geometry?

**Tun Daim:** Malaysia is in favor of a revamp of the current global financial system. The details of the new financial architecture must be thought through and developed with the cooperation from both the developed and developing nations. In this context, the international community should consider various proposals, such as those suggested by LaRouche, so as to come up with a workable system that will benefit all parties. In all these attempts, the interests of the developing countries should be taken into consideration.

**EIR:** Do you see this idea as compatible with discussions of the so-called "new global financial architecture"?

**Tun Daim:** We need to look into the details of the proposal.

**EIR:** Before the crisis, Malaysia and its neighbors had launched a series of "growth triangles." What is the status of the intra-regional development zones with Thailand, Indonesia, and the Philippines?

**Tun Daim:** Yes, there were altogether three growth triangles in which Malaysia was involved with its neighbors. Although the respective governments were involved in the initial planning and coordination of these growth triangles, the growth triangles were primarily to be vehicles for private sector collaboration.

The three growth triangles are very much alive, particularly with respect to certain projects and activities that have not been severely affected by the crisis, for instance, agricultural activities. The economic crisis has, however, slowed down the scope and scale or growth of triangle activities, particularly because some of our participating countries have been badly affected by the crisis.

**EIR:** Malaysia headed a committee of Asian nations on developing the Asian Railroad and its connection to the Eurasian Land-Bridge. What is the status of that?

**Tun Daim:** The plan is to build a rail connection between Singapore and Kunming in China. There are some missing links, and a new line has to be built through either Cambodia,

Laos, or Myanmar to China. A Special Working Group under the Malaysian Minister of Transport is conducting a feasibility study. The final report is expected in March 1999. Once the Asian rail connection is completed, Asia will be linked to Europe through the Trans-Siberian Railway. At the first Asian-Europe Meeting in Bangkok, this project will be endorsed by the Europeans.

**EIR:** The Thais are again looking at the Kra Canal. What does Malaysia think of this project, and how might you be involved?

**Tun Daim:** Feedback indicates that the Thai government is not actively pursuing the Kra Canal. It is a Thai project. If they intend to proceed with the project, some Malaysian companies would be interested to participate.

**EIR:** What is Malaysia's role in the new road projects in India? Are there other major projects abroad in the works? How have such overseas projects been affected by the crisis?

**Tun Daim:** The Indian government has appointed a consortium of Malaysian firms to participate in building toll roads in India under the BOT [build, operate, transfer] concept. Malaysian firms have acquired considerable expertise and technology in the construction of roads, ports, airports, telecommunications, water projects, and energy generation. As such, they are actively involved in projects such as road and port building in India, water supply in Vietnam, telecommunications in India and Vietnam, and inland port and airport development in Cambodia. The crisis has not affected the capacity of Malaysian firms in pursuing such projects abroad.

**EIR:** Domestically, several crucial infrastructure projects are on hold, such as the Bakun Dam, and the bridge to Sumatra. What is the status of these projects at this point? What major projects would you like to see constructed?

**Tun Daim:** The bridge to Sumatra was only a project idea before the crisis. Its current status is that of a deferred project. The Bakun Dam was deferred after the onset of the crisis. These are private sector projects. The government is currently looking at the proposals submitted by the various groups and the feasibility of implementing the Bakun project on a limited scale.

I would like to see a continuation of projects that strengthen the infrastructural foundations of the economy and contribute to the creation of value-added. Projects that come to my mind are highway projects, railway modernization, port development, and low-cost housing. These projects have strong multipliers and are also contributors to economic growth and employment.

**EIR:** There has been renewed discussion of the Asian Monetary Fund, originally proposed by Japan in 1997. What are the prospects?

**Tun Daim:** The Malaysian government had consistently supported such an idea since it was first formulated in 1997.

We have not changed our position since then.

The prospects for such a fund would depend firstly on the extent to which other Asian countries, including China, will support the idea and be prepared to join hands to ensure its realization. Secondly, it will depend on the ability of Japan to sell the idea to the United States and the international financial institutions that see the Asian Monetary Fund as a threat to their role in Asia.

**EIR:** Malaysia appears to have avoided the drastic increase in poverty levels which the crisis brought to Thailand and Indonesia. What have been the effects on the population, and what measures have you taken to meet emergency social needs?

**Tun Daim:** Although the ringgit has depreciated 30-40% in 1998, inflation is largely under control, with rates below 5%. Rural households engaged in palm oil and other resource-based products sold in U.S. dollars have benefitted. In any case, the government is concerned with the negative effects of the crisis on the poor. Accordingly, it has widened and strengthened the social safety net by introducing various programs, such as the development program for the hard-core poor, and the micro-credit program for hawkers in urban areas and rural infrastructure. Allocations for the development of education and health care facilities have in fact increased. We have stopped sending students abroad, and have instead

expanded local capacity, including private sector efforts to have twinning programs with foreign universities.

**EIR:** Education, in particular, has been hard hit by the crisis, with millions of children dropping out of school across the region. What is the situation in Malaysia?

**Tun Daim:** While it is true that education has been hard hit by the crisis in many Asian countries, the situation in Malaysia has been much different. School enrollment at both the primary and secondary school level has not changed adversely from before the crisis.

This could be because the government has continued to invest in education despite the crisis. We did not cut the education budget. Instead, we increased educational expenditures as part of our commitment to the social safety net and human resource development.

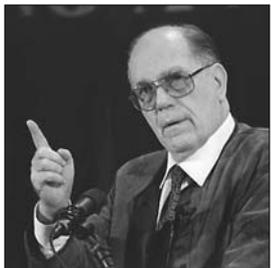
**EIR:** What effects have the U.S.-British bombing of Iraq had on damaging or derailing discussion of solutions to the global financial crisis?

**Tun Daim:** In my mind, the bombing of Iraq should be seen as distinct from the discussion of solutions to the global financial crisis. Yet, even without the bombing of Iraq by the United States and Britain, it seems to me that the G-7 countries appear to be stalling the process of discussions on finding solutions to the global financial crisis.

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# Danish Parliament hearings tackle world financial crisis, IMF blunders

by Poul Rasmussen

On Feb. 3, 1999, the Political and Economic Committee of the Danish Parliament took the unusual initiative of convening a hearing on the international financial crisis. The committee had invited experts from home and abroad to brief the members of the Parliament on various aspects of the crisis, and possible solutions to the global financial instability which is shattering national economies around the world.

The primary audience of this all-day event, consisted of representatives from all of the ten parties in the Danish Parliament, but in addition, there were officials from the Finance and Economics ministries, the National Bank, and representatives from all of the Danish banks and major industrial corporations. The chairman of the Schiller Institute in Denmark was also invited to attend the hearing. This invitation came as a response to the Schiller Institute's international appeal to U.S. President Clinton to convene a New Bretton Woods conference, which was initiated in February 1997. The appeal and the renewed call for a New Bretton Woods by Schiller Institute founder Helga Zepp-LaRouche in March 1998, was sent to all the members of the Danish Parliament. Then, during the first week of August 1998, just prior to the explosion of the Russian financial crisis, every member of the Parliament received a copy of a Danish Schiller Institute pamphlet on the financial crisis. This prompted one of the members of the Political and Economic Committee to request more information on the financial crisis from the institute. The input from this inquiry was indirectly reflected in the proceedings of the Feb. 3 event.

## IMF on the hot seat

In his opening remarks, the chairman of the committee, Steen Gade from the Socialist People's Party, set the tone of the hearing by noting that the International Monetary Fund (IMF) has come under severe criticism for the way in which it had handled the financial crisis, and he continued, "I hope that we, in this hearing, among other things, can have a fruitful discussion on the role and the policies of the IMF. And I stress—with the focus on the future. Therefore, when we discuss this item on the agenda, then we focus on new strategies to prevent future crises in relation to the IMF."

He added, "The other key issue is the discussion about

new paths for the world economy. Do we need a new international conference, a New Bretton Woods? Or is the discussion on the table in relation to the ongoing debate within the IMF sufficient?"

The first presentation came from Jørgen Elmeskov, deputy director of the Policy Studies Branch of the OECD's Economics Department, who took upon himself the task of explaining the factors behind the instability of capital flows to the emerging markets, which came as a result of the eruption of the financial crisis in Asia. He discussed the "herd mentality" of international investors and the contagion of the international crisis. In a neutral fashion, Elmeskov presented three options for dealing with instabilities in the international flows of capital: 1) maintenance of the free flow of capital; 2) introduction of currency boards; and, 3) reintroduction of a fixed exchange rate mechanism. Anticipating a discussion of the introduction of capital controls, Elmeskov emphasized that any such move would have to be evaluated from a cost-benefit standpoint, and a thorough analysis of the anticipated effectiveness.

Charles Yeo, research manager of the Market Intelligence Department, NatWest Group, London, gave a short history of the financial crisis, tracing its roots back to the two oil crises of the 1970s and the Mexican debt crisis in 1982. He presented a very bleak view of the future. "This is neither the first nor the last financial crisis," he said. "There will be further 'accidents' down the road." Besides a deterioration of the crises in Japan, Russia, and Brazil, Yeo warned about an escalation of the international financial crisis stemming from a possible collapse of the banking system in China, and a subsequent devaluation of the Chinese currency. He also warned about serious debt problems arising in Turkey and South Africa.

Joakim Stymne, chief economist at the brokerage house Alfred Berg Scandinavia, presented the impact of the Asian financial crisis on the Scandinavian economies. Although none of the Nordic countries exhibit any direct fall in their GNP yet, a closer analysis of their foreign trade figures reveals a dramatic collapse of exports to Japan and the rest of Asia. Worst hit is Sweden, with a total drop in its Asian exports of a whopping 46.6% in 1998. Finland is faced with

a decline in its exports to Asia of 32.7% in 1998, and Denmark has seen a drop of 24.5% in its 1998 exports to Asia. Norway has only lost 4.2% of its Asian exports in 1998, but, being a major oil exporter, the country is very hard hit on another front, the global collapse of oil prices.

The first major criticism of the IMF came from Christian Friis Bach, chairman of the Danish Association for International Cooperation (DAIC), a non-governmental organization (NGO). Presenting the latest figures from the International Labor Organization (ILO) on the dramatic rise in unemployment and poverty in Thailand, Indonesia, and South Korea, he blamed the IMF for its destructive economic dictates to these countries. According to Friis Bach, it is indisputable that the IMF contributed significantly to the Asian crisis, by imposing unnecessary austerity measures and uncalled-for liberalization of the financial sectors in the affected countries. He then presented the official DAIC proposal for a complete reorganization of the world financial system. This includes a total reorganization of the IMF, the reintroduction of capital controls on short-term investments, a "Tobin tax" on speculative currency transactions, and last, but not least, a New Bretton Woods conference.

The Schiller Institute representative asked Friis Bach to comment on the concrete measures taken by Malaysia to stop the speculative attacks on its economy. The rest of the panel was also asked to comment on the prospect of whether other countries, such as Brazil, might introduce a "Malaysian model." He replied that the DAIC, in principle, favors capital controls, but only as a global instrument, not as a protective measure implemented by single countries, such as in the case of Malaysia. Yeo of NatWest Group conceded that the Malaysian capital controls had been successful, but warned that the country would "pay dearly" if the measures were kept in place too long.

Unfortunately, Jack Boorman, head of the IMF Policy Development and Review Department in Washington, did not arrive at the hearing until after Friis Bach had delivered his stinging attacks on the IMF, and since Friis Bach had to leave before the afternoon session, where Boorman spoke in defense of the IMF, no direct confrontation occurred. Instead, the committee had invited Peter Skott, an economist at the University of Aarhus, to present a critical review of the IMF policies, to which Boorman was supposed to answer. But unfortunately, Skott's presentation was incoherent and utterly incompetent, leaving Boorman the opportunity to freely present the IMF view of the world. Not surprisingly, Boorman said that the financial crisis did not come from any misbehavior on the part of the IMF, but was solely the result of the inadequate financial policies of its victim countries. "We need more transparency in the national financial policies of the individual member countries," he intoned.

When Boorman identified the origin of the Asian financial crisis as being a sharp and irresponsible rise in short-

term borrowing by the Asian countries, in the wake of the Mexican crisis in 1995, the Schiller Institute representative intervened and confronted him with the fact that this was done on the direct recommendation of the IMF and the Bank for International Settlements. These countries were told to do this in the name of globalization, instead of relying on national credit generation. Boorman tried to evade the question by mumbling about "too many young IMF employees turning out too many reports." One Danish banker approached the Schiller Institute representative afterwards and said, "You were absolutely right. That was exactly what they [the IMF] did."

Professor Stephany Griffith-Jones of Sussex University in England presented a number of reasons why "the architecture" of the international financial system needs to be revised. She pointed out that the IMF today has taken upon itself a role which it was not designed to have at the original 1944 Bretton Woods conference. The IMF was just supposed to extend credits to countries with temporary liquidity problems. Today, it is supposed to handle the fiscal policies of the afflicted country, while keeping both the international creditors and the international financial markets happy. That is an increasingly impossible task, Griffith-Jones said. Therefore, she is in favor of the creation of a new world central bank, and the implementation of a global Tobin tax.

The final presentation of the day was made by Danish Finance Minister Mogens Lykketoft, who happily reported from his recent trip to the World Economic Forum in Davos, Switzerland, that most experts agree that the world will eventually pull out of the crisis. He attributed the "remarkable strength" of the U.S. economy to its lead in information technology. He foresaw a number of minor changes in the international financial institutions, such as the IMF, but he did not expect any major formal set of agreements, along the lines of a "New Bretton Woods."

The Schiller Institute representative challenged the Finance Minister on his analysis of the U.S. economy, dismissing the U.S. information technology lead as nothing but a bubble based on Internet stocks, and the famous "U.S. economic boom," as nothing but a bubble based on consumers borrowing money. Playing on the well-known image of Lykketoft as Denmark's Mr. Austerity, the Schiller representative joked that if anything like the so-called U.S. economic boom would ever happen in Denmark, a certain Mr. Lykketoft would quickly enter the scene, and impose draconian measures to cut consumer consumption. Both the audience and the Finance Minister laughed, recognizing the truth of the remark.

In reply, Lykketoft acknowledged that there was a heavy component of consumer spending in the U.S. economic boom, but claimed that the low inflation figures means that it is a positive sign. As for the "information technology" issue, he acknowledged that there was indeed a danger that a crash would bring the Wall Street bubble to an end.

# Zedillo brings failed Brazil plan to Mexico

by Carlos Cota Meza

On Feb. 2, Mexican President Ernesto Zedillo gave an address to the nation, in which he announced his plan to privatize the Federal Electricity Commission (CFE), the state company responsible for the generation, distribution, and marketing of electrical energy in Mexico. As might be expected, the proposal triggered nearly universal rejection, although the Executive had not yet even presented its bill to the national Congress.

The President stated in his message that he would propose “a reform of the Constitution, to open up opportunities for private interests to invest in the generation, distribution, and marketing of electrical energy, without the state losing the necessary oversight in this sector.”

Among the justifications that he offered for his proposal, President Zedillo mentioned that the electrical sector will need some \$25 billion in investment over the next six years (approximately \$4.1 billion a year), and that the state simply didn’t have the funds. Like the child who is caught eating the cookies but looks up innocently and asks, “What cookies?” so, too, Zedillo stated: “I should stress that the reform of the electrical sector is not being dictated by any short-term financial duress. Such problems are dealt with through other economic policy instruments.”

Although the privatization had been expected for months, and even years, President Zedillo made his final decision to privatize the CFE following the World Economic Forum in Davos, Switzerland. On Jan. 28, Mexican Finance Secretary José Angel Gurria, speaking from Davos, announced that “Mexico will seek support from the International Monetary Fund [IMF] to meet its 1999 and year 2000 obligations.” This year, Mexico must pay some \$7.269 billion, and next year another \$6.421 billion, in debt payments. If it doesn’t bring in \$13.690 billion in revenue over the next 22 months, the country will be in default. These are the “pending” payments that are left over from the 1994-95 financial rescue package.

During the private meeting held with Stanley Fischer, deputy director of the IMF (and President Zedillo’s professor at Yale University), Secretary Gurria took a bath much colder than the snowstorm that slammed Davos. Fisher told him that the IMF had no money for Mexico because of the magnitude of the Brazilian crisis. And this was the final straw, for the CFE.



*Mexican President Ernesto Zedillo wants to privatize the state electricity commission, in order to pay off some of the debt to international bankers.*

## Soros and Brazil

On Feb. 2, the same day that President Zedillo made his announcement, his Brazilian counterpart, Fernando Henrique Cardoso, nominated as the new director of the Brazilian central bank one Arminio Fraga, a 41-year-old who only days earlier had been director of the Quantum Emerging Markets Growth Fund of Soros Fund Management.

On Jan. 28, the same day that Gurria gave his press conference in Davos, international speculator George Soros announced his proposal for avoiding the “financial meltdown” of Brazil. Following Soros’s precise instructions, the Cardoso government decreed that foreign interbank credit lines could equal a full 100% of the banking system’s liquid assets. This means the immediate “dollarization” of the entire Brazilian banking system.

It should be remembered that in his *Manual on Currency Boards*, author and speculator Steve Hanke identifies that one of the ways to de facto impose currency boards, is precisely through the total “dollarization” of bank assets, thereby raising the quantity of dollars in the banks to a level higher than that of the international reserves of a given country.

The next step is the banking system’s “acquisition” of the international reserves, and thus, the dollar becomes the actual currency of an economy. The flood of dollars into that economy must then be supported by a policy of rapid privatization of state companies. As can be seen, Soros’s banking coup d’état to impose a currency board in Brazil, is already on the march in Mexico.

Soros was just a boy in Hungary when he began the practices that were to later make him famous, fraudulently seizing the businesses of Jews who were fleeing the Nazi army when Hitler invaded Hungary. Thus, the policies of Soros today differ not a whit from those of the criminals who extracted

the gold teeth from Jews who were cremated in the ovens at Auschwitz.

This is the reason that the world financial oligarchy has imposed one of its main agents as “administrator” of Brazil’s central bank, and of its international reserves.

### **CVRD given away**

In May 1997, when Asia was nearing its mid-year financial blowout, the Cardoso government privatized the Companhia Vale do Rio Doce (CVRD), the third-largest mining company in the world. To accomplish that privatization, the “Brazil Consortium” was created, headed by the National Steel Company, as well as by phantasmagoric foreign consortiums headquartered in the Cayman Islands, including Sweet River, a consortium which includes Soros’s Quantum Fund.

While valued at more than \$20 billion, CVRD was bought by the Brazil Consortium for just \$3.5 billion. Thus, for this relative trifle, Soros and the suspect capital that makes up the Quantum Fund ended up with the world’s leading producer of iron ore, the main gold producer in Brazil, 14% of the world’s bauxite reserves, 23 million unexplored hectares of land, and the mining rights to another 600,000 forested hectares. CVRD was also owner of 2,000 kilometers of railway, a 22-boat flotilla, seven ports, eight steel plants in Brazil and another three abroad, three paper and cellulose plants, and so on.

Comparing Mexico’s CFE to the Brazilian mining giant, who can believe President Zedillo when he says that the privatization of the Mexican electricity sector will guarantee to the next government a regular income of more than \$4 billion a year, for six consecutive years?

Further, one must take into account that the Mexican government has had serious problems in sustaining its privatization program. Throughout the Zedillo administration, they have been unable to privatize the petrochemical companies; the only branches of National Railways they have been able to privatize are those specifically of interest to the *maquiladora* companies—the foreign-owned sweatshops. They have been unable to privatize the airports, as had been promised; and in 1997, the government had to renationalize thousands of kilometers of highway that had been privatized during the Carlos Salinas de Gortari government.

President Zedillo’s announcement is the first concrete step toward scrapping the Constitution’s articles that define the sovereign nation-state as the owner of the country’s soil and subsoil. As is happening with the current Brazilian government, President Zedillo is vilely surrendering to the financial oligarchy’s efforts to apply their Nazi “final solution” to the problem of Ibero-America’s foreign debt, vainly trying at all cost to prevent the dying international financial system from going belly up.

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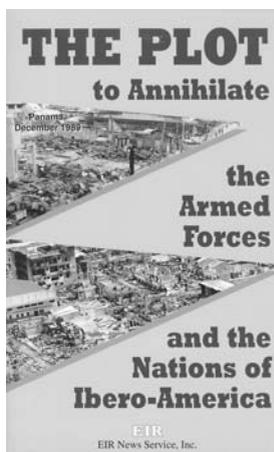
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—James Zackrisson, *Defense Force Quarterly*

# Brazil crisis wreaks havoc in Argentina

by Gerardo Terán Canal and Gonzalo Huertas

Because Argentina is Brazil's most important partner in the so-called "Common Market of the South," or Mercosur, its economy has been seriously affected by the crisis that has broken out in recent weeks in Brazil.

Ever since the agreements that founded Mercosur were signed in 1991, Argentina has had a nearly 40% increase in its annual exports, over the levels of the 1980s, thanks to Brazilian imports. But with the crisis unleashed in Southeast Asia starting in October 1997, and now with the maxi-devaluation of Brazil's currency, the Argentine export sector, the only economic sector which has grown in the past seven years, is heading into a deep recession.

The automobile sector, one of the main trading centers of Mercosur, will be especially severely affected, given that 66% of Argentine production goes to the Brazilian car market. In 1998, this Argentina sector invoiced some \$3.4 billion, of which \$1.2 billion was from exports. Of the latter, 66% went to Brazil, according to *Ambito Financiero*.

In the face of the storm clouds on the Brazilian market, some 10,000 skilled workers were laid off in automobile plants throughout Argentina. In 1999, according to Carlos Burgueño of *Ambito Financiero*, the sector had planned on a minimum of \$2.5 billion in exports to Brazil. These projections are now smashed to smithereens.

On Feb. 3, the Association of Automobile Manufacturers announced that during January of this year, automobile production fell 45.4% with respect to last year, and 31% with respect to December 1998.

Another industrial sector that will be severely affected is steel, which today exports to Brazil more than 40% of its production, a total of \$300 million worth. With the collapse of export expectations to Brazil, the heads of the Techint Group, owners of Argentina's main steel companies Siderar and Siderca, began a series of meetings with their workers, for the purpose of coming to an agreement that will allow them to reduce production costs, including suspension and layoffs of 2,700 operators, similar to what has hit the automobile sector.

The automobile sector, along with the steel sector, are the two industrial sectors which still show any growth in the economy, and which generate both direct and indirect employment in the already devastated Argentine economy.

The fuel sector will also be hit, given that 40% of the total

of Argentina's fuel exports go to Brazil, to the tune of some \$1.1 billion worth.

## Agriculture seriously threatened

The agricultural sector, which was one of the sectors that benefitted from exports to Brazil, is seriously threatened by the Brazilian crisis. Through December 1998, some 70% of Argentine exports of wheat, soy, rice, and barley were exported to Brazil. In total, grain exports to Brazil represented an income of more than \$800 million for Argentina. Brazil in 1998 received 55% of Argentina's total milk production, a total of \$230 million.

Although potential losses to the agricultural sector have not yet been calculated for this year, it is already a foregone conclusion that they will be dramatic. To this can be added the unpayability of the agricultural debt. Under Argentina's "convertibility" plan, agricultural producers obtained high indices of productivity and yield per hectare. But this was achieved through a policy of "competitive" prices and usurious loans which left producers not only without profits or the ability to reinvest, but also unable to meet either their debt payments or their taxes.

On Jan. 4, René Boneto, president of the Argentine Agrarian Federation, declared to *Ambito Financiero*, that "the small and medium producers are disappearing at an ever-increasing rate, because the government's agricultural policy is decimating them. . . . There are fewer and fewer of them. The interior of the country is becoming depopulated, and the consequences can be seen in the big cities. . . . [The producers are] victims of tax discrimination."

On Jan. 12, more than 2,000 agricultural leaders from around the country met in Pergamino (Buenos Aires province), to demand that the federal government change its tax policy toward the sector, as well as to provide greater incentives for agriculture, and to oppose the privatization of the Banco de la Nación Argentina.

In this context, on Jan. 28, the governors from, primarily, the northeast region and from Mesopotamia (Santa Fé, Misiones, Entre Ríos, Río Negro, Chubut, Buenos Aires, Mendoza, Formosa, Corrientes, and Chaco), who depend heavily on exports to the Brazilian market, demanded that Economics Minister Roque Fernández adopt protectionist measures. The Argentine Industrial Union has been calling for similar measures from the government.

However, the director of the Federal Administration of Public Income, Carlos Silvani, who is also a former official of the International Monetary Fund, made the position about these appeals for protection of the federal government crystal clear, in an interview with the daily *Clarín*: "We will act with maximum severity. If they don't pay, we will embargo, and then auction off. It's as clear as that. Look, I'm not saying that the appeals aren't legitimate, or that the people shouldn't be free to express themselves, but for me, once there is the law, that's it. That's the law and it must be applied."

# Business Briefs

## Asia

### Thailand, China sign pact for 21st century

On Feb. 5, visiting Chinese Foreign Minister Tang Jiaxuan and his Thai counterpart, Surin Pitsuwan, signed a blueprint for relations in the next century that includes a pledge to accord each other favorable trade conditions "whenever possible," the *Bangkok Post* reported. Tang called the bilateral accord unprecedented. Trade had become a sticking point between the two, as both export agricultural commodities and light industrial goods, and China has been importing less rice and rubber recently.

The joint statement pledged to eliminate trade barriers, prevent market dumping, and "accord whenever possible favorable consideration to each other's exports." The two nations also pledged "co-production," with special emphasis on small and medium-sized industries.

The result of a year's discussions following Thailand's initiative, the joint statement covers cooperation in investment, agriculture, merchant shipping, science and technology, tourism, education, health, sports, environmental protection, and judicial affairs. The statement also calls for stronger security cooperation through research institutes, consultations, information, and exchanges of military science and technology.

On the political front, Thailand reaffirmed its one-China policy, and the agreement recognizes Taiwan as "an integral part of Chinese territory."

The two nations pledged to step up cooperation in developing the Mekong region, within the framework of the economic quadrangle drawing together Thailand, China, Laos, and Burma, as well as a larger, six-nation scheme also incorporating Vietnam and Cambodia.

At a luncheon hosted by the Thai Foreign Ministry's International Studies Institute, Tang said that Beijing had set up a working committee, and that the southwestern province of Yunnan had hosted several meetings on the scheme providing for water, land and air routes, as well as cooperation in trade, investment, tourism, and energy among countries sharing the Mekong River.

## Pakistan

### Debt is a threat to national security

"The problem of debt poses a potentially greater security threat to Pakistan than the crisis in Karachi or Kashmir," the *Frontier Post* of Peshawar argued, in Feb. 4 review of Pakistan's indebtedness.

Pakistan's total public debt has risen 100% in three years, from 1.6 trillion rupees in 1994-95 to 2.5 trillion (roughly \$61 billion) by June 1997. Domestic debt has increased 7.5 times since 1984, to 1,151 billion rupees. Debt service on this amount has increased 15 times in this same period, to 159.5 billion rupees. Some 75% of this increase in borrowing is used for debt service.

Pakistan's external debt is now \$29.7 billion, of which 23% is short-term. Debt service payments on external debt have doubled in recent years, from \$2.3 billion in 1993-94, to \$5 billion in 1996-97.

For such reasons, debt service now accounts for 45% of total federal expenditure; for fiscal year 1998-99, it is the largest single expenditure, as compared to 24% for defense and 18% for development. The situation, the paper emphasized, "is not sustainable." It warned, "The West cannot expect Pakistan's much-heralded progress toward democracy or its economic and political cooperation to continue without solid and more rapid economic recovery."

## Infrastructure

### Chinese prof. proposes China-Taiwan tunnel

Prof. Wu Zhiming of Qinghua University is proposing the construction of a tunnel from the Chinese mainland to Taiwan, the *China Daily Business Weekly* reported on Feb. 7. "Building a tunnel under the Taiwan Straits has been my dream since the idea occurred to me when travelling through the Channel Tunnel [connecting Britain and France] at the beginning of 1996," Wu said. He added that the tunnel could be built by 2030.

Professor Wu has proposed four possible

routes for the proposed tunnel. One route, running from Pingtan in Fujian province, to Xinzhu on Taiwan, is 144 kilometers long. To build this tunnel, the shortest route, would cost \$173 billion, almost six times the cost of the Three Gorges project, Wu said. It would take 16 years of research and studies, and another 16 years of construction.

Qinghua University's 21st Century Development Institute has established a Taiwan Straits Tunnel Demonstration Center, with Wu as its director, to study the proposal. In November 1998, a seminar was held on the tunnel proposal in Fuzhou, Fujian province, with experts from China, Taiwan, Hong Kong, the United States, and other countries.

The construction of a tunnel would be very beneficial for bilateral economic exchange and cooperation, Wu told *China Daily*. Total passenger traffic across the Taiwan Straits is expected to reach 261 million persons by 2030, and goods transported should reach 517 million tons. "Railway transportation through a tunnel would be an ideal way to handle this large freight demand," Wu said.

"As well as being faster than water shipment and cheaper than air freight, railway transportation through a tunnel has the unique advantage of being an all-weather operation," he said.

While some pointed out that the Channel Tunnel and the Seikan Tunnel in Japan still operate at a loss, Wu noted that the proposed tunnel would enhance expanding trade between China and Taiwan.

## Nuclear Energy

### Russia should cooperate with Asia on fusion

Russia should work with Asian nations to develop thermonuclear fusion energy, the Jan. 12 Moscow *Vestnik Rossiyskoy Akademii Nauk* said in an article on a conference organized by the Institute of Superconductivity of Solid-Body Physics and the Kurchatov Institute, in Kurchatovets, near the city of Protvino, in May 1998.

"Regretfully, owing to economic reforms and unstable financing of research

**A CURRENCY BOARD** is an “archaic and brutal” system, Nobel Prize-winner in economics James Tobin told Argentina’s *Página 12* on Jan. 31. He warned that it would lead to mass unemployment. “It isn’t easy to sustain, and requires much pain [for the population]. If anyone had a minimum of nationalist interest, they perhaps would like to have their peso continue to exist. It’s not very nice for a country to be without a currency.”

**THE IRANIAN** Minister of Post, Telegraph, and Telephone announced on Feb. 2 that Iran is manufacturing fiber optics for the 14,000 kilometer-long information highway which runs along the Silk Road from Frankfurt to Shanghai. The Martyr Qandi telecommunications cables factory in Yazd will supply the 5,500 km stretch through Iran and Turkmenistan.

**RUSSIA’S** population fell by 401,000 (0.3%) in 1998, compared with 1997, according to a preliminary estimate by the State Statistics Committee, ITAR-TASS reported on Feb. 4. In 1997, the population also fell by 0.3%. As of Jan. 1, 1999, some 146 million people lived in Russia.

**THE MALAYSIAN** firm Awan Megah (M) Sdn Bhd signed a shareholder’s agreement in Kuala Lumpur on Feb. 4 with the Czech ZPS a.s Zlin, to form Mega Machine Tool Technologies (M) Sdn Bhd, the first company to produce computerized numerically controlled machine tools in Malaysia. Deputy Entrepreneur Development Minister Datuk Idris Jusoh welcomed the Czechs’ willingness to transfer know-how to Malaysians.

**BANGLADESH** Prime Minister Sheikh Hasina Wazed called for increased trade among members of the South Asian Association for Regional Cooperation, at the Association’s Commerce Ministers’ meeting in Dhaka on Feb. 3. “We should, at first, ensure that the SAARC preferential trading arrangement succeeds before moving on to the next stage,” she said.

work, there were no great achievements in the past period,” it said. But, “in recent years China, India, and South Korea have shown interest in the installations of controlled thermonuclear fusion. These countries have serious shortages of electrical power.” It continued:

“Only 20 years ago, the population of the Earth was 4 billion. It looks like the technical progress is lagging behind the increased demands of population, which now amounts to 5.8 billion people. Organic fuel reserves are limited; the search for new ways of obtaining electric power must be done with the help of controlled thermonuclear fusion. India allocated nearly \$50 million for a small tokamak project. A superconducting cable for winding toroid was manufactured in Japan, and presently is being transported to Moscow, inasmuch as preparation of the tokamak coils is entrusted to the RNTs ‘Kurchatov Institute.’ . . .

“In recent times, we have stopped considering our country and are forgetting about its possibilities. Our institutes are getting older and emptier: Perhaps, we should practice cooperation with our neighbors from South Asia. Russian experience can be called on by the countries assimilating high technologies.”

## **Economic Policy**

### **Assessments by IMF’s Camdessus called absurd**

Lim Say Boon, a director of Crosby Corporate Advisory, sharply criticized International Monetary Fund (IMF) Managing Director Michel Camdessus, in a commentary in the Feb. 4 *Far Eastern Economic Review*, a publication run by the financial oligarchy.

“IMF Director Camdessus suggested the worst was over for Indonesia, but warned that Malaysia’s medium-term prospects were ‘more uncertain’ than the other East Asian economies in crisis? Absurd! What is this—cynicism, malevolence, breathtaking ignorance, or the arrogance of dogma?” Boon wrote.

Boon described the human disaster in Indonesia brought on by IMF policies, the “bloody, primordial violence, ranging from

the religious and tribal to the pitched turf wars of urban street gangs, rending the fabric of nationhood.” Malaysia, on the other hand, “remains politically stable and socially cohesive,” without malnutrition and without racial strife. Malaysia has some problems convincing investors to invest without the IMF’s blessings, “but at least it will go to these investors with its society and economy intact.”

## **Great Britain**

### **Blair’s ‘New Labour’ targets welfare rolls**

On Feb. 10, the same day that the Bank of England warned that Britain has a growth rate “close to zero,” and that more turbulence on international markets lies ahead, British Prime Minister Tony Blair introduced legislation attacking what he called the “something-for-nothing welfare state.” At present, Britain pays out \$157 billion a year on social welfare benefits. Blair’s measure would kick anyone off welfare rolls who does not demonstrate that they have attended regular interviews to discuss job opportunities. Also, people who have permanent disabilities would be subject to tougher guidelines and reduced benefits.

The *New York Times* reports that some 170,000 people may be thrown off the welfare lists, which would save \$1.2 billion a year. Blair said that this “New Labour” policy was based on “a new ethic of rights and responsibilities.”

“Individuals have a responsibility to accept work, train themselves for jobs, be flexible in the jobs they take and avoid dependency where they can,” Blair wrote in the Feb. 10 *Daily Mail*. In Parliamentary debate on the same day, Alistair Darling, the Social Security Secretary, said: “What we will not do is simply rot away and live a life on benefit. There comes a point where it’s not good for you and not good for the rest of us to be unemployed.”

Earlier, Blair cleared some 100,000 people off the welfare rolls by offering one-time incentives to businesses to hire welfare recipients.

## The new ABM flap

by Lyndon H. LaRouche, Jr.

*The following statement was issued by LaRouche's Presidential campaign committee.*

February 11, 1999

In the matter of certain Senators' implied radical revisions of the currently outstanding U.S. Treaty agreements on Anti-Ballistic Missile (ABM) defense (S. 257), the Senators have displayed no military skills but their impulse for flight forward. The authors of S. 257 pair nicely with that Defense Secretary William Cohen who has plunged ahead, in the same area, expressing no care for either the technical competency, or the strategic implications of what he is saying.

Meanwhile, to add spice to the same issue, swivel-tongued British journalist Christopher Hitchens, has dragged my name into the middle of the same, current ABM flap. While Hitchens' effort may be discounted as consistent with his reputation for "stalk" raving nonsense, the fact remains that he has pulled me into the middle of the controversy. It happens that I am in a key position to clear up the leading elements of confusion on the technical issues and the substantive implications of the proposed revisions of the ABM treaty. All things considered, I am obliged to intervene into this matter.

What both S. 257 and the Principals Committee are plunging into, is a revival of the 1983-1986 controversy over the mess which both Britain's Prime Minister Margaret Thatcher and the leaderships of both the Republican and Democratic National Committees made of what had been President Ronald Reagan's initial, competent, public proposal, to the Soviet government, for scientific cooperation in creating a Strategic Defense Initiative (SDI).

The President's stated purpose, then and later, was to begin a process of freeing the world from thermonuclear doomsday scenarios, from the tyranny of "revenge weapons." Although the President remained committed to that perspective, through



*Chairman of the Joint Chiefs of Staff Henry H. Shelton (left) and Defense Secretary William Cohen (center), with President Clinton at the Pentagon, Feb. 17, 1998. Shelton and Cohen, along with the Senate sponsors of S. 257, are carrying out “a farcical resurrection of the silly version of SDI demanded, back in 1983, by the Heritage Foundation’s Lt.-Gen. (ret.) Daniel Graham and kindred stone-age ideologues,” LaRouche writes.*

no later than October 1986, the British monarchy and also the National Committees of both the Republican and Democratic parties remained determined to destroy the President’s initiative. Some, as on the Democratic Party side, simply opposed it outrightly. Others, like the Heritage Foundation’s raving and ranting ideologues, concentrated on wrecking the SDI from the inside, by transforming it into something silly.

What confronts us today, from both S. 257 and the yahoo strategists around the Principals Committee’s Secretary Cohen and General Shelton, is a farcical resurrection of the silly version of SDI demanded, back in 1983, by the Heritage Foundation’s Lt.-Gen. (ret.) Daniel Graham and kindred stone-age ideologues. That, in brief, is the issue of military policy as such, behind the recent weeks’ revived controversy over Anti-Ballistic Missile (ABM) defense. That is what the relevant Senators, Secretary Cohen, and major news media, if they wished to be honest, should admit to be the crucial issue in the present ABM flap.

In this area, I have some expertise, which ideologues such as Secretary Cohen, Frank Gaffney, et al. clearly do not. What I know about that matter, includes some areas which, according to the last relevant report I have received, may be still highly classified matters from the early 1980s. However, without invading probably classified matters, evidence which has been in the public domain since 1979-1986, is sufficient to refute, conclusively, the dangerous nonsense currently paraded as proposals for ABM spread today.

## 1. The strategic situation

In such times as these, whether in U.S. Vice-President Al Gore’s New Zealand, or elsewhere, before proceeding with the marriage, it is wise to check, who, or what the intended bridegroom might actually be. Before debating the demerits of the converging proposals on strategic defense, of S. 257 and the Principals Committee respectively, we must first take into account the reason this particular debate, on this putative issue, has erupted at this particular time.

We must not overlook the nature, and common origin of the plainly advertised political motives of both the authors of that bill and Secretary Cohen’s pronouncements. We must not adopt the naive presumption, that the proponents of either of those two versions of ABM policy are acting in good faith. In these incidents, as in the case of sets of gladiators battling in the ancient Roman arena, the real issue of the combat in the arena is not the conduct of the gladiators, but the higher, imperial authority which has ordered the gladiators to stage this show.

Neither those Republican Senators nor Secretary Cohen, are acting out of rational concern for U.S. security; they have made it clear by both what they say and chose not to say, that they do not care whether what they are proposing would work as a defense policy, or not. They are marching to a different drummer, a drummer heard from a universe not our own.

What we are witnessing—and this is no guess on my part—is not their desire to win a war; theirs is a far more modest goal: merely to start one. They, together with the

interests behind the United Kingdom's failed "Frankenstein Monster" experiment, Prime Minister Tony Blair, are determined to have a brutal strategic confrontation with a group of nations including China and Russia. What do they seek from such a quarrel? Don't ask them: they are merely the liveried lackeys picking the fight which their paymaster sent them out to provoke. They are picking the fight, where no cause for quarrel had actually existed. Yet, they are determined to have the quarrel, on any pretexts, however fanciful, they may choose to concoct for that purpose.

All of their chatter about ABM revisions and related matters, are essentially a lackey's pretexts for picking a fight he does not understand, but nonetheless fights, like the hit-man who said afterward, "I was only doing my job." The brutish lackey sent out for this purpose, knowing virtually nothing, glares at his target with a knowing eye, draws a line in the sand, and then says to his assigned target: "I dare you to cross that line!"

Under such circumstances, the shamelessly reckless features of S. 257 and related statements by Secretary Cohen, are not surprising. These proposals are intended to be as half-baked and reckless as they are. The town-criers for this new ABM policy, like the British monarchy's lackeys who launched, and are still currently directing the bombing of Iraq, are committed to picking a fight, but show no rational form of concern for what might lie further down the road, beyond the start of that war. Do not ask the gladiator why he fights, or with what choice of weapons. Focus your attention on the lackey's master, who ordered him to conduct the fight, who chose the gladiator's target and the weapons.

The relevant strategic issue motivating this ABM flap, is as follows.

All parts of the world are presently dominated by the effects of a process of disintegration of the world's present international financial and monetary systems. Nothing could save that system. Nonetheless, the packs of lunatics gathered around the British monarchy and the carrion crows of Wall Street, are obsessed by their commitment to risking everything *you* own, including *your* savings, *your* Social Security benefits, *your* health-care, and even *your* life, in a futile effort to keep *their* system functioning, even if only for a few more weeks. Thus, in the aftermath of the September 23, 1998 bankruptcy-reorganization of Wall Street's Long Term Capital Management (LTCM) hedge-fund, U.S. Federal Reserve System Chairman Alan Greenspan, acting in concert with the governments of the G-7 group, has unleashed the most monstrous hyperinflationary bubble in history.

The resistance to those lunatic policies of Greenspan and the G-7 comes initially from a group of Eurasian nations, typified by Malaysia, but pivoted around China, Russia, and India. The interests behind Greenspan et al., are determined to crush those Eurasian and other nations, such as Brazil or Mexico, which might come to resist the imposition of so-called "International Monetary Fund (IMF)" hyperinflationary policies of "free trade" and "globalization" upon them.

Although U.S. President Bill Clinton has so far consented to these lunatic "IMF policies," his foreign policy has been in direct opposition to the efforts of the Principals Committee, and their backers, Wall Street's wild-eyed monetarists, to start a war with China, Russia, and India. Our Wall Street gang, and its global allies, are using any pretext they could concoct to create a brutally hostile confrontation with those and other nations. In addition to the President's concern for peace in Ireland and the Middle East, the principal focus of his foreign-policy efforts, has been to create a U.S. global partnership pivoted on three nations: Germany, Russia, and China. Germany represents the pivotal nation of western continental Europe's economy, and Russia and China, together with India, are not only pivotal for the majority of the population of this planet, but the successful growth of the Eurasian region's economy, is the keystone for the economic future of the U.S.A. and the group of western European nations for which Germany is the economic center of gravity.

Over those financial and foreign-policy issues, the Wall Street madmen, Britain's Blair government, and their allies, have been determined to eliminate President Clinton by any means possible. The determination to eliminate him has become most ominous since the events of the past August 17 through October 14, centered around LTCM and other dubious and monstrous Wall Street investments in Russia's debt. If these desperadoes fail to destroy President Clinton, by impeachment, or assassination, they will fall back on their determination to force him into an adversarial posture, even actual warfare, against China and Russia, as they did Iraq, whether he wills it or not.

The important thing to emphasize, is that those pushing that present anti-China policy, are as certifiably mad as the current Nero of the Federal Reserve System, Alan Greenspan, who has spent the past five months spreading the hyperinflationary fires of doom throughout this planet. Do not waste your time and efforts trying to invent sane motives for what these lackeys and their masters do. They do not care in the least what happens to the United States, or the world; these poor deluded fools, these present-day Flagellant hordes of Wall Street and its camp-followers, hear only the beat of an unearthly drummer. They have but one purpose for their actions: "Whatever happens, we must have our way!" In the end, the last that will be seen or heard of them, will be a lunatic gleam in their eyes, and the dissonance of a Stoic's titter in their swan-song, as they cry, "After us, the Apocalypse;" with that, they will then vanish into the abyss.

Such is the motive for the lunatic behavior of the Principals Committee, and the meaning behind such follies as S. 257. That setting of the present strategic defense flap identified, turn now to focus on the technicalities of the ABM controversy as such.

## 2. The issues posed by S. 257

I begin the remainder of this report, by summarizing the recent weeks' history of the flap, point by point. My focal

point is the subject of the currently legislated proposal to reopen the extant ABM treaty. After that, I summarize the technical and strategic issues involved, as defined by press dispatches received this Thursday.

1. **Actions:** [source: *Washington Post*, *Washington Times*, *Congressional Record*, Federal News Service: Transcript—State Department 2/10/99.] From yesterday's events in both the U.S. Senate and the U.S. State Department briefing: Those events, including a summary of relevant background are as follows:

a) The Senate Armed Services Committee passed a one-paragraph Bill called the "National Missile Defense Act of 1999," S. 257, which reads:

"It is the policy of the United States to deploy as soon as is technologically possible an effective National Missile Defense system capable of defending the territory of the United States against limited ballistic missile attack (whether accidental, unauthorized, or deliberate)."

Notably, this bill was introduced by Thad Cochran (R-Miss.), and Daniel Inouye (D-Hi.), but was opposed by all other Democrats excepting Sen. Joseph Lieberman (D-Conn.), who voted with the Republicans.

b) State Department spokesman James Rubin spoke at

some length about an agreement signed by Presidents Yeltsin and Clinton to share sensitive Early Warning System data and information between the U.S. and Russia, at their meeting in September 1998;

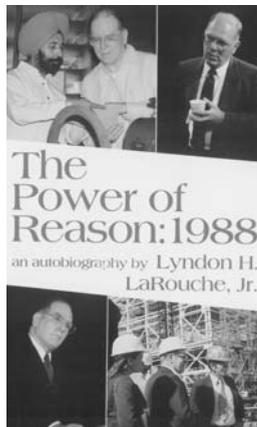
c) The *Washington Post* ran a provocatively-styled, front-page article, claiming that the economic disaster in Russia is causing attrition in the satellite system, so that the Russian EWS capabilities are "blindfolded" a couple of hours every day, thereby increasing the risk of accidental nuclear retaliation. The *Post* claimed to have reports of two incidents—September 26, 1983, "just weeks after the KAL 007 was shot down," when there was an alleged "false alarm" that a U.S. missile was headed for Russia; and another case, in November 1995, when a Norwegian science rocket triggered a false alarm that was "reported all the way to Yeltsin."

2. **Background:** a) It is not surprising to see this new bill pop up as a Senate Republican's project, since the neo-Conservative "think tanks" tied to Richard Perle, Mellon Scaife, and the Conservative Revolution more broadly, have been attacking Clinton for his new defense budget allocation of \$6 billion for ballistic missile research. The terse, propagandistic S. 257, is much along the lines of the type of fiat legislation that characterized the recent Iraq Liberation Act, and the

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—**Former U.S. Attorney General Ramsey Clark**

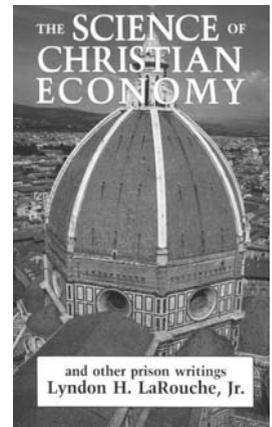


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“Gulf of Tonkin” resolution decades earlier. Groups like the Center for Security Policy, the Heritage Foundation, the Hoover Institution, and the American Enterprise Institute (AEI) have all been screeching about the nuclear danger, claiming that the Clinton Administration has made the U.S.A. vulnerable to such attacks.

In this circumstance, the role of the Heritage Foundation, in violently opposing the SDI prior to March 23, 1983, and in its frantic and substantially successful efforts to sabotage it after that latter date, are most notable elements of background to be considered, for any assessment of the intent and related implications of S. 257.

b) On the agreement between Yeltsin and Clinton in September 1998, State’s Rubin argued that there is less of a risk of nuclear retaliation now, than in the 1980s period of the Cold War doctrine of massive retaliation, because both sides want to reduce the risk, and have direct discussions. Rubin said:

“Just last September the two Presidents agreed to begin discussions on the exchange of information on missile launches and early warning. We have pushed aggressively to follow up on this agreement with detailed negotiating sessions occurring in Moscow at the senior levels and we have presented the Russian side and their experts with a clear and far-reaching vision of where this initiative might lead, and we are pushing this very aggressively. . . .” There was back-and-forth about whether Russia was dragging its feet on the cooperation, to which Rubin said that that is not really the case.

c) As of today, nowhere in the articles and discussions reported to date, is there any mention of the March 23, 1983 Strategic Defense Initiative, even though the *Washington Post* has a nearly-full-page article about U.S.-Soviet tensions in the Yuri Andropov era when the “false alarm occurred.” The issues of interpretation of the ABM treaty are identical to the challenge to that treaty which S. 257 not only plainly represents, but which have been heatedly referenced in Russian responses to discussions of S. 257 and putatively related matters of Clinton Administration policy.

d) As in the area of Iraq policy, these Republicans’ S. 257 implicitly promotes the appearance of a curious blending of rivalry and collaboration, in the ongoing propaganda wars — resembling those between baboons and gibbons in a zoo — between certain stone-age tribalists prowling Capitol Hill and the Gore-Fuerth-tainted cannibals lurking behind the Principals Committee’s military spokesman William Cohen.

3. History would not be history without its ironies. On that account, we should take note of the relevant role of that certain, slobber-mouthed British journalist, Christopher Hitchens, whose character and condition I assessed while viewing a CNN broadcast interview with that creature, earlier this week.

This is the same Hitchens, who had, just recently, catapulted himself into the middle of Clintongate, with a dubious affidavit accusing White House aide Blumenthal of palpably perjurious lying. Last week, this same yahoo wrote a fumbling article in which he dragged my past role in connection with the Strategic Defense Initiative (SDI) into the general, major news-media gossip of the past days.<sup>1</sup>

In reference to the announcement that Clinton’s Defense Budget was including \$6-plus billions for ballistic missile defense, Hitchens described the spending for missile defenses as always one of my “pet” projects. Hitchens, currently posing around Washington as a “Brand X” lookalike for the departed, Hollinger Corporations’ MI6-linked Ambrose Evans-Pritchard, concocted the rumor that I am demanding an SDI-like “pay-back” from Clinton, for my defense of the President from Evans-Pritchard’s impeachment efforts.

4. The foundations for the post-1972 emergence of designs for strategic ballistic missile defense, including my own design for what became the SDI, are, summarily, as follows.

a) Any rational discussion of strategic ballistic missile defense and related matters, must begin with an acknowledgement of the essential lunacy, sometimes frankly named **MAD** (Mutual and Assured Destruction), underlying the presently prevailing, relevant U.S.-Russia treaty law affecting these areas, such as the SALT I and ABM treaties.

b) As President Ronald Reagan recognized and pointed out, in first announcing his SDI policy to a global television audience, these treaties commit the world to nuclear doomsday scenarios, scenarios played with the utter futility of “revenge weapons.” The SDI was introduced by that President as a noble, but politically unsuccessful effort to free humanity of the now still-established “doomsday-scenario” lunacies of U.S. and other strategic doctrine.

c) The relevant lunacies, the treaty-agreements which Henry A. Kissinger had negotiated during the first administration of President Richard Nixon, had been designed in their original form by Leo Szilard, a leading

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1. Christopher Hitchens, “Clinton’s Star Wars Sequel: The President Pays Off the Military,” *Salon* internet magazine, Jan. 19, 1999.

agent of nuclear-terrorist Bertrand Russell, at the 1958 Quebec, Second Pugwash Conference. Aptly, Szilard's role at that conference supplied the model for the Kissinger-like, lunatic film character "Dr. Strangelove." Szilard's design, set forth at that conference, prompted the arms-control doctrines adopted by the official U.S.A. ACDA project involving such figures as Wall Street bankers' lawyer John J. McCloy, McGeorge Bundy, and Bundy's flunky, Henry A. Kissinger. This was an articulation of the same policy set forth publicly by Szilard's controller, Bertrand Russell, as his proposal for bringing about world government—i.e., "globalization"—through nuclear terror, a Russell policy set forth publicly in the September 1946 edition of editor Leo Szilard's *The Bulletin of the Atomic Scientists*.

d) However, despite agreements in the direction of adoption of SALT I and the ABM treaty, which were put into motion in the setting and immediate aftermath of the 1962 Cuba Missiles Crisis, the idea of defeating a large ration of an attacking flotilla of thermonuclear-armed strategic ballistic missiles remained prominently on the agendas of both U.S.A. and Soviet relevant planners. It was recognized, as early as 1962-1963, that, for reason of physical principles, high-speed interceptor rockets were inherently incapable—either physically or economically—of providing any reasonable degree of defense of a nation from massed strategic ballistic missile attack. From that time on, all competent studies in this area, both U.S.A. and Soviet, proceeded from the common recognition, based on elementary scientific considerations, that only a new generation of weaponry, merely typified by lasers, could provide a means for destroying a strategically significant ration of a full-scale strategic ballistic missile attack. It was also understood, as early as the 1962-1963 interval, that, for the indeterminate future, only the U.S.A. and the Soviet Union were—even potentially—capable of developing and deploying the kinds of strategically effective missile defenses based upon what came to be known as "new physical principles."

e) The exception which proves this rule, was defined by France's President Charles de Gaulle. This was developed as what became known as de Gaulle's nuclear Force de Frappe doctrine. De Gaulle developed this strategic posture out of recognizing the nature of the strategic motives of those combined British-American-Canadian (e.g., Wall Street lawyers and bankers) factions which were behind the successive, unsuccessful efforts to assassinate President de Gaulle himself, and the successful later efforts, the coup d'état of 1968-1969, to force him from office.

De Gaulle reacted to his certainty as a statesman

and military strategist, that the purpose and outcome of the arms-control policies coming out of the negotiations around the 1962 Cuba Missiles Crisis, was to create a "nuclear doomsday trap." The effect of this trap would be to eradicate all vestiges of the institution of the sovereign nation-state republic from all parts of this planet. De Gaulle's, "against all horizons" Force de Frappe was a counter-doomsday device, a nuclear counter-deterrent. It was designed to deter the BAC (British-American-Canadian) faction of Wall Street and the British monarchy from using their "nuclear doomsday trap" against France.

5. What President Reagan adopted and christened as the SDI was my creation. It was a strategic doctrine which I had featured as a "plank" in my 1979-1980 campaign for the Democratic Party's 1980 Presidential nomination, a policy around which I launched a relatively major, and influential international effort in mid-February 1982. It was the subject of a widely circulated report, first published in March 1982, calling for measures toward the elimination of Henry Kissinger's style in nuclear doomsday diplomacy. It was the subject of my personal back-channel discussions, on behalf of the U.S.A., with the Soviet Union, during February 1982-February 1983, a strategic initiative which gained impressive support from among military and scientific circles not only in the U.S.A. and western Europe, but elsewhere. The policy and its implications were widely circulated in the public domain from early 1982 through 1986.

### 3. The folly of S. 257

There was not only high-level international support, but also fierce opposition to my policy, inside the U.S. and elsewhere.

Prior to March 23, 1983, the strongest opposition to the future SDI came from (since deceased) retired Lt.-Gen. Daniel Graham. Graham, the former head of the Defense Intelligence Agency (DIA), had been among the leaders in opposing such defense systems as early as the mid-1970s. Graham campaigned vigorously against me, and also against Dr. Edward Teller, on this issue, during a period of time from about mid-1982 until the President's announcement of March 23, 1983. Graham deployed both as a spokesman for an esoteric pseudo-scientific cult, the authors of his *High Frontier* tract, and as the leading representative of the Washington, D.C.-based front for the Mont Pelerin Society, the British-directed Heritage Foundation.

The explicitly anti-science, almost stone-age, "kinematic" weapons-systems policies, which the Heritage Foundation's Graham represented during 1982 and 1983, are the characteristic, anti-science, ideological characteristics of the ABM nonsense pushed by both the backers of S. 257 and Secretary Cohen's stated policies today.



*The approach of Secretary Cohen “is worthless junk at best, and, at worst, the provocation of doomsday scenarios worse than the strategic ballistic missile risk existing during the 1970s and 1980s.” Shown here: Cohen briefs the President and Cabinet officials on Feb. 17, 1998, on the situation in Iraq. Left to right: Secretary of State Madeleine Albright, Vice President Al Gore, President Clinton, Cohen, National Security Adviser Sandy Berger, Deputy Secretary of Defense John Hamre.*

Before beginning any discussion of the design of an anti-ballistic missile defense, there are interrelated sets of scientific and economic facts to be considered.

1. It is a fact rooted in elementary physical principles, that no possible version of so-called “kinematic” systems could be designed, within the range of systems based upon principles of molecular reactions, which would provide a strategically meaningful defense, by “kinematic” means, against the delivery of thermonuclear warheads. Except for the very special case of localized point-defense of a narrowly defined target-locality of the very highest conceivable priority for the defending force, it is cheaper, as a matter of principle of design, to overwhelm the defense with more missiles, than it is to kill each attacking missile.
2. Therefore, it remains the case, still today, that the design of any effective ballistic missile defense belongs to the highest category of the notion of a military principle of the flank. That is, the situation in which the offense can be effectively countered [“flanked”] only by a defense which attacks the offensive force itself from the domain of higher orders of applied physical principles than the offense represents.

In physical terms, this means reliance on physical processes whose elementary characteristics are of several orders of magnitude higher in effective energy-flux density than any molecular-atomic reactions, and thus, reactions which are either within the sub-atomic and nuclear range, in the simple sense of those terms, or by virtue of being truly non-linear in the infinitesimally small characteristic unit of action. The

task of the physical defense is to envelope and control the environment of the ballistic missile deployment in ways which predetermine the neutralization of a strategically significant ration of total assaulting missiles and related elements deployed.

Admittedly, a thermonuclear detonation is a nuclear process, but the conveyance of the warhead is a molecular-chemical process. It is the pre-exploded warhead and its carriers, which are the targets of strategic ballistic missile defense.

There are well-defined models for such higher-order flanking strategies. The paradigm is the 1792-1794 launching of a technological crash-program under the then commander of France’s forces, Lazare Carnot. This Carnot model, based upon Carnot’s own development of a Leibnizian principle of design of the machine, was the basis later adopted under Presidents James Monroe and John Quincy Adams for Commandant Thayer’s West Point Military Academy. It was the method adopted for the German-American aerospace program, and for the Manhattan Project. The specification of such a crash program was the central feature of my explicit proposals for the design. It was the basis for my 1979-1983 approach to designing the policy of strategic ballistic missile defense announced by President Reagan on March 23, 1983.

The only possible way in which an effective strategic ballistic missile defense could have been developed, within the bounds of the 1980s and early 1990s, was through a so-called “crash program” of a type comparable, in depth and breadth, to combining the lessons of the U.S. aerospace “crash programs” of the 1950s and 1960s with those of the Manhattan Project of the early 1940s. The specific distinction of such a crash program, is that it accelerates not only the rate of generation of validated discoveries of physical principle, but walks these discoveries into the machine-tool-design phase

even before the validation of the discovery has been completed. Furthermore, production of finished product is under way before the machine-tool-design application of the discovered principle is completed.

A comparable case, is the U.S. economic war-mobilization of 1940-1944, which crashed through all previously imagined limits. Here, it was the emphasis upon the machine-tool-design principle of Carnot, which was crucial.

What the President had announced on March 23, 1983, was effectively killed, virtually within weeks of that announcement, chiefly through the combined influence of Anglo-American factions associated with Prime Minister Margaret Thatcher and the Heritage Foundation's circles. By the Autumn of 1983, all of those who had been key, from the inside of the Administration, in bringing that March 23, 1983 announcement into being, were in the process of being pushed out of their positions, as I, their outside collaborator, was. A rotten compromise, based on political conditions dictated by the Heritage Foundation's faction, was imposed, instead. The Republican Party's campaign committee had pushed it off the agenda for that campaign period—until Democratic candidate Walter Mondale fell into the trap of attacking President Reagan on this, within the second televised debate of that period. The circles associated with Dr. Edward Teller et al., were constrained to accepting make-shifts far from the original policy.

What was done, from the Republican side, to wreck President Reagan's original SDI policy, was, in the main, the nonsensical policy demanded, hysterically, by General Graham, during the period from approximately August 1982 into March 1983, when his attacks were chiefly personal attacks focussed upon me and Dr. Teller. Graham, relying entirely upon long-obsolete designs, such as that referenced in his *High Frontier*, from the early 1960s, insisted that ABM must be limited to use of off-the-shelf ("kinematic") technologies already on the shelves of leading defense contractors. His hatred was focussed against science. The suggestion of "crash programs" evoked public paroxysms of rage from his and his factional allies. That became the actual form of abortive implementation of the SDI under pressures from the Heritage Foundation and related circles of Professor Milton Friedman's admirers.

What S. 257 and Secretary Cohen have proposed, is even worse than Graham's rant. Their approach is worthless junk at best, and, at worst, the provocation of doomsday scenarios worse than the strategic ballistic missile risk existing during the 1970s and 1980s. Again, I emphasize, neither the authors of S. 257 nor Secretary Cohen have proposed an actual ABM defense; what they have proposed, out of nothing better than wild-eyed stone-age ideology blended with utter incompetence, is a scheme for provoking doomsday-scenario wars, throughout the planet, the kinds of wars which no one could win.

Take, as one example of the strategic principle involved, the case of the Schlieffen Plan, and its modification under

the Kaiser at the outset of World War I. Had the plan been executed as designed, the German forces would have won the war on the Western front within weeks of the German assault; a peace with Russia would have followed. By modifying the war-plan, to the effect of destroying its crucial feature of war-winning competence, the war was turned into a prolonged stalemate, and, of course, subsequent defeat of Germany—solely as a result of a U.S. military mobilization. The Augustinian principle of justified warfare applies: don't start wars which are not both justified, and which you are competently committed to win.

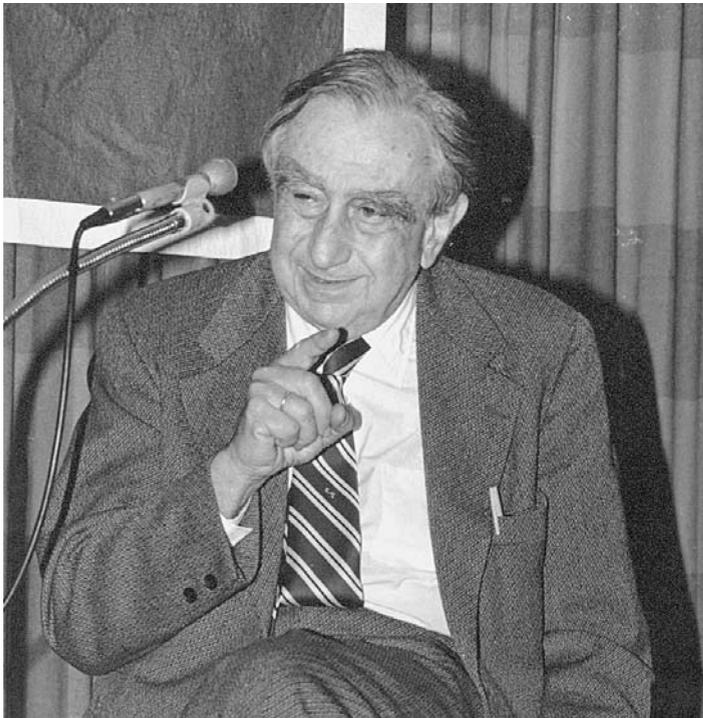
When what such an incompetent ABM policy as S. 257 specifies, is combined with the kinds of cabinet-warfare adventures which the Special Forces dogma of the Principals Committee's Secretary Cohen and Chairman Shelton have adopted, the worst possible strategic result is virtually ensured. The result is like standing in the midst of a drought-stricken tinder-box of forest, within a mountainous region, and setting fires around one's own forces deployed there. You have the means to start the fires, but have made no effective provision to escape from the trap you have created for both the forest and your own forces deployed there. No competent professional military commander would ever commit such a folly as Cohen and Shelton have done, with their present combination of Special Force and ABM dogmas.

When you drive somewhat able and proud nations to beyond their limits of tolerance, and create thus a situation in which they are forced to wage wars which they could not win, the result, in today's post-Soviet world, is nuclear and other doomsday scenarios.

This consideration is new only in the sense of the special conditions associated with the post-Soviet era. Otherwise, that special condition put to one side, this has always been the abhorrence for U.S. involvement in a land-war in Asia expressed by General Douglas MacArthur and others. It is the experience of the U.S. in its 1964-1975 Indo-China adventure, an experience from which Chairman Shelton has clearly learned far less than nothing of importance. It is also the experience of the Soviet Union in the prolonged mountain warfare in Afghanistan.

This is a lesson which competent military professionals would have learned early in their undergraduate education's exposure to the military writings of Machiavelli; but, Cohen and Shelton are clearly not really military professionals. It takes more than learning the thuggish arts of how to "get ugly," and how to kill, or how to behave as a pompous ass, to rival the military professional in the tradition of West Point and of the great commanders of all nations from modern history.

That lesson of history is: Never drive a nation you have already defeated, to the state of desperation, in which you offer it no option, but to resume warfare. In such a case, the nation is likely to resume warfare, but, out of its weakness and desperation, it will resort even to means which it itself would otherwise consider unthinkable. Pompous fools such



*Dr. Edward Teller, in 1982, emphasized the use of scientific and technological breakthroughs in order to realize “the common aims of mankind.” This positive approach, which LaRouche shared, was sabotaged by Danny Graham and company.*

as Al Gore, Cohen, Shelton, et al., if they are permitted to continue their present lunatic course, will force all of us—at least, those who survive, to learn again: Drive such desperate nations so, and you will reap the whirlwind.

If you wish to know, what nuclear doomsday scenarios are in practice, that experience may be bestowed upon you, if you continue to tolerate the kinds of folly represented by the Cohen-Shelton Special Forces dogma, and the implications of S. 257.

#### **4. SDI as a peace-winning policy**

The world has been living, for decades, within a modern Homeric epic.

By the time the mid-1970s had been reached, our nation’s enemy was not the Soviet Union, but rather certain evil little giant girls, playing with dolls, which toyed with nations, snickering wicked giggles all the time. They toyed with, and tortured nations as if peoples were but playroom marionettes. The doll-house game these evil little giant girls played, in their satanic manner of giggling, was the game of doomsday. It was what President Reagan derided as a game of “revenge weapons;” it was a game which silly wicked girls like the Queen’s own Henry Kissinger named “MAD:” Mutual and Assured Destruction. The evil little giant girls told the marionettes: “We are witches, come to warn you; you must try to destroy the other marionette before he destroys you, but you must not trigger a nuclear war, in which you would both

assuredly be destroyed.” Such were the strings of lies, by which the silly little giant witches wickedly manipulated those foolish marionettes.

The marionettes, doomed as if they might have been gladiators in the arena of evil ancient Rome, played the game as toys are wont to obey, and to be destroyed by their childish masters. So, two vast thermonuclear alliances played out their assigned roles, as marionettes, in the doll-house world of thermonuclear terror.

If one said to either of these sets of marionettes, “Why do you play this game?” they would respond, as they responded to my intervention, numerous times, with words to the effect: Don’t bother us now; don’t you see we are busy with this game?

Such was the Homeric epic of this modern age, when evil gods once again, toyed with the lives of men and nations, all for the sport of silly creatures, such as the Queen’s own satanic Duke of Edinburgh, who had assigned themselves the role of playing the satanic game of “world religion.” Such is still the living, epic tragedy of today.

The silliest, and most satanic of those silly girls playing dollhouse with nations, was the brutish queen, Elizabeth II. The American fools said, “She is our nearest and dearest ally, to which we shall be ever faithful.” The Soviet fools said, “We can deal with the British; it is the Americans who are behind everything.” So, even after the Soviet Union is dead and gone, the world’s

biggest fools still regard that silly, mad, mean queen as the benign agency in the global strategic game. It was not the queen who actually embodied the power she used. Witch she was, and is still today; but, her source of power was the credulity she found among the American, Soviet, and other marionettes. Once these fools no longer believed in her satanic tricks, she would vanish, perhaps like Alice’s “pack of cards,” or perhaps down some well, perhaps in the fashion of fairy-story author Frank Baum’s “Wicked Witch of the West.”

That situation, as it was presented to me during the 1970s and 1980s, appeared to me as a true, Classical tragedy, but one being enacted in real life. In the application of the wisdom which all great statesmen are taught through their reflections on Classical tragedy, there are certain principles which must be summoned to free a nation, or nations, from such a tragedy.

In the U.S., it was said, the Soviet Union is the enemy which threatens us. Since wicked little giant girls had obliged the Soviet Union to play the marionette’s role of the enemy which threatens us, Moscow’s leaders believed in that myth, and acted it out within the limits of their abilities. So, in the Soviet Union, it was said, the United States is the threat. So, the Soviet Union was destroyed by itself, not by the United States; and, now, when the Soviet Union has been gone for nearly a decade, it is the United States which is destroying itself.

The destruction of both those super-powers was pre-arranged by the British monarchy and what that monarchy repre-

sents; but, the British did not bring this about by force, but only by witchcraft. The witch displayed the tea-leaves which said, that “world government,” “free trade,” “ecologism,” and “globalization,” were the only means to defeat the other superpower’s designs by means other than thermonuclear war. Thus, the superpowers, like marionettes on a silly old witch-girl’s strings, each destroyed itself, while the old witch almost cackled herself to death with pleasure to see such fools go down.

Dead boys, young and old, win and lose other people’s wars, and never really know why. They are like Napoleon’s doomed grenadier from the Heinrich Heine poem which Robert Schumann turned to song. Silly, tough boys, like that grenadier, are like the pathetic legionnaires of a doomed ancient Rome. Foolish old boys, like Chairman Henry Hugh Shelton, arising as if from an ancestor’s mouldering grave, clad in mud- and blood-stained grey, marching to fight a new battle for an old Lost Cause, see war as a glory and horror unto itself.

The statesman confronted with such a tragedy in real life, must see the paradox; but, it is not enough to see that a paradox exists. Shakespeare’s Hamlet saw the paradox, but preferred to embrace his doom, rather than confront the uncertainties within his own sick mind. The two superpowers we knew during the 1970s and 1980s have turned out, despite the exception of President Reagan’s great moment, to be real-life Hamlets.

Deductive methods can craft catastrophes, and often do; only a specific quality of creative passion can mobilize a nation’s leaders to overcome that folly within themselves, which is the origin of their otherwise inevitable, self-imposed doom. It is all too easy, too often, to find sophists enough to explain why we must fight war. “For what?” one asks. “Why, to defeat the enemy, of course,” they reply with a sophist’s smirk. Ask others, not that silly sophist, “Is this the cause for which we fought two wars against the British monarchy, and another, against that monarchy’s treasonous puppet, the Confederacy?”

There is only one cause worth war. It is the fight to ensure that rise of civilization from the evil nightmare of oligarchical tyrannies, the same honorable, just cause for which the United States fought all its wars, including our Civil War, against the evil forces of the British monarchy and Prince Metternich’s so-called Holy Alliance. Our object is not war, but a civilized peace, a peace which can sometimes not be gained except by means of war.

So, in that Augustinian tradition, late during 1982, Dr. Teller, speaking on the subject of what later became known as the SDI, referred to the higher objectives of peace which should guide us in looking beyond the immediate tasks of engaging the Soviet Union in a cooperative effort in developing a strategic ballistic missile defense. He referred to the use of these scientific and technological breakthroughs as means to realize “the common aims of mankind.”

By the mid-1970s, we had overwhelming evidence of two global adversaries which must be overcome, if the future of the civilization were to be secured.

The first, most immediate enemy, was expressed by the two treaties recently adopted by the superpowers: SALT I and the ABM treaty. These treaties locked the world into the doomsday logic of MAD, and, by the lunatic litanies of “dual-use technologies” and “control of weapons of mass destruction,” created barriers to any hope of significant scientific and technological progress for humanity for generations to come.

The second, was a rampant injustice unleashed against the majority of the nations of the world, in Central and South American, in Africa, and throughout much of Asia. The introduction of Hitler-modelled policies of “population control,” introduced to U.S. policy by Secretary of State Henry A. Kissinger’s 1974 NSSM (National Security Study Memorandum), meant that our nation had chosen to join the Anglo-Dutch monarchies’ Duke of Edinburgh, Prince Bernhard, and creatures such as Canada’s Maurice Strong, in becoming Adolf Hitler’s successors, as the common enemies of mankind.

The need, so defined, was to develop a policy, based not only upon eliminating the hazard of mutual thermonuclear terror, but of crafting such cooperation between the U.S.A. and U.S.S.R., in such a way as to lead into a system of positive partnership around what Teller so aptly described in late 1982 as “the common aims of mankind.”

Today, the Soviet Union has evaporated, but its principal heirs remain. We now have the opportunity to end that Kissinger era of “revenge weapons” against which President Reagan warned in March 1983. We now have the opportunity to move toward what Edward Teller, in late 1982, had proposed as “the common aims of mankind.” If we can but rally our western European allies, centered around Germany’s failing economy, and, with Europe, establish a new and just order of economic development, together with a Eurasia group of nations centered around China, Russia, and India, we can realize those aims of peace which slipped through our grasp during the middle 1980s.

The issue of SDI, as I proposed this in 1979 and 1982, and as President Reagan offered this to Moscow in March 1983, is still high on the agenda of nations today, but the circumstances are different. What remains the same, then and now, is that we must never permit any weapons-system to become so much a power over mankind’s fate, that such weapons might doom us.

The proposal that “weapons of mass destruction” could be banned, is a silly child’s fantasy. Dangerous military potentials can be controlled in but one way; they must be outflanked by the continued development of absolutely superior technologies of counterforce.

The strategic issue of military conflict we face today, is not the issue of a superpower conflict. The strategic issue today, is the menace of the kinds of “doomsday” scenarios

which the British monarchy and foolish and wicked Vice-President Al Gore's Wall Street cronies are currently forcing upon the world. The logic of the Gore-Fuerth-Cohen-Shelton policies, is to drive the world into developing innovative forms of "doomsday options" as the deployable form of deterrent to stop Al Gore, the British monarchy, and their Wall Street allies. The provocation represented by Gore and his British and Wall Street cronies, is the strategic threat which must be eradicated in defense of our national security.

Meanwhile, there is another, looming issue. We must not permit the world, ever again, to be locked into a state of relative technological stagnation in which nations are forced to resort to "doomsday options." We must never permit, ever again, a state of affairs in which we prevent the development of superior technologies, based upon higher physical principles, by means of which the defense might gain the assured ability to defeat any deployed offensive capability. In that sense, the principle of SDI lives on today, and will persist, in one form or another, forever.

The principle of all moral varieties of modern statecraft, has been that war must never be used except as it becomes the only acceptable option to be used as an instrument of a just peace. From a military standpoint, this must be an approach to peace which never lets down our guard against the contingency of being forced to fight actual warfare. In short, given all relevant considerations, the launching of a "crash program" approach to overturning the doomsday logic underlying of SALT I and the ABM treaty, was the only way in which to overcome the two leading dangers facing the planet as a whole.

That is still the case today. The specific measures to be taken have changed over the course of the intervening decade and a half, but the principle remains the same.

## 5. The new option, today

See, briefly, what is similar to the SDI proposal originally stated by President Reagan, in today's situation, and what is also radically different about the present strategic situation.

At this moment, there are silly fools arguing that Federal Reserve Chairman Alan Greenspan's actions of late 1998 defeated the threat of financial crash and a new great depression. There is absolutely no truth to that lying propaganda of the Al Gore Presidential-nomination campaign and Gore's Wall Street cronies. Very soon, on the day when the looming inevitable next explosion erupts, the ever-ungrateful lunatics of Wall Street itself will curse their hero of the previous moment, Alan Greenspan, as the most hateful creature on this planet. There is no prosperity in the United States; year by year, things have been becoming worse than ever, and it still goes so.

The same lunacy lately expressed by Vice-President Gore and his far-right cronies, was already key to the 1974-1986 political conflict over strategic ballistic missile defense. Reflecting the position of spokesman which he had assumed

during his term as chief of the Defense Intelligence Agency, Lt.-Gen. Daniel Graham continued to emphasize the essence of his faction's point of view, from the time of his opposition to the reports of the Air Force's Major-Gen. George Keegan, during the mid-1970s, through his role as a London-directed Heritage Foundation mouthpiece, during the 1980s.

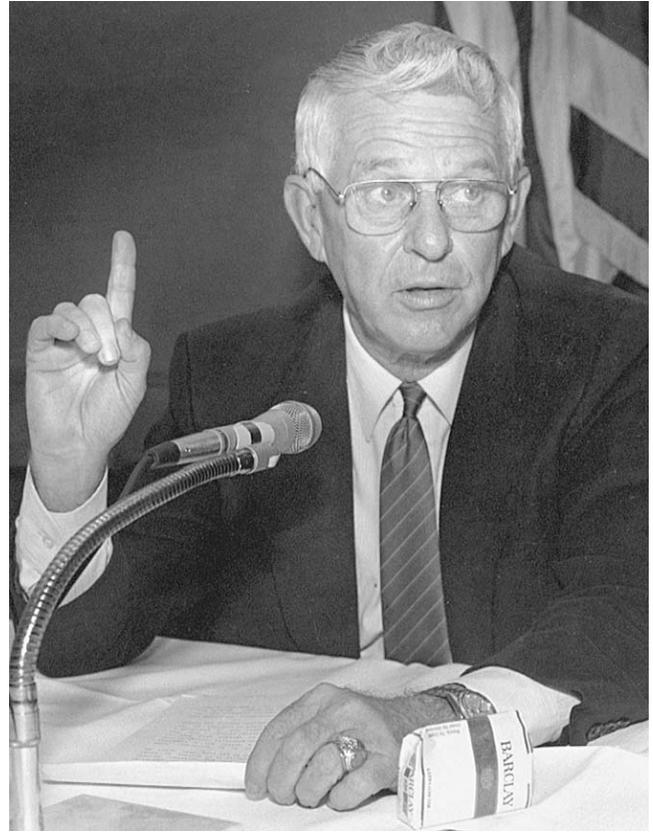
On the issue of strategic ballistic missile defense, Graham, despite his three stars, never expressed a professional military standpoint, but only a wild-eyed variety of obsessive ideological conceit. His perverted views on matters of both science and technology, in particular, and on military policies in general, were the clear result of his brainwashing, like that of other Heritage Foundation ideologues, in what Pope John Paul II has denounced as "the structures of sin," the gnostic Mont Pelerin Society ideologies of Friedrich von Hayek, Professor Milton Friedman, et al.

Graham's 1982 quixotic travel itinerary, in his campaign against me, was centered on his appeal to a queer doctrine, a wild-eyed neo-Kantian irrationalism which was widespread among Republicans at that time. His itinerary that year featured an axiomatically irrational formulation, which purported to prove the existence of some putatively unfathomable, but politically absolute separation of science from technology. Usually, as Graham also argued for this esoteric dogma, the assertion was, that there must be a categorical separation between "pure science" and "applied science." On this premise, Graham argued, that military policies, including any design for ballistic missile defense, must be based on "applied science," with no interference from "pure science" permitted.

This argument by Graham boiled down to an obvious doctrine of faith in that cupidity which some prosecutors have proposed constitutes purely and simply prosecutable venality. Some might have suspected the influence of "double dipping" in Graham's position on the matter. Graham was so silly, on this account, as to propose that ballistic missile defense must be limited to the "kinematic systems" which existing defense contractors already owned, gathering dust on their warehouse shelves. What Graham boosted as his long technologically obsolete "High Frontier" alternative, had, in fact, already gathered a lot of dust.

Much could be said on the sundry implications of Graham's gnostic teachings. Most of that I put to one side here, to focus, in conclusion, on the most crucial of the policy-shaping issues.

Look first at the assertion that there must be a hermetic separation of "pure" from "applied" science. It is important to recognize that such a view is a specifically Kantian form of pure and applied lunacy. The test of truth of any newly discovered physical principle is its validation by crucial-experimental methods. It is upon the authority of precisely such validation, that all valid technologies are derived directly from a discovery of a physical principle. Any notion of the possibility of separating the feasibility of any technology



*“It is a fact rooted in elementary physical principles,” writes LaRouche, “that no possible version of so-called ‘kinematic’ systems could be designed, within the range of systems based upon principles of molecular reactions, which would provide a strategically meaningful defense, by ‘kinematic’ means, against the delivery of thermonuclear warheads.” Left: A Patriot missile is tested in 1986, intercepting a Lance missile—part of the incompetent effort to construct such a “kinematic” system. Right: Lt.-Gen. Daniel Graham (ret.) was the main proponent of this insanity, during the 1980s.*

from “pure science,” is either lunacy, if the advocate is literate, or the kind of lunacy which illiteracy itself represents.

It is precisely the arbitrary argument employed by Graham et al., which separates unprincipled ideologues such as Graham, from the methods of thinking and argument employed by truthful professionals in any and all fields of application. This is to be recognized as the same principle employed by the Mont Pelerin Society’s adopted satanic saint, Bernard de Mandeville, and by David Hume, Adam Smith, Jeremy Bentham, and Immanuel Kant, in denying categorically the existence of truth in any field. This esoteric nonsense is the essential argument upon which today’s lunacy of both right-wing “conservatism” and Vice-President Al Gore commonly rest. The other name for such lunacy, is “The Third Way.”

In the real world, which Cohen and Shelton abhor, as did Danny Graham back then, the relationship between fundamental scientific progress, sometimes misnamed as “pure science,” and increase of the productive powers of labor, is a direct, fully transparent connection. In summary, as Carnot’s elaboration of the principle of the machine defines this con-

nection, it is the design of the crucial experiment which validates a discovered physical principle, which is the direct means of transmission of “pure science” into higher levels of technologies. This is also the fundamental principle of modern military science, especially since Carnot, as also since France’s Louis XI and Leonardo da Vinci before Carnot.

In these times, the same principle of Kepler, Leibniz, Gauss, and Riemann, of non-linearity in the infinitesimally small, which determines the orbital trajectories of planets and comets, opens up to us powerful, intrinsically non-linear, forces lodged within the nuclear and yet much smaller domains of physical characteristics. There is no weapons-system which might exist, which could not be outflanked, if an always available, still-deeper principle of action were adduced and mastered according to this ordering of the universe. That is the way successful economies function; that is the essential physical principle of modern military science.

The converging views of S. 257 and the Special Forces dogma of Cohen and Shelton, show that sometimes the most dangerous thing about any politician, is not what they say, but the way in which they don’t think.

## Strategy of tension escalates with capture of PKK's Ocalan

by Jeffrey Steinberg

Just 72 hours after President Clinton was acquitted on two impeachment counts by the U.S. Senate, on Feb. 12, a renewed "strategy of tension" has been unleashed by the President's enemies in the "British-American-Commonwealth" (BAC) club, aimed, ultimately, at destroying the Clinton Presidency by other means, possibly including assassination. Pentagon and White House sources have confirmed to *EIR* that there is growing concern about a near-term terrorist atrocity on an unheard-of scale, possibly involving the use of biological or chemical weapons; and there is also mounting concern that the President himself is now a prime target for violent attack.

Indeed, just moments after the U.S. Senate failed to reach even a simple majority in favor of impeachment of the President, the U.S. Capitol building had to be evacuated, because of a bomb threat. In the days following the vote, several members of the Clinton administration, including Secretary of State Madeleine Albright, received packages, purporting to contain anthrax and other deadly biological agents. According to official accounts, none of the packages actually contained biological agents. But in the past year, the FBI has acknowledged that there have been hundreds of biological and chemical weapon scares, all over the United States, placing U.S. security agencies at every level of government on a near-continuous alert.

Even though competent security professionals agree that terrorists would be hard-pressed to deploy biological or chemical "weapons of mass destruction," still, the psychological fallout of a terrorist group killing even several hundred people with such weapons would be devastating.

### The capture of Ocalan

On Feb. 15, a team of six Turkish Army commandos captured the head of the Kurdish Workers Party (PKK), Abdullah

Ocalan, as he was leaving the Greek Embassy in Nairobi, Kenya.

Immediately, credible accusations surfaced, that the Turkish commandos were abetted by Israel and the United States. Within days, three members of the Greek government—the Foreign Minister, the Interior Minister, and the Security Minister—were forced to resign over Greece's alleged complicity in the capture. The Greek government had provided Ocalan with safe passage to Kenya, and had safe-housed him at a diplomatic facility. And it was on the basis of Greek assurances that he was being escorted to a flight to the Netherlands, that Ocalan left the Greek Embassy, accompanied by Kenyan police, at 6 p.m. on Feb. 15. The Turkish commandos were waiting along the route to the Nairobi airport to make the grab.

Within hours of his capture, Ocalan was incarcerated at a military base in Turkey. While his capture delivers a potentially deadly blow to an organization that has waged a 26-year terror war to create a separatist Kurdish state, and that has been on the U.S. State Department's terrorist list for years, the circumstances of his capture have created the danger of a major international terrorist upsurge, and the possibility of a new war in the Persian Gulf, with grave consequences for United States foreign policy.

Ocalan's capture occurred just hours after Turkish Prime Minister Bulent Ecevit rejected a face-to-face request, from Iraq's Deputy Prime Minister Tariq Aziz, that Turkey cut off American use of the Incirlik air base for bombing raids against Iraq. This has raised questions about whether the United States or Britain reached a broader *quid pro quo* with Ankara for deeper Turkish involvement in a plan to get rid of Saddam Hussein in the near term.

Within hours of the announcement of Ocalan's capture, PKK supporters in western Europe staged violent attacks

against at least 20 Greek and Kenyan embassies and consulates, and a dozen other targets, including Turkish government and commercial offices, and the Hamburg headquarters of the ruling Social Democratic Party (SPD).

When several hundred PKK supporters tried to storm the grounds of the Israeli consulate in Berlin, on Feb. 17, they were fired upon by Israeli security guards. Three demonstrators were killed and dozens of people were injured. While details of the incident are still sketchy, the Israeli government's brutal approach has greatly increased the likelihood of an escalation of terrorist attacks by the PKK and their international network of supporters.

## London protects the PKK

As *EIR* reported on Nov. 17, 1995, the PKK is part of an international narco-terrorist apparatus, which has been protected by the British for decades. The PKK is an adjunct of the London-based Revolutionary International Movement (RIM), a Maoist narco-terrorist umbrella, which also includes Peru's Shining Path, the Sri Lankan Tamil Tigers, the Zapatistas of Mexico, the Revolutionary Communist Party of the U.S.A., and the Armenian Secret Army for the Liberation of Armenia (ASALA).

The Feb. 5, 1999 edition of *EIR* provided a further profile of the pivotal role that the PKK plays in the heroin trade between the "Golden Crescent" (Afghanistan-Pakistan-Iran) and western Europe. An estimated 80% of all the heroin reaching western Europe, in recent years, has been smuggled through Turkey; and the PKK and allied Kurdish mafias handle the lion's share of that traffic, generating hundreds of millions of dollars a year in weapons and other matériel for the PKK's narco-insurgency.

British protection of the PKK has become so flagrant in recent years, that the Turkish government, in 1996, demanded that Britain be expelled from any role in "Operation Provide Comfort," the Western aid operation into northern Iraq. Indeed, in October 1994, the chief European operative of the PKK, Kani Yilmaz, was arrested by British authorities, on the demand of Germany, as he was travelling to meet Lord Avebury (Eric Lubbock), the head of the British Parliamentary Human Rights Group. Avebury is an unabashed supporter of an independent "Kurdistan," to be carved out of Turkey, Iraq, and Iran. More recently, the Turkish government has filed a formal diplomatic protest with London, over the fact that the British government gave the PKK a satellite television station, MEDITV, through which it transmits marching orders to its terrorist legions in Europe and in eastern Turkey.

## Turks invade northern Iraq

Within hours of Ocalan's capture, the Turkish military launched a "hot pursuit" invasion of northern Iraq, ostensibly to take out PKK bases in the mountainous border region. By Feb. 17, more than 4,000 Turkish soldiers, backed up by a

pro-Ankara Kurdish militia of 1,000 troops, had moved 15 miles into Iraqi territory. There is widespread speculation that the Turkish action is part of a British and American plan to launch a full-scale effort to overthrow Saddam Hussein. According to several sources in Washington and western Europe, there is a possibility that American and British forces may move into the southern Iraq no-fly zone, to deter PKK guerrillas from infiltrating Jordan and Israel to carry out terrorist attacks, in revenge for Israel's role in the capture of Ocalan, and the killings in Berlin.

While some administration officials have emphasized that the United States is wary of any ill-conceived effort to overthrow Saddam Hussein in the short term, by means of a Special Forces operation, there are some senior members of President Clinton's "Principals Committee" of senior national security advisers, who could be just crazy enough to argue for such a stunt. These would be the same people who gulled the President into authorizing the December 1998 "Operation Desert Fox" bombing attacks against Iraq, which accomplished little from a military standpoint, but greatly damaged President Clinton's diplomatic standing with Beijing, Moscow, and with many leaders of the Islamic world.

Chief among the Principals Committee members who could play an "inside" role in setting up President Clinton for a Persian Gulf disaster, or worse, are:

- Vice President Al Gore, one of the few Senate Democrats to have openly supported George Bush and Margaret Thatcher's "Operation Desert Storm," and the closest administration figure to Israel's warmongering Prime Minister, Benjamin Netanyahu;
- Leon Fuerth, Gore's national security adviser, and a voting member of the Principals Committee, who has been pushing for a showdown with Saddam since no later than January 1998, and who was credited with convincing the President to authorize the December 1998 "Desert Fox" bombing campaign. Fuerth has been accused by some State Department officials of being the source of leaks of secret administration national security policies to Netanyahu, a charge Fuerth denies;
- Richard Clarke, appointed in May 1998 as the administration's counter-terrorism czar, and the man who orchestrated the August 1998 "terror against terror" missile attacks against Osama Bin Laden's bases in southern Afghanistan and against the Al Shifa pharmaceutical plant in Khartoum, Sudan. In 1992, according to the *New York Times*, Clarke had to leave a top post at the State Department, when the Inspector General found that he had covered up illegal Israeli sales of U.S. technology. He was immediately hired onto the Bush administration National Security Council staff, and was held over at the NSC when the Clinton administration came in. Since May, Clarke has been a voting member of the Principals Committee on all matters relating to national security.

With this combination of "BAC" assets, with links to the Israeli right wing, inside his senior White House team, President Clinton is, indeed, in jeopardy.

# Targetting of Iraq enters critical stage

by Hussein al-Nadeem

Events following the death of King Hussein of Jordan, and the unprecedented gathering of international leaders and heads of state at his funeral in Amman on Feb. 8, indicate that the Anglo-American operation targetting Iraq has moved with breathtaking speed into a new and possibly final phase. As developments have shown, this operation has entered a critical stage, from which there may be no return to reason, or to a political and human solution for the Iraqi problem, sparing the Iraqi nation, the Middle East, and the world from a bloody descent into a new war.

This new phase implies that major settlements have to occur in the region, many heads might roll, and new enemies of Iraq will have to be created and recruited, in addition to Saudi Arabia and Kuwait, before any real action can be taken in pursuit of the admitted Anglo-American goal of overthrowing the Iraqi regime and installing a puppet government in the country. The latest candidates for the role of enemies of Iraq, have been Turkey and Jordan.

## The sequence of events

On Feb. 8, U.S. Secretary of State Madeleine Albright told the American press that the new King of Jordan supports the U.S. strategy not only to contain Saddam Hussein, but to overthrow his regime. King Abdullah had reportedly told the Arabic daily *Al-Hayat* that the Iraqi people are facing a humanitarian catastrophe, and that the Iraqi regime cannot be rehabilitated "under current conditions." On Feb. 9, as delegations were leaving Amman, U.S.-British raids against Iraqi anti-aircraft defenses were resumed, this time with more ferocity and intensity. Meanwhile, British Defense Secretary George Robertson was on tour in the Persian Gulf to "deliver a very important message to the leaders in the Gulf" that Britain would intensify operations against Iraq. The Iraqi leadership a few days later warned both Saudi Arabia and Kuwait that if U.S.-U.K. aircraft continued flying from their bases to bomb Iraq, Iraq would be obliged to strike these air bases. This was the first such warning since the Gulf War.

On Feb. 14, Iraqi Deputy Prime Minister Tariq Aziz visited Turkey to discuss with its government the issue of the use of the Turkish base at Incirlik by American and British air forces for attacks against northern Iraq. Iraq wanted Turkey to choose now (before the Turkish elections) between future relations with Iraq and continued collaboration with the United States and Britain. Turkish Prime Minister Bulent Ecevit, who, only one week earlier, had attacked the U.S.

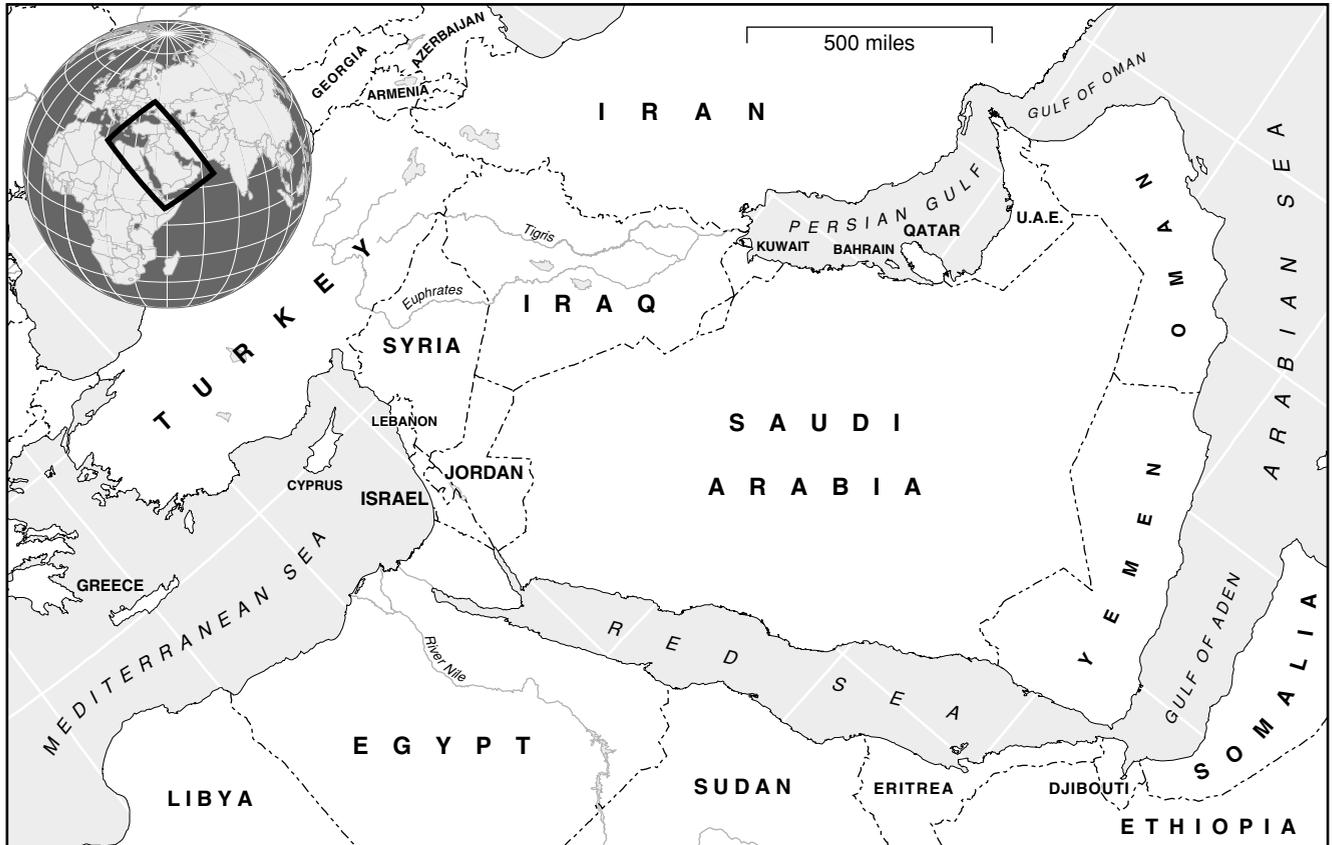
policy of bombing Iraq without having a clear policy for the region, rebutted Aziz in a humiliating way, saying that "the U.S. and British pilots patrolling the no-fly zone were acting in self-defense," and that the Iraqis were the ones who had provoked the confrontations by violating that zone. It is most probable that the Iraqis were prompted to visit Turkey, by Ankara's having stated its resentment of the U.S. policy. However, the arrest of PKK leader Abdullah Ocalan less than one day after the Aziz visit (which the Turkish government, as well as the U.S. and Britain, knew would take place) gives one clue as to the strange Turkish behavior.

Late on Feb. 15, Iraqi Vice President Taha Yasin Ramadan threatened that Turkey's bases, in addition to those of Saudi Arabia and Kuwait, would also be targets for Iraqi retaliation. On Feb. 17, the same day that 4,000 Turkish troops, assisted by tanks and helicopters, invaded northern Iraq in pursuit of the remnants of the PKK guerrillas, Turkish Foreign Ministry spokesman Sermet Atacanli told the press: "We have shown in the past that we are ready to meet and respond to any threats that are directed toward us." According to the Turkish dailies *Hurriyet* and *Sabah*, the invasion force was 10,000 strong. The Iraqi and Turkish statements, along with the Turkish incursion into northern Iraq, have put the two countries on a war footing. It is true that the Turkish Army has carried out much bigger operations in northern Iraq in the past; however, they were carried out in accordance with previous arrangements with Iraq.

In addition, Israeli intervention on the side of Turkey against Iraq has become evident. Reports of Israeli military intelligence assistance on the Turkish-Iraqi border, which Turkey and Israel had previously denied, were confirmed by Israeli military intelligence analyst Ze'ev Schiff, in the Israeli daily *Haaretz* on Feb. 18. The Israeli-Turkish military alliance has prompted Iran to take a very cautious stance vis-à-vis Anglo-American attempts to overthrow Saddam and carve up the country. Iran continues to have a strong relationship with the Iraqi Kurds and Iraqi Shia leadership, and does not want to allow these two important players to fall into the U.S.-British-supported Turkish-Israeli alliance.

Iran's concern is that northern Iraq might be used as a destabilizing factor against its own national security, if Turkey concedes to an Anglo-American scenario which would create a Kurdish state in northern Iraq, while giving Turkey portions of northern Iraq in return, and guaranteeing Turkey that the Kurdish issue within its territories would be eliminated. Wiser Turkish leaders would never fall for such stupid schemes, but the "Young Turk" pan-Turkic mentality — and not that of patriot Kemal Ataturk — is prevailing in the Turkish Army leadership which overthrew the government of Refah party leader Necmettin Erbakan in February 1997; Erbakan had wanted to integrate Turkey into the region on the basis of economic cooperation in building the new Silk Road. The overthrow of Erbakan has isolated Turkey, which has already been excluded from the European Union, from its neighbors in the Middle East, leaving it with Israel as its sole friend and ally.

## The Mideast region



### Jordan fattened up for slaughter

Meanwhile, Jordan has been receiving unusual promises of economic, financial, and military aid from the United States and Britain and their allies in the region, the European Union, Japan, the International Monetary Fund (IMF), the World Bank, Arab investment banks, and even the UN Food and Agriculture Organization. Albright told the press that the United States will increase its foreign aid to Jordan by \$300 million in the next three years, in addition to the \$225 million which is already allocated for Jordan. President Clinton said that the United States will help Jordan strengthen its defense capabilities, and offered further financial help. Arab analysts say that the military assistance from the United States could mean the delivery of the long-awaited F-16s to Jordan. British Prime Minister Tony Blair also said that Britain would assist Jordan with new military and defense equipment, and would discuss with other members of the EU the means of extending debt relief and financial aid to Jordan.

Saudi Arabia immediately sent its Finance Minister, Ibrahim Al-Assaf, to Amman to meet with Jordanian Prime Minister Fayiz Al-Tarawneh, to "discuss ways of economic and financial cooperation," according to the Saudi press. Crown Prince Abdullah of Saudi Arabia pledged to put "all

Saudi potentials and wealth in the service of Jordan." On Feb. 19, the Jordanian paper *Al Destour* and the Kuwaiti paper *Al Qabas* reported that Saudi Arabia had ordered the Finance Ministry to transfer \$250 million to the Jordanian Central Bank. Kuwait also offered financial help and implied that it would compensate for Iraqi oil, should Iraq stop its supplies to Jordan.

If Jordan were to play a decisive role in the attempt to overthrow the Iraqi regime, its total dependence on almost free Iraqi oil for its energy supplies, and on trade with Iraq, has to be shifted somewhere else. If Iraq were to stop providing this oil, Jordan would have to secure hundreds of millions of dollars within two to three weeks to buy oil on the international market. Previous attempts by the United States to have Saudi Arabia substitute for Iraqi oil failed, because the Saudis insisted on selling the oil to Jordan at market prices. Jordan's unpayable debt stands at \$6.8 billion, and annual debt service amounts to 91% of its GDP. Other financial and economic aid has to be provided to prevent public disturbances and uprisings. The price of food and public services has increased since the IMF imposed its policy on Jordan in 1996, triggering violent riots. Even the water supply has become scarce, and Jordan might be forced to import water. The drought this year

has prompted international aid organizations to send groups to evaluate the food situation, and to decide what amount of direct food aid should be given to Jordan immediately.

The IMF was in a hurry to finalize a new three-year agreement with Jordan in order to extend \$150 million in urgently needed aid. The IMF pledged to open a special fund which Jordan could draw on in times of emergency. The price, however, as the IMF's Deputy Managing Director Stanley Fischer insisted time and again, was that Jordan "privatize, privatize, privatize." The implementation of the first IMF agreement in 1996 provoked bloody riots, at a time when the IMF conditions were not totally followed. Now, full implementation of the IMF program might kill the rest of the economy, which has no social safety net. Jordan, which will become totally dependent on foreign aid, might be supported to survive this year or one more year, but thereafter, it will have almost no economy. By adhering to this strategy, Jordan is mortgaging its future to institutions that have ruined Russia, eastern Europe, Africa, large parts of Asia, and South America.

In addition to this massive mobilization of "financial aid," military and intelligence assistance will have to be provided to prevent intervention from Israel and possibly Syria, and to crush any pro-Iraqi moves from within Jordan itself. British intelligence and security advisers had reportedly gone to Jordan to assist Jordanian security services even before King Hussein died. Chairman of the U.S. Joint Chiefs of Staff Gen. Henry H. Shelton was scheduled to visit Amman on Feb. 19 for a high-level meeting with the Jordanian leadership, on the first stop of a regional tour which was to also take him to Saudi Arabia, Qatar, and Oman. Shelton was preceded by Gen. Anthony Zinni, head of U.S. Central Command regional forces, who visited Amman a few days earlier and met with King Abdullah, who is a military commander himself. He was followed by Rep. Sam Gejdenson (D-Conn.), a member of the House International Relations Committee who met with the Jordanian Chairman of the Joint Chiefs of Staff Field Marshal Abdul Hafez Kaabneh to review developments in the region, and pledged to continue the support for Jordan's economy and security.

The Iraqi leadership, which has been put in an increasingly desperate situation, is expecting a major military show-down within three to four weeks. More than 1 million Iraqi civilians have been armed and trained in the past three months in preparation for an invasion or a civil war. The illusion of overthrowing Saddam Hussein in a quick fix has long been pushed in Washington. In reality, any of the existing scenarios will result in a bloodbath in Iraq, and possibly in neighboring countries; Israel's madman Prime Minister Benjamin Netanyahu, who is facing political demise in the Israeli elections, would seize the first opportunity to stage a new atrocity in line with an Armageddon doomsday scenario.

Meanwhile, Russia will not let the region be divided in a new Sykes-Picot scheme which excludes Russia, and throws the region into a new round of Great Game geopolitics.

## British deploy 'new NATO' in Kosova

by Umberto Pascali

On Feb. 3, the London *Times* predicted what was going to happen in Kosova, in its lead editorial on "Gladstone's Shade," inciting Prime Minister Tony Blair to walk in his footsteps. William E. Gladstone, British Prime Minister and cabinet minister in the post-Palmerston Victorian period at the end of last century—the British Empire's "golden period"—was known as both an inflexible champion of international free trade, and the advocate of British penetration in the Balkans under the cover of helping the "freedom fighters" of the time.

The *Times* blares loud the new imperial trumpet: "NATO is planning to deploy ground forces within a sovereign state, turning part of it into a NATO protectorate. . . . [If a deal is signed between Kosovars and Serbs] NATO ground forces are to police it . . . British ministers have taken the lead, and British soldiers are likely to be the largest component of a peacekeeping force, under British commanders. Gladstone's shade walks the Balkans. . . . [The Blair government] is right to have taken this lead. But Tony Blair needs urgently to explain why it is right for Britain. . . . The people of this country understand well that a trading nation with global interests must be prepared to deploy its forces where international stability is threatened."

### Entente Cordiale at Rambouillet

In fact, the Kosovar-Serb "peace talks" that began on Feb. 6 in the former hunting lodge of the French royals, the chateau of Rambouillet, under the joint chairmanship of the foreign ministers of Britain and France, cannot be understood but from the imperial vantage point proposed by the *Times*.

What has been officially discussed at Rambouillet under the direction of French Foreign Minister Hubert Védrine and British Foreign Secretary Robin Cook, with the junior partnership of the United States in the person of chief mediator U.S. Ambassador Christopher Hill, has little to do with Kosova as such. Kosova, like Bosnia before it, is only a pawn, a cynical pretext for the destructive game triggered by the collapsing financial oligarchy that controls Britain and Wall Street to preserve their bankrupt financial system.

The whole Kosova operation, with all its horrors, destruction, and death, has been, under British manipulation, a way to create unprecedented provocations against those nations and forces that do not fit the mold of globalization, and will not accept being sacrificed to keep alive for a few hours more

the mountains of financial paper growing like a cancer in the City of London and Wall Street. In particular, the target of the Kosova operation is Russia. In fact, Serbian dictator Slobodan Milosevic has been used by the Anglo-French imperial financiers as a tar baby, aimed at trapping Russia into a confrontation with the United States, and in this way preventing any potential alliance between the two nations (along with China and India) for an adequate international financial reform.

## War provocations against Russia

Milosevic has been deployed as the provocateur, while Serbia remains in alliance with Moscow. British agencies have openly played both sides off against the middle. *EIR* has exposed several times the vicious activities of the Lord Byron Foundation for Balkan Studies tied to former British Prime Minister Margaret Thatcher, which, since the beginning of the Milosevic escalation, has been egging Russian factions on to “react against the NATO attacks on Serbia,” because, it claims, they were, in reality, attacks “against Russia.” Of course, at the same time, the same British gang that deploys the Lord Byron Foundation has been calling for the deployment of NATO.

Milosevic, while often attacked verbally, has been helped by the oligarchy in every way possible to keep the game going. Ironically, he and his scorched-earth policy have been helped especially by the British and French intelligence agencies operating within the two countries’ NATO contingents in Croatia and, especially, Bosnia. A few times, high-level French and British intelligence officials have been caught red-handed in helping Milosevic, and even the notorious war criminal Radovan Karadzic. The cases of British Maj. Milos Stankovic and French Majors Hervé Gourmelon and Pierre Bunel were just the tip of the iceberg of what appear to have been routine intelligence deployments in certain sectors of the French and British military in the Balkans.

However, we are now close to the “end game.” The announced deployment of more than 30,000 mostly British and French troops into the minuscule Kosova, and the threat of NATO bombing against Serb targets, has provoked the brandishing of a “Vietnam scenario” in the Balkans by Milosevic’s representative, President of Serbia Milan Milutinovic.

After having met the Serb delegation at Rambouillet on Feb. 12, Milutinovic rejected stationing any NATO forces in Kosova, and, if that refusal should lead—as the NATO ambassadors have officially stated—to military attacks on Serbia, then “that would literally mean blood up to the knees.” “I cannot believe,” stressed Milosevic’s agent, “that they want to have a Vietnam in Europe.”

But, while these provocative statements, though unprecedented, fit into the financiers’ scheme, what is much more alarming is that, after the Russian State Duma (lower house of Parliament) unanimously approved a resolution rejecting any NATO deployment without UN Security Council approval, President Boris Yeltsin on Feb. 18 issued a televised

comment, in which he stated that he had talked to President Clinton directly. “I conveyed to Clinton my view, both by phone and by letter, that this will not work. . . . We will not let you touch Kosova,” Yeltsin said.

The situation is made incandescent by the convergence of the British-inspired crisis in Iraq and the spreading international destabilization following the arrest of Kurdish Workers Party (PKK) leader Abdullah Ocalan. Already, many, especially inside the military, are fuming at the British and U.S. air strikes against Iraq carried out without the approval of the UN Security Council, where Russia and China have veto power. All these escalating provocations are clearly aimed at putting the Russian leadership of Prime Minister Yevgeni Primakov in an untenable situation, and possibly triggering enraged anti-West reactions from leading military and political circles. Indeed, Russian Foreign Minister Igor Ivanov had talked to the delegations at Rambouillet and issued reassuring declarations. The two delegations “will come to an agreement. . . . There is no military solution to this problem, only a political one,” he said.

In the meantime, the escalation of words between the United States and Russia has continued. The televised comment by Yeltsin was answered by U.S. National Security Council spokesman David Leavy: “We are aware that Russia has opposed the use of force in Kosova, but we have also made clear that should the Serbs comply and refuse to sign a political settlement, that NATO has to consider military action in its own interest, in the interest of the region, and in the interest of the U.S., and we will do so.” The force that NATO has put together for the Kosova operation includes 430 planes.

## The British Rapid Reaction Corps

Officially, the negotiations have been taking place under threat of a NATO military intervention, if an agreement between the two parties is not reached. The original draft presented by the Anglo-French chairmen and Chief Mediator Hill of the United States, called for the partial withdrawal from Kosova by Milosevic’s army and special police, the disarmament within three months of the Kosova Liberation Army (UCK), an interim period of three years in which some form of autonomy will be experimented with in Kosova through the creation of a still-undefined parliamentary assembly. If, and as soon as, an agreement is signed at Rambouillet, a military contingent of 30,000 or more men organized by the British-dominated elite and highly trained NATO’s Allied Command Europe Rapid Reaction Corps (ARRC), will take over in Kosova.

However, the only thing really certain, is that the deployment of the British-controlled ARRC will take place. On Feb. 15, the first ships, the *Sea Crusader* and the *Sea Centurion*, carrying British heavy weapons, left Germany for the Greek port of Thessaloniki. The British Defense Ministry gave a cavalier answer to those asking why the ARRC is leaving for Kosova—officially at the request of the “parties”—before the

“parties” at Rambouillet have decided anything. “It is simply prudent military planning,” a ministry spokesman said.

What is the Rapid Reaction Corps? *EIR* will take up this issue again, but for now, let us stress that the whole Kosova operation—which is already under way—is under the command of the ARRC commander, British Lt. Gen. Sir Michael Jackson. General Jackson will have a French general as his second-in-command. The British and French will supply most of the troops and, for the first time in such “peacekeeping” operations, the United States will make a limited contribution in men and will accept deployment of U.S. troops under a foreign ground commander.

The ARRC is an international general staff under total British control. Starting with the Kosova operation, France will be integrated into the ARRC command, and, given that Paris is not part of the integrated NATO chain of command to which the ARRC—at least formally—belongs, the French Defense Ministry has devised a liaison mission. That means, in the words of the ministry, “a soft and pragmatic reinsertion” of France into the NATO military command. The ministry stressed, in the worst tradition of the Entente Cordiale, that the preparation of the “peace force” has been carried out in “total concert with the United Kingdom.” France has already been given the power to “oversee the maritime traffic in the Adriatic.”

The ARRC was activated on Oct. 2, 1992, and became operational at the beginning of 1995. It was part of the restructuring of NATO after the fall of the Berlin Wall. It was established in Germany, but it has been a British operation from the beginning. After 1989, a broader discussion took place on NATO, as it existed during the Cold War, was still necessary, especially the large British and French military presence in Germany. NATO’s new “strategic concept” was soon justified because of the explosion of Yugoslavia, thanks to Milosevic.

NATO British representative Sir John Weston stated in December 1992 that “the work of defining NATO’s future contribution to international peace and stability is unfinished. The terrible bloodshed in former Yugoslavia is a forceful reminder.” Sir John also predicted the “risks to international stability” that made necessary the new “strategic concept” and the creation of the ARRC: 1) ethnic and territorial disputes in Central and Eastern Europe, and economic and political instability; 2) proliferation of ballistic missiles and weapons of mass destruction; and 3) the threat of conventional, chemical, and nuclear forces left by the disintegration of the Soviet Union. He “foresaw”: “Above all, the U.K. will lead the ACE Rapid Reaction Corps. A very significant proportion of the British Army will be assigned to it. . . . This is a vital part of our future contribution to the defense of Europe. . . . It is an excellent example of how NATO’s military structures are being adapted. . . . The Corps exemplifies the increasing prominence of highly mobile, multinational forces. They will be central to the future integrated military structure.”

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## Wehrkunde Conference

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# China, Russia, India challenge NATO insanity

by Rainer Apel

The fact that the end of the century also marks the end of a whole era, was illustrated by the 35th Munich Conference on Security Policy, which took place under the theme, “Global Security on the Threshold to the Next Millennium,” on Feb. 5-7. The annual “Wehrkunde” gathering of several hundred leading military officers, defense experts, and politicians from NATO member and other Western countries, which for the last few years has also seen representatives from Russia and eastern Europe, featured an entirely new aspect: For the first time ever, senior government representatives of China and India were invited to present their views.

By contrast with the constructive views of China and India, the performance of the Western attendees illustrated the fact that the elites of the West have lost the ability to contribute something conceptually useful to the world. The ruling Western elites have grown decadent, tending to view the rest of the world only in terms of “threats,” and calling those nations “rogues” that do not want to adopt the rules of a collapsing monetarist system, or who have gotten in the way of Western policymakers for other reasons. This rotten elitist tendency has found one of its worst representatives in U.S. Secretary of Defense William Cohen, whose speech at the conference on Feb. 6 made that all too evident.

### Cohen lashes out against ‘rogue nations’

Cohen’s central message to the audience was, that NATO must arm itself against the threats coming from “rogue nations.” He said that when the 34th conference gathered last year, “the eyes of the world were focussed on Iraq, as Saddam Hussein sought to thwart the UN inspectors with a pattern of obstruction and obfuscation—a pattern that ultimately prompted our sustained strikes, which, with the help of our British friends and coalition partners in the region, diminished Iraq’s ability to deliver weapons of mass destruction and to threaten its neighbors.”

But Saddam Hussein’s Iraq is only one among those “rogues” that give Cohen bad dreams: “Only weeks after we gathered last, Serbian forces swept into Kosova, unleashing a torrent of terror and prompting preparations for NATO air strikes, strikes that remain an option, today.” And, there are others that Cohen dislikes: “Since we gathered last, nuclear

explosions in India and Pakistan sent shockwaves of concern reverberating around the globe. Terrorists slaughtered hundreds and injured thousands—most of them African and many of them Muslim—near U.S. embassies in Africa, and they planned and attempted many more attacks, prompting our targeted action in self-defense. North Korea stunned the world by firing a long-range Taepo Dong 1 missile over Japan and into the Pacific. We ignore this present at our peril.”

Then, on the agenda of the upcoming NATO summit in Washington, D.C., on its 50th anniversary, Cohen, who referenced Winston Churchill’s infamous “Iron Curtain” speech in Fulton, Missouri in 1946, said:

“Our first over-arching challenge of building a new NATO is therefore to adjust and transform the Alliance to meet new challenges.

“The Book of Proverbs tells us that ‘where there is no vision, the people perish.’ In order to transform its defense capabilities, NATO must embrace a ‘common operational vision’ that includes four ‘core capabilities.’

“We must be mobile enough to project forces as rapidly as possible. We must effectively engage by delivering the right response, whether it be combat or humanitarian support, when and where it is needed. We must increase our sustainability by supporting our forces with more tailored and efficient logistic systems. Finally, we must enhance the survivability of our forces by protecting them from *terrorist, chemical, biological, and electronic attacks*.

“At the same time, among the best methods for protecting ourselves from those who would unleash weapons of mass destruction against us—be they nuclear, chemical, or biological—is by reserving the right to *respond to such attacks with any means at our disposal*.

“This year I can report that the United States has matched our words with deeds. President Clinton’s budget proposal to Congress makes available \$112 billion in additional defense resources over the next six years, our largest sustained increase in defense spending in 15 years. . . . This infusion of funds will allow us to equip our forces with the next generation of ships, aircraft, and weapons that they will need to carry out equally *revolutionary operational concepts that will change the way we fight in the future*.

“Our budget not only reflects the world as it is, but as it might become. It continues funding to develop and deploy air and missile defenses designed to protect U.S. forces overseas, as well as our friends and allies. Our budget also contains substantial new funding for our National Missile Defense (NMD) program, designed to *protect the American homeland against the emerging strategic ballistic missile threat from rogue nations*” (emphasis added).

The speech resembled the approach U.S. Vice President Al Gore chose at the APEC conference in Kuala Lumpur last November, when Gore lashed out against his host, Malaysia’s Prime Minister Dr. Mahathir bin Mohamad, who was sitting

close by. And, in Munich, Cohen’s remarks provoked a strong response by those attacked, as well: The response by the Russians, Chinese, and Indians, who felt attacked by Cohen, although he chose only to name India in his speech, came after an interlude of several provocative questions to him by Western members of the audience.

Cohen went on to state that, as the international debate about Iraq had shown, nothing would have been done against Saddam Hussein, had the Americans and “our British friends”—a phrase Cohen used repeatedly—not dismissed the dispute with the other standing members of the UN Security Council, notably Russia and China, and gone for the strikes on Iraq.

### **The Russians reply**

The provocation to the Russians and the Chinese was put so bluntly, they simply had to respond. Cohen and his supporters were grilled by persistent questions, particularly from the Russians—among them, Deputy Foreign Minister Yevgeni Gusev and Deputy Chief of General Staff Col.-Gen. Leonid Ivashov.

Ivashov came first, with a whole list of questions about the real nature of Cohen’s “new agenda”: Why a revision of the ABM Treaty, which is seen as a provocation by Russia; why the U.S. defense budget needed an increase by \$112 billion, and against whom was the increase directed; whether Cohen would define the NATO of the 21st century as a mere defense alliance, as a component of some kind of broader collective security system, or as something else; why Cohen wants to provoke a new arms race in missile forces. Ivashov later asked where the kind of NATO that Cohen envisages would define the ultimate boundaries of its “area of responsibility,” whether it would be “the Persian Gulf, the Indian Ocean, or the Urals.”

Deputy Foreign Minister Gusev also asked Cohen to define the “area of NATO responsibility,” saying that if what the Russians fear was implied in what Cohen wants, with his new agenda, “Then I am shuddering at the prospect of the world we are creating, in the 21st century.”

Cohen and some of his supporters in the audience chose not to answer these questions directly, but the way they insisted on proclaiming an undebatable “sovereignty of decision” for the Anglo-Americans, while at the same time insisting that Russia and others lay out their views, before their sovereignty and their role at the United Nations could expect to be respected, delivered an unmistakable message to the “rogues.”

### **The Chinese and Indian responses**

Also the Chinese, led by Me Zhaorong, of the Beijing Institute of the Chinese People for Foreign Affairs, who delivered his conference speech the day after Cohen, posed similar questions. He began with a personal greeting to the conference by Chinese Prime Minister Zhu Rongji, and said that the

kind of military alliances that are being created, with American assistance, and the planned revision of the ABM Treaty, do not fit with the concept of a 21st century that many hope will be a century of peace and cooperation.

Lu Qiutian, the Chinese Ambassador to Germany, asked the Russians to elaborate on the “identity of Russia also being a nation that extends to Asia, being a Eurasian nation,” if they are concerned about what NATO plans for the European end of the continent, under the new Cohen agenda.

Baresh Mishra, national security advisor to India’s Prime Minister Atal Behari Vajpayee, explained in his speech why India chose not to sign the Nuclear Non-Proliferation Treaty and rather to develop its own, national nuclear strike capability: not because it wanted to act as a “rogue” that did not respect international law, but because it felt threatened by nuclear weapons that some of the neighboring states possessed in the late 1960s, when the NPT and India’s signature were discussed, and because other nuclear powers refused to give India guarantees for protection.

The Russians, Chinese, and Indians demonstrated, each in their own way, where the limit, or as the Russians put it, the “red line” of the world design of the Cohen cabal was: namely, at the sovereign borders of these nations. Furthermore, that sovereignty also applies to economics, to the role that a nation wants to define for its economic contribution to the world.

Me Zhaorong, in his speech, emphasized that point:

“The development and peace in the Asian Pacific region is an important subject of this conference. It is also an issue of common concern for countries and people in the Asian Pacific region and the international community. I would like to share with you some perspectives and possibilities on this subject.

“The stability and prosperity of East Asia and the Asian Pacific region at large are significant contributions to peace, stability, and development in the whole world.

“Let us look at the issue of development. While globalization has brought favorable conditions for speeding up development, it also exposed countries in the Asian Pacific region to various risks. The Asian financial crisis is a hard present from globalization. It not only shocked the economy of this region, particularly that of many developing countries, but also led to political unrest and social crisis in some countries. How to safeguard a nation’s economic security in the process of globalization has become the most serious subject for countries in this region.

“The top priority of this moment is to tighten *supervision and control of the flow of short-term capital*. That is what concerns the safeguarding of economic security of the East Asian countries and the economic stability and development of the Asian-Pacific region.

“As a Permanent Member of the UN Security Council and the largest developing country in the Asian Pacific region, China views and deals with major issues related to global

and Asian Pacific peace and development with a high sense of responsibility.

“Despite immense economic pressure and the catastrophic floods, China took the overall interests into consideration and stayed committed not to devalue the RMB. China has also provided more than US\$4 billion of financial assistance in various forms to crisis-hit East Asian countries. China in good time formulated the policy of stimulating domestic demand. Our GDP growth reached 7.8% in 1998. That is nothing short of a remarkable achievement. Hong Kong of China has also maintained economic stability in a challenging environment. At present, China is continuing to implement a positive fiscal policy and has adopted a series of measures to deepen reform and further open up. It might be said that China’s biggest contribution to the development of East Asia lies in its continuous work on political stability, economic development, and social progress.”

### ‘Eurasian Development’

India’s Baresh Mishra even went a step further, by directly addressing the term “Eurasian development” in his speech: “The world we are contemplating today is qualitatively different from even 10 years back. . . . The geography of the world has also changed, with the emergence of a united Germany and the collapse of the U.S.S.R. All this has created altogether new arrangements, particularly in the Eurasian land-mass. The effects of these changes are playing themselves out and it is up to us to ensure that these processes evolve in directions that answer the collective needs of a shrinking global community. Geo-strategists who are thinking in terms of either a clash of civilizations or a new bipolarity are all missing the point. The new world will and should be both multipolar and accommodating. Only then will the eventual arrangement be stable and peaceful. India can contribute greatly to the stability of the eastern end of the Eurasian land-mass and at the same time to the cooperative arrangements in the Asia Pacific region. As the largest democracy in the world, one of the more dynamic economies in the world and the second-most populous nation in Asia, we can play a stabilizing role in the global arena.”

China and India speak for those who have a positive, future-oriented worldview, nations that are developing, approaching the rest of the world with an offer for cooperation. What more evidence is required, than this contrast with the Cohen cabal, to show that development and cooperation are not on the agenda of those that, at the end of this millennium, are trying to push NATO and the West to “the threshold of insanity in the next millennium”? The message from China, from India, and also from Russia, is that if the Western elites choose to go insane, they cannot expect the Eastern elites to go with them. May some among the Western side of the Munich audience take that message home, as an incentive to re-think the policies of the West in military-strategic and economic terms.

# Quietly but steadily, ties warm between India and China

by Mary Burdman

India and China are expected to resume talks about their 4,000 kilometer joint border soon, for the first time since India's nuclear tests last May, when relations were strained on both sides. Over recent months, and especially since the beginning of this year, relations between Asia's giants have been warming, slowly but steadily.

The eleventh round of talks of the Joint Working Group on Sino-Indian Borders will be held at an appropriate time after both sides reach an agreement, Chinese Foreign Ministry spokeswoman Zhang Qiyue said in Beijing on Jan. 28, Xinhua reported. Zhang said that Indian Foreign Minister Jaswant Singh has been expressing the wish to make further efforts to improve relations with China, and China welcomes this. "China hopes that India will continue to make substantive efforts to promote the bilateral ties to the normal track of development," Zhang said. "This accords with the fundamental interests and the common wish of the people of both countries. It is also beneficial to regional peace and stability."

The dates of the Joint Working Group meetings will likely be decided upon during the visit of Indian Joint Secretary for China T.C.A. Rangachary, beginning on Feb. 25.

There is certainly room for improving relations between the world's two most populous nations. It is still not possible, for example, to fly directly between the two capitals, and direct land transport is also lacking: The border remains militarized, although tranquil, since the 1962 border war, and its spectacular terrain presents an enormous challenge, in any case.

The most contentious issues between India and China—including the border dispute, the nuclear weapons question, and Tibetan refugees in India—are sensitive and will likely not be solved overnight. However, it would seem clear that both nation's leaders understand, that these issues do not interfere with either's fundamental interests, and can, with time and patience, be resolved bilaterally.

On the nuclear question, for example, the Chinese side might indeed recall its own celebration, when it exploded its first atomic bomb in October 1964, after a massive national mobilization for this achievement. And, whatever might have been the reason for the formulations in the letter sent by Indian Prime Minister Atal Behari Vajpayee to President Bill Clinton, pointing to (but never naming) China as the security

"threat" prompting India's May tests, this view was never stated publicly by the Indian side, and was confined to a private letter between two heads of government. What was unconscionable, was that this letter was leaked to the U.S. press from Washington.

## The strategic Asian triangle

Given the much more fundamental interests these two nations share, especially to protect their national economic security in the face of the world financial crisis, their improved relations should certainly be achievable. What will play an important role in this process, is both nations' strong bilateral relations with Russia.

Both India and China had responded coolly to the proposal made by Russian Prime Minister Yevgeni Primakov for a "strategic triangle" among India, Russia, and China, when he visited New Delhi in late December. India's Prime Minister did not endorse Primakov's proposal, although their joint communiqué stated that bilateral accords between India and Russia were of paramount importance. China asserted that it "pursues an independent policy of peace," in reaction to Primakov's statement.

However, at an international conference convened by the National Security Advisory Board recently in New Delhi, Indian leaders discussed the view that developing a framework for collective cooperation among the three Asian powers, India, China, and Russia, could lead to greater stability, including at the global level, the Indian newspaper *The Hindu* reported.

Indian Foreign Minister Jaswant Singh said at the conference, "It is time to consider a broader Asian framework for peace and security for all, and the biggest challenge lies in giving shape to such a cooperative framework." Former Foreign Secretary M.K. Rasgotra stated that it was the terms used, rather than the thinking behind Primakov's proposal, that created the difficulties. Rasgotra said that he preferred "collective cooperation" to "strategic cooperation," which might imply too risky a change in the world order.

K. Subrahmanyam of the National Security Advisory Board also noted that the United States could not be excluded from such a strategic framework, because it has a big military presence in Asia. Better communication among Asian nations

is to be desired, Subrahmanyam said, but excluding the United States, which has good bilateral relations with Russia, China, Japan, and India, would be counter-productive.

### Leaders support good ties

Leaders at the highest level on both sides are working to improve relations as rapidly as possible. On Jan. 29, the official Chinese *People's Daily* gave front-page coverage to the reception given by India's President, K.R. Narayanan, to a Chinese delegation led by former Chinese ambassador to India Cheng Ruisheng two days before. Narayanan was himself India's ambassador to China during 1976-78, when the two countries restored full ambassador-level ties 14 years after the border war.

The meeting had not been publicized in India, but the Indian side was gratified by the Chinese reaction. *People's Daily* quoted President Narayanan saying that India and China "should maintain friendly relations and dialogue, which is very important to the development of their relationship." He said that "China is not a threat to India and India is not a threat to China," and the two nations have a tradition of long-term friendly communications. The Indian President said that a flourishing and strong China is a great support to India and other developing countries, and is extremely important to world peace. The current Chinese ambassador to India, Zhou Gang, was also present.

Narayanan also said that he hoped the two countries would celebrate the 50th anniversary of establishing diplomatic ties. India was among the first nations in the world to recognize the People's Republic.

Indian observers noted that the purpose of the delegation led by former ambassador Cheng, and other recent such exchanges, is to establish a "Track Two" process of discussion between the two nations concerning all manner of problems and issues, and to contribute to their solution.

The day before this reception, India celebrated its national Republic Day, and China's leaders sent warm messages to their Indian counterparts. In his message to K.R. Narayanan, Chinese President Jiang Zemin said: "As the two most populous developing countries in the world with long histories and ancient civilizations, China and India should treat each other with sincerity, strengthen the understanding and cooperation between the two countries, and seek common development. These are the wishes shared by our two peoples and are in conformity with the fundamental interests of our two countries. I am ready to work with you to promote the healthy and smooth development of the Sino-Indian relations so as to benefit our two peoples."

Also very positive was the message from Chinese Prime Minister Zhu Rongji to his Indian counterpart Atal Behari Vajpayee. It said:

"As the initiators of the Five Principles of Peaceful Coexistence, China and India have enjoyed long-term friendly exchanges in history. Harmonious coexistence and common de-

velopment are the shared wishes of our two peoples. The Chinese government has always worked to establish and develop good neighborly, mutually beneficial, and cooperative relations with India on the basis of the Five Principles of Peaceful Coexistence. I am deeply convinced that as long as China and India strictly follow these principles in practice, a cooperative and constructive partnership into the 21st century between the two countries will be realized."

### Cooperative security

Most interesting were the comments of Indian Defense Minister George Fernandes, who gave the keynote address at a two-day seminar on Asian security, sponsored by the Institute of Defence Studies and Analyses (IDSA) on Jan. 26. Fernandes had repeatedly made provocative statements about the "China threat" to India since he took office when the current Bharatiya Janata Party-led government came to power in March—although he himself attacked the press last August, for making "deliberate mischief" by distorting his comment calling China "potential threat number one," into "enemy number one."

In his address, Fernandes said: "To ensure stability and to reduce the risk of accident and miscalculation, it is vital that the nuclear doctrine of various countries is harmonized with the concept of cooperative security, and this would necessitate commitment to no-first-use of nuclear weapons, and nuclear postures in consonance with them." He noted that China and India had already declared that they would not be the first to use nuclear weapons, *The Hindu* reported.

The prevailing fundamental uncertainty in the strategic, economic, and military dimensions underscores the need for a cooperative security arrangement in Asia, Fernandes said. Asia is undergoing a tumultuous socio-economic transformation. The economic crisis in Asia has triggered unanticipated challenges in the region, including possible refugee outflows. Regional powers have a role to play in channelling these social forces toward peace, security, and prosperity, he said.

Conflict resolution in Asia could be based on the five principles of peaceful co-existence and the UN Charter. "The challenge of our times lies in our ability to transform these principles into practical policy of cooperative peace and security," Fernandes said.

He expressed his regret at the lack of Chinese participants at this conference. "In particular we miss the presence of experts from our great neighbor China, who were invited, with whom dialogue is even more important," he said. He stated that he had received an informal invitation to China from former Chinese ambassador Cheng Ruisheng, and said that he would like to visit.

Fernandes said that perceptions had changed after the nuclear tests in May, and that the U.S and Chinese heads of government could negotiate a treaty to remove missiles targeting each other, and India could engage China in a dialogue, keeping in mind their mutual experiences.

# Is Britain planning a new major crisis in Pakistan?

by Ramtanu Maitra

Fresh evidence has emerged indicating that British-sponsored plans are afoot to stage a major crisis in the Afghanistan-Pakistan region. This is likely to occur in the next period, when India and Pakistan are in the process of upgrading the level of bilateral talks to find a way to resolve some of the issues which have kept their relations sour.

On Feb. 20, Indian Prime Minister Atal Behari Vajpayee is set to travel to Pakistan by bus to inaugurate the first bus service linking the two countries, from the Indian capital of New Delhi to Lahore, in Pakistan's Punjab province. In Pakistan, he will hold talks with Prime Minister Nawaz Sharif. Pakistan's Prime Minister has reciprocated by indicating his interest in "meaningful talks" with Prime Minister Vajpayee during the latter's visit.

Earlier in February, Iran and the Taliban, after a prolonged period of tension, held talks in Dubai following successful mediation by Pakistani Foreign Minister Sartaj Aziz. This is the first time that Iranian officials held official talks with the Taliban, since Afghanistan fell under Taliban domination in 1997. Maulvi Ahmad Motevaker represented the Taliban at the talks with Iran, which followed the Taliban's expressed regrets over the murder of Iranian diplomatic personnel in Mazar-e-Sharif in northern Afghanistan last fall. The incident had strained Iran-Afghan relations, and Iran, as a show of strength, had moved a large number of troops to its border with Afghanistan, threatening an attack.

These developments and others, such as the consolidation of bilateral relations between Russia and China, between Russia and India, and the expected re-start of talks between China and India following India's nuclear tests last May, indicate that efforts are actively underway to stabilize the area, which is vital for building the South Asian routes of the Eurasian Land-Bridge, the potential lifeline for a vast multitude in the coming century.

## The weak links

It is important to note that Islamabad, beside being directly involved in trying to normalize its tense relations with India, is also involved directly in efforts to ease tensions between Iran and the Taliban, and between the Taliban and

the United States. Moreover, the Russia-China-India cooperative triangle to stabilize Central Asia and make the region a highly productive growth center, will not work unless Pakistan-India relations normalize, and Russia-Pakistan relations improve.

It is significant that Islamabad is undertaking the initiative at a time when the Pakistani economy has been ravaged by the diktats of the World Bank and the International Monetary Fund, and the country, infested with drug money and illegal arms, has become a hotbed for terrorist activities. Prime Minister Nawaz Sharif, whose good intent is unfortunately not matched by an understanding of the social problems that exist in Pakistan today, must succeed in dealing with the terrorists to make his larger plans fruitful.

There is no question that the British colonial interests will do their best to prevent easing of tensions in the region. In 1995, *EIR* (March 10, pp. 43-47, and Oct. 13, *Special Report*, "New Terror International Targets South Asia") documented London's control over numbers of terrorists running amok in Pakistan. Only recently, the Pakistani newspaper *Frontier Post* reported that the British government is in fact supporting the violent Muttahida Quami Movement (MQM) group in the Pakistani province of Sindh, and in Karachi, the capital of the province, in particular. In an analysis which is remarkably similar to that of *EIR*'s, the *Frontier Post* states that the British support for terrorism is coordinated with Britain's economic warfare.

According to the *Frontier Post*, "MI6 was monitored supporting the MQM in a sustained manner; the MQM has been allowed to function in London and work openly and secretly for the establishment of 'Jinnapur'"—a separate state to be carved out of Karachi. This new state would be a "free port on the model of Hong Kong," set up to "enable London to shift British businesses from Hong Kong." More importantly, the free port would allow narcotics from Afghanistan and Central Asia to move westward, and would provide Britain ample opportunity to arm terrorists to operate freely in the Pakistan-Afghanistan-Central Asia region.

MQM terrorism is run by MI6 through MQM chief Altaf

Hussain, who has been in "self-exile" in London since 1991. Altaf Hussain orders up actions and operations of the MQM in Karachi through his associates. The Pakistan government has sought the extradition of Hussain, and British Minister of State for Foreign and Commonwealth Affairs Derek Fatchett, after promising Islamabad that Hussain was not "disqualified from the extradition," clarified on Feb. 11 that "due to a variety of reasons the Tony Blair government had taken a decision to extend Mr. Altaf Hussain's stay for an indefinite period."

Islamabad had demanded the extradition of Hussain following a report issued by Pakistan's civilian security service, which said that a bomb attack targetting Nawaz Sharif and his family in January was linked to MQM dissidents based in London.

### The Osama Bin Laden caper

On Feb. 12, the London-based Arabic newspaper *Al-Hayat*, citing unnamed "sources," reported that Fatchett, during his recent visit to Islamabad, has worked out a "deal between the Taliban and Islamabad and Britain, under which Britain pledges to curb the movement of Altaf Hussain." In return, the Taliban would control the notorious British-run terrorist Osama Bin Laden. *Al-Hayat* also said that London has agreed to allow the Taliban to open an

office in Britain.

There is no doubt that Britain has turned out to be a major player in the Bin Laden mystery. Exploiting Washington's obsession with this crippled terrorist, Britain is taking full control over Bin Laden while issuing statements that he has been offered asylum by other countries, including Iraq and Iran; both Baghdad and Tehran have denied this allegation. The objective of London, it seems, is to push Washington to carry out a military attack on Iran, and yet another on Iraq, allegedly to liquidate Bin Laden.

Washington has already made a spectacle of itself, when it attacked Afghanistan with missiles ostensibly to eliminate the dreaded terrorist. As of now, Bin Laden's whereabouts are unknown, and it is expected that he will remain in hiding till such time as a major terrorist incident occurs in the region. Such an incident may draw Washington out once more with its missiles and Stealth bombers.

### Exploiting new chinks

Meanwhile, the London *Independent* reported on Feb. 15 that the "Pakistani Christians," under the aegis of the Bishop of Lahore, have formed the Sipah-e-Masiyah group. The group is modelled after the Anjuman-e-Sipah-e-Sahaba, a terrorist Sunni Islamic organization which is involved in the killing of Shia Islamic intellectuals and Christians. In 1995, the Sahaba group's leader, Zia Rehman Farooqi, went on a month-long tour of Britain to recruit volunteers (see *EIR*, Oct. 13, 1995, *Special Report*). The group has now become a major terrorist outfit, along with Harkat-ul-Ansar, in Pakistan. It operates mainly in Punjab, and is involved in daily killings.

The *Independent* also reported that one "Christian terrorist," who identified himself as "Simon Mujahid," told the newspaper that the Christians have taken up arms in Pakistan and have infiltrated hard-line Islamic organizations. Some of these Christians have reportedly spent many months in the terrorist training camps in Afghanistan and Pakistan learning guerrilla warfare techniques.

"Simon Mujahid" also told the newspaper that he decided to take up arms to protect the community after Catholic Bishop John Joseph committed suicide last year in Faisalabad. Bishop Joseph acted to protest the sentencing of a Christian to death by the Pakistani court because he supported writer Salman Rushdie in the *Satanic Verses* controversy.

The Christian angle is also being exploited by British intelligence to rev up further trouble in India. Backed by the Council of Evangelical Alliance, which includes British churches, Asian Christians based in London are planning a massive prayer vigil in March outside the Indian High Commission in London. One newly formed group, the Alliance of Asian Christians, has announced that it is agitating to exert pressure on New Delhi to protect religious freedom in India.

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# The Australian role in the assault against President Clinton

by Allen Douglas

In a memorandum dated July 20, 1998 entitled “The Eagle Star Syndrome” (*EIR*, Aug. 7, 1998), American statesman Lyndon LaRouche surveyed the ruins of the once-mighty U.S. economy. Noting that particular leaders, like particular policies, come and go, but that the overall trend of U.S. political and economic affairs for the last three decades has been down, down, down, LaRouche asked, “Which is the active agency of power, which continues to lurk behind stage,” which has had the means to inflict this widespread suffering on America, as well as on other nations?

Since he and his associates had played a leading role in shaping global events during these recent decades of U.S. decline, LaRouche observed, they are in a unique position to answer that question: “Since the middle to late 1970s, we have possessed and reported, repeatedly and publicly, conclusive evidence of proof, that the North America-based agency most conspicuously arrayed behind all leading news media and other assaults against both Lyndon LaRouche and the tradition previously associated with President Franklin Delano Roosevelt, always was, and remains today, a circle of the Queen’s own British-American-Canadian (BAC) establishment, which had been brought together, earlier, as elements of London’s ‘Beaverbrook’ spy network of the 1938-1946 period.” That BAC establishment, later broadened from Canada to include the Commonwealth as a whole, is typified by private entities such as London’s Eagle Star corporation, which, among other things, controlled the fortune of the very dirty Bronfman family of Canada throughout the postwar period, and of the associated Permindex apparatus, the latter involved in both the assassination of President John F. Kennedy, and in numerous attempts against President Charles de Gaulle of France.

As *EIR* has documented, that same British-American-Commonwealth cabal has led the drive to oust President William Jefferson Clinton from office, by whatever means necessary. We examine here the careers of five Australians who have played leading roles in that effort, four of whom have taken up key positions in shaping U.S. domestic and foreign policy. Their influence has been so extraordinary, that one is forced to inquire, “How is it possible, that individuals from a seemingly isolated nation of only 18 million people, off in the southwest Pacific, could come to wield such power in the mighty United States?” The answer to that question, as well

as the explanation for their extraordinarily charmed careers, lies in their sponsoring agency: the BAC establishment. Indeed, throughout the postwar period, Australia has been known by another, related acronym, as one of “the ABC countries” (Australia, Britain, Canada), denoting the troika which dominates the 53-member Commonwealth, the new form of the British empire.

The five Australians, the first three of whom have taken up U.S. citizenship, are:

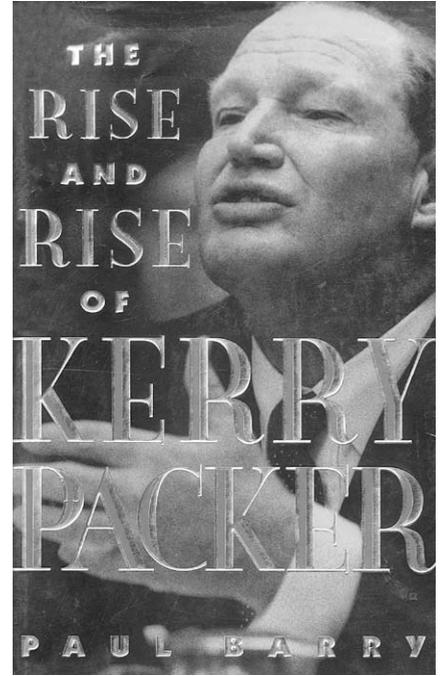
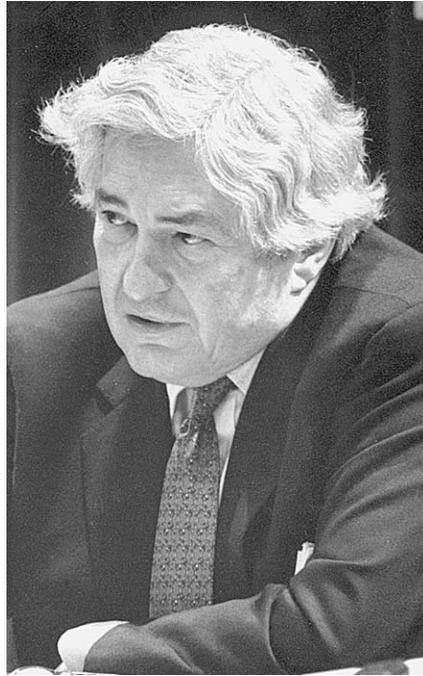
**Rupert Murdoch:** A mere Australian press baron a few years ago, Murdoch now controls one of the world’s most powerful media cartels, which includes America’s fourth major TV network and hundreds of U.S. newspapers and magazines, as well as influential media in the City of London, all of which relentlessly campaigned for the impeachment of President Clinton.

**James Wolfensohn:** Appointed in 1995 as president of the World Bank, Wolfensohn attained the leadership of this key globalist agency through aid of intense lobbying by his crony Vice President Al Gore, as British media reported at the time. He is now Gore’s chief co-conspirator in “anti-corruption” drives aimed at overthrowing nationalist governments such as that of Malaysia.

**Martin Indyk:** A radical Zionist, Indyk skyrocketed from a leading role in one of Australia’s intelligence services some years ago, to his present position of U.S. Assistant Secretary of State for Near East and South Asian Affairs, from which he now manages all U.S. policy for the extremely sensitive Middle East. He has crusaded against the Palestine Liberation Organization, and first enunciated the Clinton administration’s disastrous “dual containment” doctrine against both Iraq and Iran.

**Richard Butler:** As head of the United Nations Special Commission (UNSCOM) for Iraq, Butler issued a fraudulent report which served as the trigger for the most recent air strikes against Iraq, and to further weaken President Clinton during the impeachment process.

**Kerry Packer:** A multi-billionaire Australian press mogul who was named in an investigation by an Australian royal commission in the early 1980s as the “Mr. Big” of organized crime downunder, Packer, today, is Australia’s richest man and a horse-racing friend of the Queen, and, therefore, “untouchable.” While Packer has not assumed a U.S.-based posi-



Left to right: Rupert Murdoch, James Wolfensohn, and Kerry Packer—three of the key Australians who are working to destroy President Clinton and the power of the Presidency of the United States.

tion like the first four, his media cartel downunder crusaded to impeach President Clinton and has repeatedly attacked LaRouche and his Australian associates, while his business dealings illustrate the nature of the BAC cartel, and of such sanctimonious frauds as his longtime business partners: “anti-corruption” crusader Wolfensohn and Wolfensohn’s mentor, Canadian businessman and United Nations Undersecretary Maurice Strong.

As Strong’s own position as number-two man in Prince Philip’s global World Wildlife Fund (WWF, renamed the World Wide Fund for Nature) operations illustrates, the apex of the BAC cartel is the British Crown, for which these five work, against America, as well as against the sovereign interests of their own native country. Because, since the time the Crown’s fleets started dumping “convicts” on the Australian continent in the late 18th century—thousands of whom were in fact political prisoners of a fierce republican outlook—Australian politics has been a bitter struggle between those, such as the founders of the Australian Labor Party (ALP) in the 1890s, who wanted to establish an American-style republic on the continent, and the Anglophiles—such as the five named above—who looked to the City of London and the Crown as their lodestar, and who controlled the country’s banks and commodities and media cartels.

**Murdoch: a Beaverbrook protégé**

In January 1998, just as the name Monica Lewinsky burst into headlines all over the world, and it looked as if President Clinton might be forced from office within days, this news

service spoke to a well-placed source in the British establishment. Whereas much of the establishment expected Clinton to weather the attack, the source explained that “the owners of the big newspapers, like Murdoch and [Conrad] Black,” had a different view. “They have a really pathological dislike of Clinton, from both a personal and a political view. Murdoch and Black seem to be part of what Hillary Clinton is alluding to, when she speaks of a conspiracy against the President,” he said.

Indeed, Murdoch’s News Corporation Ltd., the seventh-largest media cartel in the world, with yearly revenues in 1997 of more than \$4 billion, not only regularly called for the President to resign or to be impeached; it even hired erstwhile Clinton adviser “Dirty Dick” Morris as a columnist for his *New York Post*, where Morris raged against the President, even offering to testify before the House, that he should be impeached.

Murdoch was born into the business of dirty tricks and propaganda for the BAC establishment, as the son of Australian press baron Sir Keith Murdoch, who, together with Kerry Packer’s father, Sir Frank Packer, dominated the Australian media from the 1930s until their sons took over for them in the 1960s. After some training in the family business in Sydney, young Rupert was sent to apprentice in London under BAC cabal organizer Lord Beaverbrook himself. There, Murdoch established the financial and political ties which, over the last decade, enabled the endless series of takeovers by which his Sydney-based News Corp. Ltd. has become a titan of the world media cartel. Murdoch today owns the London *Times*,

the BAC's flagship paper, and the working-class oriented, several-million circulation British tabloid, the *Sun*. In the United States, Murdoch owns the *New York Post*, the *Boston Herald*, and some 80 other newspapers and 11 magazines, as well as the Fox TV network, America's fourth-largest. He also owns *TV Guide*, America's largest-circulation magazine; HarperCollins publishing company; and a 20% stake in Reuters News Agency, the largest wire service in the world and the number-one news feed to U.S. media. Murdoch's own personal fortune is estimated at \$3.9 billion.

In addition to his crusade against Clinton, Murdoch has performed other jobs for the Crown. After 20 years of endorsing Conservative Party candidates, Murdoch's *Sun* suddenly backed "Third Way" New Labour lunatic Tony Blair for British Prime Minister, while his media have promoted the argument that Princess Diana's murder was merely a "drunk-driving accident." Murdoch has also helped sponsor the Crown's British Israelite movement in the United States, giving \$1.2 billion to British Israelite and anti-Clinton fanatic Pat Robertson for his International Family Entertainment Network.

While attacking Clinton in the United States, Murdoch allied with Al Gore's friends among the anti-Primakov "financial oligarchs" of Russia, notably in two media partnerships with Boris Berezovsky, a fanatical opponent of the government of Prime Minister Yevgeni Primakov.

Finally, back home, Murdoch's newspaper, the *Australian*, the country's only national daily, on Feb. 3 attacked the call for an end to the "unconstitutional coup d'état against President Clinton," which was circulated by LaRouche's associates downunder. It was signed by top trade union officials and by former members of the Gough Whitlam government, which had been sacked by the Queen's Governor General in 1975 for attempting to assert control over Australia's vast raw materials wealth, against Her Majesty's mineral wealth looters.

### **Wolfensohn: a royal lackey**

In May 1995, only days before he took up the post of president of the World Bank, Australian turned U.S. citizen James Wolfensohn was knighted by Queen Elizabeth for outstanding service to the British Crown. Wolfensohn's credentials as a royal lackey were most impressive: He had been a partner or founder of several private banks at the core of the Wall Street-City of London financial nexus; he was on the steering committee of the Bilderberg Club, founded by Prince Bernhard of the Netherlands, the co-founder of the World Wildlife Fund with Prince Philip; he had been the chairman of the finance committee of the Rockefeller Foundation, formerly headed by John J. McCloy, the "chairman of the U.S. Establishment" for much of the postwar period; and he had been, or was still, chairman of the board of several of the most important cultural institutions in the United States, including Princeton's Institute of Advanced Study, the Kennedy Center in Washington, D.C., and Carnegie Hall in New York.

Sir James, as he is now known, was born of a well-to-do British family, but raised in Australia. After attending Harvard, he became the protégé of Canadian businessman Maurice Strong, for decades the number-two man to Prince Philip at the WWF. Strong created an Australian subsidiary of the Power Corp. of Canada, of which he was then executive vice president, and installed Wolfensohn to run it. Through Strong's connections, Wolfensohn quickly moved into the highest circles of the City of London, those associated with another top courtier of the Crown, perhaps the single most powerful financier in the postwar City of London, Sir Sigmund Warburg. As Wolfensohn himself recorded in a 1997 book, *Singular Voices*, "That was at the beginning of the Eurodollar market, when Sigmund Warburg was dominating the international banking scene. Sigmund was a great friend and patron and an enormous influence on my life. . . . In a sense I was one of the founding fathers of the Eurodollar market and international markets. At the time it was only a small group of 20 or 30 people and we all knew each other. . . . Some of the other people involved were Jacob Rothschild. . . . My friendship with Jacob culminated many years later when we formed a bank in London."

The Eurodollar market, in which U.S. dollars fled offshore to British Commonwealth havens after President Richard Nixon took the dollar off gold in 1971, was a gigantic casino, as well as the world's largest drug-money laundromat.

Wolfensohn's ascension to World Bank president marked the acme of his career as a lackey to the royal family and its crusade against the nation-state. One of the "three pillars" of the international financial system established at Bretton Woods in 1944, which also include the International Monetary Fund and the General Agreement on Tariffs and Trade, the World Bank used to build huge infrastructure projects around the globe. Wolfensohn, however, has transformed the Bank, giving it a fanatical anti-development, anti-nation-state orientation. It is now the single largest funder of environmentalist projects in the world, and one of the world's largest funders of "population control" (i.e., genocide); it launched the anti-nation-state Transparency International organization; and it is a key proponent of the "new paganism" sponsored by Prince Philip, in Philip's Alliance of Religions and Conservation, with which the Bank has co-sponsored numerous conferences. Throughout all of this, Wolfensohn's closest adviser has been his old sponsor, now his official "senior adviser," Maurice Strong.

### **Indyk and the Zionists for Gore**

On Dec. 13, 1998, a handful of top U.S. officials gathered at the Hilton Hotel in Jerusalem, and, in secure video-link-up with another handful of officials in Washington, decided—without President Clinton present—upon a military strike against Iraq, a disastrous decision which bitterly alienated Russia and China, key potential U.S. allies for a New Bretton Woods financial system, and other nations. Among this elite

group, which included Principals Committee members Defense Secretary William Cohen, Secretary of State Madeleine Albright, Chairman of the Joint Chiefs of Staff Gen. Henry Shelton, and Al Gore's national security adviser Leon Fuerth, was Assistant Secretary of State for the Near East Martin Indyk, an Australian citizen until 1992. How did this man come to be in such an elite group, one plotting to install Al Gore as President of the United States?

Throughout his life, Indyk has been a hard-core Zionist, of a type which British intelligence has always sponsored, since well before the establishment of the state of Israel, to keep the Middle East in perpetual imbalance. Born in London, Indyk was raised in Sydney, and attended the posh North Shore Synagogue in his youth. His career path was already marked out by 1969, when he wrote his undergraduate honors thesis on "The Influence of AIPAC on U.S. Foreign Affairs." AIPAC is the American-Israeli Public Affairs Committee, the radical Zionist lobby in Washington, D.C., which had been frequently denounced by Israeli Prime Minister Yitzhak Rabin before his death, for its unrelenting efforts against the Middle East peace process.

After study in Israel in 1973 at Hebrew University, and, apparently, according to one source, served in the Israeli Defense Force, Indyk returned to take up his doctoral program in Australia. He wrote his doctorate, "The Power of the Weak — The Ability of Israel and Egypt to Resist the Policies of Their Superpower Patrons," under Steven Rosen, then based in Australia, but who has been a top official in AIPAC for the last 17 years. After teaching for a while, Indyk joined an Australian intelligence agency, the Office of National Assessment, where he was rapidly promoted, in 1978, to the position of Deputy Director of Current Intelligence. By 1982, former AIPAC chairman Larry Weinberg had recruited first Rosen, and then Indyk, to Washington to work for AIPAC, where Indyk helped set up AIPAC's "research department" — a euphemism for the "dirty tricks department," typified by the Anti-Defamation League's "Fact-Finding Division."

In 1985, AIPAC set up a more sophisticated, not so overtly Zionist front group, the Washington Institute for Near East Policy, with Indyk as its first executive director. WINEP quickly became a powerful force in Middle East policy in Washington, with such high-profile board members as former Secretaries of State George Shultz and Alexander Haig, and neo-conservative luminary and former UN Ambassador Jeane Kirkpatrick. The institute gave Indyk the connections which enabled him to penetrate the new Clinton administration, in which he became the top National Security Council official for the Middle East in January 1993.

Although Indyk was universally lauded for his brilliance in establishing WINEP, the real mover behind the think-tank, who provided the money and the connections, was the wife of former AIPAC chairman Larry Weinberg and a vice-president of AIPAC herself, Barbi Weinberg. As Indyk acknowledged in a speech shortly after he took up his National Security

Council job: "Most of you know well that Barbi was the founding mother of the Institute, its inspiration and guiding light for more than eight years. Without Barbi there would be no Washington Institute — it is as simple as that. And without Barbi, I would not be standing before you tonight as a spokesperson for the Clinton administration."

Indeed, not only was WINEP Indyk's launching pad, but Larry Weinberg had personally introduced Indyk to President Clinton. According to an Australian source well informed on Washington and Middle East affairs, "Clinton made a deal with AIPAC. It's as simple as that. He needed the votes, and he gave them control over Middle East foreign policy." Whether such a deal were in fact made, or not, Indyk regularly briefed Clinton on the Middle East, and then embarked on a meteoric career in the U.S. policy establishment on the Middle East, first with the National Security Council, then as U.S. Ambassador to Israel from the spring of 1995 until October 1997 (the first Jew ever to hold the position), and now as U.S. Assistant Secretary of State for Near Eastern Affairs.

Meanwhile, Indyk's old friend from WINEP, Dennis Ross, the former head of policy planning at the State Department under George Bush, soon joined him in overseeing the Clinton administration's Middle East policy, as the leading "shuttle diplomat" in the Arab-Israeli peace process, and as "senior counselor" to Secretary of State Albright. Indeed, so many WINEP operatives took up top positions at State, that former Secretary of State Warren Christopher told WINEP in a speech on May 21, 1996, "Sometimes I think that the State Department owes you a finder's fee."

Indyk's policies are entirely coherent with those of his lifelong backers in AIPAC, of AIPAC's own BAC sponsors, and of British intelligence's International Institute for Strategic Studies, of which he is a member. Until very recently, Indyk argued publicly for a Middle East peace "without the PLO" — exactly the same line as Israeli madman Ariel Sharon — and he was the first to enunciate the disastrous "dual containment policy" of aggressive pressure on Iraq and Iran via boycotts, UNSCOM, and so on.

### **Butler and the assault against Iraq**

The principal excuse for launching the insane attack against Iraq in December 1998 was the report issued by the recently resigned head of UNSCOM, Richard Butler. After years of repeated provocations against the Iraqis, including allowing UNSCOM to be used by the United States, Britain, and Israel for espionage, Butler in December issued a report claiming that Iraq had repeatedly rebuffed his inspection efforts. The report was denounced as a gigantic hoax even in the UN Security Council. Butler could cite only five inspections (out of 427!) in which the Iraqis allegedly refused to cooperate, and even these five incidents were highly questionable, such as the fact that the Iraqis requested that the number of inspectors for one site be limited to 10, instead of 30.

A lifelong specialist in Lord Bertrand Russell's "nuclear

non-proliferation” scam, Butler was appointed Australia’s first “Ambassador for Disarmament” in 1983 by Rhodes Scholar and radical free trader, Prime Minister Bob Hawke. Butler soon became one of the world’s top globalizers, helping to draft the Nuclear Non-Proliferation Treaty and the Comprehensive Nuclear Test Ban treaties at the UN. There, according to Australian sources, Gore and Albright drafted him to head UNSCOM, with Albright twice telephoning a reluctant Australian Prime Minister John Howard, first to secure the appointment, and then to get Australia to pay his salary.

### **Packer, the ‘goanna’**

In January 1998, as the BAC press cartel was making Monica Lewinsky a household name, Australia’s leading weekly magazine, Kerry Packer’s *Bulletin*, triumphantly announced on its cover, “The Clinton Presidency: Over and Out.” With Murdoch as his sometime partner, Packer dominates the Australian media, has a personal fortune of more than \$4 billion, and is often seen with the Queen in her box at the Royal Ascot Races.

However, Packer’s star has not always shined so brightly. In the early 1980s, the Costigan Royal Commission investigated Packer for possible involvement in pornography, tax evasion, drugs, corporate fraud, money laundering, and murder. Royal Commissioner Frank Costigan gave Packer the codename of “goanna,” after an Australian lizard, a sobriquet by which he soon became notorious in Australia. As Costigan’s chief assistant, Doug Meagher, was reported to have said about Packer, “He’s a prominent criminal and myself and the Commissioner intend to destroy him.” Packer was never charged with anything, perhaps because the Costigan Commission was suddenly shut down in 1983 by incoming Prime Minister Hawke, who proclaimed Packer to be a “great Australian”—and a “close personal friend.”

Although no charges were ever brought against Packer for drugs, tax evasion, or money laundering, a *Sunday Age* investigative team travelled around the world in 1991 looking at Packer’s empire, and found it to be most curious, because it was all based on *cash*. For instance, reported the *Sunday Age* on Sept. 8, the “single biggest trading item” of Packer’s empire “is money itself. Documents . . . show the company bought and sold currency to the value of \$5.2 billion during a six-month period in 1986-87. Packer’s empire is a massive cash box, with vast sums of readily available funds flowing between companies. Conspress [a Packer company] uses a variety of tax havens, but principally channels money to the Bahamas-based Consolidated Press International Holdings. Its directors are Packer, his man in Hong Kong, Chris Mackenzie, and James Wolfensohn.” Indeed, World Bank boss Sir James was much more than just Packer’s partner. A recent favorable biography, *The Rise and Rise of Kerry Packer*, cited Wolfensohn as “the man who had guided him [Packer] and his father since the early 1960s; he had never made a major move without consulting this financial wizard.”

## **Red-green coalition falls in Hesse election**

by Rainer Apel

When the German government coalition of the Social Democrats (SPD) and Greens celebrated their first 100 days in office during the first week of February, numerous crises had already occurred, some of which came close to threatening the cohesion of the coalition—such as the Green push for an immediate “exit” from nuclear technology. But the worst crisis came on Feb. 7, the day elections were held for state parliament in Hesse. There, the Greens lost one-third of their vote, as compared to the elections in 1995, and although the SPD gained 1.4% in the final count, the combined voter percentages did not suffice to allow a continuation of the “red-green” government coalition in that state. The state will now be governed by a government led by the opposition Christian Democrats (CDU), which gained 4.2%, as compared to four years ago.

This is not only a setback, such as occurs regularly on the level of state elections, in the intervals between national elections. It is not just another example of the pattern of anti-government votes that develops shortly after national elections. The state of Hesse is something very special for the Greens: It has been their stronghold for the past 20 years. Their strength lies not just in the larger cities, such as Frankfurt, Darmstadt, or Wiesbaden, but also in the rural districts, because of the dense network they have built there, capitalizing on broader protest movements against public and private sector infrastructure projects, such as the expansion of the international airport in Frankfurt. The fact that on Feb. 7, the Greens were still able to claim 14% of the total in the big urban districts of Frankfurt and Darmstadt, contrasts with their massive losses in the rural districts, so that their state average was 7.2%.

### **Green losses on three fronts**

The Greens lost on three fronts: 1) young first-time voters are concerned about finding jobs, rather than sharing greenie concerns about the alleged dangers of nuclear power, and preferred to vote for other parties, mostly the Christian Democrats; 2) a massive migration of voters from the Greens to the Social Democrats occurred, basically for the same reason. Entire families that had voted Green in recent years, this time voted in solidarity with the bread-winner, whose job in the industry and nuclear power facilities was threatened by the



*Green party leader and German Foreign Minister Joschka Fischer. The national coalition government between the Social Democrats and the Greens is looking shaky, after the smashing election defeat of the "red-green" alliance in the state of Hesse.*

red-green coalitions in Hesse and on the national level; 3) abstention or boycott on the part of those greenies so immersed in the political underground of rock music, drugs, and hedonism, that they are disgruntled by the fact that some leading Greenies are trying to look like mainstream politicians, ever since they entered the national government. This current is now taking revenge against the "new mainstream" of Green politics, with the ouster of the entire party executive of the state section of the Greens in Hesse, after the elections. The Green party faces an internal problem, that could blow it apart.

The Greens have that problem not only in Hesse, but also in the three remaining state government coalitions it shares with the SPD: in Schleswig-Holstein, Hamburg, and North Rhine-Westphalia. The internal tensions of the Greens, which correspond to similar tensions between the pro-labor and the pro-ecology wings of the SPD, have led to a deep paralysis of the governments in those three states, as they did in Hesse, before the elections on Feb. 7. With mass unemployment simply not going away and no economic recovery in sight, pressure has been building among the labor unions, and through their traditionally strong links with the Social Democrats, to unfreeze some of the bigger public sector infrastructure projects, in order to create at least some new jobs. This, however, has created immense conflicts inside the red-green state governments, up to the point that a coalition collapse became possible several times last year.

The election disaster for Greens in Hesse, through the cross-over of 75,000 disillusioned votes from the Greens to the Social Democrats, is strengthening the camp of those that are for labor, at the expense of the ecologists, inside

the SPD. In Hesse, they want to push ahead with the enlargement of the Frankfurt airport, build new highways, and keep the nuclear power plant in Biblis. If the new CDU-led government goes for these projects, the SPD pro-labor current will back it. This amounts to a Grand Coalition between CDU and SPD on issues, which will also develop in the three other states that are still run by red-green coalitions: In Schleswig-Holstein and Hamburg, the issues include the deepening of the riverbed of the Elbe, to make it navigable for bigger vessels; the construction of a fourth auto tunnel under the Elbe, to get long-distance traffic, particularly heavy trucks going between northern Germany and the Scandinavian countries, off the congested roads of the city of Hamburg; the construction of the A-20 highway from Lübeck to Szczecin, Poland, which will run parallel to the Baltic Sea coast; and, most of all, the building of the first maglev train connection between Hamburg and Berlin, which more and more Social Democrats in northern Germany have come to support in recent months.

### **Looking to the future**

The Hesse election is the first of 17 in Germany this year: municipal elections in 9 of the 16 German states; elections for state parliament in five states; and the elections for European Parliament in mid-June. All of these elections can be expected to bring new disasters for the Greens, further undermining the national coalition in Bonn. And these elections are only the scheduled ones; it cannot be ruled out that against the background of a deepening economic depression and the social and political turbulence that comes along with it, early elections may be held in some other states, before the end of the year.

The crucial case will be North Rhine-Westphalia (NRW), where state parliamentary elections are on schedule for May 2000, but where tensions between SPD and Greens have repeatedly brought the red-green coalition government there close to breakup. With reference to the anti-Green trend in Hesse, N.R.W. Gov. Wolfgang Clement may feel tempted to quit the pact with the Greens in his state, go for early elections, and try to keep the SPD in power—either alone, with an absolute majority at the expense of the Green vote, or in a Grand Coalition with the CDU. Motivated by the idea of escaping the fate of Hesse Gov. Hans Eichel (SPD), who lost his government because of the Green disaster, Clement may thus give the final blow to the red-green national government of Chancellor Gerhard Schröder in Bonn. North Rhine-Westphalia, the biggest state in Germany, is home to more than 20% of the SPD national constituency.

If Schröder were clever, he would not wait for Clement to move that way, but would move himself, and quit the unsavory pact with the Greens in Bonn. After all, he cannot be sure to survive another 100 days in office, if developments keep going the way they have in the last few weeks.

# Wars in Africa: the final stage of globalization

by Uwe Friesecke

*The following speech was delivered to the Schiller Institute President's Day conference, on Feb. 14, 1999, in Reston, Virginia.*

Sometimes the truth about current history is strikingly revealed when events of past decades come to public light. Such is the case with the ongoing policy of the West vis-à-vis Africa.

The *Times* of London on Jan. 7 of this year published a report under the headline, "Monty Saw Africans as 'Complete Savages,' Secret Documents Reveal Grand Imperial Design." In 1948, Viscount Montgomery of Alamein, then Chief of the British Imperial General Staff, toured 12 African states. Afterwards he wrote a secret report to the British government, of which only ten copies were prepared, advocating a master-plan to develop Africa with its vast resources of labor, minerals, and food to ensure the survival of Great Britain. In this report, Montgomery dismisses the African as a "complete savage" who is "quite incapable of developing the country himself."

As the London *Times* editorial from Jan. 8 of this year assures us, this is the essence of British Africa policy orientation still today. They write: "That bluntly contemptuous and, to modern eyes, blatantly racist, verdict on the capacity of Africans for self-government, delivered 50 years ago by a British Chief of the Imperial General Staff, long dead, but only now made public, should in the normal course of history have no more than curiosity value in 1999. Yet so badly have Africans in fact ruled themselves that, were Monty alive today, he might be claiming that he saw the future more clearly than the decolonizers who were to pull Britain out of Africa as precipitately as it had scrambled in the 1890s to get in. . . . He demanded a permanent intensive British engagement in Africa, dictated not by altruism but by ambitions to build Britain's, not Africa's, prosperity. Had Monty won, Britain would have imposed an indefensible, and unsustainable, version of apartheid. Britain could have ruled Africa better and left it better. But the sobering fact remains that Africans today are poorer than they were when Monty sought to make of the socialist [Clement] Attlee an improbable second Cecil Rhodes."

This report by Montgomery, and the London *Times's*

comments, reveal the truth about the inner thinking of the British establishment about Africa and Africans. These are the convictions of the British royal family. And it was the guiding principle of Britain's Africa policy for the last 50 years, including under Labour governments such as the current one of Tony Blair. Because, as the London *Times* writes, the proposal of Montgomery in 1948 was not rejected by the Attlee government on moral grounds, but simply as impractical. "The then colonial secretary rejected his plans not on moral grounds but because he thought Africa too poor to be worth a 'great expense of money and effort.' "

## Today's British Empire

The plain truth of the matter is, British Africa policy all along to this day is guided by a deep racist contempt for Her Majesty's subjects of black or colored skins. The African continent counts not because of its people, but because of its mineral and agricultural raw materials. It is obviously no longer the British Empire of the 19th century, which Britain tries to preserve, but the British Commonwealth, the new imperial entity which needs to exploit Africa's wealth. The direct rule of the British colonial empire was unsustainable after World War II, so Britain shifted to proven methods of indirect rule, corrupting existing elites, using outright puppets, and manipulating conflicts for the purpose of divide and rule. These are the methods that we are seeing at work today in Africa's endless suffering. While wars of unspeakable barbarity are raging in all parts of Africa, the business entities of the British Commonwealth are prospering on the loot of diamonds, minerals, and petroleum.

Since the middle of the 1990s, we have seen in this looting of Africa a new phase of globalization. The structures of states and nations are being destroyed and abandoned because they are too much of a cost-factor. Instead, power is exercised directly through warlords and mercenaries. The social institutions of entire areas such as Central Africa are disintegrating, and multinational companies are trying to make their deals, especially for raw materials extraction, with the dominant warlord of the region. Or, as in the case of Britain's favored villain in Africa, Uganda's dictator Yoweri Museveni, they equip him with the means to go and occupy new territory suitable for looting.

## **‘Immense possibilities for development’**

Montgomery was right in one thing. He was impressed with “the immense possibilities that exist in British Africa for development.” The implications of this are, and have always been, the key strategic issue for Africa’s position in the post-World War II world, which unfortunately, most of the African leaders to the present day refuse to face. The material wealth of the continent, the huge energy resources, the most favorable climate for abundant food production in large parts of the continent, and the people, give African nations the potential to become economic powerhouses, if a political leadership would come together to realize it.

This defines the historical nightmare for the British oligarchy. After they lost the North American colonies at the end of the 18th century, and India in the middle of the 20th century, in their view, the loss of Africa must not happen. Therefore, the most effective way of eliminating African nations as potentially independent powerful factors in world politics is to send them into wars against each other. If enough Africans kill each other in fratricidal wars and endless orgies of violent revenge and counter-revenge, such as is currently happening in the Great Lakes region and in Angola most prominently, the imperial order of the British Commonwealth can be preserved. To use an expression of Bertrand Russell, this method of imperial geopolitics may be disgusting, but it is effective.

Before turning to today’s wars in Africa, let me quote to you some more passages from Montgomery’s report, because you need this as a political weapon. Whoever follows British Africa policy — such as Susan Rice at the U.S. State Department, officials and former officials of the Pentagon, or members of the “Black Caucasians,” as our friend Godfrey Binaisa [the former President of Uganda] calls those traitors to the black man’s cause in the U.S. Congress — no longer has any excuse that he did not know what he was supporting. Already 50 years ago, Montgomery clearly stated Britain’s racist view of the African people.

In November-December 1947, Montgomery took a tour of the following territories: French Morocco, The Gambia, Gold Coast, Nigeria, Belgian Congo, Union of South Africa, Southern Rhodesia, Kenya, Ethiopia, Sudan, and Egypt.

Under the heading “Development in Africa,” he writes: “It is impossible to tour Africa without being impressed with the following points:

“a. the immense possibilities that exist in British Africa for development.

“b. the use to which such development could be put to enable Great Britain to maintain her standard of living, and to survive.

“c. the lack of any ‘Grand Design’ for the development of British Africa and consequently the lack of a master plan in any Colony.

“d. because of a lack of a grand design, and master plans, no real progress is being made.”

Montgomery was impressed with the wealth of the conti-

ment, and says: “These lands contain everything we need. Minerals, Raw Materials, Labour: These exist in almost unlimited quantities.

“Food: can be grown to any extent desired.

“Power: can be developed economically, since coal is unlimited and can be obtained very cheaply. The market is the Commonwealth and Empire. And the market exists especially in the United Kingdom.”

Montgomery demands in the first stage to establish three “federal systems,” in Central Africa, East Africa, and West Africa. The second stage should be a linkup between the Union and the British Central African Federation. After this, the third stage should involve much closer cooperation between the British territories and those owned by the other Western powers. But Monty does not forget the Americans, and says: “And generally we should welcome U.S.A. assistance, capital, and capital goods.”

What an affront to Franklin Roosevelt’s plans for the post-war period! What an insult to the American tradition of President Lincoln! And yet, too many Americans in influential positions are stubbornly following the British lead in Africa.

Britain’s World War II hero Montgomery displays a most blatant racism when he argues against his critics: “There will be many people in the U.K. who will oppose such a plan on the grounds that the African will suffer in the process; there is no reason whatever why he should suffer; and in any case he is a complete savage and is quite incapable of developing the country himself. The analogy of India would seem to apply; we developed India because the Indians were quite incapable of doing so; we benefitted ourselves greatly thereby; we finally handed it over to the Indians themselves. In the development of Africa we must adventure courageously, as did Cecil Rhodes. We must face up [to] the problems now. The plain truth is that these lands must be developed in order that Britain may survive.”

## **Wars and unspeakable suffering**

Today, Africa is being devastated by numerous military conflicts, some of which have escalated into full-scale conventional warfare. Whoever spoke of the imminent African renaissance is now confronted with the fright about Africa’s descent into chaos and unspeakable human suffering, to which apparently no end is in sight. African people are fighting each other mercilessly, such as in Angola, Congo-Brazzaville, Rwanda, and Burundi. Neighbors who were allies yesterday begin full-scale warfare against each other today, such as Eritrea and Ethiopia. So-called revolutionary movements are ripping countries such as Sierra Leone apart, and threatening the stability of all of West Africa. Senegal faces a revolt in its southern districts. Nigeria is being shaken by violent clashes among different ethnic groups in the Niger delta. Southern Sudan and northern Uganda are the sites of a more than decades-long war between Sudanese government forces and the Uganda-backed forces of John Garang’s Sudanese

People's Liberation Army. The population of northern Uganda is also victim to the most brutal military oppression by its own government. Somalia, where the international community at the beginning of the 1990s abandoned about 1 million people to starve to death, has since fallen apart as a country. And finally, the second-largest country of Africa, the Congo, is the theater of a conventional war with thousands of regular troops from altogether nine different countries deployed: Angola, Namibia, Zimbabwe, Chad, and the Central African Republic on the side of Laurent Kabila's government, against the invading forces of troops from Uganda, Rwanda, and Burundi, and the so-called rebels against Kabila.

So, in reality, Central Africa is burning, from Angola in the south to Sudan and Eritrea in the north, and from Cabinda [in Angola] and Congo-Brazzaville in the west to Rwanda and Burundi in the east, with the threat of more countries being drawn into the conflict.

In view of these facts, how can anybody assert, that Africa is advancing? How can anybody claim, that a new generation of more effective leaders is moving Africa forward toward "free markets," "democracy," and respect for "human rights"? This is the utmost cynicism.

At the recent World Economic Forum in Davos, Switzerland, South African President Nelson Mandela gave his farewell address, about his hope for the future of Africa. According to press reports, the assembled businessmen and financiers were deeply moved. These lackeys of the international oligarchy are the biggest hypocrites. Because their Commonwealth raw materials companies are the largest beneficiaries of Africa's conflicts. Some of their companies are paying the mercenaries and weapons traders directly that help foment the wars.

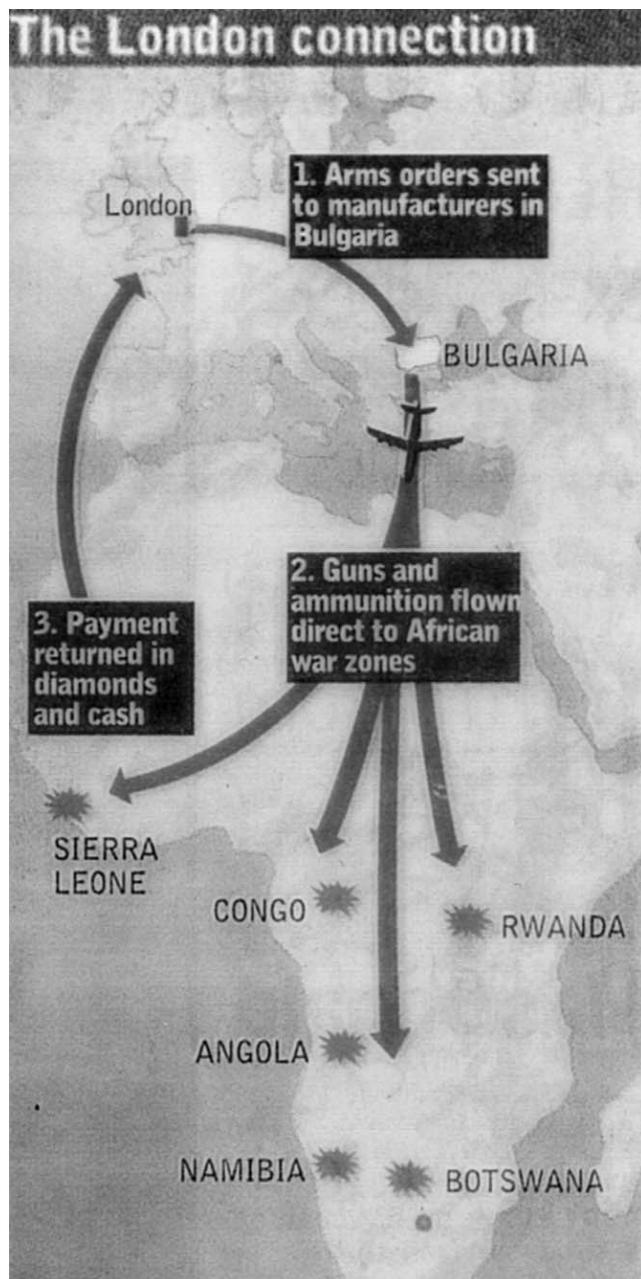
### Africa was robbed twice

Africa's wars painfully remind us that the continent was robbed twice of a unique historical chance in this decade.

First, after the end of the Cold War in 1990 and 1991, not a single dollar more was spent by the Western countries to help Africa in its economic development. Rather, the opposite was the case. The International Monetary Fund (IMF) increased its demand for more austerity and more stringent Structural Adjustment Programs. In many countries, this ripped apart the social fabric and laid the basis for violent conflicts.

Second, the peace dividend of the end of apartheid in South Africa in 1994 still needs to be paid to the rest of the continent. So far, the South African Commonwealth companies, such as Anglo American Corp. and its shareholders, benefitted from it, rather than any country to the north of South Africa.

The truth about the heart of Africa is, that over the last 10 years, between 5 to 6 million people have perished as victims of warfare. Politics in Europe and in the United States is ignoring this disaster, which is nothing less than full-scale genocide. The public in our countries has lost almost all pas-



The London Observer depicts the weapons-trafficking of a British company, Air Atlantic Cargo.

sion for the endless suffering of our African brothers and sisters. The hearts of our fellow citizens have turned into stones, when it comes to Africa. Otherwise, long ago, we would have had an outcry against the injustices that the policy of our governments are inflicting with impunity upon the people of Africa.

Today's wars in Africa are, first of all, caused by decades of economic devastation through the IMF-World Bank policies of brutal Structural Adjustment Programs. This policy meant that debt payments to the international creditors

come first, and people last—if at all. This has destroyed the economies of many countries, and devastated the standard of living for the vast majority of the people in most of the countries.

Second, parallel to former British Prime Minister Margaret Thatcher's and former President George Bush's first war against Iraq, Britain's favorite villain in Africa, Yoweri Museveni, was more than encouraged to invade Rwanda in October 1990 and start a series of war campaigns, which would kill three Presidents of Rwanda and Burundi, unleash a genocide against both Tutsi and Hutu in the region, bring the fanatical Tutsi extremist Paul Kagame to power in Kigali in August 1994, bring Kabila to power in Kinshasa in May 1997, and start a new war in August 1998 to now remove the same Kabila from power in Kinshasa.

This latest round of warfare met the unexpected resistance of Congo's neighbors Angola, Namibia, and Zimbabwe, and blocked the advance of the Uganda-backed rebel forces for the time being. But, it also reactivated the bloody civil war between the Popular Movement for the Liberation of Angola (MPLA)-led government and Jonas Savimbi's National Union for the Total Independence of Angola (UNITA) forces, and thereby led to a war of attrition, where the countries involved bled each other to death.

Furthermore, Museveni was used to back the forces of Garang in southern Sudan against the Khartoum government to destroy the possibility for peace, which the Sudanese government had created in 1997. Unfortunately, this British policy has been underwritten by Madame Albright and Susan Rice at the U.S. State Department, and by other officials at the U.S. Pentagon.

Third, once the conditions for war have emerged, British-organized mercenaries and weapons traders, with the cooperation of Israeli and U.S. networks, come in to supply often both sides of the conflict. This map of the "London Connection" (p. 53) refers to a British company, Air Atlantic Cargo, with offices in Kent. Planes of this company have been seen unloading weapons for UNITA in Angola, and for both sides of the war in Congo. Other British companies that have been reported as supplying weapons to rebels in Sierra Leone, are Sky Air Cargo and Occidental Airlines.

During the 1990s, a number of mercenary companies were set up to carry out operations in Africa. Sandline International was organized by one Tim Spicer, who served as a British officer in the Malvinas war in 1982 and the Kuwait war in 1991. He then became the spokesman during the Bosnia war for UN Protection Forces chief Gen. Sir Michael Rose, before he moved to Sandline. Sandline has its office in London's King's Road in Chelsea. Another British company is Defence Services Ltd. (DSL), organized by Alistair Morrison, a former British Special Air Services member. Another London-based company is Saladin Security. Executive Outcomes is a joint South African-British company that became infamous in Angola and Sierra Leone. And finally, there is Military Professional Resources Ltd., based in Alexandria, Virginia.

## The case of Angola

Angola is one of the most tragic cases among those wars in Africa. It is one of the richest countries of the continent, with oil reserves possibly larger than those of Nigeria, 11% of the world diamond reserves, and abundant agricultural potential. But all this wealth is being wasted in a never-ending fratricidal war. For three years, there was hope that peace would eventually prevail. After the 1991 peace accord had broken down during and following elections in October 1992, the country was, until the end of 1994, plunged into the most devastating war between Savimbi's UNITA and the government of José Eduardo Dos Santos' MPLA. About 100,000 people died.

In May 1993, the Clinton administration recognized the MPLA government and put its weight behind the peace process. In November 1994, a new peace deal was signed in Lusaka, Zambia's capital. The United Nations deployed a 7,000-man peacekeeping force. Savimbi and Dos Santos reaffirmed the deal in a personal meeting in May 1995, where they declared: "Never again war. We will prove the skeptics wrong!" It took until April 1997 to form a government of national unity, but Savimbi refused to come to Luanda to be part of the government for fear of his safety. At the beginning of 1998, the Clinton administration engaged in efforts to pressure both sides for the full implementation of the peace accord, but in vain. Clinton could not follow through on it because of his troubles at home, and in August, Museveni's new war set off a dynamic in the region which thoroughly destroyed all options for peace. Also, in the summer, the capable UN mediator Alioune Blondin Beye of Mali was killed in a plane crash. By September 1998, the government declared the coalition with UNITA and the 1995 peace accords ended. In the meantime, war is fully back on.

Angola is the clearest case where the gigantic wealth of the country is being used with the complicity of the West to finance the war. UNITA has access to about \$400 million worth of diamonds a year, which they are selling directly to De Beers or smuggling to the market in Antwerp. (This used to be done through Mobutu in Zaire.) This money finances UNITA's war budget. It pays for the most modern weapons and mercenaries. According to various press reports, UNITA, right now, is operating advanced artillery with Ukrainian mercenaries. The MPLA government, on the other side, earns \$4.5 billion from petroleum exports every year. Right now, Angola produces 800,000 barrels a day. The American firm Chevron and the French Elf-Aquitaine are the largest producers in Angola. More than half the production goes for the American market. One-third of Angola's export earnings is used by the government to buy weapons. Angola is the biggest importer of weapons in Africa. In 1993-94 alone, the government bought \$3.5 billion worth of weapons.

The war goes on, but the fighting has no effect on the extraction of oil or diamonds for the global market, which truly is another "triumph for the free market and globalization." In the meantime, there is no hope for the population,

who continue to live in ever-worsening poverty.

Where, then, is there any hope that this cycle of wars can be broken and stopped?

These wars will not be stopped by Africans themselves. This would be a dangerous illusion far from reality. Some Africans are certainly complicit culprits in these wars, but their actions are not the causes of the continuing warfare. The cause of Africa's destruction is the combination of Western imperial economic policy of the IMF, and the related geopolitical manipulation of conflicts. The wars in Africa originate from the power-structure of the British-American-Commonwealth empire faction in today's world. This structure has to be destroyed.

And who can do it?

First and foremost, the American people, if they mobilize America's spirit of 1776. Then America can emerge, along with the new strategic alliance around China, Russia, and India, as the most important power in the world to shift the

strategic policy orientation.

How can you get lasting peace and reconciliation between men like Dos Santos and Savimbi, who both have their justified suspicions against each other? You need a power with moral authority, to create a strategic framework in which the policy dynamic is shifted toward peace and development rather than war and destruction.

As long as we allow London to say, as did Montgomery, "Africa has everything we need," there will be wars in Africa. At last the world must say: "Africa has everything that its nations need for their prosperous development." For this we must create the strategic framework of a new, just economic world order to replace the structures of globalization.

For this, Lyndon LaRouche's proposal for a New Bretton Woods system must become U.S. government policy. If the American people are truthful to their own history, and serious about the fate of Africa, the home of many of their ancestors, they will fight for this.

## Blair is acting like Hitler, says historian

What Prime Minister Tony Blair is now doing in Britain, is like what Adolf Hitler did in Germany in the 1930s, British historian Lord Max Beloff wrote in the Feb. 9 London *Times*. Beloff's article was headlined, "Third Way, or Reich?" with the kicker, "Tony Blair's Style of Government Is Chillingly Reminiscent of Germany in the Thirties."

Beloff wrote: "The advent of new Labour has produced a steady stream of books explaining its victory in terms of the personalities involved, and the strategems they employed. Since they are unlikely to contain much that is new, they make boring reading. Even less useful are the efforts of Downing Street's tame sociologists to give some meaning to the empty concept of the 'Third Way.' One does better reading books that add to one's general understanding of politics. High on the list should be the first volume of Professor Ian Kershaw's magisterial biography, *Hitler*.

"The tale he has to tell is chilling—the violence involved in Hitler's march to power was the prelude to the much greater violence which will feature in the second volume. Yet if one excludes the political violence and racism of Nazism, which one must, there are still telling parallels between then and now. The similarities between Adolf Hitler and Tony Blair's path to power are hard to dismiss.

"Ian Kershaw explains how Hitler rose to power, and then having achieved office, he led the Nazi Party to com-

plete domination in every aspect of German life. It is that second aspect of the story which is particularly helpful in explaining the unfolding agenda of new Labour."

Beloff noted that Hitler's dictatorship was achieved in a system of universal suffrage. To obtain power, they co-opted dupes to their side, "to push through the constitutional changes which then entrenched their own dominance." So, Blair's new Labour "has followed the Führer in using dispensable allies to lend its project (of assaulting Britain's historic constitution) an extra legitimacy. . . . The use of political figures from other parties to camouflage new Labour's purposes is directly reminiscent of Hitler's tactics."

Beloff drew a number of parallels between the Nazis and new Labour today, such as the prominent role of party "Gauleiters" in carrying out national policies, and the creation of "Mr. Blair's own Albert Speers and Leni Riefenstahls" in the House of Lords, who are like those who populated Hitler's "court," to popularize his regime.

According to Beloff: "It is not clear where the constitutional ambitions of Mr. Blair and his coterie stop. Hitler became Führer—the sole embodiment of the German state. We still have a monarchy. But the blow to the hereditary principle in the Lords has revived Labour republicanism. It is not yet clear if Mr. Blair wants to include the Royal Family in his 'project,' or if he wants to present himself and his family as a kind of ersatz royalty."

In conclusion, Beloff accused Blair of a project to "create the illusion that Europe belongs to him," seeking a domination of Europe without Hitler's Wehrmacht. This last point is an interesting departure from the usual British propaganda, that Germany is the new "Fourth Reich," seeking to dominate Europe.—*Mark Burdman*

# International Intelligence

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## ***French analyst: 'Europe has a duty toward Russia'***

Alexander Adler wrote a dramatic editorial in the French weekly publication *Le Courier International* in mid-February, painting a tragic picture of the Russian situation, "a country forsaken by God, staggering into the 21st century with its small Belarussian, Armenian, Tajik and Serb allies, losing its blood drop by drop." The West is doing nothing, or almost nothing, to help Russia, said Adler, because "Russia, contrary to the Islamists, no longer provokes fear. Therefore, we do not respect it." But "Europe has a duty toward Russia, a mission to accomplish, lives to save, a hope to revive," he insisted. "Let us take hold therefore of the small Primakov miracle and use it to negotiate a true alliance with this people who are so close to us, in order to come out of the crisis. Because the daily comedy should not make us forget the imminence of a tragedy, which is human before being geopolitical. To the contrary, the systematic organization of a renaissance for Russia would be, for our aging Europe, a well-ordered charity: This is, after all, an authentic frontier for our civilization, which could support our economic growth during a good century."

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## ***Vatican may return nunciature to Beijing***

Vatican Secretary of State Angelo Sodano said that the Vatican would move its embassy from Taipei to Beijing, if the Chinese government allowed it, according to a report in the Feb. 13 *South China Morning Post*. Sodano said that moving the nunciature would not mean breaking relations with Taiwan. "The Taipei nunciature is the nunciature in China," Cardinal Sodano said at a reception at the Italian Embassy at the Vatican marking the 70th anniversary of the Lateran accords between Italy and the Vatican. The Church would move its embassy back to Beijing, "not tomorrow, but this evening if the communist authorities permitted," he said. "Before, the nunciature was in Beijing, from where the nuncio was forced out, first to Nanjing, then Hong Kong and finally Tai-

wan," after the communists took power in 1949. The Vatican is the only European state to recognize Taipei.

Cardinal Sodano expressed his appreciation to the Italian authorities for always raising the question of religious freedom in their contacts with Beijing, and urged Prime Minister Massimo d'Alema, who was at the reception, to do the same when President Jiang Zemin visits Italy in March. "The Catholics on the mainland are faithful citizens of the state like all the rest, therefore the idea of broad religious freedom should advance," Cardinal Sodano said.

In a related development, Shanghai's Bishop Aloysius Jin Luxian said that the Vatican had opened a dialogue with Beijing on appointing a representative to China. In an interview with the Italian monthly *30 Giorni*, he said, "We are praying for a full understanding in the near future that would lead to a joint declaration and the establishment of a papal nuncio in Beijing rather than Taiwan." He added that Bishop Coadjutor of Hong Kong, Joseph Zen, was "making every effort" to arrange for the Pope's visit to Hong Kong, where he would announce the results of the synod held on April 12-May 14. Due to Chinese travel restrictions, "It may be difficult for us to travel to Hong Kong to see the Pontiff," the Bishop said.

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## ***Drug conference sounds alarm on amphetamines***

A two-day Asian Drug Law Enforcement Conference sponsored by Japan and the UN Office for Drug Control and Crime Prevention opened in Tokyo on Feb. 2 with a speech by UN anti-narcotics chief Pino Arlacchi, who said that amphetamine manufacture, trafficking, and abuse have outpaced both heroin and cocaine in the 1990s. Tokyo has vowed to contribute \$1.8 million to support deployment of 200 "liaison officers" from participating conference nations (Cambodia, China, Laos, Myanmar, Thailand, and Vietnam) to block drug smuggling in border areas.

Arlacchi underlined that Japan itself is the biggest amphetamine market in the region, with an estimated 1.1-3.3 million abus-

ers. Japanese police seized 549 kg of amphetamines last year, up 219% from the previous year. Arlacchi cited progress in eradicating opium crops in Turkey, Thailand, Pakistan, Vietnam, and Laos, while looking for political commitment from Myanmar and Afghanistan to move to eradication.

Earlier, on Jan. 12, Thailand and Myanmar held their second bilateral anti-drug meeting, also sponsored by the UN Drug Control Program. Shortly before they had made a successful raid on a warehouse in Tachilek, in the heart of the Golden Triangle opium zone, in which 400,000 amphetamine tablets and precursor chemicals were seized, leading to the arrest of a Taiwanese woman.

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## ***Hun Sen visit to China seals strong relations***

Cambodia's Prime Minister Samdech Hun Sen made his first state visit to China as sole Prime Minister on Feb. 9-12. Hun Sen went directly into a meeting with Premier Zhu Rongji upon his arrival on Feb. 9, during which meeting five cooperative and financial assistance deals were signed, including an extradition treaty, cooperative agreements on economics, tourism, and culture, and a framework for discount loans to Cambodia from China, according to Xinhua. On Feb. 10, he met President Jiang Zemin, and then traveled to Kunming in the Mekong River development zone on Feb. 11.

Xinhua news agency quoted President Jiang as telling Hun Sen: "It is pleasing that the new parliament and government have been formed in the spirit of national reconciliation and unity. . . . We are fully confident of a bright future in bilateral relations."

The Chinese also reaffirmed their stance that any trial of the Khmer Rouge is an internal Cambodian issue. During a three-day visit to Thailand at the beginning of February, Chinese Foreign Minister Tang Jiaxuan stressed: "How to deal with Khmer Rouge matters should be decided upon by the Cambodian government and the Cambodian people. These are internal problems of Cambodia; the problems should be left to the country and the people. . . . China be-

lieves that other countries should not intervene in the issue. . . . The setting up of the international tribunal has not yet gone to the UN Security Council. To my understanding, such an establishment is not the only proposal put forward to the UNSC in dealing with the Khmer Rouge.”

At the same meeting, Thai Foreign Minister Surin Pitsuwan concurred, saying: “They are the internal problems of Cambodia and its people—they should deal with the problems by themselves. The trial should not drag other countries into getting involved.” The U.S. State Department has urged Cambodia to pursue a trial of top Khmer Rouge leaders Khieu Samphan and Nuon Chea, who surrendered in December to the Phnom Penh government.

Meanwhile, Khmer Rouge leader Ieng Sary, currently governor of the semi-autonomous district of Pailin, declared on Feb. 6, that any attempt to try Khmer Rouge leaders in a genocide tribunal could re-ignite the country’s long civil war. Ieng Sary’s surrender and amnesty deal with Phnom Penh in 1996 was the beginning of the wave of defections/surrenders that now includes all but perhaps 100 or so Khmer Rouge soldiers loyal to former Defense Minister Ta Mok, a.k.a. “The Butcher.” Khieu Samphan and Nuon Chea have taken up residence in Pailin.

## **Germany wants CIA to release Stasi files**

A government spokesman in Bonn confirmed on Feb. 4 that Chancery Minister Bodo Hombach planned to ask the United States to release the files it holds from the international espionage network run by East German spy-master Markus Wolf. Hombach was to travel to Washington on Feb. 8. Joachim Gauck, who is the State Ombudsman for the Documents of the Former East German State Security Service (Stasi) Archives in Berlin—known as the Gauck Agency—made a rare public statement that, “With this material, we could see the true scope of the East German network of agents in West Germany and beyond.”

Germany has long urged the United States to return the files held by the CIA,

which German security officials believe contain the real names of East German spies. Documents in Gauck’s archive, including new computer files which the agency only managed to decode late last year, are based only on code names, which makes tracing former agents difficult.

In his public appearance, Gauck dismissed suggestions that return of the files could spark a widespread “spy hunt.” “There are a few cases which could interest the federal prosecutor,” Gauck said. “But we assume the material which was of interest to prosecutors has already been used. This material is now more of interest to researchers.”

When *EIR* asked the CIA about a previous report originating with Reuters in Germany which said that the United States was about to release the files, the CIA had “no comment,” since the agency has never officially confirmed reports that it had obtained the files during the period of chaos that briefly followed the collapse of the Berlin Wall.

## **Pro-nuclear rallies gearing up in Germany**

For the first time in years, pro-nuclear rallies are taking place in Germany. On Feb. 4, several hundred delegates from the nuclear industry workforce gathered at the nuclear site at Stade, in Lower Saxony. On Feb. 19, a national event has been planned for Munich, bringing together labor and industry representatives from throughout the country’s nuclear sector, including representatives of the state governments of Bavaria and Baden-Württemberg. Both states are considering recourse to the constitutional court over red-green federal government policy of an exodus from nuclear energy.

Other regional events are in the making, all of which will culminate in a national day of action, with a big rally in Bonn, probably on March 9; this action will bring not only representatives of the nuclear power sector, but also the nuclear sector’s suppliers and feeder industries. The event, according to one of its Bavarian organizers, will be considered “among the major political rallies that Bonn has seen, over the last years.”

**DANIEL BARENBOIM** gave a stellar piano performance at the West Bank’s Bir Zeit University to an overflow crowd of 500 Palestinians on Jan. 29, as part of his drive to integrate Jewish musicians into the peace process. Barenboim was joined in playing a Schubert duet for four hands by Saleem Abboud, 22, an Arab pianist from the Israeli town of Nazareth. The two received a standing ovation.

**POPE JOHN PAUL II** plans a rigorous schedule of overseas trips in 1999, including proposed visits to Iraq, Vietnam, Armenia, Romania, Russia, and possibly Hong Kong.

**ITALY** is “entering a phase similar to 1992, when traditional parties were destroyed,” a well-placed Venetian source briefed *EIR*, regarding the national referendum, to be held before May. The referendum is intended to manipulate popular frustration over the economic crisis into a mandate against the political parties. Regarding parallel operations by the “Third Way” faction, he said, “The main target is Premier [Massimo] D’Alema. Either he surrenders, or they are going to get him” with corruption scandals.

**SONIA GANDHI**, the head of India’s Congress Party, is sending delegations to Pakistan and Bangladesh. The former will probably be led by former Agriculture Minister Balram Jhakar and Mani Shaker Aiyer. Aiyer was previously at the Indian embassy in Islamabad. Congress General Secretary Pranab Mukherjee led a three-man delegation to Bangladesh on Feb. 6.

**NORTHERN IRELAND’S** peace process moved ahead on Feb. 17 when the Northern Ireland Assembly voted 77-29 in favor of establishing specific governing structures which will constitute the working bodies of the new assembly. A second major step was the first face-to-face meeting of officials from the Ulster Unionist Party and Sinn Fein.

## Next round of assault: Clinton's China policy

by Edward Spannaus

Two years ago, there was a major push to revive tensions between the United States and China, around allegations of espionage, alleged campaign financing and human rights violations, the reversion of Hong Kong, and spurious projections that China would soon become a major military threat to the United States. But with the success of the Jiang Zemin visit in late October 1997, and Clinton's aggressive defense of his policy of engagement with China, the attackers were thrown on the defensive.

Throughout 1998, despite periodic flareups around allegations of technology transfer involving satellite missile launches, the China issue remained more or less on the back burner, while the "Get Clinton" gang pushed the Monica Lewinsky story and pressed for the impeachment of the President. Now, with the impeachment drive having come to a halt, the New Cold Warriors are again revving up the "China threat" and hurling allegations of espionage and treason against the President.

The centerpiece of this revived assault is the still-classified "Cox Report," issued by the bipartisan House Select Committee on China, headed by Rep. Christopher Cox (R-Calif.). Cox has charged that U.S. national security was damaged by supposed espionage and weapons-technology theft by China.

A second major provocation is coming around a Pentagon report on security questions in the Taiwan Straits—a report mandated by Congress last year. The China-bashing crowd has already begun shrieking about putting Taiwan under a theater missile-defense system—which China predictably views as a threat to its claim that Taiwan is part of China. This would also violate the Clinton administration's own "One China" policy.

The objective of all this is to roll back the Clinton adminis-

tration's most important foreign-policy initiative: the strategic partnership with China.

A White House source told *EIR* that "both the content and the timing of the reports are clearly designed to create a new wave of hysterical outbursts about China's threat to the region, just as Zhu Rongji arrives in Washington"—referring to the April 8 visit of the Chinese Prime Minister.

When the administration official was asked if he thought that that would actually occur, he replied, "Unfortunately, we are certain that that will be the result. Their clear intent is to cause a sharp reversal in our constructive engagement policy, and to sour what is still a very fragile relationship."

### The background

Within days of the reelection of President Clinton in November 1996, Lyndon LaRouche warned that the British had been taking advantage of the distraction of the election campaign in the United States, to conduct a coordinated series of destabilizations ringing China, and he emphasized the importance of developing a strategic partnership between the United States and China. (Lyndon H. LaRouche, Jr., "Ring Around China: Britain Seeks War," *EIR*, Nov. 22, 1996.)

Already in the weeks preceding the elections, the news media had begun running stories on what was then dubbed "Indonesia-gate"—around the role of John Huang, the Riady family, and the Lippo Group in U.S. election campaign financing. At the end of December 1996, both the *New York Times* and the *Washington Post* launched the "Chinagate," or "Donorgate," scandal, with front-page stories on Asian contributions and fundraising for the 1996 Clinton-Gore campaign and the Democratic National Committee.

On Feb. 9, 1997, the *Washington Post* ran a front-page article, co-authored by intelligence-stringer Bob Woodward,

based on leaks of classified FBI information, claiming that the Chinese had allocated \$2 million to buy influence in Congress and in the administration, and had targeted a number of U.S. elected officials for contributions. Four days later, Woodward followed up with another front-page article, headlined: “Chinese Embassy Role in Fund-Raising Probed.”

The significance of this was identified by the London *Sunday Telegraph* on Feb. 16, 1997, in a front-page article by Washington correspondent Ambrose Evans-Pritchard—one of the key architects of the “Get Clinton” campaign from 1993 on. “China finally replaced the old Soviet Union as the number one enemy last week in the eyes of the U.S. political establishment,” Evans-Pritchard proclaimed. “If one could date the beginning of the new Cold War, it would be Thursday, February 13, 1997, the day that the *Washington Post* reported that U.S. counter-intelligence had caught the Chinese embassy plotting to subvert the U.S. political system.” Evans-Pritchard concluded: “Now President Clinton will have to reassure America that he is not on the Chinese payroll.”

By March 1997, the hard-core Clinton-haters were calling for President Clinton to be impeached around the alleged “Chinagate” fundraising abuses. This appeared, among other places, in an early March *Washington Times* commentary, and with the request of Rep. Bob Barr (R-Ga.) to House Judiciary Committee Chairman Henry Hyde (R-Ill.) to begin impeachment proceedings against the President. Rep. Gerald Solomon (R-N.Y.) joined the cry for impeachment, citing “breaches of national security” and Chinese “economic espionage.”

Meanwhile, Ross Munro and Richard Bernstein published their book *The Coming Conflict with China*, excerpts of which were prominently featured in the March-April 1997 issue of *Foreign Affairs*.

The anti-China campaign continued to build up, with both Rep. Dan Burton’s (R-Ind.) House Government Reform and Oversight Committee, and the Senate Governmental Affairs Committee chaired by Sen. Fred Thompson (R-Tenn.), opening investigations and holding hearings. The Senate hearings began with much fanfare, and with promises to prove Chinese influence-buying in the 1996 elections. The hearings never lived up to the grandiose promises, and at the end of October 1997, Senator Thompson shut them down.

At the same time, President Clinton hosted Chinese President Jiang Zemin for a mini-summit meeting in Washington. Clinton took the occasion to reiterate his policy of engaging China, warning that any attempt to isolate China would be “unworkable, counterproductive, and potentially dangerous.” (See *EIR*, Nov. 7, 1997.)

But, at precisely that moment, the “Get Clinton” gang was working behind the scenes to contrive a new scandal against the President, since Independent Counsel Kenneth Starr’s Whitewater and related investigations had fizzled out. This, of course, was the Monica Lewinsky affair—which dominated the news media throughout 1998, even though a hard core of Clinton-haters and New Cold Warriors continued to

insist that Clinton’s “sell-out” to China was the real issue over which the President should be brought down.

## Chinagate revived

Now, with the impeachment drive having suffered a stunning defeat, the “Get Clinton” gang and the “New Cold War” crowd are combining forces to continue the assault on the Presidency and to provoke a confrontation with China.

The hottest item on this circuit is the widely circulated book *The Year of the Rat: How Bill Clinton Compromised U.S. Security for Chinese Cash*. Written by Edward Timperlake, a former Senate staffer and Reagan-Bush administration official, and William C. Triplett, a former House staffer, the book charges that Chinese military intelligence penetrated the Oval Office and obtained U.S. military secrets in exchange for campaign contributions.

Other elements of this revved-up attack include:

- An effort spearheaded by Congressional Republicans to force the administration to renew the now-ended practice of the United States introducing resolutions condemning China at the annual meetings of the UN Human Rights Commission in Geneva. Some Democrats, such as Reps. Richard Gephardt (Mo.) and Nancy Pelosi (Calif.), have joined in this effort. The Geneva conference starts on March 22 and continues through April—thus coinciding with the Zhu Rongji visit to Washington.

- The Dec. 10 “reconnaissance” fly-over mission of the contested Spratly Islands in the South China Sea by Rep. Dana Rohrabacher (R-Calif.). Rohrabacher then produced aerial photos supposedly showing a Chinese military buildup on Mischief Reef. The Philippine press has reported that the British Royal Navy was involved in the Rohrabacher stunt, and that the British provided the reconnaissance photographs hyped by Rohrabacher.

- The Feb. 19 *Washington Times* featured a front-page attack on the U.S.-China military exchange program which has been promoted by the retiring commander of U.S. Pacific forces, Adm. Joseph Prueher. Unnamed Pentagon and Congressional sources were cited as claiming that the exchange program has enabled the Chinese to access “sensitive” military information. Prueher is also attacked by anonymous “China skeptics” in the Pentagon as being “too friendly toward the communist Chinese,” and for supporting the President’s engagement policy.

In sharp contrast to such, is the approach reflected in an interview with Chinese President Jiang Zemin in the current issue of *Time* magazine. In commenting on the way that Americans think of China, *Time*’s editor-in-chief Norman Pearlstine notes that the danger in the moralistic condemnation of China, “is that we hurt ourselves while missing the chance to help China solve its problems.” Pearlstine concludes, accurately, that “it is important that we come to view China more as an ally than enemy. The stronger China becomes economically, the better it will be for both our countries.”

# LaRouche challenges supporters to put U.S. on the 'Road to Recovery'

by EIR Staff

More than 700 representatives of the LaRouche political movement spent Presidents' Day weekend discussing how to mobilize the mass forces who can put the United States on the "Road to Recovery." The basis for that recovery, as LaRouche pointed out in his address to the business meeting at the conclusion of the Schiller Institute/International Caucus of Labor Committees semi-annual conference, is getting the United States to join the Russia-China-India strategic triangle—the grouping that he has dubbed "The Survivors' Club." The LaRouche movement is the intellectual leadership for those who want to save humanity from a New Dark Age, he stressed.

LaRouche's campaign document for the 2000 Presidential campaign, "The Road to Recovery," which was printed in last week's *EIR*, provided the basis for the conference panels. The sub-theme was the need to destroy the New Confederacy and Al Gore, which represent the British-led financial oligarchy's attempt to destroy sovereign nation-states, and civilization based on scientific and industrial progress.

Gore must be rejected by the American population, LaRouche said in answer to questions, not because he is "the problem." He is—and he isn't. But Gore is unelectable, he is pernicious, so why is he still around, being boosted as the Democratic Party's front-runner? The real problem is with *the people who don't want to talk about the Gore problem*. "If the trash is smelling up your kitchen, why don't you just remove it, rather than blaming the trash?"

More than recent conferences, this Schiller Institute event brought together citizens from throughout the United States who are actively involved in organizing others, and who played an absolutely crucial role in defeating the first stage of the assault on the Presidency. The group enthusiastically took up the challenge presented by Mrs. Helga Zepp-LaRouche: the organizing of 100 town meetings, or more, between now and Easter, in order to demand that President Clinton take up LaRouche's solution to the global financial and strategic crisis, and *dump* Al Gore.

## The leadership challenge

Both conference keynotes, that by Lyndon LaRouche and his wife, dealt with the challenge of political leadership in this

kind of revolutionary period. Both leaders were introduced by civil rights heroine Amelia Boynton Robinson, vice-chairman of the Schiller Institute.

LaRouche's remarks on Feb. 13, delivered by telephone from Europe, where he is recuperating from an illness, hit hard at the embedded habits which have kept Americans, in particular, from acting rationally to solve the current world financial crisis. He pointed to the truth that the present situation in which we find ourselves is rooted in several thousand years of history, and that without understanding that history, it is impossible to understand what is happening to the world today. "All the things that have happened over these thousands of years are now embodied in a great crisis which grips this planet as a whole," he declared.

LaRouche reviewed current history, as well—the history of the last two years of shocks to the international financial system, beginning with the shocks of the summer of 1997, and considering LaRouche's forecasts concerning the terminal stage of financial crisis into which the world was entering as of October 1997. In the intervening year and a half, the crisis has deepened, as LaRouche forecast it would. "There is no improvement. There is no progress. There is only increasing misery. There is only increasing bankruptcy, increasing desperation, increasing breakdown."

Nor did this crisis start recently. Its origins are far more deeply embedded in our history.

Recalling Weimar Germany in 1921-23, and pointing to that kind of catastrophe as our immediate future, LaRouche said, "Bank accounts wiped out, banks wiped out, people wiped out—impoverished. Chaos. That was the time, remember, in 1923, when Hitler first emerged from obscurity. *We're living in such times.*"

Where did the governments, the central banks, acquire the habits of reacting to crisis as they're reacting today?

Well, how did this happen? Where did they acquire the habits of reacting to a crisis in the way in which they're reacting today? "Many of these habits are hundreds of years old. The institutions involved are decades or hundreds of years old. They evolved traditions which are up to thousands of years old—most of them at least 600 years old." Indeed, to



Former Congressional candidate María Elena Milton of Arizona (right) presents bouquets to Schiller Institute leaders Helga Zepp-LaRouche (left) and Amelia Boynton Robinson (center), at the institute's Presidents' Day Conference on Feb. 14.

yourself in those terms. Don't think of yourself as a spectator trying to bet on a horse race or the outcome of a boxing match, or betting on the next election. You are a person in the arena—the Roman arena—where the gladiators are killing each other.

*"Don't bet on the outcome—get out of the arena and move into the grandstand, and get rid of Caesar.* Because it's these habits, like the habits of Ancient Rome, which destroyed it. But our habits, not Ancient Roman habits, which are destroying us.

"The time has come to look at the habits which we thought were wisdom over the past 30 years and sometimes longer, and to see that those ideas which we thought were the 'right way of thinking,' are

precisely what is destroying us.

"Oh yes, there are some people who are evil, there are some people who are worse than others, there are some people with more power, there are some people with less power. But there are also people who commit the crime of standing by the side and watching; who sit in the spectator stands and watch the bloodshed in the middle of the arena and do nothing about it. They also are part of the history. *They make history—it is their follies that bring disaster upon themselves.*

"And therefore, sometimes just standing by the wayside and saying, 'Well, I'm not going to get involved in this'—you are very much involved. Your non-involvement is part of creating the crisis.

"And thus, Shelley's short sonnet has an ironical significance of several dimensions for today. One thing, of course, is that while he was in prep school, Al Gore got the name of 'Ozymandias' by some fellow students who understand what the poem meant. And they saw this pompous ass parading himself like a cigar-store Indian around the campus of their prep school, and they said, 'There goes Ozymandias!' And they could probably envisage his legs dropping off, his head rolling into the sand, and a desert being created wherever he walked or conveyed his influence. I think that's a fairly interesting reference to make at this point.

"But, that's the nature of the situation."

### Lessons from Plato and the German Classics

Helga Zepp-LaRouche gave the second keynote, the morning of Feb. 14, on "What It Takes to Be a World-Histori-

understand ourselves, we must look at history.

LaRouche read Percy Bysshe Shelley's 1817 sonnet "Ozymandias," to suggest how Shelley looked at history to understand his own time, when civilization had crashed in the wake of the 1815 Congress of Vienna and the rise to political power of Viscount Castlereagh in England.

Shelley looked at ancient history—he saw an image of the empire of Babylon, the empires of Central Asia, of Genghis Khan, the Roman Empire, the Byzantine Empire, and the empires of his own day, the Holy Alliance; and from that vision of all those arrogant empires—which had said, "We shall rule the world forever"—he distilled "Ozymandias," showing not only their destruction, but the desert and ruin they had left behind.

Human history is not a period of so-called "normal times," separated by periods of instability and turbulence, he said. "History is a process in which the turbulence, the crises, the terrible times, are a product of the habits which we lived during what we considered quiet or normal times."

For decades now, the American people have been dead wrong; the economic policies of the nation have been dead wrong for more than 30 years. How did this happen?

"We didn't get to this mess because something came along and destroyed the party, broke up the party. The party broke up because everybody was drunk and were breaking the dishes. It was the party that led to the break-up of the party.

"So that's the message which I've tried to present in the paper, 'The Road to Recovery,' the booklet which you, I believe, now have in your hands. And I want to think of

cal Leader Today.” She laid out the strategic situation which faces Americans following the defeat of the bid to impeach President Clinton, pointing to the courageous fights which have been taken up by the Malaysians, the Russians, and the Brazilians, as examples of the kind of movement which American patriots must join.

Zepp-LaRouche then took up the question of justice, and leadership, from the works of the Greek philosopher Plato. It is in Plato’s *Republic*, where the idea of the “common good” which was later reflected in the U.S. Constitution’s commitment to the “general welfare,” was first defined. She reviewed both the first book of *The Republic*, and the dialogue called the *Phaedo*, in an elaboration of what justice is, and how the individual achieves immortality through his service of justice and the Good.

Particularly exciting to this audience was Zepp-LaRouche’s presentation of the work of the German Jew Moses Mendelssohn, who lived in the 18th century, in advancing these Platonic ideas in the realm of education and culture. Mendelssohn was shown to be an outstanding example of a world-historical individual, providing a model for not only what every member of a suppressed minority group can do, but also other individuals concerned with advancing civilization as a whole.

In presenting the task to those assembled, she put it this way:

“The task in front of us, is to link the American people with the Survivors’ Club, to make sure that you sitting here in this hall, and others like you around the country, take into your existence and into your identity, the entirety of the interests of the human race. You have to make sure that you, in your daily thinking, make the well-being of people in Africa, in Latin America, in China, as important as what happens in your own household and in your neighbor’s house.

“You have to take the fate of mankind into your sense of identity. Take all the children of the world, who without you have no chance, and take the entirety of human history, of every great mind which contributed to the present knowledge, make it part of your own thinking. Take the future into your heart as something for which you are responsible.”

### **Nation-state or New Dark Age**

Following LaRouche’s keynote, there were five presentations addressed to the question of the nation state versus feudalism. They began with William Wertz’s discussion of the “Birth of the Nation-State: The Revolution of the 15th Century,” whose Renaissance developed the crucial historical breakthrough that unfolded following the 1439 Council of Florence. Wertz contrasted the devastation of the feudal Dark Age with the work that France’s Louis XI and England’s Henry VII accomplished, in forging the concept of a nation-state dedicated to the “common good.”

The next two speakers focussed on the highly politically relevant threat which the U.S. Confederacy represented to the

American constitutional republic—a threat which still lives on in the historical habits of sections of the American population today. *EIR* History Editor Anton Chaitkin demonstrated the alien British origins of the Confederacy plot, showing that it was not “the South,” but an external oligarchy which organized the insurrection.

Fred Henderson followed, by detailing the issues behind the impeachment trial of President Andrew Johnson, which were his complicity in attempting to reverse the victory for the Union in the Civil War. Henderson presented the never-publicized *real* articles of impeachment against Johnson, drafted by Congressman Thaddeus Stevens, one of Abraham Lincoln’s closest collaborators. Instead of Stevens’s actual indictment of President Johnson for violating the principles of the Union (which meant for Lincoln, “the Republic,”), trite, legalistic impeachment articles were drawn up, designed to disguise the true nature of Johnson’s treason. Henderson had personally unearthed Stevens’s handwritten draft of three articles of impeachment (another has been lost) from boxes of the Congressman’s papers at the Library of Congress.

Concluding this panel of the conference were Ed Spannaus, speaking on the “Rule of Law” hoax with which the U.S. population had been inundated during the impeachment trial, and Jeffrey Steinberg, on Al Gore’s “Fried Green Fascism.”

Spannaus showed that the content of the “rule of law” which Henry Hyde, most prominently, was championing, was nothing less than the British conception of “Anglo-American law,” an attempt to wipe out the republican tradition of the American Revolution against the oligarchy. Using video footage of the hypocrite Hyde, Winston Churchill’s Fulton, Missouri “Iron Curtain” speech, and speeches by some of the other House Managers, Spannaus traced this legalistic tyranny to the Churchillian war against the heritage of Franklin Delano Roosevelt’s plans to wipe out the evil of colonialism. Spannaus showed Hyde’s own remarks to the Congress, during the impeachment—telling us that the “duty” to convict Bill Clinton stemmed from the “duty” to uphold the tradition of the Roman Empire and the Magna Carta.

Steinberg stressed the genocidal commitment of Al Gore’s Malthusian ideology, and the threat it represents today to the continuation of the United States, and civilization as a whole. Going back to Gore’s 1988 campaign, Steinberg demonstrated how unelectable Gore is, completely rejected by the Democratic Party voters (e.g., in New York State, Gore barely hit 10% in the Presidential primary). As seen in Gore’s ravings against Plato and the Golden Renaissance, both contained in his book *Earth in the Balance*, his threat to the republic is by no means original.

### **The general welfare**

After the second keynote presentation, the topic turned to economics, from the standpoint that LaRouche had presented

it in his “Road to Recovery” paper, in particular the “science of achieving the general welfare.”

After a short greeting given by former Chicago Democratic Alderman Virgil Jones, a recent victim of the Justice Department’s “Operation Fruehmenschon” persecution of African-American elected officials, the discussion was kicked off by Dennis Small, *EIR*’s Ibero-American Intelligence Director, on the theme of “Bankers’ Arithmetic vs. Human Arithmetic: Do You Know How to Count?” Comparing the ongoing financial crisis to an earthquake, which causes profound disorientation and “tectonic change,” he said that we are witnessing “the kind of power that can level civilizations.”

You have to know how to think in this period, Small said, and realize that an economic earthquake can unleash hysteria as easily as provide a solution. Therefore, the real issue is, what is the metric by which one can measure economic success; what is the measure of the general welfare; how do you know what economic progress is?

Small answered these questions from two standpoints: 1) “bankers’ arithmetic,” in which he used the two case studies of Russia and Brazil, to demonstrate how devaluation, changing interest rates, and changing terms of trade are used by the criminals of the IMF and banking establishment to loot nations; and 2) “human arithmetic,” discussing the writings of Nicolaus of Cusa to provide a scientific answer to the question, “How do you think?” His presentation closed with excerpts from a recent *EIR* video, of former Mexican President José López Portillo, addressing the United Nations in 1982, on the need for exchange controls and bank nationalization, to protect the population of Mexico, and again on Dec. 1, 1998, in his speech, together with Helga Zepp-LaRouche, where he called on the world to listen to “the wise words of Lyndon LaRouche.”

The discussion then turned to Africa, the most shocking example of the deliberate oligarchical destruction of human civilization today. The Hon. Godfrey Binaisa, former President of Uganda and now the head of a newly formed African Civil Rights Movement, addressed the history of how the colonial powers maintained their claws into the potentially rich continent. Then, Uwe Friesecke, of the Schiller Institute’s German organization, presented an update on the current British strategy for recolonizing Africa, with special stress on the central portion of the continent. (The transcript appears on p. 51.)

The highlight of this panel was the presentation by Michael Liebig, director of intelligence for *EIR* in Europe. Speaking under the title “Von Schleicher, the Schroeder-Schacht Plot, and Hitler’s ‘Legal Coup,’” Liebig dissected the decisive period of December 1932 to the end of January 1933, in which a demoralized and potentially destroyed Hitler, in December, was able to ascend to political power *legally* less than two months later. Liebig’s speech will be published soon in *EIR*.

## Classical art

As is its custom, the Schiller Institute conference featured a number of Classical music performances. Mezzosoprano Sheila Jones, noted baritone Aaron Leathers, and the Leesburg Schiller Institute Chorus all provided musical introductions to several of the panels.

During the final panel, the discussion itself turned to the role of Classical art in shaping how decisions are made. After the chorus’s rendition of the first two movements of Ludwig van Beethoven’s Mass in C, Kathy Wolfe, John Sigerson, Tony Papert, and Gerry Rose addressed this issue in various domains.

Soprano Wolfe, joined by Philip Ulanowsky on the piano, delighted the audience with her presentation on how music exists “between the notes,” not simply by banging them out. Sigerson concentrated on how Wolfgang Amadeus Mozart developed, in various pieces, ideas he got from the great composer Johann Sebastian Bach.

Sigerson began by quoting from LaRouche’s “Road to Recovery”:

“In true contrapuntal polyphony, the essential ideas of the composition are chiefly defined in two ways. First, as physical principles are defined in science, by ontological paradoxes. In music, the relevant paradoxes are posed by the metaphorical forms of transitions, lawfully generated dissonances, generated within the composition. Second, by explicit or implied quotations from the ideas stated in other compositions, either by the same, or other composers.”

Sigerson commented, “Most of you would read this and say to yourselves, ‘Well I don’t understand it, but I’ll come back to it another time.’ What I want to show you, is that you can understand it, but it takes a little bit of work.”

To do this, he discussed the use of the Lydian interval in Bach’s *Musical Offering*, and how Mozart “quoted” this in his Piano Sonata K. 457.

Papert and Rose then directed the audience’s attention to the legacy of ancient culture. Papert discussed prehistoric maritime culture in the Indian Ocean region, demonstrating that the British have been falsifying archeological history with their insistence that civilization began with the oligarchic Babylonian culture.

Papert used the examples of the 19th-century German archeologist Heinrich Schliemann, who used Homer to unearth Troy, after the British had claimed the Homeric epics were pure fantasy. The other example of British fraud that he gave, was Sir Arthur Evans, who invented a fictional Minoan civilization. Papert also discussed the existence of a prehistoric maritime culture, in existence before 4,000 B.C., which went from Sumatra to the areas around the Indian Ocean.

The final presentation, by Gerry Rose, was on “Tragedy: The Poet as ‘Unacknowledged Legislator for Mankind.’” He traced the origins of Western civilization from the ideas developed in Homer’s *Iliad* and *Odyssey*, through the renaissance produced by Greek Classical tragedy.

# Marianas lawsuits put spotlight on DeLay's support for slave labor

by Carl Osgood

On Jan. 13, three lawsuits were filed, two in Federal court and one in California state court, seeking an end to the horrendous labor conditions in garment factories on the island of Saipan, one of 14 islands that make up the Commonwealth of the Northern Marianas Islands (CNMI), a U.S. territory located about 100 miles north of Guam in the Western Pacific. The lawsuits target a contract labor system that imports immigrant workers, mostly from China, to work in sweatshop conditions; gives workers quotas that are impossible to meet, for low pay and often unpaid overtime; and leaves workers living in squalor, in company barracks surrounded by barbed wire and armed guards.

The two Federal filings, one in California and the other in Saipan, are class action suits on behalf of some 50,000 workers who have labored in the factories over the last ten years. The suits name 23 garment factories on Saipan, and 17 major U.S.-based retailers, including The Gap, J.C. Penney, J. Crew, The Limited, Sears Roebuck, Tommy Hilfiger, and Wal-Mart. The suits charge the retailers and their contractors with a "racketeering conspiracy" to avoid U.S. labor laws in order to maximize profits. The California state filing, by the Union of Needletrades Industrial and Textile Employees (UNITE) and three human rights organizations, charges the retailers with deceptive business practices and with trafficking in "hot goods" manufactured in violation of U.S. labor laws.

News of the filing of the lawsuits prompted a near-unanimous outcry from local politicians and residents who benefit from the system. The *Saipan Tribune*, owned by Hong Kong businessman Willie Tan, called the lawsuits a "dastardly trick," and a spokesman for Tan's Tan Holdings Corp., which owns three of the factories named in the lawsuits, said the suits are "a political maneuver by the Clinton administration, Democrats, and labor unions to destroy the Northern Marianas."

One week after the suits were filed, five officials from the U.S. Department of the Interior's Office of Insular Affairs, which has jurisdiction over matters pertaining to all of the U.S. island territories, visited Saipan, under the auspices of section 902 of the covenant that brought the CNMI into the United States, to try to come to a negotiated agreement whereby the CNMI government would give up its exemptions from Federal minimum wage and immigration laws, exemptions granted in the covenant. On Jan. 19, delegation chief

Edward B. Cohen said, "While I arrive with high hopes, I also have profound concerns. The strains that have developed between the Federal and CNMI governments are acute. I recall vividly when I was growing up in Washington, the conflict between the Federal government and certain Southern states over the issue of racial segregation. It was a painful period. Frankly, as I reflect on the relationship between the Federal government and the CNMI government, I have that same painful feeling." To no one's surprise, the 902 consultations, as the meetings were known as, ended in failure and acrimony.

What could be the source of so much tension between this far-flung group of islands in the Western Pacific and the U.S. Federal government? What could cause a Federal official sent there to address labor problems to invoke the image of Alabama Gov. George Wallace standing in the doorway at the University of Alabama to block Federal enforcement of civil rights laws in 1963? Even more, why is this issue so important to the Conservative Revolutionaries in the U.S. Congress, such as, most significantly, but not limited to, House Majority Whip Tom DeLay (R-Tex.)?

## Political protection for sweatshops

The Northern Marianas Islands are well known for the gigantic naval and amphibious battles fought there during World War II. The island of Tinian is burned into American history because it was the base from which the atomic bombings of Japan were launched in 1945. Today, these islands have become a bitter battleground of a different sort.

The battle concerns the future of a contract labor system that brings primarily unskilled workers from China, Thailand, Bangladesh, the Philippines, and elsewhere to the CNMI to work in the garment, construction, and hotel industries. Because of exemptions in the covenant that brought the CNMI into the United States in 1986, Federal minimum wage, customs, and immigration standards do not apply. The reason given for the exemptions in 1986 was the fear that if the CNMI did not control its own immigration, the local population of 15,000 would be overwhelmed by immigrants seeking employment at the U.S. minimum wage. What has happened, instead, is that while the local population has grown to around 28,000, a contract labor force which did not exist in 1986 has mushroomed to around 42,000 workers. Some 11,000 of these



*House Majority Whip Tom DeLay (R-Tex.) hails the allegedly “miraculous” economy of the islands, and claims, incredibly, that there is no evidence that workers in the Marianas are being “abused.”*

workers are employed in largely foreign-owned garment factories that produced about \$1 billion worth of clothing for the American market in 1998, clothing that is shipped to the United States with “Made in the U.S.A.” labels and free of duties and import quotas.

When the Clinton administration and Congressional Democrats threatened to impose Federal immigration and minimum wage standards on the islands, which the covenant allows the U.S. Congress to do, the CNMI government turned to the Conservative Revolutionaries in Congress and the Seattle-based law firm of Preston, Gates, Ellis & Rouvelas Meeds for help. Throughout 1997, on the advice of Preston, Gates, the CNMI government plied several members of Congress, including Reps. DeLay, Dana Rohrabacher (R-Calif.), Phil Crane (R-Ill.), Phil English (R-Pa.), and Brian Bilbray (R-Calif.), and dozens of staffers, with all-expenses-paid trips, at \$4-6,000 a head, to the islands. House Majority Leader Dick Armey (R-Tex.), another enthusiastic defender of the contract labor system, though himself not making the long journey, was represented by members of his staff.

None was more enthusiastic than DeLay, however. In a statement inserted into the *Congressional Record* on March 19, 1997, DeLay described the “miraculous” economic transformation of a place where, in 1970, the government was almost the only employer, to today, where some 23,000 people are employed in the private sector. He attributed this “transformation” to the “pro-growth” policies of the local administration, which dropped laws restricting foreign investment, reduced regulatory burdens on businesses, and reformed its tax system. DeLay also attacked the efforts to extend Federal minimum wage and immigration standards to the CNMI, saying that imposing the minimum wage “would kill jobs, growth, and opportunity.”

## Prosperity or slave labor?

There is another side to the story, however. On March 31, Rep. George Miller (D-Calif.), testifying to a hearing of the Senate Energy and Natural Resources Committee, said, “Foreign workers totally dominate the private sector, leaving few, if any, employment opportunities for U.S. citizens. These foreign workers arrive in Saipan [the largest island of the CNMI] deeply in debt to recruiters, loan sharks, and even their communities. They earn subminimum wages. They are forced to work for uncompensated hours. Many are forced to pay to live in company barracks ringed with barbed wire, devoid of fresh water or clean facilities. They are a disgrace and a danger to their inhabitants.” Miller complained that he had to air his views in the Senate, because “the House has refused to give any consideration to this matter in any form or substance.”

Criticism of the CNMI is not limited to Democrats. Committee Chairman Frank Murkowski (R-Alaska) reported that when he and Sen. Daniel Akaka (D-Hi.) visited the islands in 1996, “We saw living conditions that simply should not exist in the United States. . . . I also met with workers who had been induced to come to the Marianas, had not been paid, and seemed to have no legal recourse.” He said the living conditions of women in one of the company barracks he visited “are almost like living in large baby cribs. . . . There is no running water, no workable toilets, no electricity.” Murkowski tended to be more critical of Federal enforcement efforts than the Democrats, however.

The Committee also heard horror stories from human rights activists and from garment workers themselves, who travelled to Washington for the hearing. Their testimony tended to back up the statements of Miller, Murkowski, and other critics of the CNMI.

## Aggressive lobbyists

Also coming under fire were the lobbying efforts by the Preston, Gates firm on behalf of the CNMI government. During 1997 alone, the CNMI government paid out nearly \$2 million to Preston, Gates, and reportedly as much as \$5.6 million total by the end of 1998, making the CNMI government Preston, Gates’ largest client. Interior Secretary Bruce Babbitt complained that Allan Stayman, the Director of the Office of Insular Affairs, had been “subjected to a massive campaign of intimidation, much of it being orchestrated by the paid lobbyists for the government of the Northern Marianas.” During the hearing, Murkowski noted that a report prepared by the lobbyists seemed to be aimed more on behalf of the owners of the garment factories rather than the lobbyists’ paying client, the CNMI government.

The strategy of the lobbyists was revealed by an e-mail memo, written by lead lobbyist Jack Abramoff, which was leaked to the *Seattle Times* about a week before the hearing. The strategy included such tactics as “stacking public hearings” with friendly workers; attacking the islands’ critics, to

include an effort to persuade Congress to “defund, or more likely, to severely limit the activities of the Office of Insular Affairs”; and providing all-expenses-paid trips to members of Congress and their staffs to the islands. “There is no doubt,” Abramoff wrote, “that trips are one of the most effective ways to build permanent friends on the Hill.”

Tom DeLay was one of the beneficiaries of Abramoff’s strategy. He, along with his wife and three staffers, made a trip to the islands over the 1998 New Year’s holiday. He came back not only singing the praises of the CNMI’s economy, but also proposing a similar system for bringing Mexican “guest workers” into the mainland United States to take jobs that Americans don’t take, at “whatever wage the market will bear.”

While admitting that there are “problems,” DeLay claimed that he found no evidence of worker abuse and that most of the workers he spoke with during his visit “were reasonably satisfied” with their work, in spite of being paid only \$3.05 per hour. He described the Saipan garment industry as a “glowing example” of “free market success,” precisely because it does not have to abide by U.S. wage and labor laws and other regulations. While in Saipan, DeLay was feted at a reception hosted by Willie Tan, the owner of some of the largest businesses on the islands, including the largest garment factory. (In 1992, Tan was forced by a Department of Labor lawsuit to pay \$9 million in back wages and overtime pay to workers whom he had not been paying.) There was also plenty of time, between official business, for games of golf at some of Saipan’s numerous resorts.

Labor and immigration issues in the CNMI are not the only connection between Tom DeLay and Jack Abramoff, however. Abramoff is also a friend and supporter of Tom DeLay. Abramoff and his wife contributed \$8,000 to DeLay’s 1996 and 1998 re-election efforts, and another \$10,000 to DeLay’s political action committee, Americans for a Republican Majority. Nor is Abramoff the only connection between Preston, Gates and DeLay. One of DeLay’s staffers, William Jarrell, left DeLay’s office in May 1997 to go work with Abramoff in Preston, Gates’ D.C. office. While DeLay’s office denied that Jarrell would be lobbying DeLay or working on the CNMI contract, Preston, Gates’ 1997 lobbying disclosure filings listed Jarrell as working on behalf of the CNMI, among other clients.

There are also strong political connections between some of the defendants and the Republican Party. According to Federal Election Commission data compiled by the Center for Responsive Politics, three of the defendant companies have contributed significant amounts of money to various Republican committees. These include Dayton-Hudson, which owns department stores Target, Mervyn’s, Dayton’s, and Hudson’s, and contributed \$180,000 to various Republican committees from 1996 to 1998. May Department Stores gave \$150,000 from 1995 to 1998. Warnaco, a manufacturer of men’s and ladies’ underwear, gave \$102,500 to the Republican Party during the same time period. Warnaco chairman

Linda Wachner, known in Britain as the “bra queen,” is also a close friend of *New Republic* owner and Al Gore mentor Martin Peretz.

The lobbying effort was aimed at stopping a bill sponsored by Miller in the House and Murkowski and Akaka in the Senate, that would have imposed Federal minimum wage and immigration standards on the CNMI. Miller complained on several occasions that it was DeLay who succeeded not only in blocking consideration of the bill, but also preventing a hearing in the House Resources Committee, chaired by Don Young (R-Alaska). After the lawsuits were filed, Miller said, “For years, the government of the Northern Marianas Islands has conspired with local contractors and foreign companies to deceive and exploit poor working men and women brought over from Asia. Many have gotten rich off the backs of these abused workers. As we exposed their illegal and reprehensible practices, they have sought, and found, protection for their corrupt system from Republican leaders of Congress who have blocked bipartisan reform legislation, refusing even to hold hearings on well-documented exploitation and serious damage to our domestic garment industry.”

Miller added that the lawsuits might have been unnecessary “had the CNMI government and Congress taken the necessary and proper steps to rein in the abuse, rid the islands of the sweatshops and make the Northern Marianas a legitimate production site rather than a renegade outpost that better resembles a prison labor camp than a factory site making clothes bearing the ‘Made in the U.S.A.’ label.”

### Further confrontation looms

Local CNMI government officials at both the March 31 Senate hearing and the more recent 902 consultations insisted that they were working to address the labor abuses. Indeed, the change of administration in the CNMI that occurred in January 1998 would, at first, seem to indicate a different policy direction. One of the most visible changes that occurred was the end of the Congressional junkets. Whether that decision was the result of the \$35 million budget deficit that Gov. Pedro Tenorio inherited from the previous administration (headed by his nephew Froilan Tenorio), or the bad publicity from the junkets, was never said. In addition, the Saipan Garment Manufacturers Association instituted a code of conduct, and on Jan. 21 suspended two of its members. Executive Director Richard Pierce told the *South China Morning Post* on Jan. 24, that the association had also hired top auditing firms to audit wages, and added that the lawsuits are based on out-of-date allegations.

Nonetheless, the CNMI government and the garment manufacturers are still waging a fierce battle to avoid the imposition of Federal minimum wage, customs, and immigration standards. Despite the budget deficit, the CNMI government continues to retain the services of Preston, Gates, and paid hundreds of thousands more dollars for its services during 1998. The customs exemptions saved the garment manufacturers \$200 million in duties that they would have paid

were they located in their home countries, and the garment manufacturers exercise considerable clout with the local government, because the bulk of the CNMI's tax revenues come from those factories. This has been even more the case since the global economic crisis broke out in Asia, which hit Saipan's tourist business hard.

Now, with the lawsuits, the fight against the sweatshop operations is on two tracks. Democrats in both houses of Congress have introduced bills to increase the U.S. minimum wage from the current \$5.15 an hour, to \$6.15, and, at the behest of Rep. George Miller, both the House and Senate versions of the bill have a provision to make the Federal minimum wage law applicable to the CNMI. This is an open challenge to DeLay, who otherwise has made no known public comment on the issue since April 1998. However, a spokesman for DeLay did tell *Newsweek*, after the lawsuits were filed, that he was "unaware" of any changes in DeLay's views. The irony is, that Hong Kong, now under the administrative control of the People's Republic of China, is becoming more far-sighted on this issue than is the United States, because the Hong Kong owners of some of Saipan's garment factories are becoming an embarrassment in Hong Kong. The Jan. 25 *South China Morning Post* quoted Lee Cheuk-yan, general secretary of the Hong Kong Confederation of Trade Unions, saying, "It's no surprise that Hong Kong employers mistreat Chinese workers in Saipan, because they do it in Hong Kong."

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## Documentation

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*Here are excerpts from the lawsuit filed in U.S. District Court for the Central District of California, by the law firm of Milberg, Weiss, Bershad, Hynes and Lerach LLP, on Jan. 13:*

### Summary of allegations

... [T]he CNMI garment industry now relies almost exclusively upon more than 15,000 "guest workers" who come primarily from the People's Republic of China ("China"), the Philippines, Thailand and Bangladesh, notwithstanding a 14% unemployment rate among the CNMI's native-born population. Many of these "guest workers" must agree to pay a "recruitment fee" of up to \$7,000 for a one-year contract (the maximum contract duration permitted under the CNMI law to work in a CNMI garment factory). The recruiters who work for the CNMI garment factories solicit new garment workers by painting a rosy picture of what life will be like working "in the U.S.A." Recruiters tell these workers they can expect high-paying jobs that will easily cover these substantial recruitment fees and provide money to support the worker's family, that they will work in clean and safe factories manufacturing expensive high fashion clothing, receive decent food and live in clean, comfortable, air-conditioned quarters.

Upon their arrival in Saipan, however, these workers dis-

cover they are the victims of a cruel hoax. Workers are uniformly forced to work in unsafe conditions which have repeatedly been found to violate Occupational Safety and Health Act ("OSHA") regulations for excessive hours and are routinely cheated out of their rightfully-owed regular and overtime premium wages. Unrealistic production quotas are regularly imposed upon these workers and if unmet, require hours or days of "volunteer work" for no pay.

Documented hazardous "sweatshop" conditions abound in the CNMI garment factories, including a lack of safety equipment on sewing machines, fire exits that are either blocked or chained shut, extreme heat with poor ventilation, hazardous fire conditions, and air choked with dust, synthetic and cotton fibers from cutting machines, with no dust masks supplied. For example, in June and July 1996, OSHA inspected 64 of the CNMI's labor camps, finding 178 violations including blocked exits, fire hazards, unsanitary restrooms and exposed wiring. At the same time, OSHA inspected 26 garment factories, finding 63 violations in 18 garment factories operated by many of the companies named as defendants herein. Over one-half of these violations were characterized as "serious" because they could result in death or significant injury. Since 1993, there have been over 1,000 reported OSHA violations at these factories, with most of these violations listed as either "recurring" or "serious."

In addition to being required to pay exorbitant recruitment fees, members of the Class sought to be represented in this action also must pay their employers up to \$100 each month to live in what in fact are overcrowded, vermin- and insect-infested barracks maintained by the CNMI garment factories, with sometimes six or eight workers to a room, little access to running or drinking water, barely operable toilets, showers or electricity and no air conditioning or adequate ventilation despite sweltering tropical heat. Many of these prison-like barrack complexes are two and three stories high, secured by guards and surrounded by inward pointing razor-wire-topped fences. At night, many workers are either not allowed to leave the barracks or must return by a specific curfew or suffer disciplinary action. These workers are also required to pay up to \$100 each month for food, but workers often go hungry or are fed insufficient quantities of poor quality, poorly prepared, unhygienic food.

Between these exorbitant recruitment fees and the amounts charged for food and housing, at a minimum wage of \$3 hourly, workers are barely able to break even during their one-year stay in the CNMI. They therefore become financially bound to their employers as without such employment they can be left unable to repay their recruitment fees, send money home, or even purchase daily necessities. As these workers typically work 70-hour weeks in the above-described sweatshop conditions, these economic and physical conditions are far removed from what was promised, and, in fact, create a system of peonage, indentured servitude and, in some cases, a sacrifice of basic human rights bordering on false imprisonment.

## Senators skeptical of budget projections

Several members of the Senate Finance Committee warned Treasury Secretary Robert Rubin at a hearing on Feb. 2, that the Clinton administration should not rely on the rosy budget forecasts from the Congressional Budget Office and the Office of Management and Budget. Max Baucus (D-Mont.) urged his colleagues "to be prudent, wise, cautious, not to gloat because it's not always going to be so good," as the forecasts supposedly are now.

Baucus was backed up by Charles Grassley (R-Iowa) and Richard Bryan (D-Nev.). Grassley said that "good news can turn very quickly into bad news and our hard-fought budget surpluses can turn into deficits in the blink of an eye if the American economy would falter." He pointed to the effects that the economic crisis in Asia and elsewhere in the world has had on the agricultural export market, and concluded that "what happens someplace else in the world that might not be easily predictable, ought to cause us even to have more caution here." Bryan warned, "I would hope that in structuring the budget, we are not structuring this budget so that we are locked in, in some kind of a permanent mechanism where we're not going to be able to make some adjustments if, in the years ahead, the numbers don't come in as positively."

Before the Senate Budget Committee the next day, Rubin was grilled by Fritz Hollings (D-S.C.) on why the government was keeping two sets of books. Hollings challenged whether the alleged surplus exists. He pointed out that even while budget surpluses are projected "as far as the eye can see," the total Federal debt is actually increasing, by \$136 billion in FY 1999 and \$216 billion in FY 2000. Rubin said that the bookkeeping is really two

unrelated pieces: One is the "unified budget," which is a "question of resources" within the United States government; the other is the "obligations of the United States government to external creditors of the United States."

At a House Ways and Means Committee hearing on Feb. 4, a sparring match erupted between Rubin and committee chairman Bill Archer (R-Tex.) over what constitutes "emergency spending," and whether the administration spent any of the alleged fiscal 1998 surplus.

## NATO action urged to stop fighting in Kosova

On Feb. 2, Sens. Richard Lugar (R-Ind.), Chuck Hagel (R-Neb.), and Joe Lieberman (D-Conn.) stated their belief at a press conference, that only military force is likely to bring Serbian President Slobodan Milosevic to the negotiating table. Lugar said that force might even be necessary to disrupt arms shipments to the Kosova Liberation Army "or other disruptive elements that have likewise contributed to that instability."

The Senators reported that they and five other Senators had sent a letter to President Clinton expressing the view that NATO must be prepared to use military force, if necessary, to get the two sides to talk to each other, and that American participation in such military action, and in a follow-on peacekeeping operation, is vital. Lieberman said that Americans must be prepared for the possibility that any American contingent in a peacekeeping force might be under foreign command.

They also put the issue in the context of the U.S. military presence in Bosnia. Lieberman said, "We have

made an investment in Bosnia, in stability in the Balkans," he said. "If we turn away from the growing conflict in Kosova, we run the very real risk of wasting that investment." Unlike Bosnia at the time of the Dayton peace accords, however, when both sides appeared to be on the point of exhaustion, "here, as the winter gives way to thaw and spring, both sides seem ready for war," he said.

The following day, Kay Bailey Hutchison (R-Tex.) also expressed support for NATO action. However, she said, "I don't think we ought to be committing troops without knowing exactly what our commitment is in terms of time and certainly money that would be spent on this kind of project." She added, "It is a very tough decision for me to say that we should have more unending missions in the Balkans when we have not really had an exit strategy in Bosnia yet and don't seem to have one in the near future."

## Weldon introduces missile defense bill

On Feb. 4, Rep. Curt Weldon (R-Pa.) and 59 co-sponsors introduced a bill to "declare it to be the policy of the United States to deploy a national missile defense." At a press conference, Weldon said, "We are today saying that we are going to act this year in the Congress to overwhelmingly pass a bill that changes direction for America, and that is to deal with the threat of proliferation and the need to protect our homeland."

Weldon emphasized that his bill is not aimed at Russia, but rather so-called "rogue" nations such as North Korea, Iraq, and Iran. "This is not an attempt to undermine Russia," he said. "In fact, we have established a work-

ing relationship with the Russians to move away from the past policy of only relying on deterrence, to move toward a new policy where the Russians will agree with us that we both need to protect our people" from rogue nations. He said that the bill would send "a clear message to countries like North Korea that we are not going to be held hostage."

Weldon emphasized the bipartisan support for the bill. Of the 59 co-sponsors, 29 are Democrats, and two of them, John Spratt (S.C.) and Silvestre Reyes (Tex.), appeared with Weldon at the press conference. Spratt said, "I am supporting this bill because I'd like to see ballistic missile defense made a defense issue again that is objectively dealt with," rather than treated like a "political totem," i.e., that people support it or oppose it because "it's politically correct" to do so.

## Defense panels skeptical of Clinton budget plan

The appearances of Defense Secretary William Cohen and Chairman of the Joint Chiefs of Staff Gen. Henry Shelton on Capitol Hill on Feb. 2 and 3, did little to dispel Congressional skepticism toward the Clinton administration's fiscal year 2000 proposed defense budget. The plan aims to increase defense spending by \$112 billion over the next six years to address personnel and readiness issues, with \$28 billion of that coming from projected savings from lower fuel costs, lower inflation, and other "economic adjustments."

House Armed Services Committee Chairman Rep. Floyd Spence (R-S.C.) said on Feb. 2 that there was "some good news" in the budget plan, but he remained doubtful of key parts

of the President's plan, especially the anticipated savings. He complained that "this budget falls well short of adequately addressing the services' unfunded requirements" of about \$150 billion, laid out before the committee by the service chiefs last September and again in January.

Secretary Cohen admitted that the \$112 billion planned increase does not address all of the service chiefs' concerns, but it does "in fact, take us a long way toward meeting" those requirements. He said that if the anticipated savings "don't materialize, then we have to face up to how to pay for them."

Spence's concerns were echoed in a Senate Armed Service Committee hearing the following day. Strom Thurmond (R-S.C.) said, "I am dismayed that only \$4.1 billion is the real increase [for FY 2000] to the top line and that the remaining is budgetary sleight of hand." Carl Levin (D-Mich.) expressed concern that the military pay and benefits package reported by the committee the week before would take a bigger chunk of the budget increase than had been recommended by the administration. He said that while nobody on the committee opposes increasing military pay and benefits, "we have a responsibility to step back and look at the trade-off that might be required to pay for these increases . . . and to make an assessment of those trade-offs when we act."

## Albright grilled on embassy security funds

The Clinton administration came in for some criticism at a Senate Commerce, Justice, State and the Judiciary Appropriations subcommittee hearing on counterterrorism on Feb. 4. Sub-

committee chairman Judd Gregg (R-N.H.) told the hearing that he had a "very serious concern" that the budget for the State Department sent up by the administration underfunded embassy security by about \$700 million, a situation he blamed on the Office of Management and Budget. "It puts this committee in a very serious situation," he said, "because for us to meet the obligations of protecting our people abroad, which this White House has said it was going to do, we are going to have to come up with the money, even though the White House isn't willing to come up with the money."

Secretary of State Madeleine Albright tried to walk the tightrope between security requirements and imposed budget limitations. She said that working within the caps imposed by the 1997 Balanced Budget Act "is not an easy issue," because the State Department has been operating "within the constraints of trying to eliminate the deficit and also within what we have for our Function 150, which deals not only with security and buildings but the operations of the State Department and our overall policies." In response, Gregg reiterated his belief that the "OMB has sent up a budget that's not going to work in order to protect the embassies."

Ranking subcommittee member Fritz Hollings (D-S.C.) was dubious about spending a billion dollars to improve building security. "I'm not sanguine," he said, "about the ability of the government to really get proof-positive protection against terrorism. . . . You can't barrier all the buildings." He said that the problem will persist "as long as you've got suicidal agents, individuals who are willing to just go down into a public square and blow themselves up with other people. So you have got to look at this thing in a deliberative, studied way."

# National News

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## Voter argues: 'Punish House coup plotters'

An American residing overseas insisted that the House Managers coup plotters should pay for their crimes, in a letter to *U.S.A. Today* on Feb. 15. "Several of the key House Managers of the impeachment trial committed nothing less than the treasonable offense of attempting a coup d'état to oust the legitimate leader of the U.S.," argued Timothy S. Williams, writing from his residence in Bonn. "Let the national healing begin with the truth. This truth should start with criminal charges against the perpetrators of this trial. . . . Whether anyone has the courage to charge them with their crimes is another matter. For the sake of the nation, I hope someone will," he wrote.

In its editorial, *U.S.A. Today* defended independent counsel Kenneth Starr as "an able prosecutor," citing the fact that he obtained more than a dozen convictions. It insisted that Democrats drop all actions against Starr and that "any review of Starr's conduct should be left to the three-judge panel that appointed him or Judge Norma Holloway Johnson."

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## Hatch, DOJ take aim at McDade amendment

Senate Judiciary Committee chairman Orrin G. Hatch (R-Utah) has proposed a counter to the "McDade amendment"—the watered-down version of the McDade-Murtha "Citizens Protection Act" which is due to become effective in April—lying that it "would cripple the ability of the Department of Justice to enforce Federal law and cede authority to regulate the conduct of Federal criminal investigations and prosecutions to more than 50 state bar associations." The McDade amendment bypasses the DOJ's notoriously corrupt Office of Professional Responsibility and creates a misconduct review board with power to make public, information concerning investigations, classified material, and other confidential information.

Hatch claimed that because the DOJ

must investigate multi-state cases involving terrorism, drugs, fraud, and organized-crime conspiracies, under the McDade amendment, Justice Department "decisions will be subject to review by the bar and ethics boards in each of these states at the whim of defense counsel, even if the Federal attorney is not licensed in that state." He said his corrective bill would set specific standards for Federal prosecutors to be enforced by the Attorney General. It would establish a commission of Federal judges, appointed by the Chief Justice of the Supreme Court, to review and report on the relationship between the duties of Federal prosecutors and regulation of their conduct by state bars and the disciplinary procedures by the Attorney General. The original version of the McDade-Murtha Bill would have placed responsibility for naming such a committee in the hands of the President.

Meanwhile, Deputy Attorney General Eric Holder opened the weekly Justice Department briefing on Feb. 4 with a warning: "In just over two months, the so-called McDade amendment will become law. And as many of you know, this is of great concern to us here at the Justice Department and throughout the law enforcement community. The law would protect the average criminal and not protect the average citizen, and that's because it will handcuff prosecutors by requiring them to comply with a patchwork of contradictory state rules."

Holder, who is featured to speak at Al Gore's Feb. 24-26 conference on "corruption," said the DOJ fully supports Hatch's proposal.

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## Pennsylvania court: Law holds HMOs to account

The Pennsylvania Supreme Court has ruled that health maintenance organizations (HMOs) can be held legally accountable for negligence, and cannot hide behind Federal law, to avoid responsibility. The case involved a May 1991 incident in which U.S. Healthcare negligently delayed giving authorization to transfer Basile Pappas to a university hospital for treatment of a neurological emergency. The HMO's denial and delay resulted in permanent quadriplegia to Pap-

pas. In its December 1998 ruling, the Pennsylvania Supreme Court set a precedent by finding that HMOs can't avoid liability under the Federal law, Employee Retirement Income Security Act (ERISA), which was intended to provide uniform Federal protection of employee benefit plans. Under ERISA, when a group HMO's actions result in disability or death, the patient or family has no legal right to sue the HMO under state laws.

The Pennsylvania court in *Pappas v. U.S. Healthcare* drew on a 1995 U.S. Supreme Court ruling on ERISA stating: "Nothing in the language of [ERISA] or in the context of its passage indicates that Congress chose to displace general health care regulation, which historically has been a matter of local concern. . . . Congress did not intend to preempt state laws which govern the provision of safe medical care." A concurring opinion cites *Dukes v. U.S. Healthcare*: "Patients enjoy the right to be free from medical malpractice regardless of whether or not their medical care is provided through an ERISA plan. . . . [Q]uality control of benefits, such as the health care benefits provided here, is a field traditionally occupied by state regulation."

U.S. Healthcare has asked for a rehearing of the case.

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## Robertson cans Christian Coalition's president

The fissures in the Christian Coalition widened dramatically in the wake of Pat Robertson's proclamation in January that the "Get Clinton" impeachment operation had failed. Donald Hodel, who has been president of the Christian Coalition for the past 20 months, was abruptly ousted when he disputed Robertson's remarks that the President's State of the Union speech had "hit a home run" and fatally doomed the impeachment. After Robertson, founder and chairman of the Coalition, repeated his stance that the Republicans had bungled the impeachment case and should accept that the Senate was a "hung jury," Hodel wrote to the founder and chairman of the Christian Coalition, suggesting that he step down and accept a post as chairman emeritus. Instead, Robertson sent Ho-

del a letter accepting Hodel's resignation as president—a resignation that Hodel had never tendered.

According to an unnamed Coalition source cited in the *Washington Times* on Feb. 10, Hodel's conflict with Robertson had started earlier. Hodel reportedly felt that Robertson was making repeated gaffes on the 700 Club TV show, and was seeking expedient political deals at the expense of the Coalition's "moral" agenda. In fact, according to the *Times* story, some Republicans have suggested that Robertson's statements may have been intended to help Senate Republicans make a graceful exit from a prolonged impeachment trial, without incurring the wrath of a unified religious right.

## Judge orders CIA, DIA to release 'Diana files'

U.S. District Court Judge Henry Kennedy handed down an order on Feb. 5 for the CIA and the Defense Intelligence Agency (DIA) to produce documents and to appear for questioning by attorneys for Mohamed Al Fayed, whose son Dodi was killed on Aug. 31, 1997 in the Paris car crash that claimed the life of Princess Diana. The case is still under criminal investigation in France. The order came in response to a motion, filed on behalf of Al Fayed by the Washington law firm Williams and Connolly, demanding that the CIA and DIA agencies release material that could shed light on the circumstances surrounding the crash.

In November 1998, an Internet news service, *APB News*, learned that the National Security Agency (NSA) had more than 1,000 pages of documents on Princess Diana. *APB* had filed a Freedom of Information Act (FOIA) request with the NSA in June. The NSA has refused to release any documents, claiming that their declassification would reveal U.S. intelligence methods and procedures. The NSA letter to *APB* noted that most of the documents had originated with the CIA and the DIA.

Mohamed Al Fayed, a civil party in the French criminal investigation, filed his Federal court action to obtain the files under a law that allows foreign nationals engaged in court actions abroad to access relevant U.S.

government documents. Judge Kennedy's ruling gave the CIA and the DIA a deadline of Feb. 12, to turn over their files to Williams and Connolly.

Given the formal ties between U.S. and British intelligence services, it is almost certain that any information developed by the CIA, the DIA, or the NSA on the activities of Princess Diana would have been available to the British secret services. Similarly, U.S. agencies have access to many of Britain's top-secret operations, and that may bring about the downfall of Prince Philip and the House of Windsor, if evidence can be brought to light that the royals ordered the murders of Diana and Dodi.

## Special Forces 'exercise' terrorizes Texas town

The U.S. Army Special Forces Command acknowledged that helicopter-borne troops from its "Delta Force" counterterrorism section staged a mock attack on Kingsville, Texas, a town of 25,000, on Feb. 8. On Feb. 12, another urban warfare exercise took place in Port Aransas, a town of 2,200. According to the Corpus Christi *Caller-Times*, "about 60 soldiers from Army Special Forces teams based in Fort Bragg, North Carolina, swooped in on eight helicopters for a training assault on abandoned buildings in downtown Kingsville. Explosions and rifle fire startled nearby residents, and the attack caused a fire that gutted an abandoned police building and blew windows out of another building nearby."

According to the *New York Times* of Feb. 16, Maj. Jeff Fanto, spokesman for Army Special Operations Command headquarters at MacDill Air Force Base in Florida, "said the training by the Army's Delta Force . . . was routine. 'They're practicing skills of getting in and out of urban areas and special operations they're responsible for,' Major Fanto said."

A spokesman for the Kingsville police department, which cooperated with the Army on the mock attack, told *EIR* that the fire started when soldiers were cutting through the bars of an abandoned jail cell, practicing prisoner liberation.

**SEN. TRENT LOTT** kicked off a series of Republican "town meetings," on Feb. 15 in Warren, Michigan, which aim to get the GOP out from under the party-of-Monica-Lewinsky scandal. The party plans 150 town meetings, to thump the tub for a 10% tax cut in "this era of budget surplus." The Senate Majority Leader ranted that "Washington has a moral duty and fiscal responsibility to lower American taxes."

**CONSERVATIVE** revolutionary Rep. John Kasich (R-Ohio) announced Feb. 15 he will seek the Republican Presidential nomination. Chairman of the House Budget Committee, Kasich called for running America "from the bottom up," through tax cuts and budget austerity.

**THE NEW YORK TIMES** on Feb. 6 finally reported on the scandal that House Majority Whip Tom DeLay (R-Tex.) may have committed perjury in a 1994 Texas civil case. The story first appeared in the *New Republic*, and involves false statements by DeLay concerning a suit against the Albo Pest Control Co., where he was chairman. In deposition, DeLay said he was not chairman of Albo, but later listed that as his post in his official Congressional earnings filings.

**THE FBI** in Richmond, Virginia announced the creation of a "corruption hot line" on Feb. 2, only hours after a black Richmond City Councilman, Rev. Leonidas B. Young, pleaded guilty to corruption charges. The local FBI special agent in charge told a press conference that area residents can call the "corruption hot line," to make allegations of criminal wrongdoing by any public official. He denied any FBI targeting of black officials.

**MISSOURI** prosecutor Jim Justus wants to try former death row inmate Darrell Mease for murder again. Mease's sentence was commuted by Gov. Mel Carnahan at the request of Pope John Paul II, during his St. Louis visit. Justus was angry at having been cheated of his death sentence.

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## Editorial

# *Put the Eurasian Land-Bridge on the agenda*

As we go to press, the world's financial pages are filled with discussion about the Feb. 20-21 meeting of the Group of Seven, which will take place in Bonn, Germany. Unfortunately, it is all too obvious that, despite the expressed fears of many that the global financial turmoil will eventually bring down even the United States, the agenda will be dominated by the traditional "boardroom B.S."

The finance ministers of the industrialized nations will not be looking at a pretty picture. Despite massive hyperinflation, Japan remains in a depressed condition. European unemployment, already more than 10%, is increasing, due to the collapse of exports to its traditional markets in Asia, Ibero-America, and eastern Europe. Russia is still on the verge of default, as is the continent of South America. Africa has gone from simply being looted financially, to being ripped apart by wars.

True, the American stock market continues to bloat, in a bubble which so-called economic experts and politicians are desperate to call "prosperity." This result comes not only from Greenspan's hyperinflation, but from capital flight from the rest of the world. The physical reality of the U.S. situation is more accurately reflected in the ongoing substantial layoffs in manufacturing industries (over a quarter of a million in 1998), and the record trade deficit. The latter has led the United States to embark on an aggressive campaign to compete for shrinking export markets, in a manner that is guaranteed to create increased tensions among its trading partners.

The global reality is the grim fulfillment of economist Lyndon LaRouche's Triple Curve Function: a hyperbolic increase in instruments of financial speculation and debt; an increase in the money supply to help cover these debts; and a hyperbolic decrease in the physical production and consumption for the world's population, which is being gouged to sustain the financial bubble. This reality cannot be addressed by small adjustments in favor of "currency stability," but requires a bankruptcy reorganization of the entire system.

But there is, as this magazine has consistently

pointed out, a palpable alternative. This is represented by what Lyndon LaRouche recently described as the emerging "three-cornered arrangement" between Russia's Yevgeni Primakov, China's Jiang Zemin, and the Indian government of A.B. Vajpayee. These three countries form the keystone of what could be called the Survivors' Club, a group of nations — which happen to encompass approximately two-thirds of the human population — which is committed to putting the fate of its people, before the prerogatives of the market.

There are some indications that certain factions in the industrialized countries realize the potential of working with Asia. Western European nations, led by Germany, have begun to orient toward opening up the markets in Asia, which they so vitally need. And President Clinton himself has taken an aggressive orientation toward economic cooperation with China, in particular. Upcoming meetings between the U.S. and Chinese leaderships, both in China and the United States, are slated to discuss a major expansion of trade and investment.

As we point out elsewhere in this issue, it is just this kind of cooperation, upon which world economic recovery depends, which has driven the defenders of the current failed system, the British-American-Commonwealth faction, into a frenzy of attacks on China, in hopes of breaking the relationship. This grouping is focussed more broadly upon trying to light enough local firestorms of conflict, to build into a new confrontation between Washington (or, the West), and the Chinese-led Survivors' Club.

Our message is to those who are willing to face the reality of the world financial-economic breakdown, and the consequences of letting it proceed. It is time, right now, to master the concepts behind LaRouche's Eurasian Land-Bridge proposals and his New Bretton Woods. It is time now, to fight for a cooperative relationship with China and Russia to carry out economic development in the interest of all nations. If informed citizens do their jobs, the lunatics at the G-7 can be pushed aside — and the world put on a road to recovery at last.

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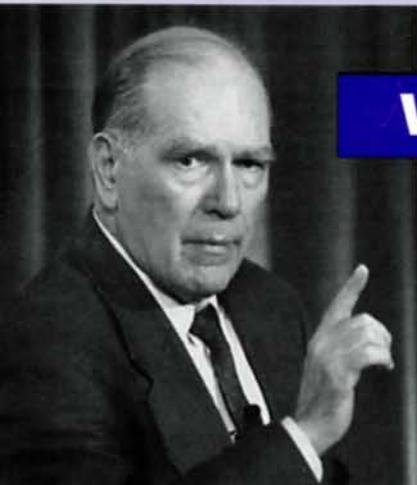
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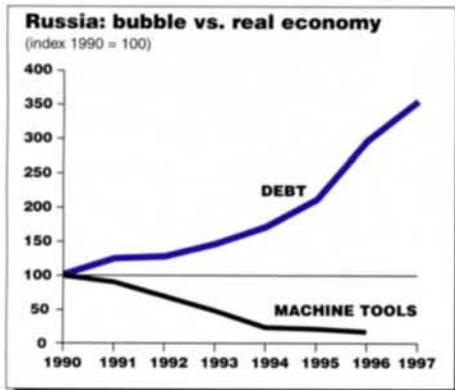
## Who was right . . .

### Lyndon, H. LaRouche, Jr.:

"If Yeltsin and his government were to go with a reform of the type which Harvard Prof. Jeffrey Sachs and his co-thinkers demand—chiefly from the Anglo-American side—then the result in Russia would be chaos. In such a case, the overthrow of Yeltsin, or somebody, by a dictatorship . . . would probably occur. In that case, then we have a strategic threat."

—Dec. 28, 1991

## And who was wrong?



### Harvard economist Jeffrey Sachs:

"It is wrong in principle to judge of the progress of the reforms by the level of physical production, regarding its decline from month to month as evidence of failure of the reforms. Russia, for example, was the biggest steel producer, but did the people live better because of this? . . . The imbalances will be abolished only when millions of factory and office workers from the heavy industry sectors leave their usual jobs and get down to the business that society really needs."

—May 6, 1992



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