

Firing of Primakov: a step toward World War III America's economic recovery is a myth Alternatives to worldwide depression and war

LaRouche: 'I would court-martial the SOBs'



FIDELIO

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Spring 1999

On Eratosthenes, Maui's Voyage of Discovery, and Reviving The Principle of Discovery Today

Lyndon H. LaRouche, Jr.

Why did 1,723 years pass between the discovery of South America by Eratosthenes' student Maui, and the similar voyage of exploration conducted by Columbus? Why did 1,720-odd years have to pass?

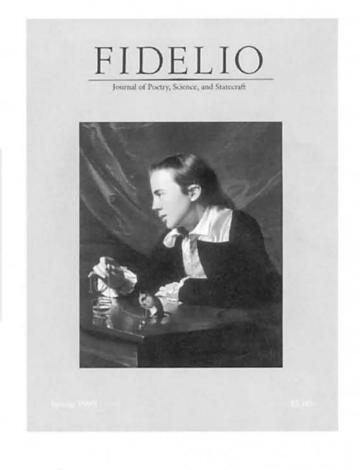
Because of a great degeneration of culture. From the time of the rise of the Romans until the Renaissance, European civilization was in a process of moral and intellectual degeneration. And we have not fully corrected that error yet.

The Relevance of Schiller's 'Aesthetical Education' for Today's Students
Helga Zepp LaRouche

The Great Art of China's 'Soundless Poems'

Leni Rubinstein

Interview: Mstislav Rostropovich



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From the Associate Editor

The wrong map?! You've got to be kidding. Nobody believes the NATO story that they bombed the Chinese embassy in Belgrade because somebody gave the pilot the wrong map. If you want to know where the Chinese embassy is, go down to the kiosk on the corner and buy a tourist map of the city. Or, ask somebody who's been there.

Yet U.S. Secretary of Defense William Cohen proclaims, in the most disgusting bit of bureaucrat-speak in this writer's memory: "In this particular case, it was not a human error or mechanical error. It was an institutional error."

If the United States government wants to salvage a shred of honor, it has got to stop the Baby Boomer lying and "trying to make our side look good." President Clinton has to do what Lyndon LaRouche, Jr. demands: Court-martial the SOBs! (See National.) The Chinese government echoed this call with statements insisting upon a thorough investigation and "severe punishment" of those responsible.

The responsibility does not lie only with the jar-heads in the NATO command who deliberately perpetrated this criminal act. Who gave the orders? Take the investigation to the very top. Take it to Tony Blair and the British oligarchy.

This military attack on China's sovereign territory, its embassy, is part of a simultaneous assault on nations of what LaRouche has called the Survivors' Club—including the destabilization, first of the Indian government and now of Russia, with Boris Yeltsin's ouster of Prime Minister Primakov. These foolish and dangerous moves, while bringing us every day closer to World War III, also carry with them the potential to wake up more and more people to reality, opening their minds to what LaRouche and EIR have been saying.

A very interesting example is the publication in the Moscow newspaper Slovo on May 12 of a report on EIR's Bonn seminar (see our issue of May 7), by seminar participant Prof. Stanislav Menshikov of Russia. The package includes an extensive summary of LaRouche's speech in Bonn, headlined "On the Road to World War III?," as well as an article by Professor Menshikov on "The Blair Doctrine," stating his agreement with LaRouche on "the special role of Great Britain in provoking the current NATO aggression." We'll have a full report next week.

Susan Welsh

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EXECONOMICS

America's economic recovery is a myth

by Richard Freeman

This speech was delivered at an EIR seminar in Washington, D.C. on May 5. It has been edited.

How many of you know what separates a Dow at the 20,000 level and a Dow at zero level? Probably one hour. Because this market is going so high, and there's nothing underneath it. It's like a person who believes that by pulling himself up by his heels, he can fly. And, it will come down.

Now, while the Dow has just hit 11,000, increasing 1,000 points in 24 trading days — which is the fastest rate of metastasis yet—back at the time that the Dow had originally hit 10,000, in late March, the machine-tool builders' association, which is known as the American Association for Manufacturing Technology, announced that for February, machine-tool consumption in the United States had fallen 51% between February of this year and February of last year.

Now, that's a rate you would associate with Russia; that's a rate you would associate with Africa. I'm talking about the United States, which is supposedly in the ninth year of an economic expansion. Quite an interesting "expansion," if that's what's going on.

I'd like to focus on three things. First, to take apart this myth—and it's a very dangerous myth—this fraud that the United States is in its ninth year of recovery. In fact, since the post-industrial society policy was instituted in 1967, and consummated when the dollar was taken off the gold standard, shattering the fixed-exchange-rate system in August 1971, we have been in a 32-year contraction, not a nine-year expansion. And that is documented.

Second, for those people who claim to be concerned about human rights around the world—like Madeleine Albright, who doesn't seem to have been terribly concerned about the destruction in Russia, hasn't lifted a finger about what happened in Rwanda, and so forth—we should look at the viola-

tion of economic human rights in the United States, to the point that the poorest, the elderly and so forth, are at the point of extinction.

Mr. LaRouche has issued "Your Economic I.Q. Test" (EIR, May 14)—and I would urge everyone who doesn't have EIR, to subscribe on your way out, because this is the way that you'll be able to get what Mr. LaRouche writes from week to week, and also what is happening to the real economy. He states that "during the coming six months, more U.S. citizens, especially the poor and the elderly, will die of the worsening economic sicknesses caused by current Federal Reserve Chairman Alan Greenspan and related Wall Street Journal policies than of illnesses such as heart disease and cancer." Now, those are the two largest takers of life in the United States, with a combined fatality rate of more than a million a year.

And, he's saying that in the next six months, if present policies—which gave rise to the Balkan war, this insane desire after the August through October 1998 shakeup of the world financial system to preserve that system rather than reorganize it along the lines that Helga Zepp-LaRouche spoke about [see *Feature*, this issue]; if that policy is now intensified, you will have more deaths in the United States among elderly and poor from those causes than from cancer and heart disease.

And third, I want to locate this within the world picture, because the strange feature about globalization—which Helga correctly said, is just another name for feudalism—is the fact that there's a tremendous amount of non-reality. Someone was saying that in Brazil, the unemployment rate in São Paulo is 19.9%; the most industrialized city in Ibero-America.

And someone says, "Well, Brazil has recovered." Why? Because they floated a bond? They had to float some bonds

or they would have no money coming into the country. That doesn't prove anything. But what you get is, "Oh, yes, Africa's recovered, because we opened up a stock market in Djibouti," and "Asia's obviously recovered, because we just floated \$5 billion worth of derivatives there."

The measure of economy

The *measure* for what people judge as to why countries have recovered, has nothing to do with whether those countries will survive. In fact, they're going in the opposite direction. In fact, the world is on the brink of the worst economic disintegration, physically, that it has ever been in.

I'd like to start with the thinking of Lyndon LaRouche on this question, which is his Triple Curve, or "Typical Collapse Function" (**Figure 1**).

There are three curves, but they are not three curves: It's an interaction that is one function. You cannot separate out any of the three curves. It would be like separating out any of the eight notes of the scale and saying, "This is a note." You have to have the geometry of the entirety.

The topmost curve represents financial aggregates. That's the financial bubble. Just to give you an example, in the United States, the capitalization, or valuation of all stocks is more than \$16 trillion. The latest figures that we have worked up for the value of derivatives, which are just bets, is \$55 trillion. That's the upper curve.

Now, to keep that curve from both collapsing in on itself and also to finance new levels of leveraged speculation, the second curve, the monetary aggregates, which is basically the money supply, is increased, not at the same rate as the top curve, but increased to simply provide support for the top curve.

The Long Term Capital Management failure on Sept. 23 of last year was followed by three interest rate cuts by the Federal Reserve. It was also followed by absolutely extraordinary testimony by the head of the New York Federal Reserve, William McDonough. He testified on Oct. 1, 1998 before the House banking Committee, which is very concerned about this, and he said that had they not ponied up \$3.8 billion of private money to save LTCM, banking settlements would have shut down for a day, or perhaps longer. That is bankersspeak for saying that the financial system would have grid-locked and melted down.

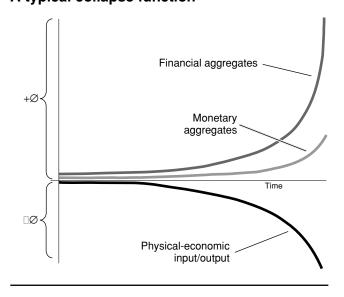
Greenspan has been absolutely committed to propping up the topmost curve. He has been simply pumping money into the economy at a tremendous rate, in imitation of the path that was taken in 1921-23 with the Weimar Germany hyperinflation.

The interaction of the top two curves, and the demands that they make in terms of financial claims on the bottom curve, which is the physical-economic—that's the input-output relationships of the real economy, upon which human life depends, every person in this room, every person on this globe: They depend on the third curve.

The more that the cancer grows at the top, the more it

FIGURE 1

A typical collapse function



sucks the life out of the third curve. It is that third curve that we're going to look at.

One way that you can think of the Dow Jones: Think of the *Titanic*, and the people in the stern of the boat as it goes under. That's the real economy. If you have ever watched a boat go under, the bow goes up. That's the Dow Jones. But you soon realize where the Dow Jones must go, if the stern goes under.

To situate this, look at **Figure 2.** It shows the deaths that are occurring around the world *at this very moment*—while people are being absolutely silly and insane about the Dow Jones. For example, 30 million people dying in Sub-Saharan Africa, as a result of British support for Ugandan dictator Yoweri Museveni, but also because of malnutrition, disease, and so forth.

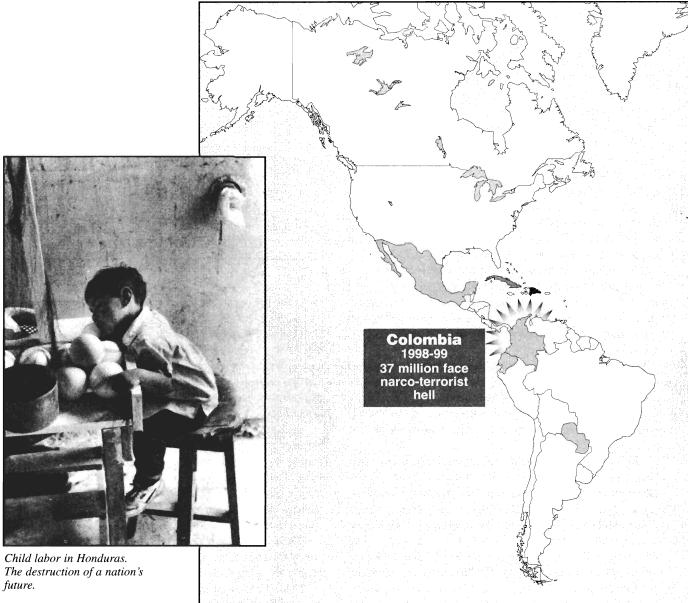
There are 31 countries in which there is negative population growth; that is, there are more deaths occurring than people being born. That gives you one idea.

Figure 3 shows you the death rates of children under five in countries around the world. In 53 countries, more than 2% of the children under five die every year. Sierra Leone leads the list, with 84 out of every 1,000 children, or 8.4% of the children under five, dying every year. *That is 67 times the rate in the United States and Germany*.

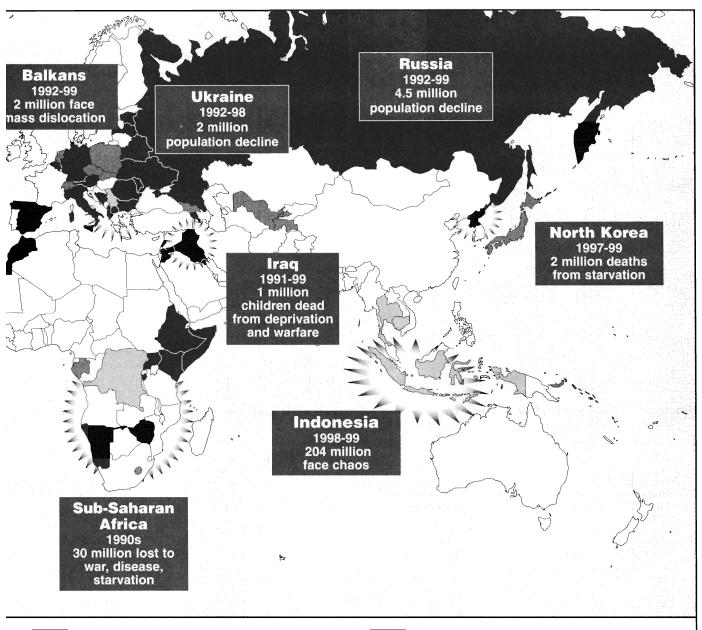
The reasons they die are shown in **Figure 4.** Acute respiratory infections claim 19%. There are 12 million children under five who die every year, most of them in Africa and Asia—95% preventable. Diarrhea is responsible for 19%. That's 2 million deaths each, to diarrhea and acute respiratory infections.

There is a tablet which can stop diarrhea in its initial stage. If you have clean water and sanitation, and medical and other infrastructure, no one need die from diarrhea. Also, measles

FIGURE 2 Depopulation and atrocities worldwide, 1990s



1. Nations with negative population growth, 1998					
Africa	Europe		Mideast/Asia	Ibero-America	
Burundi	Albania	Italy	Iraq	Dominican Repubic	
Ethiopia	Armenia	Latvia	Jordan	Trinidad and Tobago	
Kenya	Austria	Lithuania	Kuwait		
Morocco	Belgium	Macedonia	Lebanon		
Namibia	Bosnia-Hercegovina	Spain			
Somalia	Bulgaria	Romania	North Korea		
Uganda	Estonia	Russia			
Zimbabwe	Germany	Ukraine			





Africa

Gabon

Lesotho

2. Nations with zero population growth, 1998

Europe Asia
Czech Republic Japan
Georgia Tajikistan
Netherlands Uzbekistan
Poland Melanesia
Slovakia New Caledonia



3. Selected nations, where conditions build for depopulation

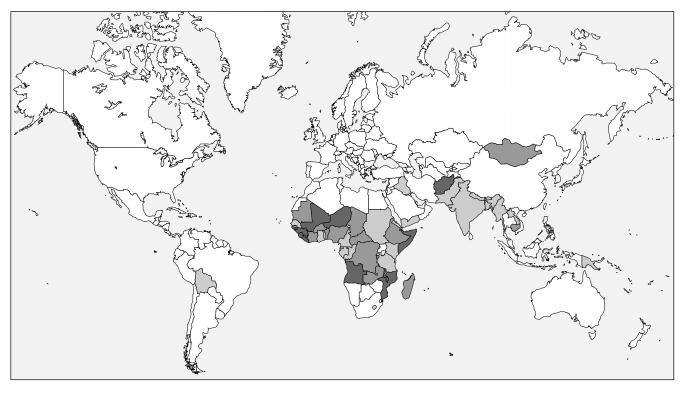
AfricaEuropeAsiaIbero-AmericaRep. of CongoYugoslaviaIndonesiaColombiaThailandEcuadorCambodiaMexicoParaguay

Source: UNFPA, 1998 vs. 1997 reports, and U.S. Census Bureau, 1998 vs. 1997 reports, as compared by Paul Gallagher, "Shocking U.N. Report Shows African Holocaust; Implosion of Population Growth Rate Continues through 1998," 21st Century Science & Technology, Winter 1998-99, pp. 19-22.

Ibero-America

Cuba

FIGURE 3
High death rate of children, 1997



Nations where more than 5% of children die before the age of 5

Country / Deaths per 1,000

Africa

Sierra Leone 84 Niger 80 Angola 72 Liberia 72 Mali 59 Guinea-Bissau 55 Malawi 55 Somalia 54 Guinea 50 Mozambique 50

Asia

Afghanistan 76

Nations where 3.5-4.9% of children die before the age of 5

Country / Deaths per 1,000

Africa

Chad 48
Democratic Republic of the Congo 48
Zambia 48
Ethiopia 44
Mauritania 44
Nigeria 44
Rwanda 44
Burundi 42
Equatorial Guinea 42
Burkina Faso 41
Central African Republic 40
Djibouti 40

Benin 38 Madagascar 37 Cote D'Ivoire 35

Asia

Cambodia 38 Mongolia 35 Nations where 2.0-3.4% of children die before the age of 5

Country / Deaths per 1,000

Africa Gabon 34
Tanzania 33
Lesotho 30
Senegal 30
Togo 29
Bhutan 28
Eritrea 27
Sudan 27
Congo 26
Ghana 25
Cameroon 23
Gambia 21
Kenya 21

Asia Pakistan 31 People's Democratic Republic of Laos 30 Iraq 29 Bangladesh 26 Myanmar 25 Papua New Guinea 25 India 24 Nepal 24 Yemen 24 Maldives 21 Ibero-America Haiti 30 Bolivia 21

Source: UNICEF report, "State of the World's Children," 1999.

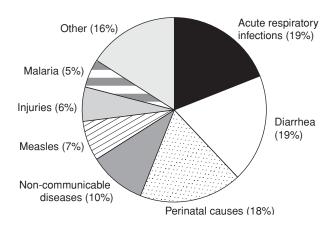
and other dieases: No one should be dying from these diseases at this time. These deaths are the result of an enforced policy of backwardness imposed by the British-American-Commonwealth clique, of which the International Monetary Fund

is one of its arms.

In Russia, you can see when the IMF came in. Is there anyone who could guess the year the IMF came in, just by looking at **Figure 5**, if they didn't know anything about

FIGURE 4

Cause of death of children under 5



Source: Adapted from *Global Burden of Disease*, published by World Health Organization, Harvard University School of Public Health, and the World Bank, 1996.

Russia? It's the point at which the deaths start exceeding births. And 4.5 million people have died in Russia since the institution of the "successful" IMF reform package.

Figure 6 is the rate of tuberculosis in Russia. That disease is a marker for breakdown, for poverty, and for other diseases, because often other diseases piggyback onto TB; for example, AIDS. And you see again the point at which the IMF package and the Margaret Thatcher and George Bush policy goes into effect. And TB is now taking off, and there are many drugresistant TB strains.

Also, Indonesia. **Figure 7** shows the "poor," compared to the entire population. By 1997, Indonesia, with a population of more than 200 million, reduced the number of people below the poverty level to 22 million, or 11.3% of its population. George Soros, a speculator, goes in, the world financial disintegration hits Asia, and literally, by July 1998, some 96 million people, 48% of the population, are suddenly below the poverty level. The number of "poor" quadrupled, and 30 years of Indonesian economic development was obliterated.

The crisis in the United States

That's the setting. I'd like to now situate the United States. The statement that Lyndon LaRouche has made, is that we are in an economic contraction. The statement that the *Wall Street Journal* has made; the statement that, unfortunately, the White House has made, and it has; the statement that *Forbes* magazine, and everybody else has said, is that we're in a boom.

I'm going to try to show you who is right. I want to identify one psychological element here, and this is what Mr. LaRouche has identified as "My money."

What's the danger? And, why does the stock market actu-

Russian Federation: rate of population

increase/decrease
(percent per annum)

0.8

0.6
0.4
0.2
0

-0.2
-0.4 -

1991

1998

FIGURE 6
Russian Federation: tuberculosis cases

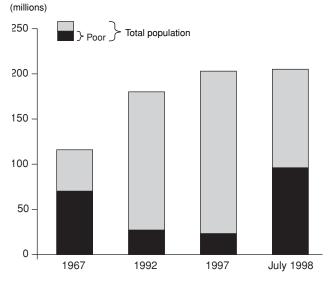
-0.6

1981

(per 100,000 population)

ally account, in part, as an element within the population, for the insanity that allowed the war in Kosovo to take place? Can that be possible? Absolutely. Because people are sitting at home, and every third month or so, they're waiting for their mutual fund check. And they not only want the mutual fund

FIGURE 7 Indonesia: population below the poverty line



Sources: Republic of Indonesia, National Development Information Office; International Labor Organization.

check, but they have built an entire fantasy world around what they're going to do with the money. And they've constructed a nice little wall and world, and they've closed out the rest of the world from that little internal fantasy.

And one of the problems—and I'm going to say this to the Americans in the audience, but I'm sure that there are many people here from other countries who can identify this within their own population, so if it sounds appropriate please take the advice. But many Americans do not want to hear what Mr. LaRouche says, not because he is not correct, but because he is correct. And, if they were to admit that in three months their little mutual fund check—many get very small checks—was not coming in, their fantasy would shatter. And they don't want to hear it. Or as a member of "Generation X" says, "Don't go there." "My money."

And when you have a population that thinks in those terms, unfortunately, you can run wars where they will not even question why the war is being carried out in the first place, let alone asking what will be the strategic consequences.

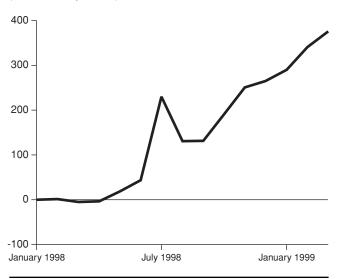
Now, we're going to take some slices of the United States. **Figure 8** shows the loss of manufacturing jobs. We have lost 376,000 manufacturing jobs in 15 months in the United States. That's bigger than the manufacturing, or labor force of many countries.

I want to cite five sectors of the economy, and I'm going to ask you: If these sectors are falling by the levels which we're talking about, how could Gross Domestic Product, or any other so-called official economic statistic, be correct?

FIGURE 8

U.S. manufacturing has lost 376,000 jobs in 15 months

(thousands of jobs lost)



Source: Bureau of Labor Statistics, U.S. Department of Labor.

The first one is machine tools (**Figure 9**). Just to situate this: If you have a creative conception, and you want to bring it into the general society, you impress it into a new design. You incorporate that design into your machine, which then produces other machines having that new, advanced conception. And by that method, you generalize it into the entire economy. And, machine-tool consumption, critical to this process of innovation and increasing productivity, is down 51%.

Figure 10 shows farm equipment shipments for March 1998 to March 1999. Two-wheel-drive tractors of greater than 100 horsepower are the standard tractors in Europe and the United States, and this is down 37.5%. Sales of four-wheel-drive tractors, with the four equal, big-sized tires, are down 45%. Combines and harvesters are down 49%. And again, we're not talking a 3-4% drop. This is a faster drop than that experienced by almost any country in the world. Name another country where production is falling at these rates.

America—the companies, Deere, Harvester, Case, and so forth—produces one-third of the world's farm equipment. And, of that, we export one-quarter of what we produce. So, this has implications for every place around the world.

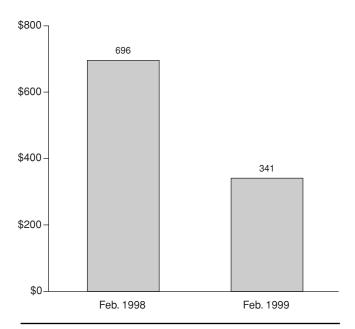
Figure 11 compares raw steel production for March 1998 to March 1999, with tonnage amounts of 8.81 million and 7.95 million net tons, respectively. Steel production fell 9.8%—which, ironically, seems like a small drop compared to everything we've seen so far.

But this drop cannot be accounted for by imports, because import levels in March of last year compared to March of this

FIGURE 9

U.S. machine tool consumption collapses 51%, February 1998 vs. February 1999

(millions \$)



Source: Association for Manufacturing Technology; American Machine Tool Distributors Association; *EIR*.

year, were basically the same. This is a collapse.

Figure 12 is aerospace. Last year, Boeing announced it was laying off 48,000 workers, or 20% of its workforce. Between 1990 and 1995, we lost 500,000 aerospace workers. Employment bounced back up a little, but then we have the Boeing layoffs.

The fifth sector is oil and gas (**Figure 13**). In November 1997, the entire United States had more than 1,000 rigs in operation. In April of this year, we had 503, a 50% drop. There have been about 50,000 layoffs in the oil patches of Texas, Oklahoma, and elsewhere, where there is also tuberculosis in the poor residential areas around El Paso, and there are also very high levels of poverty. Start to figure out what's going to happen.

Now, look at a real economy, a physical economy, which takes the fact that it is the creative human mind, which through solutions to paradoxes, invents new ideas, and puts them into effect in the economy through capital-intensive, energy-intensive development, which enables mankind to lift itself up and develop. Think of what happens if you knock out production of machine tools, steel, farm equipment, oil and gas drilling equipment, and aerospace.

So, you ask, "Well, what's going up in America?" You have heard that, in the fourth quarter of last year, America's

FIGURE 10

Fall in farm equipment shipments, March 1998 vs. March 1999

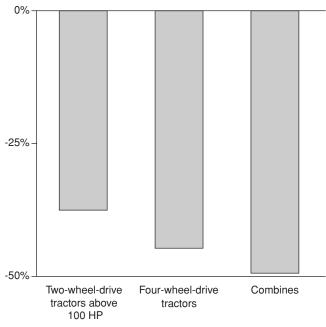
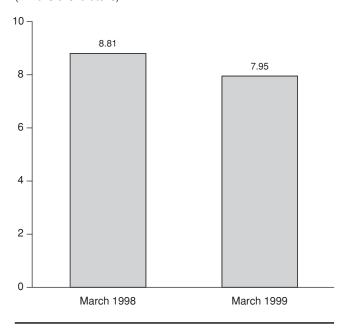


FIGURE 11

U.S. raw steel production, March 1998 vs. March 1999

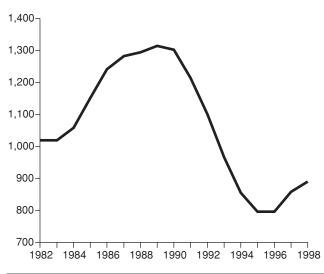
(millions of short tons)



Source: American Iron and Steel Institute.

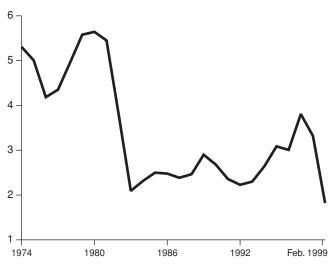
FIGURE 12 **Aerospace industry employment**

(thousands of workers)



U.S. machine tool production

(billions 1982 constant \$)

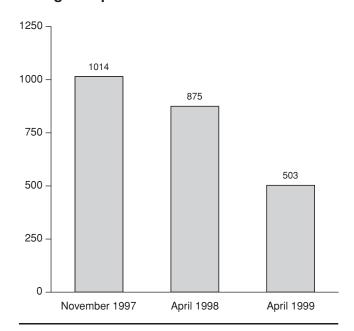


Source: Association of Manufacturing Technology, *The Economic Handbook of the Machine Tool Industry*, various years; various sources; *EIR*.

GDP went up 3.9%. We'll explore GDP in a second, but I think you can start to see the pattern: Despite the fake GDP claim, indispensably critical sectors fell by substantial rates.

This did not just develop in the last 12 months, however. This involves a longer process. This process of collapse began

FIGURE 13
Oil rigs in operation in the United States



Source: Baker Hughes.

back in 1971, when the fixed-exchange-rate system was shattered, and it was intensified when, in October 1979, Federal Reserve Board Chairman Paul Volcker, instituting a policy called "controlled disintegration," took interest rates upward, so that by February 1980, they were up to 20.5%. And, the real economy buckled.

Figure 14 shows machine-tool production, in constant 1982 dollars. The collapse—there was about an 18-month delay from when Volcker raised the interest rates. At that point, we permanently lost one-third of all our machine-tool capacity in the American Midwest. Gone. Never returned.

So, this collapse has been occurring, not just in the last year. Last year's figures are dramatic, but this has been a longer-term process.

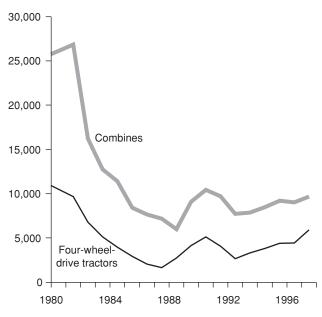
I want you to get a sense of what is really happening in the sinews of the American economy, not the stock market. **Figure 15** shows shipments of four-wheel-drive tractors and combines. Just take combines. We used to produce about 28-29,000; we're now below 10,000. That's a permanent shift. We're producing one-third of what we used to.

Figure 16 shows railroad mileage, per household. It is going straight down. And rail is the most efficient method for transporting freight, and also people. If we were to construct magnetically levitated trains, we would have the most efficient method for rapidly moving freight and people. But instead, in America, rail mileage is continuing to fall.

Figure 17 shows the amount of energy consumed by in-

Shipments of four-wheel-drive tractors and combines, 1980 to 1997

(number of units shipped)



dustry, per household. Now, yes, there have been some energy efficiencies, and one can argue that some places know how to save energy. I'm not going to dispute that, up to a point. But this collapse goes far beyond that: The real reason is that we're not running as many factories. When you don't run as many factories, you use less energy.

And again, you can see the tendency from 1973. This did not start yesterday.

Figure 18: I think you start to get the real picture of the U.S. economy, which has nothing to do with what you read in *Forbes* magazine, or the *Wall Street Journal*, or any of those other idiotic publications. This is the real economy.

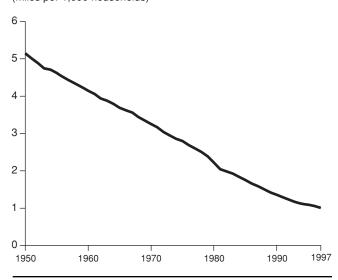
Why are they able to get away with this "recovery" myth? There are two reasons. The one I identified, which is people's fascination and misidentification with financial numbers, as if they were the real economy, which they're not. They're totally separate. In fact, as you saw from the Triple Curve (Figure 1), it is the financial aggregates which are antagonistic to, and sucking the lifeblood from the real economy.

The second reason is GDP: It's a fraudulent conception. I don't know if any of you used to have these Joe Palooka punching bags; you hit it as hard as you could, and it would hit the floor and bounce back up. GDP was constructed so that it could almost never fall. I think that, short of a nuclear war, American GDP will almost never fall.

FIGURE 16

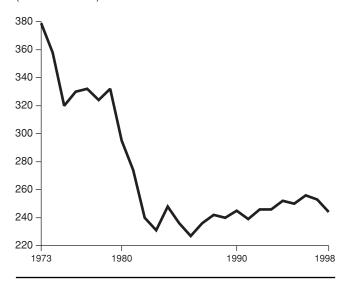
Railroad mileage

(miles per 1,000 households)



Sources: Association of American Railroads; U.S. Department of Commerce, Bureau of the Census, *Population Surveys*, various years.

FIGURE 17
Industrial energy consumption per household (millions of BTUs)

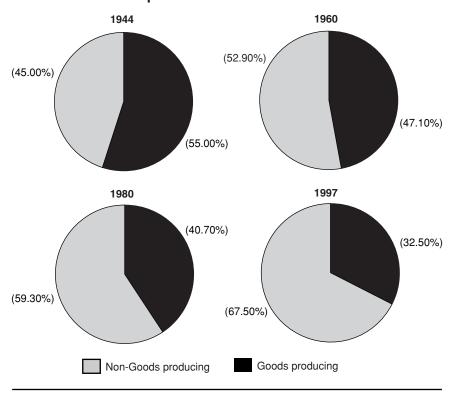


Sources: U.S. Department of Energy, *Monthly Energy Review*; U.S. Department of Commerce, Bureau of the Census, *Population Surveys*, various years.

Now, why is that? Why is GDP always rising? One thing to look at is the *composition* of GDP. And once you understand that, you'll understand why GDP tends to rise. *It rises because it's measuring the transformation of America into a*

FIGURE 18

GDP becomes less productive



Source: U.S. Department of Commerce, Bureau of Economic Analysis.

post-industrial society; it rises because it's measuring the cancer.

The portion of GDP that is made up of goods production—manufacturing, construction, mining, transportation, the physical side that produces goods, that alters nature—has declined. And the non-goods-producing portion, which includes finances, has risen.

Compare 1944 to 1960, to 1980, and to 1997. We are now in a state where the non-goods portion of GDP is 67.5%. It's two-thirds of GDP. So, every time real estate prices go up, increasing realtors' income, every time a stockbroker collects a commission, every time a derivatives trader makes new revenues, that increases GDP—even though such activity is killing the economy. GDP grows when the financial parasite grows. So, the numbers are a fraud.

Let us shift our focus to what this means for the population. And I'd like to pose two questions: What has happened to our labor force, which also means what has happened to our standard of living? And what's happening to the poorest, to the elderly? I will verify that what Mr. LaRouche has said is absolutely correct, which could not occur if we were in an economic boom. We will see more deaths from economic policies than from cancer and heart disease combined.

Figure 19 shows the U.S. labor force. The darker portion

is the productive—again, that which alters and changes nature: manufacturing, construction, infrastructure. And we have included certain scientists and engineers, active doctors, active teachers, so that we actually had those people we call "useful" in infrastructure. Everything else, is neither productive nor useful. And we call that "non-productive," or overhead.

Look at the employment profile from 1970. The darker portion representing productive jobs has basically remained the same. But, the total has increased from slightly more than 80 million employed, to 140 million. America added 60 million jobs. This is the "great jobs machine." *Practically none of them are productive!* The jobs created are flipping hamburgers at McDonald's. Or, as one person says, "We've created 10 more jobs," and the other says, "I know. I have three of them."

I want to give you a sense of this, and I hope you'll see why people are working two and three jobs to get the equivalent standard of living to what they used to have when they worked one job. I think the most fruitful way to do this is to compare manufacturing jobs

and retail jobs. Retail jobs are the people at McDonald's, or the people selling goods in the store. You need a certain number of retail workers, but you hardly need the level that we have at this point.

Figure 20 shows that the number of manufacturing jobs peaked at around 1980, and has since remained the same. But, look what happened with retail jobs. Back in 1953, there were two and a half manufacturing jobs for every retail job. In today's society, there are more retail jobs, more people simply serving hamburgers, or whatever, than all those people who produce real wealth. Completely changed.

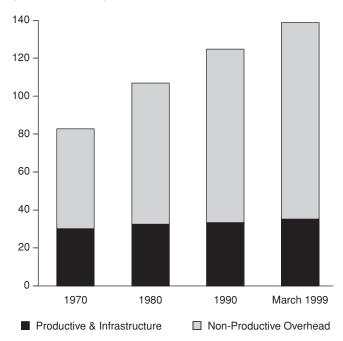
I want to show you what this has to do with living standards. **Figure 21** shows the wages, on an annualized basis, of manufacturing and retail. Up to 1971, there was a discrepancy in wage levels, but the discrepancy was not that large, and the pay scales sort of moved in parallel. After 1971, manufacturing did not really rise that much, but retail jobs, which now were proliferating as part of the post-industrial society, started having almost no wage increases whatsoever. Since 1971, the gap between the two grew considerably. And I'm going to use that gap to make a point about how many jobs you have to have.

Figure 22 shows how many retail jobs you need to earn the equivalent earnings of one manufacturing job. In an earlier

FIGURE 19

U.S. labor force, 1970-99; non-productive overhead grows

(millions of workers)



Sources: Bureau of Labor Statistics, Department of Labor; U.S. Department of Education; American Medical Association.

period, a household could be provided for with one worker's income; maybe someone else in the household worked because they wanted to. Or, they could choose not to work. That's not the case today. You can talk about the "freedom of women" all you want, but most are not working for \$7 an hour in Wal-Mart because they are "liberated." That's not what's happening.

In an earlier period, you needed roughly one and a half retail jobs to earn the income of a manufacturing job. Now, you need 2.2 retail jobs. So, you've got to hold down two retail jobs in your family, and you still won't even earn what a single manufacturing worker used to earn.

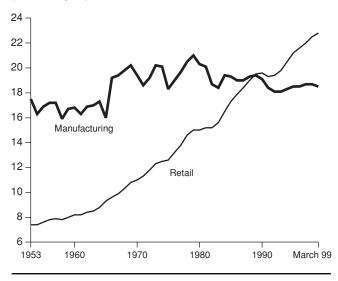
Go back to Figure 20 to see what this means for our economy, because the number of manufacturing jobs stagnated, and then fell. The only job you could go into was retail. And, because manufacturing wages have been falling—they've risen in nominal terms, but the purchasing power has fallen sharply—you actually need three, or maybe four retail jobs to earn what one manufacturing job used to provide as an income in the 1950s, to keep your family going. That's the great American job machine. *It's a complete fraud, a total fraud*.

Figure 23 shows the number of paychecks required to pay off household debt. We wanted to eliminate inflation entirely.

FIGURE 20

Retail employment vs. manufacturing employment

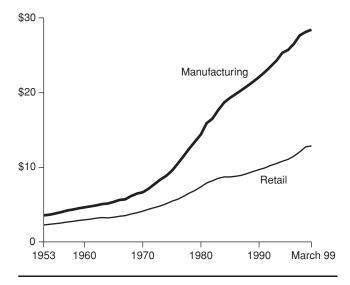
(millions of jobs)



Sources: Bureau of Labor Statistics, U.S. Department of Labor, *Employment and Earnings*, various years; *Handbook of Labor Statistics*.

FIGURE 21

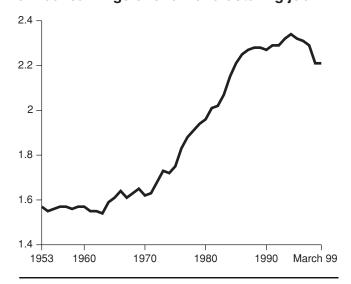
Annual wages: manufacturing vs. retail (thousands \$)



Sources: Bureau of Labor Statistics, U.S. Department of Labor, *Employment and Earnings*, various years; *Handbook of Labor Statistics*.

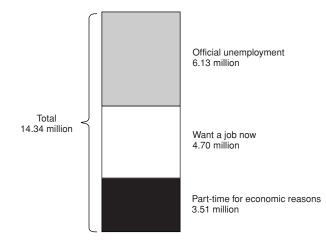
We said, "Okay, if living standards were rising in America, your paycheck should buy more." So, we took the amount of an average paycheck—not retail or manufacturing, but just the average—and we took household debt, and we compared

Number of retail jobs needed to equal the annual earnings of one manufacturing job



Sources: Bureau of Labor Statistics, U.S. Department of Labor, *Employment and Earnings*, various years; *Handbook of Labor Statistics*.

FIGURE 24 Real unemployment, March 1999



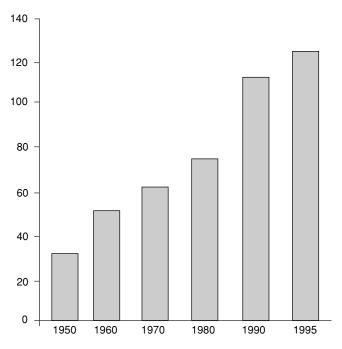
Source: Bureau of Labor Statistics, U.S. Department of Labor.

them. We tried to eliminate the monetary factor by saying, "How many paychecks would you need to pay the debt?"

Look at the difference. In 1960, you needed 25 paychecks, but now you need more than 120. Similarly, the cost of buying a house went from 400 paychecks in 1960 to more than 840 today. Which means that, for a house, the same paycheck buys *less than half of what it used to*. You heard that your

FIGURE 23

Number of paychecks required to pay off household debt



living standard is going up? Your paycheck is buying less. That's what's happening with people's living standards.

Figure 24 shows unemployment. Officially, unemployment is at the "lowest level"—gee, since the invention of time. And you can't beat that, can you? But there's a little bit of a problem.

Official unemployment is now 6.13 million. However, there are various ways of getting rid of people you don't like—we've encountered it as a political movement. And, there are ways of doing it when you're a statistician as well, working for the Department of Labor.

There's a category called "Want a Job Now," and an included sub-set, "Too Discouraged to Look for Work." This is the way it works: Let's say you used to work for General Motors, in Flint, Michigan. GM has been shutting down plants and moving those jobs to *maquiladoras* in Mexico, which pay one-eighteenth the Flint wage. But there's nothing else for you to do. So, some person from the Department of Labor goes out to your house after you've been unemployed for four weeks, and says, "Have you found a job?" "No." "Have you actively looked for a job?" "Well, I'm waiting to get called back." "But have you gone to McDonald's?" "Well, not really. I used to earn \$19 an hour. I don't want to work for \$5 an hour."

The Department of Labor employee writes, "Too Dis-

TABLE 1
Americans without health insurance, 1987-97

	Americans without insurance (millions)	Percent of total population	
1987	31.026	12.9	
1990	34.719	13.9	
1993	39.713	15.3	
1995	40.582	15.4	
1996	41.716	15.6	
1997	43.448	16.1	

Source: U.S. Deptartment of Commerce, Bureau of the Census

couraged to Look for Work." Now, here's the secret: "Too Discouraged to Look for Work" is classified in the category "Not in the Labor Force." It's outside the labor force. You can't be unemployed, because to be unemployed, you have to be *in* the labor force. So, they've created a category, "Outside the Labor Force," put you into that, and you're no longer "unemployed." Very nifty.

The third part of Figure 24 is part-time for economic reasons, for people who want to work but can't find jobs that are full time. The three categories combined are 14.34 million people. That is an unemployment rate of almost 10%, which is more than twice the official unemployment rate. That's the unemployment picture in the United States.

What is happening to this country is the following: For example, you see people driving BMWs and so forth, and it unfortunately influences people, far too many who should know better, to think, "That's how America lives." They don't. There is growing poverty in the United States, and the lower one-third of this country is in absolutely desperate straits, even with two to three to four jobs.

I will show you a couple of those parameters—but it is never going to be a single statistic. You have to conceptualize the process to see where something can lead very quickly. Take Russia, which is undergoing negative population growth. A few months ago, Helga Zepp-LaRouche said we're equally distant from success and failure. That holds in economic processes as well. When you fall, you don't fall by some incremental little ratchet-down. You fall by a huge amount, like you saw with tuberculosis in Russia, or with the death rate. There's not some prescribed area which limits how much you fall. *You plummet. That's what takes over.* That's the lawfulness of the universe.

Table 1 shows that the percentage of Americans who do not have health insurance has increased from 12.9% to 16.1%. But in some states, 30% of the children have no health insurance. And one of the worst states is Texas, of Gov. George W. Bush, the person who would be President—by saying nothing on anything of importance, and hoping that his connections with his father will get him in.

But the point is, you have children who are not covered

TABLE 2
Official poverty in the United States, 1975-97

	Population (millions)	Number in poverty (millions)	Percent of total population
1975	210.9	25.9	12.3
1980	225.0	29.3	13.0
1985	236.6	33.1	14.0
1990	248.6	33.6	13.5
1995	263.7	36.4	13.8
1997	267.5	35.8	13.3

Source: U.S. Department of Commerce, Bureau of the Census

by medical assistance. That is extremely important when you combine it with the policies of the health maintenance organizations (HMOs).

Table 2 shows the poverty level. Officially, there are more than 30 million people living in poverty in this country. However, the way that they calculate poverty is a fraud. If you set your level low enough, you can have a low number of people in poverty. But that doesn't measure it.

Because, the government says—and they have a sliding scale—that for a family of four, if you're earning \$16,400 a year, that's poverty. And how they get that, is they have something called a "Thrifty Food Plan." It provides two slices of bread, two slices of cheese, a drink, and an apple. They multiply that for three meals a day, and then multiply it by the number of people in the family, and then they adjust it for overhead, including housing and living expenses. And, working upwards from the Thrifty Food Plan, they develop the "poverty level."

No four-person family can live on \$16,400. It may sound like a lot to people who are from other countries, but you will not get through half of the year on \$16,400. It's not a level that really measures poverty.

Table 3 shows 150% of the poverty level, which comes closer to real poverty in the United States, where a family of four would be living on \$24,000 a year. Before taxes, a

TABLE 3
Real poverty in the United States: 150% of official poverty level

	Population (millions)	Number in poverty (millions)	Percent of total population
1975	210.9	49.1	23.7
1980	225.0	52.0	23.1
1985	236.6	57.0	23.9
1990	248.6	56.7	22.7
1995	263.7	64.1	24.3
1997	267.5	60.3	22.5

Source: U.S. Department of Commerce, Bureau of the Census

family of four needs \$55-60,000 a year for a decent standard of living. You can cost it out, because wages are not something that the market determines à la Adam Smith. You have objective standards, i.e., if you want to raise productive children who have minds, who are going to make contributions to your economy. And when you begin from that standard, and not from the market, you can then start figuring out what the wage has to be. And in America, it's about \$55-60,000.

So, \$24,000 is not even half of what is really needed. But now you see, that *more than 60 million Americans are below this poverty level*. So, we're looking at one-quarter of the American population in poverty. That's reality in America; it's not the people stepping in and out of the Cadillac in the commercial.

Table 4 is extreme poverty in America, those living below 50% of the official poverty level. What happens if you cut the \$16,400 in half? That is *below starvation*. And that rate has actually increased year by year. It's now 5.4%. That may sound small, but that is 1 out of 20 Americans living at a level where they can't even exist—in the middle of a "boom"?

Now, let us just look at a couple of things that are indications of what Mr. LaRouche said at the beginning—that we would see a greater death rate because of Greenspan's policies than from major diseases (**Figure 25**).

Let me give you one example. As a result of the *maquiladoras* in Mexico, across the border in Texas they have *colonias*, or semi-plantation-type settings. And in one of them outside of El Paso, which is right across the border from one of the biggest *maquiladora* centers in Mexico, there are 75,000 people, mostly from Mexico, who live there. A study by the *American Journal of Public Health* in 1997 found that almost 25% of schoolchildren in one El Paso *colonia* had hepatitis A. *One out of four*.

In Harlem, New York, the tuberculosis incidence rate had fallen down to 80 per 100,000; it's now up to 182, which is half of what it was in the 1950s, when TB was considered rampant.

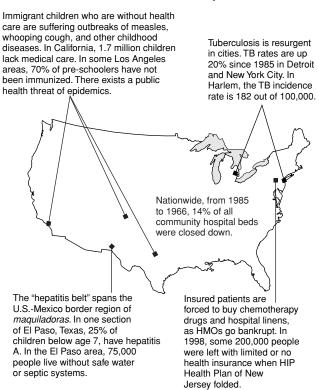
Extreme poverty: Americans living below 50% of official poverty line

	Number in poverty (millions)	Percent of total population	
1975	7.47	3.5	
1980	9.80	4.4	
1985	12.38	5.2	
1990	12.91	5.2	
1995	13.89	5.3	
1997	14.59	5.4	

Source: U.S. Department of Commerce, Bureau of the Census

FIGURE 25

U.S. economic breakdown creates public health threats—selected examples, 1999



In New Jersey, there's a health insurance plan called HIP. The HMOs are very predatory. They move in, they take the premiums up front, and then after the first five or six years, the HMOs lay off people—nurses, doctors—until they can't cut any more. The HMOs forced HIP to go bankrupt. As a result, one of the doctors in New Jersey, and this was just reported in *Money* magazine, now has his patients buying drugs for chemotherapy. *They can't get it through the HMO*. *They're going to the store to buy the drugs themselves*. It sounds like Afghanistan, but this is in the United States.

Between 1985 and 1996, some 14% of hospital beds have been eliminated.

So, conceptualize: disease vectors, lowered living standards, loss of jobs—like in El Paso, that's an area where some of the jobs were lost to the oil shutdown, and so forth. And the key thing about what Mr. LaRouche is saying is not that you have a precise date, but that if the policy continues, that will happen.

And, I think we have the leadership in this room and elsewhere, to bring us back from the brink.

Germany faces massive shrinkage of investments in infrastructure

by Lothar Komp

On May 4, German Finance Minister Hans Eichel informed the Parliament that severe budget cuts were necessary because of the "dramatic financial situation" of the federal state. In regard to what would be cut from the budget, no "taboos" could be tolerated, he said.

Eichel noted that the share of debt service in public expenditures has sharply increased in recent years, and it will rise even further in the years ahead. Every fourth deutschemark of federal tax revenue is already being eaten up by debt service, he emphasized.

Indeed, interest payments by federal, state, and municipal governments—133.5 billion deutschemarks (roughly \$84 billion) in 1998—have already by far surpassed their total infrastructure investments, which amounted to DM 86.7 billion last year. Thereby, a decisive factor for improved productivity of the German labor force, and of the postwar export successes of German companies, is being undermined.

Actually, this process has been under way since the early 1970s. With the exception of a very short post-reunification phase (1990-92), public infrastructure investments in Germany have systematically fallen relative to other economic activities during the last 30 years, from 4.5% of Gross Domestic Product in 1970, to less than 2% in 1998. In the same time period, the share of the public sector in capital investments (infrastructure, buildings, capital goods), has been cut in half, from 18% to 9%, while the remaining 82%

and 91% belong to the private sector. Even more dramatic, the share of infrastructure investments in German municipal budget outlays has fallen from 30% in 1980, to less than 15% today.

Investments falling since 1992

Since 1992, public infrastructure investments in Germany have been falling, even in absolute terms. As the Bundesbank states in its April 1999 monthly report, overall public infrastructure investments per capita have fallen, from DM 1,700 in 1992 to DM 1,300 in 1998 in eastern Germany, and from DM 1,000 to DM 750 in western Germany. During 1992-98, infrastructure investments by the municipalities, which are much larger than those of the federal and state budgets combined, have been shurnk, from DM 73.3 billion to DM 55.0 billion.

The main cause for this trend is the desperate fiscal situation of the municipalities, which worsened in recent years because of widespread unemployment and budget-cutting pressures arising from efforts to meet the criteria to join the European Monetary Union.

The shrinkage of public infrastructure investments is not limited to western Germany, but is taking place in eastern Germany as well, where the need for infrastructure development is gigantic. While eastern German municipalities in 1992 invested DM 18.7 billion in local infrastructure, only DM 13.3 billion was invested in 1997. The Institute for

TABLE 1 **Public infrastructure investments in Germany**(billions of deutschemarks)

	1991	1992	1993	1994	1995	1996	1997	1998
Federal	11.0	13.8	12.5	12.0	12.2	12.0	12.0	12.2
States	18.7	20.2	19.5	19.8	19.9	19.5	18.9	18.2
Municipalities	60.9	73.3	71.5	67.9	64.8	60.0	56.3	55.0
Total	90.6	107.3	103.5	99.7	96.9	91.5	87.4	86.7

Source: Bundesbank, Monthly Report, April 1999.

TABLE 2

The Federal Transport Infrastructure Plan 1992-2012

	Planned investments (billions of deutschemarks)
Railways	213.6
Highways	209.6
Waterways	30.3
Total	453.5

An important part of the FTIP are the 17 "Transport Projects German Unity," intended to modernize the eastern German transport infrastructure with an investment volume of DM 57 billion.

Economic Research in Halle (IWH) recently warned that this rapid contraction of infrastructure investments could destabilize the entire economic reconstruction in eastern Germany.

The IWH brought up the example of the eastern German city of Halle, where the gas pipeline network needed 13,500 repairs during 1992 to 1995, about eight times more than in the western German city of Karlsruhe, which has the same population. At the same time, 4,400 repairs in the water system had been reported in Halle. And even after several years of modernization efforts, the leaks in the Halle water system still accounted for 23.4% of the total water flow, compared to 3.4% in Karlsruhe.

A growing backlog

According to estimates by the German construction industry, the backlog in urgent physical infrastructure investments in Germany has reached DM 800 billion, including DM 400 billion for roads and rail lines and DM 300 billion for modernizing the German water grid.

The cuts in infrastructure investments are now becoming ever more visible in national rail and road projects.

Germany's Transportation Minister Franz Müntefering recently stated that the schedule of the long-term "Federal Transport Infrastructure Plan 1992"—consisting of DM 210.9 billion for maintenance and another DM 242.6 billion for upgrading and expanding rail lines, highways, and waterways for the 1992-2012 period—cannot be fulfilled. There is already a DM 80-90 billion shortfall in funding, Müntefering said. He announced that the plan will have to be revised, that several projects will have to be postponed for at least five years, and that we have to "say good-bye to many illusions."

Construction industry hit

The German construction industry is facing the immediate consequences. According to the Berlin-based German Institute for Economic Research (DIW), public sector construction orders fell from DM 67.5 billion to DM 57.2 billion

between 1994 and 1998. In eastern Germany, public sector orders for the construction industry fell from DM 30.3 billion to DM 25.9 billion in the same time period.

Simultaneously, construction orders from the corporate sector shrank—from DM 121.2 billion to DM 108.9 billion in the West, and from DM 54.8 billion to DM 41.8 billion in the East—while new orders for housing construction are stagnating.

As a consequence, German construction employment has been massively shrunk in recent years. In eastern Germany, 150,000 out of 850,000 construction jobs were lost during 1995-98. At the same time, employment in the western German construction industry fell by 219,000 jobs, to 1.81 million. Between mid-1996 and mid-1997 alone, 125,000 construction jobs were eliminated, and another 141,000 in the following 12 months.

Taking into account that every job lost in the German economy causes a reduction in revenue (taxes) and additional expenditures (unemployment compensation, social security) of altogether DM 40,000 per year for federal, state, and municipal governments, the job losses in the construction industry between 1995 and 1998 have produced a further hole in the public budgets of DM 15 billion per year. This is almost the amount required for implementing the Federal Transport Infrastructure Plan.

If You Thought Adam Smith Is The Founding Father of America's Economic Strength



READ

Friedrich List: Outlines of American Political Economy

With a Commentary by Michael Liebig and an Epilogue by Lyndon H. LaRouche, Jr.

I confine my exertions solely to the refutation of the theory of Adam Smith and Co. the fundamental errors of which have not yet been understood so clearly as they ought to be. It is this theory, sir, which furnishes to the opponents of the American System the intellectual means of their opposition.

Friedrich List to Charles J. Ingersoll, July 10, 1827

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Business Briefs

Science

Mars has magnetic field reversals, data show

Data from the Mars Global Surveyor space-craft's magnetometer has revealed banded patterns of magnetic fields, with contiguous bands pointing in opposite directions. The data were reported in the April 30 issue of the journal *Science*. There is no global magnetic field at Mars today, as there is on Earth, but there are remnant magnetic fields in the rocks.

The most likely explanation for the pattern Mars Global Surveyor found, is that there were periodic magnetic field reversals on Mars, as there are on Earth. NASA scientist Jack Connerney reported at the end of April that these magnetic stripes bear a striking similarity to patterns found on the Earth's ocean floor, where the upwelling of material from the core takes place when tectonic plates spread apart. The pattern of the magnetic fields reflects the periodic changes in polarity of Earth's field. Scientists propose that a similar process may have taken place early in Mars' history, when its core was still liquid. The reversal of the polarity of Mars' ancient magnetic field, they believe, is preserved in these alternating bands.

Asia

China, India set to reopen trade routes

India and China have "inched closer" to agreement on the crucial issue of trade routes, at their "joint working group" talks in Beijing on April 26-27, the *Times of India* reported on May 5. "We are hopeful that more trade routes will be opened, so that the economic progress of the entire region can be swift," an Indian official said. "Development of [India's] Northeast implies normalization of trade ties with Myanmar and Beijing."

Prof. Meera Sinha Bhattacharya of India's Institute of Chinese Studies told the Iranian News Agency in Beijing that the main thrust of the Joint Working Council is to "search for the resolution of contentious issues in a peaceful manner, to open up more

economic and cultural contacts, and to arrive at an understanding for a new strategic relationship." She said the meeting "was able to reach some understanding over opening of the trade routes, and it is expected that formal agreement would be signed soon."

Due to the tension caused by the fleeing of the Dalai Lama into India in 1959, the nine trade routes between the two countries were all closed, and only two have since been reopened.

Meanwhile, the India-China Joint Business Council was scheduled to meet in New Delhi on May 15, under the joint auspices of the Federation of Indian Chambers of Commerce and Industry and the Associated Chambers of Commerce and Industry of India. The meeting will explore the potential for expansion of economic and commercial relations between the two countries, including specific projects involving technolgy transfers and joint ventures. It will also identify new areas for cooperation, such as joint bidding in third countries, participation in project tenders, equipment supply, and infrastructure projects.

Middle East

Turkey, Syria set to revive Hijaz Railway

Turkey and Syria, which were on the brink of a major war last September, have signed an agreement on land, air, and sea transportation links between the two countries, the newspaper *Al-Hayat* reported on April 30. The talks were held in April in Damascus between officials of the Transport Ministries of Turkey and Syria, and were described by an official communiqué as aiming at "constructing bridges and expanding the networks of mutual trust on the basis of historical relations of friendship."

The agreement makes a direct reference to the concept of the Eurasian Land-Bridge, stating that "the two sides bear in mind that Damascus will become a linking knot for a number of rail lines linking Europe, Central Asia, and Iran in the north, and Saudi Arabia and Jordan in the south, so that these lines become arteries in one body." The two sides agreed to revive the "Hijaz Railway," which was built at the beginning of this century by German engineers as a twin line of the "Ber-

lin-Baghdad Railway." The Hijaz Railway extends from Istanbul, to Halab and Damascus in Syria, to Jordan, and to Medina in Saudi Arabia.

The 2,000 kilometer rail line needs to be reconstructed. The Turkish government has shown great interest in financing the project. Turkey has also offered to give Syria 100 locomotives and rail cars in a contract to help Syria start transport on the line. The two sides have also agreed to open more navigation and aviation lines between the two countries ports and airports.

Trade

Barter deals grow, as Germany's trade falls

Germany's trade partners in Asia, Ibero-America, Africa, and eastern Europe are calling for barter deals involving 10% of its exports, Hans-Jürgen Müller, the head of the Federal German Export Trade Association, told the daily *Die Welt* on May 3. German firms agreed to such requests in only half of the cases, resulting in about 5% of German trade with "emerging market" countries being barter deals.

However, this is just the beginning. There is a rapid increase in requests for barter deals because of the lack of hard currency in the crisis regions and the huge demand for German goods.

Meanwhile, German trade is continuing to shrink, including with European Union member states. Federal Statistical Office figures released on April 30 showed that German exports in January 1999 were down by 6.5% compared to the year before, and imports shrank by 11.1%. Exports to Russia were down by 57.8%. The decline of 21.0% to the Netherlands, one of the biggest German foreign trade partners, is a very alarming sign. Only exports to China grew by a two-digit margin (16.7%). Even more severe is the shrinkage of German imports, which is now about to hit the other EU members. On average, German imports from the EU were down by 13.9% (Britain -18.6%, France -12.5%, Netherlands -20.5%, and Italy -11.2%). German imports from the United States fell 7%; from Japan, 7.8%; from China, 10.7%; from Russia, 18.6%.

ERFeature

Alternatives to war and depression: The LaRouche Doctrine

by Helga Zepp-LaRouche

Mrs. LaRouche is the founder of the Schiller Institute and its president in Germany; she is the wife of Lyndon LaRouche, Jr. The following speech was delivered to an EIR seminar entitled "After the NATO Summit, What Next? The Post-Balkan War Perspective," in Washington, D.C. on May 5. Titled "Alternatives to Worldwide Depression and War: The LaRouche Doctrine," the speech has been edited and subheads have been added.

I'm very honored to speak to you today, because, when we had the last *EIR* event in Washington about four weeks ago, it was a very dramatic moment: As our speakers were assembling, we learned that Russian Prime Minister Yevgeni Primakov had just made a U-turn, back to Russia, and hours later, the bombing in Yugoslavia started. Today—and I must say, in all modesty, that we are not unrelated to these developments—we are at an equally dramatic moment, however, with a much more hopeful aspect to it: namely, that we may come soon to an end of this war, with a positive solution.

I will qualify this remark, and give you as much background as is possible. You have probably heard that President Clinton gave a press conference after he met with Japanese Prime Minister Keizo Obuchi, where he announced that a "pause" in the bombing would be possible, provided that Serbian President Slobodan Milosevic would pull back his troops and start to clear out of Kosovo. He also indicated—and this is a very dramatic change in the language which has been used by NATO up to this point—that a possible peacekeeping force in the postwar period could be, not under the direction of NATO, but under the United Nations.

Now, this is a very promising sign, because this would mean that we are on the way, potentially, to go back to the rule of international law, and to avoid catastrophe.

However, as I said, I want to qualify this. Because, while I am extremely optimistic that we can change the situation for the better, we should also know that the very forces who were the reason that this horrible war started, are still in full



Helga Zepp-LaRouche addresses EIR's seminar on May 5 in Washington. "We are still potentially going into a quagmire," she said, "with the threat of this war in Yugoslavia, Kosovo, expanding into an all-Balkan war, and beyond, and eventually degenerating into a Thirty Years' War with a nuclear component."

force, pursuing their own interest. But, I think, clearly, the new situation has developed after President Clinton, in his remarkable speech in San Francisco, started to talk about the need—that if you look at a war, it is not only the question of what the war is leading to, but you have to look at the *end* of the war, what is the peace plan.

And as President Clinton said, we should not only think about a Marshall Plan for the Balkans, but something much broader. We should think about what the Balkans and the region, including Russia, are going to look like 20 years from now. And, once you have established a positive idea of what the world should look in 20 years, that from there, backwards, you work toward the solution for peace.

So, if you want to find a solution, you start from the standpoint of finding a peace plan for after the war.

A terrible mistake

It should be pretty obvious, and everybody who is following the situation knows it, that every country in NATO is completely desperate. Even the leadership in NATO recognizes that this war was probably the biggest blunder, the most ill-conceived war, a war which could not function. The experience of Vietnam, of Iraq, and of similar situations should have demonstrated that.

Anybody who has any military competence should have

1. See EIR, April 30, 1999, pp. 58-61.

known that air wars do not function. And also, obviously, the idea of bringing in ground troops should be equally ruled out, because, on the one side, it leads to a horrible quagmire, and on the other side, it brings you to the brink of World War III. So, it is recognized that this was an ill-conceived idea.

It is also understood that it was a terrible mistake to allow the Russians to be squeezed out in the Rambouillet negotiations, and to give military assurances to the puppet KLA [Kosovo Liberation Army] organization, which is actually a drugrunning, terrorist organization (this does not mean that all the people who are in it are bad people, but on the leadership level, they clearly are), and to use that as a pretext for the unilateral bombing of Yugoslavia.

It is generally understood (I would say for about 10 days now), that we were heading straight for World War III on that course, and that shock has hit not only in Germany, France, and Italy, but also in every other European country. Just think about Hungary, a country which just joined NATO six weeks ago—which was supposed to be a defensive system; here they find themselves in a war where they know that they may be one of the next victims. . . .

So, that shock basically led to a complete policy reversal. For example, German Chancellor Gerhard Schröder, who had treated Prime Minister Primakov after his peace mission to Belgrade with complete indifference and contempt, quickly recognized that this was a mistake. And, now, there is an overwhelming effort by the Europeans to bring the Russians back in. And you have seen in the last week that all the interna-

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tional diplomacy has shifted, that everybody is now going to Moscow, and there were very important, extremely important, missions by U.S. Undersecretary of State Strobe Talbott, and by UN Secretary General Kofi Annan. And even at the G-8 preconference, concluded two days ago, they were discussing the postwar reconstruction of the Balkans.

Schröder, Italian Prime Minister Massimo d'Alema, French President Jacques Chirac, the governments of Macedonia, Bulgaria, Romania, and Greece: They all are pushing very, very strongly in the direction of a Marshall Plan.

This is the only way. But it requires extremely determined action. Because, as I said, there are forces who are the reason for the war, and they have not given up. Primarily, the British government, and certain other forces in NATO, are right now determined that the war should escalate.

As you know, NATO is still escalating. There are 600 sorties per day. According to NATO publications, NATO has destroyed half of the initial 500 targets, but they are now drawing up hundreds more, so that the war can go on for several more months.

So, President Clinton and these other leaders want to end the war, but certain other forces have not yet been brought into line. Because of President Clinton's steps, the situation is hopeful, but you should not for one minute have a false sense of security: We are still potentially going into a quagmire with the threat of this war in Yugoslavia, Kosovo, expanding into an all-Balkan war, and beyond, and eventually degenerating into a Thirty Years' War with a nuclear component.

One should never forget this. This is actually much better understood in Europe than in the United States, where people are in a fantasy world about ever-booming stock markets: "The Dow Jones just went to 11,000, tomorrow it will be at 12,000, and then in three months it will be at 100,000, and then a million, and we will all be rich forever." This is a real Disneyland, which has blocked off the cognitive ability of the majority of the American population to a very far-reaching degree.

In Europe, people somehow have learned the lesson of history, that there is a horrible connection between economic crisis and war—1929, the beginning of the 1930s, and World War II. People have gone through that. They know that stock market bubbles are sometimes just a sign of a very bad economy—especially when unemployment is going up, when entire continents are disintegrating. So, people in Europe are much more aware that there is a connection between a financial crisis and the danger of war.

International financial institutions go for war

And we should not forget—and we documented this in our Bonn conference, among other places, which you can read about in *EIR*²—that the reason we have this situation, with

Iraq (which is unresolved), with the Balkans, is because the international financial institutions decided last summer, after the Russian de facto state default, and the inability by Vice President Al Gore to maneuver his friend (and partner-incrime, one could say, concerning certain dirty deals in Russia), former Prime Minister Viktor Chernomyrdin — when he was unable to re-install Chernomyrdin as Prime Minister, this led to the potential meltdown of the financial system, in the form of the famous collapse of the Long Term Credit Management fund, LTCM, on Sept. 23, 1998.

At that point, the international financial institutions said: "Okay, we will not allow a new monetary system. We will go for hyperinflation. We will just pump liquidity into the system. We will lower the interest rates in Japan, not only to 0.25%, but, as the joke goes, we pay people to take loans in Japan, just to pump in liquidity."

In the fall, the U.S. Federal Reserve lowered the interest rate three times; the European Central Bank lowered the interest rate. They decided to go for a hyperinflationary pumping in of liquidity, *and* to resort to the old trick of the British Empire—because, it is really a British policy—that if you confront any trouble, financial troubles, you resort to war, to bring the situation back under control.

And this is what is going on, really, behind these developments.

As I said, people in the United States may not see this, because the stock market is growing. But, you should remember, with a Dow Jones of 11,000, that in December 1996, Federal Reserve Chairman Alan Greenspan looked at the Dow Jones, which at that point was 6,000, and said that this was "irrational exuberance." Well, if you have nearly doubled that, and nothing has really changed, except the bubble has grown, maybe one should call this "insane exuberance," just to find an appropriate word.

Therefore, having made this connection, that the war danger in the Balkans and elsewhere is the result of the financial crisis, and the decisions made by these forces, it should be clear that there is no possibility of solving the Balkan crisis without, at the same time, solving the international financial crisis. And that means we have to get a new partnership, bringing together a group of nations—basically, the United States, China, Russia, key continental European countries, and so forth.

A solution without the British

These countries must address the roots of the present crisis, and decide on a new global policy. Only this will function. And I think this must be established very, very clearly: If somebody tried to get out of this Balkans war or the financial crisis, with the illusion that it can be done with the cooperation of the British government, this person will fail. Because there can be no doubt, that the present British government is not only determined to sabotage every such step, but it is the biggest warmonger. This became very clear when Prime Min-

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^{2.} EIR, May 7, 1999, pp. 4-57.

ister Tony Blair was at the NATO summit, lying to the American population, implying that the President of the United States was in favor of ground troops. And, the British government is also the biggest defender of the bubble economy.

Therefore, we have to have a solution without the Brits.

We should recognize one other thing, without which a solution cannot be approached. And that is the fact that the unilateral Anglo-American bombing, which started in Iraq in December, and was continued with the attack on Serbia in March, de facto eliminated international law, in the form in which it has emerged since the Peace of Westphalia after the Thirty Years' War, the United Nations Charter, and the Helsinki Accords.

We are not exactly a friend of the United Nations, because it has many flaws, and many problems. But, one has to recognize that the United Nations, and the UN Security Council, has been a long-standing base for stable diplomatic relations up to this point. And awaiting a better solution, we have to at least go back to that level. And we absolutely cannot overthrow the order of the United Nations in favor of some new global system—such as the "new NATO," which was supposed to be ushered in at the NATO anniversary summit, and a new global strategy for NATO, a kind of new global order, as Blair presented it in his infamous speech in Chicago.

What is needed, instead, is a New Bretton Woods system. This New Bretton Woods system must have two outstanding features. It must apply the lessons of the successful postwar reconstruction of Germany, which would not have been possible without certain monetary and economic agreements characteristic of the old Bretton Woods system, as it existed until 1958. This means we have to go back to fixed parities, limited convertibility of currencies, and a kind of banking, which you can either call national banking, or you can use the model of the Kreditanstalt für Wiederaufbau, which was the state-controlled bank used in postwar Germany to give state-guaranteed loans for infrastructure and other reconstruction in the common good.

Now, either we return to these 1958 standards, or there will be no solution, including for the Balkans. And, I think this is something which people really have to think about. This means we have to go back to the intention of Franklin D. Roosevelt at the end of World War II, when he was determined to end the rule of the British and French and vestiges of Portuguese colonialism, and to allow the former colonies to become modern nation-states, with access to all technologies, including the most modern technologies.

Lyndon LaRouche's central role

This is the program on the table now. And I can assure you, that at the *EIR* event we had two weeks ago in Bonn/Bad Godesberg, we fortunately had a very good selection of leading representatives of the countries which must play a part. First of all, there was Mr. LaRouche, in his role as a precandidate of the Democratic Party, and there were leading

diplomats, from Russia, from China, from India. There was the former chief economist of the Kreditanstalt für Wiederaufbau, from the German side, and many other influentials. And we had extremely productive discussions.

I want to give you some of the drama of the situation, because to bring together at a conference people from Russia, after the bombing had started—and remember, Mr. Primakov returned [to Russia] because he did not want to come to the United States while Serbia was being bombed—people from Bosnia, from Croatia, from Kosovo, in the audience. And the fact that there is an ongoing war, was reflected in the tremendous tension in the audience, and also in the quite heated debates.

But, I think that the beautiful thing which occurred at this conference, is that Mr. LaRouche, who is very known and appreciated in Russia for his long work, for this kind of Eurasian collaboration, who is extremely well appreciated by the Chinese, who has been well known as a friend of India since the times of Indira Gandhi—what was so beautiful at this conference is that, while the tension of war from the different sides was in the room, and expressed in the discussion, it became also clear that Mr. LaRouche has emerged as the kind of statesman who is able to unify even the most adversarial groups on the highest level of reason.

And this is what Mr. LaRouche's campaign, his Presidential campaign, is all about.

We have a very short window of opportunity to end the war, but it means we have to have a full development plan for the region, not only the Balkans, but Central Europe, Russia—the entire Eurasian Land-Bridge.

We cannot talk about that without taking into account the lessons of Dayton and the Oslo agreement, which both failed. This means we cannot allow the International Monetary Fund (IMF) and the World Bank to sabotage success. Because Dayton, if you look at the Bosnia region today: It's a rubblefield, because of the sabotage by the IMF and the World Bank. The reason that we have an immediate war danger in the Middle East, is because the World Bank and the IMF sabotaged any effort toward this beautiful idea expressed in the Oslo Accords.

The danger is, if we do not immediately create concrete facts, the so-called logic of war will escalate.

We have a situation where people realize that this is a quagmire. There are many, many imponderables. For example, you think that Chernomyrdin had a positive role; in my view, Mr. Chernomyrdin is the incarnation of the IMF reforms for Russia, and therefore is perceived by every patriot in Russia as responsible for the problems Russia is experiencing right now. So, he is definitely not the right channel.

We are in a time bind. Things have to be done very quickly, because if the escalation of the air war is not stopped, there will be more civilian deaths among the Serbs. And public opinion in Europe and in the United States will clearly explode. Right now, the internal German situation is just abso-

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lutely out of control, because the Green party, the so-called peaceniks, are now the war party. It's just ripping this party apart. The SPD, traditionally a not-so-war-mongering party, is backing the war. So, the whole country is exploding.

And you have still the hard-line faction in NATO, which says: "Okay, it was a mistake. So what? We have to escalate and win somehow."

Or, Macedonia will blow up. Then you will have a greater Balkan war, and beyond. And it will involve not only Macedonia, but also Bulgaria, Greece, Turkey, and Hungary.

Some people in NATO are still saying we need a protracted war, at least till the summer. "We have to win it. We have to have the use of special forces. We should arm the KLA"—which, as I said, is a drug-running and terrorist organization.

Nuclear weapons and treason

Just to give you a flavor of how crazy these people are, the famous, or soon-infamous historian Andrew Roberts, two days ago wrote in the London *Sunday Telegraph* that NATO should use, or threaten to use, nuclear weapons against Yugoslavia; that they should use the precedent of what was done to Japan in 1945, after which Japan surrendered within days. This would be a humane act, Roberts says, because it would prevent further slaughter of the Albanians in Kosovo. And he ends by saying, "The time has come for NATO to go nuclear."

Unfortunately, there has been quite a lot of discussion about the use of tactical nuclear weapons in the recent period. But, to make things completely transparent, the London *Sunday Times* quotes James Hooper, the executive director of the Balkans Action Council of the United States, a strong supporter of ground troops, who recently wrote, "How can we get the leadership it will take to turn the air campaign into a winning ground war? The simplest way is to revoke the Declaration of Independence and reunite the United States with Britain, to avail ourselves of Tony Blair's firm and principled leadership."

Now, there you go. If you ever had any doubt that you have Anglophile treason in the United States, which wants to undo the American Revolution, here they reveal themselves. And I think it gives you a sense of the desperation, because this is the last thing they can say. After that, they have no more argument.

So, there is obviously increasing hysteria and desperation in all of these countries.

Dramatic financial developments

Now, because of the relationship which I think I established, and which we established before, between the financial crisis and the war, one has to expect extra-dramatic developments in the world financial system in the next one to two months, or even earlier.

There are many possible trigger points for a new wave of crisis. But the most likely, or one of the most likely, is Brazil,

because both its external and internal situation is unsustainable. With a currency collapse of 30% since the beginning of the year, the payment of its foreign debt has become unmanageable, especially when it is no longer able to service the private sector foreign debt, which is \$130 billion.

Now, this Brazil situation could become worse than the Russian crisis, which triggered all of these decisions in October. Therefore, what we are looking at in the short-term—and I think people should not have a sense of false security, because mankind is hanging by a thread. We could have a situation where there will be a combination of a new escalation of the Balkan crisis, and a new financial crisis: Brazil, Japan, maybe a U.S. bond market collapse, triggering other things, and so forth.

And then the question is, given the somewhat doubtful performance of the G-7 leaders with the last crises, we are looking at a moment of incredible danger, but also of incredible opportunity, provided we have a plan ready ahead of time.

You see, crisis does not bring solutions. Crisis creates the opportunity for solutions, which have been worked out ahead of time, to be implemented.

The history of the Balkans

First, I want to quickly tell you a little bit about the history of the Balkans. Before World War I, there was no Yugoslavia and no Albania; you had the Ottoman Empire, and so forth.³

After World War II, the borders reflected all the similar British geopolitical manipulations, as you find in the Persian Gulf and in the Middle East, which was the reason that the British were able to lure Saddam Hussein into the trap 10 years ago.

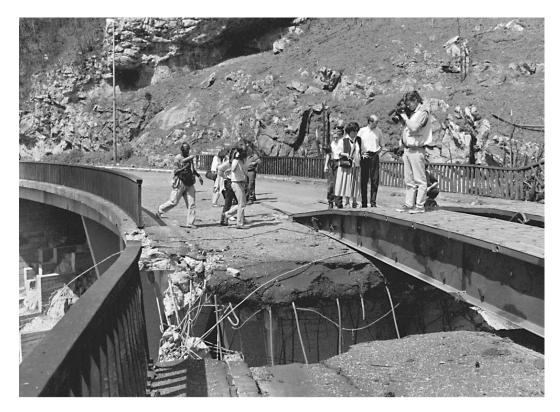
What became Yugoslavia was defined for the first time in 1913, at the London Conference, based on the borders of the Second Balkan War. And this division is relevant for the conflict up to the present time. Kosovo, which had been part of the Ottoman Empire, was taken over by Serbia in the First Balkan War, and then the borders were fixed on the basis of the outcome of the Second Balkan War.

At the London Conference, Macedonia was made part of Serbia. And after World War II, at the infamous Trianon Conference (which was basically directed against Hungary), Vojvodina, which belonged to Hungary, was made part of Yugoslavia. Siebenburgen went from Hungary to Romania. The rationale for all of these border changes was the same as that for the Versailles Treaty. Just as World War I was really conducted against the idea of Eurasian integration, because it supposedly threatened the control of the Atlantic Rim countries, especially the British and the United States after the assassination of President William McKinley.

It was also the idea of keeping Germany economically

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^{3.} Several historical maps used by Mrs. LaRouche in her speech were not of a graphic quality that could be reproduced in *EIR*. The text has therefore been edited to provide descriptions of the maps, where needed.



This bridge over the Korana River in Croatia was destroyed in August 1995. One-third of Croatia's industry and living standards is still devastated, since the war there.

down forever. The Anglo-French interest, in the Trianon Treaty, was to create a small entente of East European and Southeast European states to contain Germany. They therefore supported a Serbia-dominated Yugoslavia and Romania, and they created also Czechoslovakia as an artificial state in the same way. The basic idea was to cut German influence in Central Europe, and they manipulated the different parties.

For example, they got Croatia and Slovenia to agree voluntarily to the Trianon arrangement, because they promised a unified Croatia. Dalmatia, which was Austrian before; Zagreb and Slavonia belonged to the heartland of Croatia, before it was Hungarian; Slovenia was Austrian. So, the trick which the Serbs used at the time, was this: They said, "We will give you a unified Croatia and a unified Slovenia, and you can have a union based on equality, and soon we will have a happy Yugoslavia." But after they agreed, the Croatians and the Slovenes realized that they had been swindled.

Now, Croatia and Slovenia were never part of Serbia. With Kosovo, the situation is a little bit more complicated. And I think it's important that we agree with President Clinton, who says that no further fragmentation into microstates should occur at this point, first of all because Kosovo is just too small to be economically viable as an independent country. And, once it was made totally independent, it would become part of Greater Serbia. And that would be the trigger point for an explosion in Macedonia. And this would then go into an all-Balkan War.

Now, the fact that half of the Serbian population left Ko-

sovo during 1981-89, and riots broke out in Kosovo in 1989, was used by Milosevic as the pretext to lift the autonomy of Kosovo in 1989. But, one should remember that, despite the crimes of Serbia in Kosovo, the massacres and so forth, Milosevic was never able to shift the ratio of Serbians (10%) to Kosovars (90%) in Kosovo. This occurred only after the NATO bombing commenced, which is really an extremely important point.

A devastated region

Now, if you look at the devastation of this region, just to look at what we have to reconstruct: The official war damage in Serbia so far is \$100 billion. Remember, NATO has only spent \$15-20 billion for the war. But in Serbia alone, there is \$100 billion damage.

Trade union head Thomas Laffbonovic declared—already a week ago—that through the bombing, 100,000 industrial jobs were destroyed. Before the war, there was 50% unemployment already in Yugoslavia. The Serb government said that the GDP before the war had already gone down to the level of 1968. Now, the GDP in Serbia is exactly on the same level as in 1945 or 1900—as it was 100 years ago. These are figures of a week ago, so can you imagine how it looks now, with the increased bombing.

They have destroyed 31 large industrial complexes, including the Yugo car production, and all the Danube bridges, which cut off, among other things, Vojvodina, the breadbasket, from the rest of Serbia.

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The Vienna Institute for Comparative Economic Studies said that if there is no quick reconstruction of Yugoslavia, there will be an inevitable wave of refugees far larger than from Kosovo, and that the first signs of this are already there, because they have arrived in Vienna and in Budapest.

Some of the Institute's experts said that there had already been an economic shrinkage by 25%, but they had not even counted the destruction by the bombing of infrastructure and industry.

If you look at the other countries after 1991, after eight years of this situation: Bosnia is 80% destroyed, not reconstructed. Croatia is one-third destroyed, in terms of industry and living standards. There is a dramatic collapse. Bankruptcies are taking place every day. Kosovo de facto no longer exists. And, Croatia has some additional problems, namely, that it's being flooded by drugs right now.

Macedonia: The Foreign Minister of Macedonia, Aleksandr Dimitrov, declared on April 1 that the economic losses—and his country is not yet part of the war, it is just because of the refugees who are there—are \$100 million per month, or \$1.2 billion per year. That may not sound like much, but if you take into account that the entire GDP of Macedonia is only \$3.5 billion, it is already one-third destroyed.

There is a complete deindustrialization of Macedonia right now. The large metallurgical and chemical combines, these large state-owned industries, are completely at a stand-still, because they got all their raw materials from Yugoslavia, and that is now finished. So, they are just flat.

Take into account the fact that the average annual income in Macedonia is only \$1,700 per year—that's \$5 income per day. And now, the second branch of the Macedonian economy, which is textiles and shoes, has also come to a standstill, because contracts are being cancelled because it's a general war area.

Look at Bulgaria. The GDP of Bulgaria is only \$2,000 per capita per year. Yugoslavia was the point of transmittal for all Balkan countries to Europe. Macedonia, for example: 90% of its exports and imports to the European Union went through Yugoslavia. All of this now has to be bypassed under very difficult conditions. Also, trade with Bulgaria, Romania, and Hungary has practically collapsed, because the border between Romania and Bulgaria is the Danube. The bridges in Serbia have been in large part destroyed; the others, therefore, have become complete bottlenecks. Trucks have a waiting time of two weeks, which means that, for example, all agricultural products which are perishables—this no longer functions.

The poverty in Bulgaria has become so extreme that people are now taking canisters, getting a little bit of fuel, and taking it across the border to sell to the Serbs, and so forth.

Romanian Prime Minister Radu Vasile, on April 23, said that one month after the bombing began, there is \$730 million worth of damage in Romania. The Croatian Minister of Tourism announced that they expect a collapse of tourism revenue

of 50%. And so on.

You have to understand these places: Albania is the poorest country in Europe. They live mainly on the money which was sent back by the guest workers abroad. It's a Third World country.

Bulgaria has suffered four shock waves. The first was the Gulf War, which cut off the barter agreements between Bulgaria and Iraq, oil for other products. The second was the IMF conditionalities imposed on the Balkans. The third was the war against Croatia and Bosnia. And now, the war against Serbia.

So, the Balkans is really flat.

Now, in Kosovo, you have 600,000 displaced people, and you have 40,000 Serb troops roaming around fighting against KLA partisan fighters, all of whom are living off the land. Because the roads have been bombed, nothing can come in—no food, no fuel. So, what do these soldiers do? They plunder. And obviously, there's not enough for the population, so the population leaves.

Albania is flooded with refugees. They have nothing. There is a tremendous crisis. Epidemics in Macedonia and Albania are threatening, and the problem is that, because it's already May, even if all the Kosovars were to go back to Kosovo, it's already late in the planting season. So, every person who would go back this year, has to be sustained.

Montenegro is in a similar situation, which got worse with the bombing, because it escalated the crisis.

I should note the fact that the KLA, according to both the U.S. Drug Enforcement Administration and the Russian General Staff, is heavily involved in drug-running, in terrorism, and that is an additional factor.

I wanted to give you some of these predicates, because this is a situation in which we have to have peace. And, it's not an easy situation—I mean, 80% destruction in Bosnia—I want you to get the image that the Balkans is completely destroyed, and the situation is completely out of whack.

What a peace plan requires

If you don't get a sensuous idea of this, then you will not approach the solution in the right way. Now, what does a peace plan require?

Milosevic's negotiating position right now is to say that he would accept a United Nations force if it was armed only with defensive weapons, and if the participants in the peace force were not from nations that participated in the aggression—which is a reasonable position, given the circumstances.

The British position is: Don't negotiate with Milosevic.

Now, I don't like Milosevic. I think he's a butcher; I think he's a fascist. But, there is no alternative to Milosevic right there.

Now, what do you do in a situation like this? As I said, there is a dimension of international law when we talk about a peace plan. The painful fact is that, since the unilateral

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bombing of Iraq in December 1998, and since the campaign against Serbia, international law does not exist any more, as of now.

Any little dictator anywhere in the world, or anyone who goes bananas, can now say, "Oh, I'll do my war. I don't care about the United Nations. They have just been declared out of business."

The UN has been replaced by Anglo-American unilateralism, and what is generally perceived as global hegemonism, and this has caused a tectonic shift in the strategic situation. The perception of the Russians, the Chinese, the Indians, and many other countries around the world, have been—I can only tell you, they have been utterly shocked. Because this is not what they expected from the United States, in particular.

For example, there was an article in the People's Liberation Army paper in China, in March, after the bombing of Serbia started, in which they said that they understand very well that this is part of the NATO globalization, that NATO expansion toward the East was the first step, that the attack on Serbia is now the second step, and that the third step is the elimination of Russia from the face of the earth, and also China.

I am not saying that this is the last word, but we have a real problem in international politics, which is not a little one. Therefore, one has to see very clearly that after six weeks of this war, we have to rethink the whole thing.

Moral reasons for a war are not a justification for war. You all have been seeing these articles in the media, on TV, saying, "Oh, we have to intervene because it's genocide, concentration camps, the poor refugees."

That is not good enough. Because you can't use the fact that you are against a crime, to justify something which is not right. The notions of purpose and interest must have rational comprehension, in terms of the future consequences of your acts. It's not good enough to react to things which are bad. Morality has to take into account the consequences of your acts. If you are not doing that, you are not acting morally. And you can cry your heart out about the refugees and whatever; if you do not consider what the effect of what you are doing is, you are lying, or you are not thinking clearly.

If you don't have a clear idea of how the peace after the war is supposed to remedy the situation, you should not start a war. War has to be the only choice left, and it has to be existentially necessary. This is the concept of justified war as it has been defined since the times of Augustinus.

It should be clear what peaceful order should come out of the war beforehand. And it cannot be punishment, or it cannot be the idea of a wish of behavior modification, even of somebody like Milosevic.

Remember also, how the war started. We cannot have hypocrisy in this situation, because this war started because Milosevic in 1991 got the green light from then-President George Bush, British Prime Minister Margaret Thatcher, French President François Mitterrand, and Russian President

Former Mexican President José López Portillo:

'And it is now necessary for the world to listen to the wise words of Lyndon LaRouche.'



The Eurasian Land-Bridge: Ally with China, Not London

EIR's hour-long video features speeches by Lyndon LaRouche and Helga Zepp-LaRouche, and by former Mexican President José López Portillo. Here, Mr. López Portillo is shown with Mrs. LaRouche (right) and Mexican political leader Marivilia Carrasco.

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Mikhail Gorbachov. Without that green light, Milosevic would never have dared to start the war of aggression against, first, Slovenia, then Croatia, then Bosnia. Because, who were the Serbs to do that? Germany cannot breathe if these [occupying] powers don't allow it, so give me a break. It was very clear that this was a geopolitical decision, to start a bloody ulcer in the underbelly of Europe to weaken it for a long time to come. And we can show you some of the economic newsletters published in 1991, which said exactly that: "We will weaken Europe for a very long time to come." And it's the same kind of geopolitical nonsense which started World War I.

I put out a leaflet when the Vukovar massacre occurred, and another one when the Srebrenica massacre occurred, when the West did nothing. And I said that the failure of the West to remedy the genocide then, meant that the West, in totality, had lost the mandate of Heaven.

Because, if you condone genocide when you could stop it—and that was a completely different situation than now—then you lose the legitimacy of power. The legitimacy of power is something quite different from the legality of power. You can still run the Army, the police; you can still be in control. But, from the standpoint of natural law, you have lost the legitimacy of power.

The way to understand that, is to look at the great historical tragedies of Aeschylus, Sophocles, Shakespeare, and Schiller, who, in their great tragedies, always put these kinds of subjects on the stage. When the rulers have lost the legitimacy of power, sooner or later, they go under. Look at the famous play *Antigone*, by Sophocles. Look at the fragment *Demetrius*, by Schiller. Because there is such a principle as *Nemesis*, there is an efficient natural law, even if the rulers do not accept it.

You cannot violate the order of Creation for a long period of time without having the rules of that order reassert themselves. Remember that Mr. LaRouche, a couple of years ago, commented on the international financial crisis, that we are witnessing not just some cyclical crisis, or some little problem, but we are looking at the end of an epoch of 600 years — a period which started with the emergence of the modern nation-state in the fifteenth century, and where, for the last 500 years, we have seen the coexistence of two completely different models of society: the oligarchical state, which is determined only to maintain the privileges of a few, which is presently the world order, versus the nation-state, which is fighting for the well-being, the common good, and the people.

This is now coming to a point of decision, where we have, de facto, a new feudal system. And you should not be fooled by labels: Whether we are talking about pre-fifteenth-century feudalism, where only 5% of the population was educated, or we are talking about the Information Age, with children being hooked to the Internet and video games, also not having developed their cognitive powers, the label may have changed, but the form of society is the same.

We are now at the point where globalization of NATO,

out-of-area deployment of NATO, Anglo-American unilateralism: They just do not function. As a matter of fact, you will see, in case you don't know it already, that the collapse of the free-market system is going to lead to worse results than the collapse of the Soviet Union in 1989.

Therefore, the outcome of the NATO air war at the present conjuncture, the present historical moment, these days, these precious days in which we are living right now, are probably the last chance to turn the existential crisis of NATO and all of the institutions of the postwar period into a new, more just world order.

The question is: If you want to create new institutions, new international law, a new order for peace and development that allows the survival of all nations of this planet, how could we get this peace together, given this condition of the Balkans—that they hate each other? The Kosovars hate the Serbs, the Serbs hate the Croatians, the Bosnians hate the Serbs. And you have a war-torn area.

Let's be realistic. What do you do?

The Peace of Westphalia

There is a precedent for that. Obviously, the solution has to be the Eurasian Land-Bridge (**Figure 1**).

But, the precedent is what was done after the Thirty Years' War and the Peace of Westphalia. The end of the Thirty Years' War was in 1648; it was a war which rampaged in waves, like tornadoes, for 30 years, involving many European countries, including Germany, the Hapsburg Empire, France, Sweden, Bohemia, and Denmark.

After 30 years, there was enormous destruction—on average, 40% of the population and wealth, taken together, in Germany, were destroyed. Some areas were more than 66% wiped out; many others, more than 40%. So, it was like Oklahoma after the tornadoes. This destruction had ravaged Europe for a long time. This was a so-called religious war, Reformation against Counter-Reformation. The hatred on both sides was enormous.

The Peace of Westphalia, when all the war parties came together, was the first time that a European community of sovereign states was established. And it was only possible because all of its members recognized each other as having equal legal standing, and guaranteed each other their independence. They had to recognize their international legal treaties as binding, if they wanted to be an international community of law.

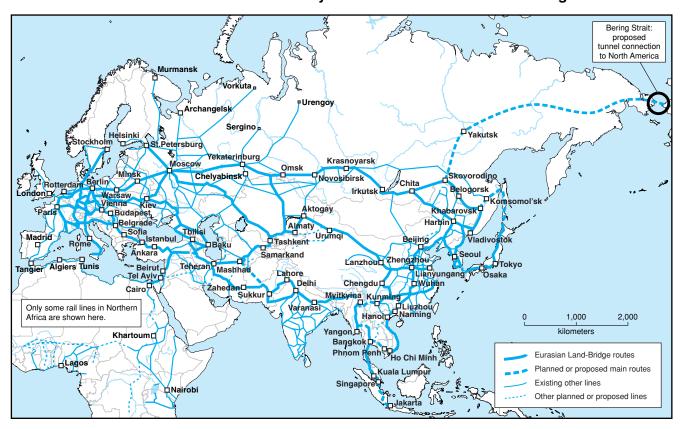
It was clear that this not only required good will, but a minimum of efficient guarantees. Most important, was the idea that the raison d'être—the reason for its existence, the identity of this new alliance—of this community of states, could never be only its self-preservation. It would be morally justified only if it realized ideas and principles which had a higher unifying purpose than just the states themselves.

There is a precedent for this kind of thinking in American history; namely, the idea of John Quincy Adams, that the United States must work toward fostering a community of

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FIGURE 1

Eurasia: main routes and selected secondary routes of the Eurasian Land-Bridge



principle among nations of the world. I would say that the Peace of Westphalia was probably the most important predecessor of this idea.

Such principles exist in the treaties of 1648. Some were expressed for the first time in history. These negotiations lasted for four years, during 1644-48, and in the end, Protestants, Catholics, monarchies, and republican forms of government, were treated as having equal status in negotiations and in the treaty.

The peace treaty defined the principles of sovereignty and equality in numerous sub-contracts, and in this way became the constitution of the new system of states. It included mutual defense and support agreements.

I want to read you—and please forgive me for the somewhat awkward language, because I tried to translate it straight from German without going through an official editorial board, and it is ancient language, so it sounds awkward. But try to be patient and follow me.

Article I of the peace treaty starts like this: "A Christian general and permanent peace, and true and honest friendship, must rule between the Holy Imperial Majesty and the Holy All-Christian Majesty, as well as between all and every ally and follower of the mentioned Imperial Majesty, the House of Austria . . . and successors, but especially the Electors,

Princes, and Corporate System of the Reich, on the one side, and all and each Heir and Successor of the mentioned All-Christian Majesty and their Heirs and Successor, first of all, Her Highness the Queen, and the Kingdom of Sweden and the Electors and Princes in Cooperative System. And this Peace must be so honest and seriously guarded and nourished that each part furthers the advantage, honor, and benefit of the other, and that both form, from the side of the entire Roman Reich with the Kingdom of France, as well as the other way around, form the Kingdom of France with the Roman Reich. A faithful neighborhood should be renewed and flourish for peace and friendship, and flourish again."

This is a very precious idea. It is essential to have peace. It is the idea of Nicolaus of Cusa, which he had in the fifteenth century, that peace in the microcosm is only possible when you have the development of all microcosms. You can only have peace among different nations if each nation develops itself fully, and regards as its self-interest to develop the others fully, and vice-versa.

It is like the idea of a family, where each member of the family wants the other members of the family to have the best possible life.

You need to realize that the whole world wants President Clinton to be such a passionate lover of the international com-

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The ratification of the Spanish-Dutch Peace Treaty on May 15, 1648, in the Munster town hall. "The Peace of Westphalia, when all the war parties came together, was the first time that a European community of sovereign states was established."

munity of peoples. President Clinton could emerge to seize this historical moment, and do what all the poor, beaten-down countries in Africa and Ibero-America, and many parts of Asia, wish him to—to love the idea of an international community of peoples. And it needs passion. It needs passion for this, without which it will not be realized.

The damage is so great. We will not go back to peace in the world by bureaucrats, by who pays what, by nitty-gritty accountants who ruin the whole thing. We need extraordinary people who have a passion for mankind, as parents do for their children.

Article II of this treaty says: "On both sides, all should be forever forgotten and forgiven. What has from the beginning of the unrest, no matter how or where, from one side or the other, happened in terms of hostility, so that neither because of that, nor because of any other reason or pretext, should commit, or allow to happen, any hostility, unfriendliness, difficulty, or obstacle in respect to persons, the status, goods, or security himself, or through others, secretly or openly, directly or indirectly, under the pretense of the authority of the law, or by the way of violence within the Reich, or anywhere outside of it, and any earlier contradictory treaties should not stand against this.

"Instead, all and every, from here as well as from there, both before as well as during the war, committed insults, violent acts, hostilities, damages, and costs, without regard of the person or the issue, should be completely put aside, so that everything, whatever the one could demand from the

other under his name, will be forgotten in eternity."

This is really a bombshell, if you think about it, because the treaty talks about eternal peace, true friendship, and the permanent forgetting of the past. This notion of *Amnestia* of the second article, is not the modern idea of amnesty, meaning the abandonment of criminal prosecution. It is the noble idea of forgetting for the sake of peace.

Compare this idea, *In Amnestia Consista Substantia Pacis*, "In Forgiving Lies the Substance of Peace," with the paragraph about war debt of the Versailles Treaty of 1919. The difference in conception is why Versailles and Trianon did not produce a peace order, but led to World War II, and is breeding further wars, as we see in the Balkans right now.

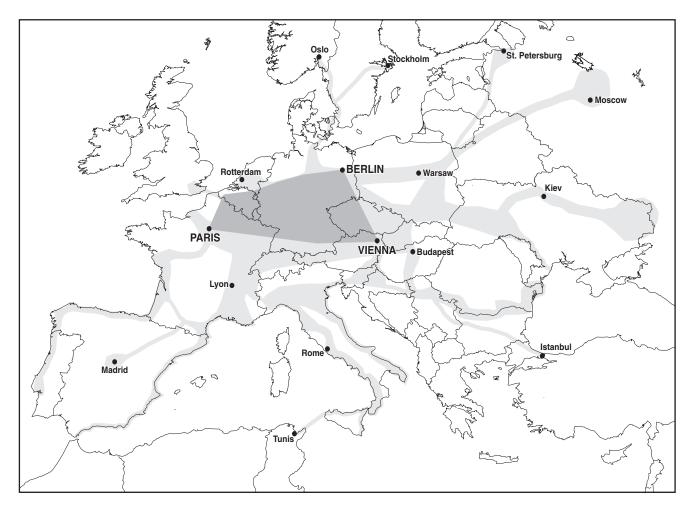
The role of the state

The Treaty of the Peace of Westphalia states that peace is the highest goal of the community of states. It was the first time that the framework was created where a different principle from that of the limitless right of the victorious party was implemented.

The Peace of Westphalia was not perfect. It had some problems, because at that point, there still was a big influence of the Venetian Party, so to speak, or Venice directly, as a negotiator. So it led, among other things, to the cementing of the sovereignty of the princes in Germany, which definitely was a not-so-good development. Also, Germany, 40% of which was destroyed, was burdened from there on with a much larger influence of foreign powers which could ally

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FIGURE 2
The Paris-Berlin-Vienna Productive Triangle, and its spiral arms of development, from a 1990 EIR study



with these sovereign princes, and so forth. So I am not saying that this peace treaty was perfect.

But, I think that the conclusion of the Thirty Years' War, and the peace Treaty of Westphalia, were a gigantic step forward in international law, and also for another reason: that the amount of the destruction made necessary the role of the state in economic reconstruction. The state had to take control of this.

This had an enormous significance for the evolution of the theory of the state in Germany. And all of these ideas, like cameralism, or the ideas of Friedrich List, were the direct outcome of the experience of the requirements of reconstruction in this period.

Peace based on reconstruction

All of this is of the highest importance for the peace plan in the Balkans, because it must be based on economic reconstruction, which must be beneficial to all concerned. And I think that, without the idea of forgetting, for the sake of peace, it will not function. I do not think that there will be peace in the Great Lakes region of Africa, where there have been massacres among Hutus, Tutsi, and others for years—it's quite comparable—without putting aside the problems of the past. And I think this is an extremely important lesson.

We have had a concrete plan on the table since November 1989 for what to do. In 1989, Mr. LaRouche proposed the Productive Triangle, Paris-Berlin-Vienna (**Figure 2**), and the extension of that Triangle through development corridors, into, among other places, the Balkans.

We need a swift program like that. We need a crash program. We need the complete exclusion of the IMF and the World Bank. We need a credit mechanism like the Kreditanstalt für Wiederaufbau in Germany in the postwar period.

But also, we cannot talk about the reconstruction of the Balkans by assuming that it is an island in a disintegrating world economy, with Asia collapsing, Russia, Ibero-

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FIGURE 3

The Rhine-Main-Danube Canal as a crucial axis of the European Productive Triangle



America, Europe, collapsing, and so forth. This Eurasian Land-Bridge has to be the larger idea. But not only that, as I will elaborate. If we want to avoid World War III, we have to do exactly that [the Land-Bridge].

Let me first say a couple of things about this conception. In 1989, when the borders of Europe came down, Mr. LaRouche proposed to take this Triangle—Paris-Berlin-Vienna—which still is the area of the largest concentration of industry in the world, and beef it up through investment in high technology, maglev trains, aerospace, modern techniques in production, such as laser and plasma processing, and so forth: Increase the productivity. Then, through so-called infrastructure corridors into the East, into the South, the idea was to take this Productive Triangle as an economic motor for the development of eastern Europe, and also for southern Africa.

This was not done at the time. Instead, the IMF conditionalities smashed Russia, bringing it down to the level of a Third World, raw-materials-provider country. Now, this development idea is back on the table as the only solution.

If you look at the Danube River: It connects through the Rhine-Main-Danube Canal, to the Black Sea, all the way to the Rhine, to Holland (**Figure 3**). So it is a trans-European waterway, which runs near Vienna, Austria; Budapest, Hungary; Yugoslavia; Romania, into the Black Sea. The Danube could become the center of such an economic development.

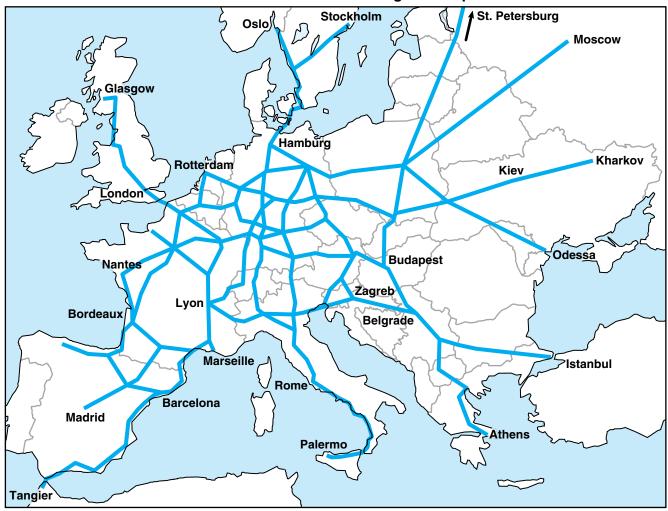
Another spiral arm stretches from the southeast side of the Munich-Vienna core area through Croatia, Slovenia, Ljubljana, Zagreb, toward Sofia and Istanbul (**Figure 4**). This is a main transport line between Europe and the Middle East.

Had the Productive Triangle been realized in 1990, the

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FIGURE 4

Continuation of the connections of the Productive Triangle into 'spiral arms'



Balkan war, in all likelihood, would never have happened. Even before the first aggression of the Serbs in 1991, the Yugoslav economy was already completely destroyed, because, in the 18 months before the dissolution of the whole area, the IMF austerity conditions on the Markovic government had reduced the living standard of the Yugoslav population by 40%. And that just increased the desire on the part of the Slovenians and Croatians to have independence. In a certain sense, the whole thing just collapsed and fell apart.

If Yugoslavia, at the early stage, in 1989-90, had been included in the Productive Triangle, there would have been a completely different dynamic.

If you take the proposed rail and road networks of the Land-Bridge, together with the waterways (**Figures 5, 6,** and 7), then you can see that along the Drava and the Sava rivers, inland shipping lanes should be built according to European standards. There should be a canal going to Italy, which had already been planned in the last century, to connect the Dan-

ube through Hungary, Croatia, Slovenia, to the Adriatic Sea and to the Po River in Italy.

There should also be a canal-river connection of the Danube, with the Morava and the Vardar (Axios) rivers, through Serbia, Macedonia, Greece, and the Aegean Sea. These water lanes serve as infrastructure corridors themselves, above all, for the development of heavy industry.

The rail trunk line from the Munich-Vienna-Budapest area to Belgrade-Sofia-Plovdiv-Istanbul, is part of the southern axis of the new Eurasian Land-Bridge.

From this main trunk line, four important corridors branch into the territory of ex-Yugoslavia, among them the corridor from Salzburg, Villach, Ljubljana, Zagreb, Nis, Skopje, Thessaloniki. The corridor from Linz, Graz, Maribor, Zagreb, Split, Ploce, Dubrovnik, Durres, and Athens is another one.

There is also the corridor from Budapest, Pécs, Osljek, Tuzla, Sarajevo, Mostar, and Ploce, and another corridor from

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FIGURE 5

Proposed rail network in Bosnia-Hercegovina



FIGURE 6

Proposed road network in Bosnia-Hercegovina



Vienna, to Gyor in Hungary, to Maribor, Ljubljana, all the way to Milan.

These routes are in most part identical with the water corridors mentioned. Further, the secondary branches of the rail and highway lines, specifically in Bosnia-Hercegovina, serve as a skeleton for the reconstruction of the area destroyed by the war.

Back to the Eurasian Land-Bridge: The same approach has to be taken for the entire Balkans, Southeastern Europe, Central Europe, and also Russia, Ukraine, Central Asia, South Asia, Southeast Asia, and China.

The American tradition

In one sense, it is very easy, because all the pieces are there. The United States has a beautiful tradition: the American Revolution, Lincoln, and Franklin D. Roosevelt, who wanted to build a world which would end colonialism. Martin Luther King also; he wanted exactly to go this road.

So, all America has to do, really, is to go back to its best tradition: Don't be an enemy of the world, be a friend of the world. I know from many, many years of travelling, that many countries would like to be a friend of the United States. They

have been hit over the head so many times, that they have been confused. But it would be so, so easy for America to be a friend of the world.

It is easy for another reason, which is that the movement associated with Mr. LaRouche has been working on this for 30 years, and, therefore, we are not without allies in the world who want this.

In Ibero-America, it would be so easy. In Ibero-America, ever since Mr. LaRouche proposed in 1982, together with Mexican President José López Portillo, the integration of Ibero-America, many forces there, despite all the political changes which have taken place in the meantime, basically want to have the economic integration of Ibero-America. And you can see that we are not only talking about a Eurasian Land-Bridge, but about the connection of the Eurasian Land-Bridge through the Bering Strait, to bring this kind of economic development all the way down through Canada, the United States, Central America, and South America: to end colonialism and its vestiges.

We have to bring the same kind of development into Africa. What should prevent us from reconstructing the African continent, with the same means, to have a blossoming conti-

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FIGURE 7

Balkan countries: existing and proposed waterways



nent in 10, 15 years from now, where hunger and disease are basically conquered?

I think this is possible. I think that is because Mr. LaRouche is associated with these ideas in all parts of the world:

In China, he is respected as the only economist in the West who understood, prognosticated, and forecast the world financial crisis, who proposed a solution which is in the interests of all participating countries.

In Russia right now, every patriot who is willing to go for a pro-Western solution openly associates with Mr. LaRouche.

Therefore, if we can mobilize the American population to give President Clinton the necessary support, I think we are at

the most fascinating moment in history in all of our lifetimes.

I think that sometimes, a horrible tragedy, like this war, which has brought the world to the brink of the abyss—and which is threatening the world with a Thirty Years' War that is much worse than that of the seventeenth century, because it would have nuclear weapons, which would surely be used—that sometimes, the recognition of such a horror, can be turned into a big opportunity.

Therefore, let us use the reconstruction of the Balkans, as part of the Eurasian Land-Bridge, and the New Bretton Woods System, to become the fulfillment of all the best hopes America ever stood for, the fulfillment especially of the intention of Franklin D. Roosevelt at the end of World War II.

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EIRInternational

The firing of Primakov: a step toward World War III

by Konstantin George

On May 12, Russian President Boris Yeltsin fired Prime Minister Yevgeni Primakov, naming Sergei Stepashin, a close ally of former Prime Minister Viktor Chernomyrdin, as acting Prime Minister. The governmental coup was an act of madness, not incoherent with the recently reemphasized demands of the International Monetary Fund (IMF) upon Russia. As an attempt to return to a pre-Primakov type of political dictatorship, enforcing monetarist policies, Yeltsin's action won't succeed, but can rather be a step in the direction of World War III.

By dumping Primakov, Yeltsin terminated ten months of political, social, and economic stability, provided by Primakov and his cabinet since September 1998. The temperate Primakov, together with the economic team led by First Deputy Prime Minister Yuri Maslyukov, had achieved his short-term goal of getting Russia through the winter without mass starvation and social upheaval. The President proposes to replace him with Internal Affairs Minister Stepashin, who combines a record of toeing the IMF "liberal" economic line, while being prone to military adventures as distractions from the awesome Russian economic-social crisis. Stepashin was a leading hawk in the Chernomyrdin cabinet, responsible for the mass slaughter in Chechnya in 1995.

These dynamics are especially dangerous, in the context of the drift toward global warfare generated by the Balkans war.

Stepashin's tendency for military adventures in what Russia terms the Near Abroad, the former Soviet republics bordering Russia, was even invoked by Yeltsin in his announcement of Stepashin's appointment: "He is well known for his successful work in the government, in law enforcement bodies, for his active work in Russia's 'hot spots,' "he said.

Concerning economic policy, Yeltsin's act is an unveiled attempt to throw Russia back into the hands of the IMF-friendly comprador caste, as typified by Chernomyrdin. The

notorious Anatoli Chubais, executor of much of the looting of Russia, sought out the Western press on May 12 to boast that he is making a comeback, saying that he had been in frequent contact with Yeltsin, and praising Stepashin as "a St. Petersburg intellectual [i.e., like Chubais], a doctor of law, a highly educated and cultured person, very rare qualities." The generally pro-Chernomyrdin newspaper *Kommersant-daily* reported on May 13 that "refugees," bankers and businessmen under investigation for thievery, were prepared to flock back into Russia.

Russia is potentially being plunged into renewed economic and financial chaos, simultaneous with a raw political power struggle between the President and Parliament, the outcome of which is unpredictable. When the news of Primakov's ouster broke, the Russian ruble fell by 3%, closing at more than 25 rubles to the U.S. dollar and threatening to go into a free fall. The prices on internationally traded Russian bonds fell to 36% of their face value on May 13, according to the London *Financial Times*, while the rating agency Fitch IBCA announced that Russia was closer to defaulting on \$16 billion of Eurobonds.

Primakov's record

Yeltsin stated that Primakov had failed to reverse a slow-down in "economic and social reforms," and, "measures, drastic or unpopular can no longer be postponed." He elaborated in this vein, "Yes, the government has fulfilled the task it faced. However, the economic situation, as before, is not improving. The question of economic strategy today remains as open as it was nine months ago. Any delays and postponements, I am convinced, would deal a very serious blow today to the stability of the economy and social sphere. This is the main threat on the eve of decisive elections to the State Duma [lower house of Parliament]."

In a parting statement as Prime Minister, Primakov issued



Former Russian Prime Minister Yevgeni Primakov, who had brought a degree of stability to Russia. His ouster, in favor of a return to the IMF-allied compradors who have looted Russia, has ushered in a new and incredibly dangerous era of Russian and world history.

a quiet, but stinging rebuttal to Yeltsin's argumentation. He reviewed how his government, against all nay-saying, had stabilized the situation in Russia last fall, and now had been moving the real economy forward for the first time since the last years of the Soviet Union. The decline in production had stopped. "The Council of Ministers has nothing to be ashamed of," Primakov said, having prevented hyperinflation and stabilized the ruble. Concerning "the social sphere," which Yeltsin complained about, Primakov drily noted that under his government, "the number of strikes went down radically"—raw numbers that document the labor and social stability brought to Russia by his government.

In September 1998, when Primakov took office, inflation hit a monthly rate of 38%. By February 1999, it had fallen to 2.8%, and it remained at 3% in March and April. Inflation, of course, can also be "brought down" by insane monetarist means, but the Primakov policies had brought about simultaneous growth in industrial production—by 1.4% in March 1999 (year on year, over March 1998). In March 1998, the last month of Chernomyrdin's premiership, industrial production was 6.6% lower than in March 1997. Also in stark contrast to the Chernomyrdin era, Primakov had managed more or less

to eliminate state-sector wage and pension arrears.

Primakov's parting words were: "The Council of Ministers has conceived an economic program for the year 2000, and I turn over this program to Sergei Stepashin." Stepashin, for his part, identified only the passage of IMF-demanded tax law amendments, as his top economic priority.

The power struggle

The State Duma has a different agenda. Yeltsin's move occurred one day before the Duma began to debate a vote to impeach Yeltsin. An impeachment drive that most likely would have fizzled, in a geometry of political stability where Primakov remained in office until the year-end Duma elections, now takes on new life. Debate of the IMF-desired tax laws has been postponed until the Duma approves a new government, while the votes on the newgovernment and on impeachment are combined elements of the greatest political confrontation in Russia since October 1993, when Yeltsin dissolved and shelled the old parliament. Nothing can be ruled out in the coming weeks and months.

In terms of an overt coup danger, an urgent warning came on May 12 from Communist Party leader Gennadi Zyuganov. Calling for mass demonstrations of protest against the government's dismissal, Zyuganov said at a press conference: "Forces capable of organizing a coup d'état are active in the country. . . . These sinister plans must be upset by all means. We are sure that Russians are on the side of law and order. . . . We direct an appeal to the military and law-enforcement people, asking them to keep allegiance to their oath and duty, ignore criminal orders, no matter who issues them, and prevent any anti-constitutional actions. We call on the working people, labor unions, and work collectives to remain vigilant, rebuff provocateurs in the most decisive way and prevent them from plunging our homeland into a new civil war. Justice and law must prevail."

Zyuganov also alluded to a big factor driving Yeltsin—his need to protect his corrupt family and its financial oligarch cronies, such as Boris Berezovsky: "The main reason for Primakov's sacking is that those closest to Yeltsin do not want the country to develop normally," Zyuganov said. Until early this year, through control of Aeroflot foreign-exchange earnings by Berezovsky henchmen, and Yeltsin's son-in-law, Okulin, being in charge of Aeroflot, the Yeltsin clan made a pretty penny over the years.

In February, Primakov had declared war against Berezovsky and other financial oligarchs, in the name of national security. Yeltsin has operated to subvert this war, sabotaging, for example, the attempt to have Berezovsky arrested, and finally, in early May, getting the Office of Special Prosecutor to lift the ban on Berezovsky's travelling outside Moscow in the Russian Federation.

Yeltsin's backstabbing of Primakov was evident in the upgrading of Chernomyrdin and Stepashin, whereby Chernomyrdin came back to center stage as Yeltsin's Special Envoy for the Balkans, and Stepashin was promoted to First Deputy

Prime Minister while remaining as Interior Minister. Meanwhile, command changes in the Ministry of Internal Affairs troops, the Internal Forces, during April, brought Stepashin associates into commanding positions. Part of the reality, to which Zyuganov's warnings refer, is this formation of a potential coup command structure, loyal to Stepashin and his group.

On May 13, the liberal daily *Moskovsky Komsomolets* outlined a scenario, under which the Yeltsin regime would impose a state of emergency, dissolving the Duma. Internal Forces were "ready for the state of emergency," the report said, citing the "combat readiness" of Moscow-based elite units. The same paper reported that some Duma deputies spent the night before the impeachment debate inside the Duma building, with stockpiles of food, drinks, and even gas masks, because "a sudden breakout by the President from the stifling confines of constitutionality was not to be excluded."

What transpired in the 12 hours before Primakov's ouster already smelled of a coup. The chronology shows the hand of Chernomyrdin, Stepashin's old boss and close ally, in the sacking of Primakov. On the morning of May 12, the last two listed activities of Yeltsin before his announcement were a 20-minute meeting with Primakov, followed by a meeting between Yeltsin and Chernomyrdin. It was a tete-à-tête, not the previously announced report-back on Chernomyrdin's Balkan diplomacy.

Chernomyrdin's involvement is described in a May 12 Itar-TASS dispatch: "Chernomyrdin, who returned here from Beijing on Tuesday night [May 11] after talks with the Chinese leadership on the situation concerning Yugoslavia, reported the results of the talks to Yeltsin from Vnukovo Airport by telephone and headed straight for the Presidential country residence Gorky-9 for a meeting with the President." The next morning, Chernomyrdin was back at Gorky-9 for another meeting—or, perhaps, he had spent the night.

Impeachment gathers steam

A power struggle is now on, between a President whose acts constitute madness, and a Parliament that is now more likely to amass enough votes to impeach him. Duma Speaker Gennadi Seleznyov declared, on May 12, that after the firing of Primakov, he would have no trouble getting not only the 300 votes required (two-thirds of 450) for impeachment, but even 400 votes. To quote Seleznyov: "I think the President made a gross error. Maybe his most serious mistake recently." Already on the evening of May 12, the Duma passed a resolution, by a vote of 243-20, calling on Yeltsin to resign immediately. A Duma statement on this resolution said: "Those who violate their constitutional responsibilities will answer according to the law."

Intertwined with a May 13-15 schedule for voting up articles of impeachment, is Yeltsin's presentation of Stepashin to the Duma for confirmation as Prime Minister. Stepashin will make rounds of the Duma groupings, in advance of debate of his nomination, and its almost certain rejection, on May

19. The legal formula of the 1993 Constitution provides that, if the Duma rejects Yeltsin's nominees three times, he can dissolve the legislature. But, once impeachment proceedings are under way, the Constitution prohibits the President from dissolving the Duma, while the impeachment is referred to the Federation Council (upper house, comprised of regional governors), the Supreme Court, and the Constitutional Court.

Given what Yeltsin's act has unleashed, only a fool could discuss the immediate future, in terms of constitutional and legal niceties and procedures. At each step of the unfolding upheaval, the combination of raw power and the subjective implementation of power by individuals and groups of individuals, will be decisive. A new and incredibly dangerous era of Russian and world history has begun.

Policy fights over Russia at N.Y. seminar

by Edward Spannaus

The May 12 firing of Russian Prime Minister Yevgeni Primakov by President Boris Yeltsin had been widely predicted, and the fight between the Primakov government and the Russian "reformers" (who are now expected to, at least temporarily, come back into policymaking positions) was a prominent theme at a May 7 conference at Columbia University's Harriman Institute on the topic "How Can Russia Recover?"

The conference illustrated the appalling nature of much of what passes for "expert opinion" concerning Russia today, and the willful ignorance regarding what leading Russian economists—those who are not part of the radical monetarist, "reform" clique—are actually thinking and doing.

The opening panel, on the nature of the crisis and the prospects for recovery, was chaired by former U.S. Ambassador to Russia Jack Matlock. There was some reasonable empirical description of the economic collapse in Russia, and criticisms of the shock therapy and of privatization programs, but no one demonstrated any real appreciation of either the true causes of the crisis, or of what the Primakov government was attempting to accomplish. The panelists for the most part portrayed the opponents of the "reformers" as pro-Communist backsliders who yearn to go back to a Soviet-style economy.

And a number of the panelists uncritically repeated the totally unsubstantiated story, put into circulation by reporter Seymour Hersh in the *New Yorker* magazine, that Primakov had taken a large bribe from Saddam Hussein in 1997. This was intended to "prove" that Primakov is just as corrupt as the rest of Russia's leaders.

One of the panelists, Prof. Marshall Goldman of Harvard University, proclaimed that the Russians have now begun "to

move backwards," away from the reforms. Goldman said that when Russians talk about the "real economy," they means tanks, aircraft, and military production.

During the question period, this reporter directed a question to Goldman, telling him: "I think it's very important to understand what Primakov, Maslyukov, and so forth, actually mean when they talk about 'real economy.' Because they are discussing something that, in my organization is termed 'physical economy,' but they're actually looking at the industrial process, agriculture, the physical process of the economy, as opposed to the financial and monetary processes."

This reporter noted that the United States "was built in a totally different way" from the emphasis on financial and monetary processes in post-1991 Russia, pointing to Alexander Hamilton's 1791 Report on Manufactures, which was an inventory of what manufacturing capability existed and what could be developed. "We fought a revolution against the idea, that the British were trying to impose on us in the colonial period, that all we could do was export raw materials, have them manufactured abroad, and then sold back to us. But that's precisely the way many Russians see what has happened to them over the past eight years, is that they have become an exporter of raw materials, they'll be manufactured abroad, and then sold back to them; and they correctly view that as a colonial policy."

This reporter concluded: "So, instead of viewing what Primakov and Maslyukov and others are talking about as step backwards toward communism...why not look at it in terms of our own history, what the American System was, of industrial development, infrastructure, internal improvements, and use that as a model, as opposed to the British system? Why

do we have to tell the Russians that they cannot do, what we did ourselves, to build up this country in the 19th century?"

Goldman's first response was to declare, "I wouldn't make a distinction between the British system and our economy; the British see their development exactly the same as ours." He then repeated his point: "When I talk to Russians about the real economy, it gives me the shivers. Because they don't see it as you see it. They see it as just a macho thing: it's got to be big, it's got to be strong."

Goldman said that "whatever we did, whatever the British did, whatever the Germans did, whatever the French did, was then. This is now. We've got a very different kind of economy; we've got an economy based on services, we've got an economy based on software."

"What you're talking about is the Rust Belt," Goldman continued. "If you want to develop a Rust Belt—be my guest. But I would prefer to focus on other service kind of things." Goldman again referred to "this big macho stuff," even saying that this was a problem for Russia in the 19th century—"their factories were the largest, and not necessarily the most competitive." That mentality is the problem, Goldman concluded, "and I would like to think that when Primakov and Maslyukov talk about the 'real economy,' they see it in the sophisticated way you do. I'm afraid they don't."

A truer picture of Russia

The two speakers who did the most to break through the falsified picture of Russia, were Janine Wedel of George Washington University, and Prof. Stephen Cohen of New York University.

Speaking on a panel on "Western Aid to Russia: What

Al Gore's plot to get rid of Primakov

"From the beginning, [U.S. Vice President Al] Gore and his people hoped that Viktor Chernomyrdin, the former Russian Prime Minister, would be Prime Minister and perhaps President of Russia when Gore's [Presidential] campaign began," says Prof. Stephen Cohen of the Russian Studies Center at New York University.

During an interview on PBS's "Charlie Rose Show" on May 12, Professor Cohen described what he called "a Moscow-Washington plot" to get rid of Prime Minister Yevgeni Primakov. He said that "beyond any doubt, there is a group in Washington—maybe not the entire administration—that wanted Primakov out. And they helped Yelsin rehabilitate Chernomyrdin as a successor." Part of this effort was getting Chernomyrdin appointed as a special envoy for the Balkans. Cohen noted that Gore seems to

have a conversation with Chernomyrdin "almost every day."

Cohen pointed out that Primakov was eminently suitable to be a negotiator on the Yugoslav war. "Instead, he's whacked, and in his place is put Chernomyrdin—a man whose credibility is so lacking in Moscow that, if he were to broker a deal successfully with [Serbian President Slobodan] Milosevic, the United States, and NATO, it's not clear that Chernomyrdin can make it stick in Moscow."

Cohen's (somewhat oversimplified) explanation of Gore's motivation is as follows: "The problem with Primakov, from the point of view of one group in Washington—the Gore group—is that to campaign for the American Presidency in face of Republican charges that the Clinton administration presided over the return of the Communists to power in the form of Primakov is untenable." The Gore group wanted Chernomyrdin to be re-appointed Prime Minister last summer, but instead they got Primakov, Cohen said, adding that ever since, "there has been a verbal war against Primakov."—Edward Spannaus

Went Wrong?" Wedel described how U.S. aid to Russia, funnelled through Harvard University, had contributed to the decline of Russia and had contributed to a backlash against reforms and against the United States. Wedel described how a small group on both sides—the Harvard Institute for International Development on the U.S. side, and what she calls "the Chubais Clan" on the Russian side—had taken control of aid programs and even policymaking for their respective governments.

Wedel noted that U.S. policymakers and journalists have a very different view of the Chubais Clan than is held within Russia. She said that U.S. Deputy Treasury Secretary Lawrence Summers had called the Chubais group the "dream team." But, in fact, she pointed out, the policies they promoted resulted in asset stripping and capital flight.

The Chubais Clan was a shadow government, even negotiating with the International Monetary Fund on behalf of the Russian government, Wedel said. Yeltsin and the Chubais Clan carried out "rule by decree," and circumvented the Russian State Duma; they were anti-democratic, yet were supported by the United States. The Gore-Chernomyrdin Commission, especially its bond markets committee, was another vehicle by which this group exerted its influence.

This was not accidental, Wedel stated. She pointed to a statement by a U.S. Agency for International Development official, to the effect that "we can't change the whole country, but we can provide targetted aid to help Chubais." As a result, Wedel concluded, "many Russians believe that the United States set out deliberately to wreck their economy."

Another perspective on the distorted picture most Americans get of what is going on in Russia was presented by Professor Cohen, who called the way the American news media have reported on Russia since 1992 "a kind of journalistic malpractice."

The assumptions of most press coverage, Cohen said, was that Russia was moving toward something like the American political system, and that the Yeltsin regime's policies of going along with shock therapy, neo-liberalism, and monetarism amounted to true reform.

Reform means making the lives of the majority of the people better, Cohen said, but in Russia, every year of "reform" has meant collapse and immiseration. But we have treated this pain and suffering as secondary, and as the inevitable fate of all people in Russia. Cohen noted sarcastically that proponents of the "reforms" say that "we are doing this for the young people"—but, he asked, "what about the young soldier . . . the young coal miner," who haven't been paid in six months?

Although American journalists normally have an aversion to "radicals," they fell in love with the "radical reformers" in Russia, Cohen noted. And, he pointed to another quirk in the reporting, of referring to opponents of the reforms as "hardliners." "If hard-liner means anything," Cohen said, "it should apply to those promoting shock therapy."

Scotland, Wales

Elections deal another setback to Tony Blair

by Alan Clayton

The May 6 elections for the new Scottish Parliament and Welsh Assembly have produced a number of surprise results. The financial and social oligarchies which circle around the House of Windsor, have, for the time being, given unequivocal backing to Tony Blair's Labour Party—now officially known as New Labour, since it has adopted the austerity and monetarist policies associated with former Tory Prime Minister Margaret Thatcher.

In Wales, Blair suffered a humiliating setback, as the Welsh Nationalist Party, Plaid Cymru, made substantial gains into the New Labour domination of that state, winning 28 of the 60 Assembly seats, thus denying an overall majority to New Labour. The Plaid, which had placed fourth in the 1997 general elections, now represents the main opposition. This victory, which Plaid Cymru president Dafydd Wigley said had surpassed his own expectations, is due in part to the fact that until now, the Plaid has never been viewed as a threat to the oligarchy, and consequently was not subjected to the avalanche of misinformation, distortion, and lies that assaulted the Scottish National Party (SNP) in Scotland.

In the wake of the successful 1997 referendum, engineered by the SNP, when Scots voted to establish a Scottish Parliament, it was hoped by many Scots (and feared by the oligarchy) that the SNP would win a majority in the new Parliament, and would immediately submit a new referendum for the establishment of an independent Scottish nation.

What happened in Scotland can certainly be appreciated by readers of *EIR* who are familiar with the historic defamation of the LaRouche movement by means of a massive campaign of media distortion and downright lies. Alex Salmond, leader of the SNP, was subjected to character assassination by the British establishment media, which escalated after his televised criticism of the NATO bombing campaign against Yugoslavia. Actor Sean Connery, an active supporter of the SNP, laid the cause of the "shameful abuse" of the media at the doorstep of the "control freaks" of Blair's New Labour Party, which, he said, ruined the positive potential of the election campaign with a "reign of fear and intimidation."

Taxation was a central theme in the Scottish campaign, the essence of the SNP argument being that it is immoral to reduce direct taxes while schools, hospitals, and much of

public sector housing were falling apart. However, an associated theme was the fuel tax. Tax on fuel in the United Kingdom is among the highest in the world, despite the fact that the sea around Scotland is one of the most oil-rich areas in the world.

Road haulage companies in the United Kingdom, for example, pay a dollar per liter for diesel fuel, while in most other countries of the European Union, it is about one-third of that. In the United States, road haulage companies pay around 12 cents a liter for fuel. This crippling and punitive tax is related, not to social and infrastructure expenditure, but to the United Kingdom's massive military budget, and its need to keep Britain a strong nuclear power in order to maintain its world influence and hegemony.

The consequence of this, is that a considerable number of road haulage companies are now going to relocate in Belgium and Holland, with catastrophic consequences for jobs in the United Kingdom. The London government, however, blames the tax increases on fuel on the recent Kyoto Convention agreements on air pollution—a response that provokes the deepest cynicism in the dangerously underpopulated Scottish highlands, where the air is among the purest on Earth, and economic and social dependency on road transport is almost total.

However, there are certainly powerful voices which would like to return the Scottish highlands to the "Brigadoon"-style romanticized theme park that it was in the days of Queen Victoria, when ancient crofting rights were removed, and pollutants such as humans were evicted and replaced by highly lucrative sheep farming, and wild deer for the southern elite to come and shoot among the forcibly depopulated glens.

Breaking the axioms

Going against the so-called public opinion of the British establishment and its controlled media, the Scottish National Party leadership made two important policy statements, which challenged the prevailing axioms. First, in opposition to the oligarchy's promotion of "globalism" and "free trade" economics, typified by New Labour's Private Finance Initiative, the SNP took a step toward nation-building in calling for its "penny for Scotland" tax to ensure adequate funding for schools, hospitals, and other necessary public services. Second, the SNP broke the rules of the game by entering the arena of strategic issues, when SNP leader Alex Salmond made a U.K.-wide television address which criticized the air assaults on Yugoslavia. He argued that the bombing would make the plight of the Kosovo Albanians infinitely worse. This is in sharp contrast to the Malvinas War in 1982, and the Persian Gulf War in 1991, when the SNP leadership backed British policy without equivocation or reservation.

Even though the media establishment unleashed the furies of hell on Alex Salmond, the SNP has come out of the elections as the second-largest party, with 35 seats in the new Scottish Parliament, in opposition to New Labour's 57 seats. This has denied Tony Blair his hoped-for majority rule in the Scottish Parliament, which means that New Labour must either form a coalition government, or must go it alone, as they have chosen to do in Wales.

Meanwhile, as Scots attempt to practice democracy and statecraft, Tony Blair is working from 10 Downing Street to dictate the terms for the formation of the new Scottish government. When the official spokesman for Blair announced that the British Prime Minister was "involved" in the formation of the Scottish coalition government, Alex Salmond appropriately responded by identifying Blair as "playing the puppetmaster."

On May 12, the new Scottish Parliament opened, almost 300 years after this nation's former Parliament ceased to exist, as a result of the 1707 Union with England which created Britain. Though many of the newly elected members of Parliament were opposed to taking the oath of allegiance to Queen Elizabeth II—without which they could not take their seats—they did so with qualifications, with many SNP members indicating that they were making mental reservations before taking the oath, and one independent MSP, Tommy Sheridan, publicly stating his formal objection before taking the oath. Also, all indicated their ultimate loyalty to the sovereign "people of Scotland."

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Pope in Romania

John Paul, Teoctist call for end of war

by Claudio Celani

For the first time in a thousand years, the head of the Catholic Church made an official visit to an Orthodox country. The Pope John Paul II and Orthodox Patriarch Teoctist of Bucharest issued a statement calling on all Christians to help stop the war in Yugoslavia. The two religious leaders pointed at the potential doom of civilization if the barbaric element represented by the illegal NATO war in the Balkans is not reversed and international law is not reasserted. Their call on "all Christians in the world" is directed especially to Christians in those countries, such as the United Kingdom and the United States, which are leading the war against Yugoslavia.

The meeting between Pope John Paul II and Teoctist is a major breakthrough in the relations between Western and Eastern Christians. "We are watching something that changes history and opens a new path and a new route to history," commented Vatican spokesman Joaquin Navarro-Valls. The two churches have been divided since the great schism of 1054, and since that time, no pope has visited a predominantly Orthodox nation. An attempt to reunify the two at the Council of Florence (1439) failed, after Kiev Metropolitan Isidor was arrested upon his return home, on orders of Muscovy.

The Pope's visit to Bucharest is the result of a years-long effort by John Paul II to overcome divisions among Christians, in the context of an ecumenical dialogue among the three religions of the Book (Christianity, Islam, and Judaism). The war in the Balkans, ironically, has accelerated this process, thanks to the moral leadership taken by the Vatican in condemning the war as "unjust." Thus, the Catholic Church has emerged as the institution representing Western civilization's universal values against the latter's barbaric devolution, and has become a natural ally for everyone in the East who sincerely strives for peace.

For his part, Patriarch Teoctist joined the Pope in not only condemning NATO, but ethnic cleansing as well, becoming the first Orthodox leader to do so.

"In the name of God, Father of all men," says the joint statement, "we urgently call on the conflicting parties to lay down weapons." It express "human and spiritual solidarity with all those who, chased from their homes, from their land, and separated from their dear ones, experiencing the reality of exile, as well as towards those who are victims of

murderous bombardaments." The document points to the violations of international law, calling on the internatinal community and "its institutions" to muster all "resources of law to help the conflicting parties to resolve their differences according to current conventions, in particular those relating to the respect of fundamental rights of the person and to collaboration among sovereign states." Without mentioning names, it is clear that Yugoslav President Slobodan Milosevic has violated the former, but the NATO assault has violated the latter.

"We call, in the name of God, on all those who, in one way or another, are responsible of the present tragedy, to find the courage for resuming the dialogue and create the conditions which make possible a just and lasting peace, return refugees to their homes, and shorten the sufferings of all those who live in the Federal Republic of Yugoslavia, Serbians, Albanians, and persons of other nationalities, laying the basis for a new co-existence among all peoples of the Federation," they state.

'Simul': Let's do it together

The Pope's visit to Romania began on May 7, with John Paul and Teoctist riding in the Popemobile through the crowded streets of Bucharest. At the end of the joint service in the Orthodox Cathedral, Patriarch Teoctist invited the Pope to deliver the benediction. The Pope started to sing, but stopped. Turning to the Patriarch, he said in Latin: "Simul" — "let us do it together." At the end, the Patriarch wished the Pope long life, again in Latin: "Ad multos annos." The next day, the two leaders celebrated a Catholic service, before 150,000 Catholics from all over Romania.

The Pope also met with Romanian President Emil Constantinescu and with the diplomatic corps. He thanked both the President and "very cordially, His Beatitude Teoctist," and expressed his wish "that the international community will intensify its aid to nations which, coming out from under the Communist yoke, must reorganize their economic and social life; in such a way these countries will become makers of peace and prosperity for their inhabitants." He also publicly invited Patriarch Teoctist to visit the Vatican, which was greeted enthusiastically by the Greek Catholics, who shouted, "Unitate, unitate!"

Navarro-Valls, at the end of the visit, commented that the way to Moscow, the seat of the world's largest Orthodox community, is opened by such a successful visit. Asked to comment on the bombing of the Chinese Embassy in Belgrade, which had occurred the night before, he responded, "It is a drama within the drama."

The lack of media coverage of this important visit, compelled Navarro Valls write to the *New York Times*, specifying: "The Holy See is neither neutral, nor partisan, nor anti-American; rather, John Paul II has done and is doing everything possible to have the dialogue based on respect of law and history quickly begin again."

Fresh elections ordered for India

by Ramtanu Maitra

The collapse of the Vajpayee government, and the Congress Party-led opposition's inability to form an alliance with a majority of parliamentarians, have forced Indian President K.R. Narayanan to dissolve the 12th Lok Sabha (parliament) and call fresh elections. India's Election Commission has decided that the next parliamentary elections will be held at the end of September, but the exact date has not yet been determined.

Both major national parties, the Bharatiya Janata Party (BJP), which had led the government, and the Congress Party, have begun making political arrangements for the coming elections, and it is evident that both parties are in a feisty mood. An aggressive campaign in the coming parliamentary elections is anticipated at this point. Nonetheless, it is almost a certainty that neither the BJP nor the Congress will be able to muster an absolute majority (that is, secure 272 out of the 542 contested Lok Sabha seats as a single party), unless some major international or domestic incidents change the political environment in the subcontinent rather drastically.

In April, when the BJP-led coalition government was brought down in a no-confidence motion by the ridiculous majority of a single vote (269 in favor of the government and 270 against) by an opportunistic alliance of opposition parties and leaders, there were immediate hopes that yet another coalition government could be cobbled together. Attempts were made, but the failure of the leading opposition party, the Congress Party, to bring the other major opposition groups to rally behind in its support led to the dissolution of the Lok Sabha. The 1999 parliamentary elections will mark the third parliamentary elections in three years; whoever comes to power, India will have the distinction of having its fifth Prime Minister in just that many years.

Small party-led instability

The failure of all political parties to provide stability and direction to policies and institutions is much discussed here by the people in general. Gradually, a unanimity of opinion has emerged among the vast rural population and a much smaller urban population, in condemnation of the feuding politicians. The population is quite angry, particularly with those politicians who belong to smaller parties and who act as makers and breakers of coalition governments. People have begun to realize that these small parties have chosen to exist

entirely for their own narrow benefit—political and financial—and have little concern for the nation's good.

According to political observers, there is a strong likelihood that in the Lok Sabha elections, the small state, caste, and community-based political parties will pay dearly for their reckless behavior in making the parliament a market-place where votes are traded regularly for one favor or the other. If the small parties are routed, it would mean major electoral gains for both the BJP and the Congress Party, resulting in the formation of a two-party system at the national level, by consensus of the electorate. Present trends indicate that most small parties are in turmoil, and a few of them are about to break apart. Already, a number of middle-level politicians have joined the two major parties. This has not yet turned into a wave, but it could very well become so in the coming days.

Successful nuclear tests

At the point the government was pulled down, amid a political spectacle unbecoming a nation of almost 1 billion people, both the Prime Minister and his BJP party, had begun to emerge from the proverbial purple patch, whereby it acted as an ineffective and even hapless government from time to time. The shift occurred as the government, with no earlier understanding of administration, began to learn on the job. One rude shock was the electoral drubbing it received at the hands of the Congress Party in the three State Assembly elections last November. Subsequently, the Vajpayee government made substantial gains politically, particularly in strengthening foreign relations. Prime Minister A.B. Vajpayee's visit to Pakistan by bus raised the potential for resolving bilaterally the decades-old Kashmir dispute. Removal of Vajpayee at this crucial time from the seat of power through an organized parliamentary coup will definitely affect India's bilateral relations with Pakistan, although Islamabad has remained committed so far to a bilaterally negotiated settlement of the Kash-

In addition to the Pakistan diplomacy, the Vajpayee government also corrected its posture of animosity toward Beijing. Just before the government fell, a delegation led by Foreign Secretary K. Raghunath made a highly successful trip to Beijing. Subsequently, the earlier-postponed talks between the Sino-Indian Joint Working Group took place.

Prime Minister Vajpayee has made it a point to announce that the five underground nuclear tests carried out on May 11 and May 13 were major achievements of his government, in addition to the successful testing of Agni-II, an intermediaterange surface-to-air missile, days before the government was pulled down. What is important to note is that earlier mistakes made by New Delhi when it identified China as a strategic threat to India, led Beijing to join voices with the West in criticizing the underground nuclear tests. But the subsequent change in rhetoric and policies toward China by the Vajpayee government has led to a warming up of relations.

An indication of the Vajpayee government's success, is that China made no negative comment when the Agni-II was tested. Chinese sources point out that since the Vajpayee government has stated clearly that the Agni-II has been developed to strengthen India's security, and is not targetted against China or any other nation, Beijing has no objection whatsoever.

Poor economic performance

The Vajpayee government's Achilles' heel was the national economy. Refusing to look clearly at the nature of the global economic breakdown, brought about by speculative economics worldwide and the economic paralysis reigning in Japan and Europe, the Vajpayee government had assumed a business-as-usual attitude. Poor export figures, low economic growth, low tax revenues, stagnation in the industrial sector, and an enormous financial requirement to meet infrastructure development needs, had crippled financial policymaking. It must be acknowledged, however, that the Vajpayee government managed to keep the International Monetary Fund (IMF)-World Bank at bay, and did not allow the currency to be drastically devalued. The economy, after a lot of hiccups, may show a growth rate of 6% when all the figures come in.

In contrast to the bleak economic picture that the BJP-led government inherited last spring, the basic indicators of the Indian economy are much better now. India had a bumper wheat crop and the central grain pool is brimming over with estimated stocks of 36 million tons. Rice stocks, at 11.7 million tons, are slightly less than the minimum requirement of 11.8 million tons. But, the total grain reserve is much higher than the minimum buffer stock requirement.

On the overall economic achievement of the BJP, however, there is little to crow about. Aside from the agricultural sector, the government takes pride in stating that inflation has come down to less than 5% during its 13-month stint, and foreign exchange reserves grew from \$25 billion to \$29 billion. But these figures, however important, have little do with people, particularly the poor and the middle class which make up the vast majority of the population. What bothers this majority is that industrial growth dropped from a poor 6%, to a miserable 4%. In addition, exports, badly affected by the Asian economic crisis, grew at a measly rate of 1.6%, leading to a bloated \$6.8 billion trade deficit.

All this meant larger unemployment and lower investment. The second budget presented by the Vajpayee government, in the midst of growing political instability, did not help the situation either, because interest rates were kept too high, evoking angry responses from industrial firms and investors.

The bad omen

Following the collapse of the Vajpayee government, the IMF and its toadies in India have become active again. At a recent seminar in New Delhi organized by the Confederation of Indian Industry, the International Monetary Fund harped on India's slow reform. Nobody pointed to the IMF-led catastrophes in Venezuela and Brazil, and how the IMF has helped, through its so-called fiscal stabilization plan, to loot Russia. The IMF team also inquired when India would open up currency trading in its capital account. It is currency trading in the capital account which triggered the Southeast Asian collapse and ravaged the Thai and Malaysian economies. But the treacherous IMF continues to pressure India to increase trade liberalization, lower taxes and tariffs, and give preferential treatment to foreign investors, at a time when domestic industry is in a recession and the government has to mobilize large funds from within to develop India's dilapidated infrastructure.

Whether the Vajpayee government was targetted by any external power or institutions other than the small domestic parties which withdrew their support, is difficult to say. There is no smoking gun, but what is evident is that the political instability that India is experiencing has made investors wary. Net fresh investments during fiscal year 1998-99, the period that the Vajpayee government was in power, were 63% less than those in 1996-97. On the one hand, a report says, fresh proposals are not forthcoming and, on the other, already-proposed projects are being put on the back burner or are being delayed, for a variety of reasons.

The fall of the Vajpayee government will also have a negative impact on India's foreign relations. Beside the historic initiative by Vajpayee vis-à-vis Pakistan, the Indian Prime Minister had also significantly improved relations with Bangladesh, and a bus-service between Calcutta and Dhaka became operational during the Vajpayee regime. Some point out that the sustained dialogue between Delhi and Washington was heading toward a mutually beneficial outcome. And the Indian Prime Minister, at least on one occasion, mentioned something about visiting China by bus as an historic gesture to India's powerful neighbor.

Also during the Vajpayee regime, discussions began to take shape around developing a rail line that would traverse the subcontinent connecting Southeast Asia to Europe. This would complement the Eurasian Land-Bridge developed in the north on China's initiative. There was some movement in bringing this very important development to the fore. It is only expected that whoever comes to power in Delhi next October, would give the project a much-needed push.

London's mafia war against Sierra Leone

by Linda de Hoyos

Direct talks between the Sierra Leone government of President Ahmed Tejan Kabbah and the Revolutionary United Front (RUF) are scheduled to begin on May 18 in Lomé, Togo, under the mediation of Togo's President Gnassingbe Eyadema, chairman of the Economic Community of West African States. As suspected by Ambassador John Ernest Leight, Sierra Leone's ambassador to the United States (see interview), the RUF is using the talks to force the Sierra Leone government to permanently release RUF leader Foday Sankoh from detention. "The man must be free, and our own position is that this is a prerequisite for the talks to succeed and the talks to continue," said Omrie Golley, a Sierra Leone exile living in England who works with International Alert.

As Ambassador Leight discusses in detail, the RUF is a gang of demoralized soldiers culled from a succession of corrupt military regimes extending from that of President Joseph Momoh, overthrown in 1992, to Valentine Strasser, overthrown in January 1996. In war against Sierra Leone since 1991, the RUF has waged a campaign of violent terror against the people. Ambassador Leight also documents that, at the center of the continuing war which has devastated a country whose citizens already had one of the lowest life expectancies in Africa, are the country's resources, its vast wealth in gold and diamonds.

The reaction of the Western powers to the RUF war against Sierra Leone has been ambiguous at best. Sierra Leone is a former British colony and a member of the British Commonwealth. In 1991, President Momoh asked the British Defense Ministry for help to defend his country against the RUF onslaught. The British government turned down the request. From there, over successive regimes and governments, the people of Sierra Leone have been crushed between a rock and a hard place. On the one side is the deranged RUF, ravaging the country, killing and maiming civilians, kidnapping children and turning them into drugged-up child-soldiers. On the other side, are all the British "private security forces," which seek to come to the aid of whatever non-RUF government is ruling in Freetown, to crush the RUF—at a price. And what is that price? The government should hand over to that private foreign interest the franchise for mining Sierra Leone's gold and diamonds.

In short, the RUF could be likened to the gang of street hoodlums hired by the mafioso fat cats at the top to terrorize people into seeking "protection" from the hoodlums the fat cats had sent to steal, burn, and kill in the first place. This accounts for the fact that the British Broadcasting Corp. is considered a major booster of the RUF (and of its ally, Charles Taylor of Liberia), and accounts for the fact that the RUF was able to receive highly sophisticated equipment for its January assault on Freetown, in part delivered by such British companies as Occidental Airways and Sky Air Cargo. On the other side, in March 1995, the Strasser regime brought in Executive Outcomes to deal with the RUF, which the South African mercenary company managed to do, while its affiliate, Branch Energy, mined the gold and diamonds of Sierra Leone for itself.

EO, as *EIR* has documented, is close to the center of the British Commonwealth financial nexus around the British Crown. The Kabbah government terminated the agreement with EO in January 1997, but then Indian-born Thai banker Rakesh Saxena attempted to bring in Col. Tim Spicer's Sandline International, to aid Kabbah's restoration to power after an RUF-backed coup against him in May 1997. The terms were the same: Sandline will deal with the RUF, in exchange for Sierra Leone's mineral wealth. To keep the game going, the British government and its underlings at the U.S. State Department maintained that a UN Security Council embargo had been placed on both the RUF-backed government of Johnny Paul Koroma, and the Kabbah forces.

While praising the Nigeria-dominated Ecomog which intervened on behalf of the Kabbah government in Sierra Leone in 1998, the Western powers have failed to deliver substantial aid to Ecomog. Thus, the war continues—while thousands of Sierra Leone citizens die of starvation, disease, and murder caused by that war. Ambassador Leight avers that the current peace talks in Lomé will be used by the RUF as just another tactic in the war. Given the game imposed on the people of Sierra Leone by their former colonial masters and their helpmates in Washington, he is likely correct in that assessment.

Interview: John Ernest Leight

The grab for Sierra Leone's resources

Mr. Leight is Sierra Leone's Ambassador to the United States. He was interviewed by Lawrence Freeman in Washington, D.C., on April 21.

EIR: There is a bloody conflict going on in your country. Can you tell us what is at the center of this controversy? **Leight:** At the center of the trouble in Sierra Leone is our

national resources, the wealth of the land. Unfortunately for my country, a lot of the world is searching for their fortune in gold and diamonds, and because of the ease of the access to these minerals, there are all kinds of shysters in my country. For the last 20 and 30 years, Sierra Leone lived and suffered the worst form of corrupt government probably anywhere in Africa because of the easy accessibility and sale of these commodities. People are looking to put in place a pliable government in Sierra Leone that will allow them unlimited access to exploit the wealth of the land, to the disadvantage of the people. The people of Sierra Leone are fed up with living in poverty. They want the resources of the land used to improve their living standards, and to bring in economic development, and to bring in social amenities like a good health system and a good education system. These factions and former corrupt politicians and military elements will not allow them. So, these people who have been responsible for the corruption and degradation of Sierra Leone over the last 30 years, are the very people fighting an elected government that was put in place by the people of Sierra Leone in 1996.

EIR: Could you tell us the battle between the current government and Revolutionary United Front? Who leads the current government? Who leads the RUF and what are their demands? Leight: The government was elected in early 1996, and it is led by President Ahmed Tejan Kabbah. Because of political violence and corruption in the late 1960s in Sierra Leone, Mr. Kabbah resigned from the government service in Sierra Leone—he was then permanent secretary of the civil service, he went to law school in England, and later joined the United Nations. He worked at the United Nations Development Program, in southern Africa, central Africa, and eastern Africa, and after 23 years, he returned to Sierra Leone and began a reform movement to bring democracy and economic development to Sierra Leone.

The rebels are led by a fellow called Foday Sankoh. Sankoh was a general military soldier in Sierra Leone, and he was involved in the previous coup. He was not given any benefits, even though his group seized the government of Sierra Leone. In the late 1980s, students at the local university there, the oldest black African four-year matriculated college, were expelled because they were complaining about corruption in the country. These students formed the Revolutionary United Front, and hired Sankoh later on as their military adviser. Over time, Sankoh systematically executed each one of these founders.

He then joined Charles Taylor [current President of Liberia] to wage war against Liberia. Sankoh and Taylor were able to corrupt junior elements in the Sierra Leone military and they seized the diamond areas in Sierra Leone, and this was used by Charles Taylor to finance his rebellion in Liberia. After Taylor gained power in Liberia, he decided to

fulfill his pledge to Sankoh and give power to Sankoh in Sierra Leone.

The policy of corrupting the junior ranks of the military, this was extremely easy, because the senior ranks of the military were extremely corrupt, having been part and parcel of the corrupt system of government that had ruined Sierra Leone for over 30 years. In 1997, these junior officers overthrew the elected government and invited the RUF, which had been waging a brutal war in the bush, to join them in governing Sierra Leone.

The people, who had taken taken part in the democratic elections, and who had sent five political parties to Parliament, and who had elected President Kabbah, resisted the coup. For ten months, they went through amputations, executions, rape, assassinations, and general brutality, but still pursued a policy of civil disobedience and refused to yield. Representatives of elected governments around the world worked with the United Nations and other governments to bring in the restoration of President Kabbah. This occurred in March 1998.

The junta in Freetown then returned to the bush. The military reserves, who call themselves the Armed Forces Revolutionary Council (AFRC), and the RUF went to the bush, and continued their policy of brutality against the peasants of Sierra Leone in the outlying towns, *again*. Children as young as seven years of age were captured; villages sacked; older people executed; the young men pressed into military service; and the females pressed into domestic and social slavery. General disruption took place. It was a campaign of brutality, amputations, executions, assassinations, rape, pillage, banditry, and general destruction. Meanwhile, as they captured these towns and villages, they captured the young people and pressed them into their military service. They took control of the diamond mines and used revenues from diamond mining to finance purchases of arms.

The campaign against Sierra Leone culminated in January of this year, when about 15,000 of them—AFRC soliders, RUF, Liberian ex-soldiers of Charles Taylor's movement, and troops from Burkina Faso—entered Freetown and determined to overthrow the government, and, failing that, to pursue a scorched-earth policy. They failed to overthrow the government. Ecomog was able to remove them. Ecomog is a military observer group of the countries in West Africa.

As the rebels retreated, they killed people, burned their homes, mutilated people, smashed churches and mosques to pieces, burned schools—everything that had the slightest semblance of economic development, of culture, of education, of health services, anything modern that would enable the country to develop, was smashed to pieces. All the factories and places of employment were destroyed, as they retreated into the countryside. Killing people as they retreat, is a very sad story, and some of the victims were babies.

EIR: What is Charles Taylor's interest in Sierra Leone? Why

does he want to get rid of the elected government of President Kabbah?

Leight: Charles Taylor runs a ruffian, undemocratic, and brutal regime in Liberia. Modern businesses will not deal with him. Few people will invest in Liberia. Taylor is aware of the immense wealth of Sierra Leone. He is particularly interested in the gold and diamonds. Later, he might be interested in something else, but right now what he wants is easy money.

See, most of the diamond deposits in Sierra Leone are what are called alluevial deposits. They may wash down over the rivers and streams over the centuries, and with a pick and a shovel and a pocket, you can access that wealth within six feet of the surface. So, if he has a large army digging for him, then he is in a position to earn a lot of money. That is the money he wants for his own needs, as well as to maintain a large supply of former military officers for whom there are no jobs in Liberia. Since no one will invest there, there is no employment. He wants to keep these people happy so they won't turn on him, so he is going to Sierra Leone to find money to get some programs for his ex-soldiers. Taylor fancies himself as the best guerrilla fighter in Africa. He was supported by Burkina Faso and by [Libyan President Muammar] Qaddafi in Tripoli.

Now, there is a very interesting connection between Burkina Faso and Liberia. In 1980, there was a coup in Liberia by a man named Sergeant Doe, and the first thing Doe did was to kill the Liberian elite. One of those whom Doe executed was Adolphus Tolbert, who was the son of the ex-President and a very prominent official in Liberia. An arranged marriage was made by Taylor for Tolbert's widow with the current President of Burkina Faso. In return, that woman is the link between Liberia and Burkina Faso. The link with Libya occurred when Taylor escaped from prison in Massachusetts and Qaddafi embraced him, trained his men, supported him in arms and military expertise.

Sankoh joined Taylor because Taylor was actually looking to help him. Sankoh volunteered for Taylor. Sankoh and Taylor have no good intentions for Sierra Leone, for West Africa, or for Africa. In our view, Taylor and Sankoh represent the slave traders of 500 years ago. These people care nothing about Africans, they are willing to sell their country's soul to Europeans so they can live the high life. They can get all the money they want, but they don't care about anything. Taylor is exploiting the natural resources of Sierra Leone and Liberia for his own private accounts, and taking care of his supporters. Sankoh is a fellow whom Taylor has promised to put in power, in exchange for giving Taylor the right to access the mineral wealth of Sierra Leone. They are both together, and they are trying to seize Sierra Leone.

When they have done that, they will use Sierra Leone and Liberia as a stepping stone to go to the next country, which is Guinea. I understand raids were made against Guinea a few days ago, burning villages, exactly what had happened with Sierra Leone.

Taylor believes that the whole of West Africa is ripe for exploitation, and he wants to overthrow every possible system there, and, we believe, allow West Africa to become a sanctuary for international criminals. Right now, Taylor is supported by two people. One of them is called Nicolás Shaeffer. He is from Colombia, and he was at one time associated with the Cali, Colombia cocaine cartel. He is the former associate of Pablo Escobar in Colombia. The next man is a gentleman called Colonel Randall, formerly of Executive Outcomes in South Africa. He was assigned to Sierra Leone, and he is the one who introduced Taylor to European crooks, to Ukrainian crooks, and training the military to go to Sierra Leone to fight. Those people are beginning to import cocaine into western Africa and using Sierra Leone and Liberia as distribution points to export cocaine to other countries. We believe that if Taylor succeeds in disturbing West Africa, West Africa will become the mecca for corrupt economic policies around the world, a center for money-laundering, a center for the processing and exporting of cocaine. We believe that the future of West Africa is not understood by the Western countries; if they did understand, they would stop Taylor and Sankoh.

EIR: You mentioned some forces and countries involved. You mentioned Executive Outcomes. What is the role of outside agencies in the fight? We have reports of British air companies, Sky Air Cargo and Occidental Airlines, bringing guns to Sankoh.

Leight: The RUF has no support within Sierra Leone. But for external support, the RUF would be nothing, would be finished today. The RUF uses Sierra Leone wealth to buy arms from Ukraine. The arms are purchased either through mercenary groups, like the ones you mentioned, or through Burkina Faso.

Randall used to be associated with Executive Outcomes. He has left them; he is now on his own in Liberia. Executive Outcomes is part of the international private military groups that sell their services to governments or to insurgent groups. They were at one time hired by the military government of Sierra Leone, but the elected government terminated the agreement. We understand that some of the companies involved are based in England. We have heard that Occidental Airlines was flying the cargo into Liberia and from there distributing the weapons to rebels in Sierra Leone.

But again, some of these military groups are very dangerous; they have caused a whole lot of trouble for African countries since the days of Patrice Lumumba in the Congo.

EIR: There is fighting between the Ecomog forces for the defense of Freetown and the Kabbah government. Where does the situation stand now, and how can it be resolved?

Leight: The elected government is in a very difficult position in Sierra Leone. Although Ecomog and the civil defense forces have been able to clear the rebels out of the western area, which is where the military situation is now, a large portion of the country is in the hands of the rebels.

How did this come about? Very simple. When Ecomog removed the junta in March 1998, most of the junta soldiers surrendered. Ecomog persuaded the people of Sierra Leone to allow them to rehire these soldiers to defend the elected government. The people of Sierra Leone complained that these people had unleashed a reign of terror on them for ten months; they know them and they cannot be trusted. Even so, Ecomog rehired these junta troops. In December 1998, the junta troops rebelled against Ecomog, turned their backs on Ecomog, and in all the areas where the junta troops were in the majority, they switched to the rebels. The rebel troops were in Makono, so the rebels had the diamond mines. The other troops were in the northern area, in the northern capital. It is easy to connect Liberia to the diamond mines in Makeni, so arms are flowing across that area. Because of that strength, they were able within a month to come to Freetown, when Ecomog began to repel them.

The main location of the rebels, other than Makeni and Makono where the diamond mines are located, is Masiaka. Masiaka is an intersection town, where the roads lead to the northern province and to the southern province. I believe a war to remove them from that area is in the planning stages. However, each time the rebels are removed from a location, they engage in a campaign of pillage, carnage, and destruction, a scorched-earth policy. We believe that if we remove them from Masiaka, and they withdraw to Makeni, we are very concerned about the people in that area. Ecomog has to attack Masiaka in order to open the highways, so that the elected government can reach civilians behind enemy lines, to feed them and to take care of their health. Sickness and starvation are spreading behind enemy lines. It is the duty of the government, to reach those people, those victims, and to supply them with food and medical help. So, that is what is going on right now.

EIR: How do you see this being resolved and what role do you think the United States should play?

Leight: There is a peace conference going on right now in Lomé, Togo, but there has been a hitch. The government announced over two months ago that on April 18, it would allow Sankoh to travel to Lomé to consult with his field commanders and his supporters so that they can come up with a permanent position in a peace conference with the elected government. True to his word, President Kabbah allowed Foday Sankoh to travel on April 18. As we speak, the rest of his delegation are still in Monrovia [Liberia], arguing among themselves. They have not sent a delegation there. I believe that they are using this delay to get Sankoh to prolong his stay

in Togo. He is supposed to be there for seven days, to consult with them for seven days, and return back under detention in Freetown. I believe they are going to delay and prolong his freedom while they say they are talking peace.

When the rebels are able to get their act together, the government of Sierra Leone will meet with the rebel delegation, and the hope is that a peaceful settlement can be arrived at, the carnage in Sierra Leone can be ended, and the government can begin to minister to the people and begin to rebuild the country.

I believe it is a long shot. I believe that for a peace conference to have any meaning, both sides should have good intentions and be interested in peace. The government of Sierra Leone is interested in peace, but I don't believe the rebels, Charles Taylor's people, are civilized enough to understand, to want peace. I think they are out in the bush, raping, killing, maiming, and stealing, and they enjoy it. They are not going to give it up by just talking. I think that any peace agreement will be temporary. Taylor signed 13 peace agreements with the nations of West Africa before he was able to gain power in Liberia. Taylor sees the peace agreement as a stepping stone, not as an agreement to end hostilities. So, I am one of the skeptical people in Sierra Leone who do not bank on this peace conference, I think it will come to naught.

I think the United States is trying to contribute to the peace effort, but I do not think it is going about it correctly. The United States should understand that the rebels are completely uncivilized and they are engaged in atrocious conduct against unarmed civilians. My reading of the policy of the United States toward Sierra Leone is very simple: They want the rebels to share power with the government. The people of Sierra Leone are saying that that approach will sabotage the march toward democracy. The rebels were invited in 1995 to take part in internationally observed elections; they refused. Not only that, they tried to disrupt the election and tried to confiscate the ballot boxes. When the elections were over, they did sign a peace agreement, called the Abidjan peace accords, but they promptly reneged on agreement after agreement and arrested their own delegates who had been assigned to deal with the government.

I believe that the American policy of encouraging the rebels to think they can share power with an elected government is not a sound policy, because it will sabotage democracy and encourage other rebel groups to believe that the way to gain power in Africa is by engaging in gross human rights violations, and the more violent they are, the more they will be welcomed to take part in elected governments. The people of Sierra Leone said they are willing to allow the RUF to convert to a political party and to contest in elections, which are less than two years away. I think the American government should pursue a policy of getting the rebels to adhere to the Abidjan peace accords, explain to

the rebels the benefits of the peace accords, and make it known to them that there is no chance for them to gain power by force. They should become a political party and come explain to the people why they should govern, and contest the elections due in year 2001.

If the rebels are given a chance to participate in the government, other groups will try to get power in the same way. The rebels who attacked the Americans, Britons, New Zealanders, and Australians in Bwindi Impenetrable Forest in Uganda, are copying the exact tactics of the RUF. They have gone and attacked innocent people who have nothing to do with the government, to show that they can prevent the government from governing. We think that they should allow the people to vote and elect the government.

To be fair, the United States government has been assisting with refugees and humanitarian concerns. They gave \$75 million to the United Nations for programs to feed the refugees from Sierra Leone, Liberia, and Guinea, and to minister to their health. They also made a contribution for medical assistance for Ecomog troops who have been wounded. They have also made some financial assistance to Ecomog itself. But they have only given Ecomog a few million dollars. In this way, Ecomog is not strong enough to end the rebellion. The end result of this type of distribution of assets is that more and more refugees are created, requiring more and more money for them. Whereas, if the United States had given Ecomog logistics to the tune of \$50 million or so, the war would be ended.

The United States has also tried to encourage Charles Taylor to end his intervention in Sierra Leone. But, somebody like Charles Taylor does not listen to words. Unless the United States takes political action, Taylor will never listen to the United States. The United States can act when it wants to act. It took the United States less than two months from the time they found casualties in Kosovo, to intervene in Kosovo, and they are now asking for \$6 billion to fight that war. The RUF killed nearly 6,000 people in Freetown in one week, and the United States is talking about \$10-15 million for Ecomog. That will never do the job. Aid should go to the government of Sierra Leone, to Ecomog, and the United States should use its power over Liberia to get Taylor to end his violent intervention in Sierra Leone.

EIR: What are the Abidjan peace accords?

Leight: The Abidjan peace accords, which were negotiated in 1996 between the RUF and the elected government of Sierra Leone, provided for a peaceful end to the violence that has occurred in Sierra Leone since 1991. This agreement provides for certain organizations to implement the ceasefire, and for the disarming and demobilization of all combatants. The agreement also allowed the RUF to convert itself to a political party and be given money to finance its activities. There was general amnesty for everyone involved in

the carnage in Sierra Leone, and a plan was worked out with world organizations to begin the building in Sierra Leone. The RUF signed this agreement, but never implemented it. They arrested the delegates who were sent to the commission charged with administering the peace agreements, and those delegates have been held incommunicado since late 1996 or early 1997.

The RUF said that it was fighting against corruption in 1991. But now their sole allies in Sierra Leone are the very people they said they were fighting in 1991, the AFRC, the military set up by the government of Sierra Leone that had been in power from 1968 to 1992. These people are now the RUF's allies. President Kabbah was not with the Sierra Leone government then; he was out of the country. I, as ambassador, have been out of Sierra Leone for 30 years, because I would not work with such people.

EIR: Wars are creating millions of refugees, and now we see refugees in the Balkans. Lyndon LaRouche has proposed that instead of wars destroying the planet, that there be a New Bretton Woods system which would be based on nation-states coming together to decide the economic policies that are in the interests of their people. This would include the African countries as well. Do you support this proposal, and how do you see development in West Africa under a different set of economic policies?

Leight: I have not seen the details of the New Bretton Woods proposal, but I will look at it and study it. But I would agree with Mr. LaRouche that, as of now, it does not seem that there is a fair system in the world. There are killings in Kosovo and the United States government is sending 1,000 planes and \$6 billion to defend those people. More than 6,000 people are killed in one week in Freetown, Sierra Leone, in a war that has been going on since 1991, and piddlings, a few million dollars, are sent to Ecomog grudgingly and slowly to keep that organization going. So, I believe were a fairer, more objective look at this kind of problem is taken, I would support that kind of agreements—not to leave it to powerful nations to do as they please, and the weaker nations of Africa left out of the whole system.

I believe that African states should be strengthened; I believe that there are a lot of resources in Africa, and if money is exported to Africa correctly, I believe that the continent will develop and will benefit the whole world, and trade will prosper between the United States and Africa. But right now, I don't see that happening, despite all the conferences in Washington, D.C. It is mostly talk and no action. They acted in Kosovo; they failed to act in Sierra Leone sufficiently. They failed to act in Guinea-Bissau sufficiently; they failed to act in Rwanda, in Congo. So, it seems that as of right now, European nations are more important than African nations, even though the bulk of the resources for the rest of the world are today in Africa.

Report from Bonn by Rainer Apel

Trying to escape from the trap

Germans are in a race against time to save the Balkans peace effort from collapse.

It was an impressive scene on May 12: At a press conference in Beijing, Chancellor Gerhard Schröder supported the Chinese government's call for a thorough investigation of the May 7 NATO bombing attack on China's Embassy in Belgrade.

Schröder thus became the second NATO head of government, with Italy's Prime Minister Massimo D'Alema, to voice discontent with the flaky explanations that NATO military leaders and some alliance member governments, led by the British, have so far given for the incident.

Before Schröder left for Beijing on May 11, he spoke with D'Alema, and received NATO Secretary General Javier Solana in Bonn, to query him on the embassy bombing. Solana was unable to give a convincing explanation, to Schröder's total dissatisfaction. Schröder was angry, and he had a reason: Intensified diplomacy by the Germans, in cooperation with Italian, French, Swedish, and UN efforts, and with President Clinton and his special envoy, Strobe Talbott, had finally succeeded in "pulling the Russians back into the boat": Russia was a signatory of the Bonn resolution on Kosovo, which was presented by the Group of Eight foreign ministers on May 6. This resolution officially mandated that Schröder use his scheduled May 12-15 visit to inform the Chinese government of the G-8 consultations. This was an important signal, because China is a permanent member of the UN Security Council, but not of the G-8.

Prospects for Schröder's talks in Beijing were good—on May 6. But the day after, NATO aircraft bombed the

Chinese embassy in Belgrade, the diplomatic mission of the one country that was just going to get integrated in the peacemaking diplomacy on Kosovo. For the Germans, this was a political catastrophe of the first dimension: Schröder's three-day trip to China was called off and replaced by a half-day visit for crisis talks on the embassy incident and Kosovo. Senior German government officials were angry. One of them exploded in front of journalists on May 8, saying, "We have just succeeded in pulling the Russians back into the boat, and now, we are throwing the Chinese into the water....It's like starting all over again." By May 8, the G-8 resolution on peace in the Balkans, passed in Bonn on May 6, seemed to be merely a piece of paper.

On May 10, it became clear that the Chinese would at least meet Schröder on May 12, to discuss the matter. The Chancellor had sent a personal telegram of condolences for the embassy bombing incident to China on May 8, urging the Chinese to keep the door open to dialogue.

In his talks in Beijing with President Jiang Zemin, Prime Minister Zhu Rongji, and Foreign Minister Tang Jiaxuan, Schröder formally apologized for the embassy bombing, in the name of Germany "being a member of NATO and thereby, co-responsible for this tragedy." He told the Chinese that he shared their view that apologies would not suffice, that a thorough probe of the affair had to be conducted. and that consequences had to be drawn, as soon as the results of this probe had been publicized. The Chancellor's gesture was well received by the Chinese, but they also told him that unless NATO halted its air war, peace talks would lead nowhere.

The message came across, it seems. There is also awareness on the Chinese side that in the NATO air war, there are pushers, such as the British government, and there are others, such as the Germans, that are being pushed. As a member of NATO, Germany is not being spared Chinese criticism over the air war, but it is acknowledged in Beijing that the Germans are not in the forefront of this war on Serbia. For example, former Chinese ambassador to Bonn Mei Zhaorong had harsh words against NATO policy, in a May 11 interview with the Berlin daily Tageszeitung. "But I cannot tell whether inside NATO, there is a radical and a peaceful group, which are fighting each other," he said.

Mei Zhaorong is said to be close to Prime Minister Zhu Rongji, in whose name he delivered a personal message to the international Wehrkunde security conference in Munich in February (see *EIR*, Feb. 26, p. 38). At that conference, Mei, along with the Russian and Indian speakers, warned against the global-strategic consequences of the new NATO doctrine of combat against so-called "rogue nations." The weeks since have shown some of those consequences, in the global frictions emerging over the Kosovo issue.

If the German government is taking steps to distance itself from NATO conduct in the Balkans, it will be welcomed not only in China, but also in Germany. The word was out in Bonn on May 12, that after his return from Beijing, Schröder intends to find out who in NATO controls the targetting in the air war, and who is to blame for the embassy catastrophe. German diplomats are also engaged in efforts to convince NATO to halt the air raids, at least for 24 hours, to see whether some concrete progress toward peace could be made.

International Intelligence

Prosecutors ask life in prison for Andreotti

On May 7, Italian prosecutors demanded a life sentence for former Prime Minister Giulio Andreotti, who is being tried in Perugia for allegedly ordering the 1980 assassination of journalist Mino Pecorelli.

The prosecution in Perugia and another in Palermo, where Andreotti is charged with being the "political" head of the Sicilian mafia, and where prosecutors are asking for a 15-year sentence, bear the pawprints of the U.S. Department of Justice permanent bureaucracy: Both trials are constructed from a chain of evidence based on statements by Tommaso Buscetta, a "former" mafia member who is in the Federal Witness Protection Program in the United States. Buscetta has been "worked" by former U.S. Attorney Richard Martin.

The prosecutors' demand has split Italy's political world in two. Andreotti is now 80, and has served several times as Prime Minister. His prosecution has become a symbolic trial against the Christian Democratic Party, of which he was the last prestigious leader. The party dissolved in 1993, under the combined pressure of Britain's "Clean Hands" anti-corruption witch-hunt and the Andreotti case. He is currently a member of the Senate, and publishes 30 Giorni magazine. He still plays a major role in Italian politics, especially in foreign affairs. Recently, he campaigned against the NATO attack to Yugoslavia and against the new NATO doctrine.

Netanyahu orders PLO Jerusalem office closed

In apparent response to the decision of the Palestinian Authority *not* to declare a Palestinian state on May 5, Israeli Prime Minister Benjamin Netanyahu ordered the shutdown of the Palestine Liberation Organization's East Jerusalem office, Orient House. Moving quickly to prevent an explosion, U.S. Ambassador to Israel Edward Walker persuaded Israeli Public Security Minister Avigdor Kahalani to wait 24 hours before enforcing the closure. An embassy spokes-

man said, "The Americans are also concerned about the potential for flare-ups at the Orient House, and call for the parties to display restraint."

On May 11, the Israeli Supreme Court issued an injunction against the closure, at the instance of an Israeli pro-peace organization, which had argued that the order was an election ploy by Netanyahu. The Shin Bet domestic security agency had warned that closing Orient House could spark riots in Jerusalem and throughout the West Bank.

The PA announced its decision to put off declaring a Palestinian state until July, after Israel's elections on May 17. According to a PA statement, the decision was taken after a request by President Bill Clinton was sent to PA President Yasser Arafat. According to the Israeli daily Ha'aretz, Clinton's letter proclaims that "the Palestinians should live free today, tomorrow and forever." He continued, "The objective of the negotiating process is the implementation of UN Security Resolutions 242 and 338, including land for peace, and all other agreements under the Oslo process. . . . The U.S. knows how destructive settlement activities, land confiscations, and house demolitions are to the pursuit of the Palestinian-Israeli peace." This is the first time the United States has referred to Jewish settlements as "destructive." Notwithstanding, shortly after ordering the closure of Orient House, Netanyahu's government issued a permit for the construction of 800 more homes on disputed land.

Brits come out with new 'lone terrorist' model

Britain's International Institute for Strategic Studies (IISS) issued a report in early May claiming that a major terrorist threat comes from disaffected individuals with access to weapons of mass destruction. The report apparently does not mention that, of the 30 terrorist groups on the U.S. State Department's watch list, over 20 have major offices or headquarters in Great Britain.

The report asserts that these lone terrorists "are more likely to use chemical or biological weapons and to cause destruction on a larger scale than their politically motivated

counterparts and are therefore more dangerous." Although the report admits such weapons would be difficult to acquire, it contends that "a threat that causes great concern and which would mark a distinct change is the possibility that these terrorists could acquire nuclear weapons which they might not hesitate to use."

"The new terrorists," the report contends, "are driven by religious or millenarian beliefs, by motives such as revenge and punishment or by single issues. To the extent that they are religious in orientation, they are clearly less political than their predecessors." These terrorists "are more likely to be more indiscriminate and more lethal than the old. Some are more sophisticated in technological, operational and other terms than earlier terrorists, and more capable of conducting operations at great distances."

Libya's peace offensive working in East Africa

The secretary general of Eritrea's ruling People's Front for Democracy and Justice, Amin Muhammad Said, visited Libya to "consolidate the general cooperation agreement that was signed last year between the party and the Libyan Revolutionary Movement," according to the *Addis Tribune* of May 9. Also in the delegation was Muhammad Ali Jabrah, head of the Eritrean party's foreign affairs division.

On May 7, Ethiopian Foreign Minister Seyoum Mesfin returned from a trip to Libya, where, according to the Ethiopian News Agency, "conducive situations are being created to further consolidate the existing relations between Ethiopia and Libya." Before that, a Libyan envoy had discussed the war between Ethiopia and Eritrea with Ethiopian President Meles Zenawi in Addis Abeba. Libya remains officially neutral in the war, although its ties to Eritrea are closer.

The same week, Sudan opened up direct airline routes between Khartoum and Tripoli. On May 2, Libyan leader Muammar Qaddafi had met in Tripoli with Sudanese opposition leader Sadiq al-Mahdi, after the latter's meeting in Geneva with Sudan National Assembly Speaker Hassan al-Turabi.

INTRNational

LaRouche: 'Court-martial SOBs behind embassy bombing'

by Jeffrey Steinberg

Within hours of learning of the May 7 attack on the Chinese embassy in Belgrade, Yugoslvia, which was hit by three separate precision-guided bombs, Democratic Presidential precandidate Lyndon LaRouche demanded a thorough, rapid public investigation into the attack, and the initiating of court-martial proceedings against all of the NATO and U.S. military command personnel implicated. Such a list would necessarily include Gen. Wesley Clark, the NATO Supreme Allied Commander Europe (SACEUR), who brazenly defended the NATO action, proclaiming the attack on the Chinese embassy was merely an "anomaly" in a system that is otherwise nearly perfect.

LaRouche warned that, if the truth about the bombing, including the identification of those in the NATO command who "knew or should have known" about the attack, is not made public and acted on swiftly, the consequences for the Clinton administration, NATO, and the fragile stability of the Eurasian region will be grave.

In several statements, LaRouche spelled out the evidence that the bombing was anything but an "accident." Rather, it was the premeditated effort by a British-centered grouping within the NATO command, to wreck the prospects for Balkan peace, and broader cooperation between the United States, the "Survivors' Club" nations of Russia, China, and India, and several continental western European nations.

Even before the bombing of the Chinese embassy, the escalation of the Balkan war and the continuation of the bombing sorties over the northern and southern parts of Iraq represented a dangerously escalating pattern of "localized" military conflicts, building toward a new Thirty Years' War

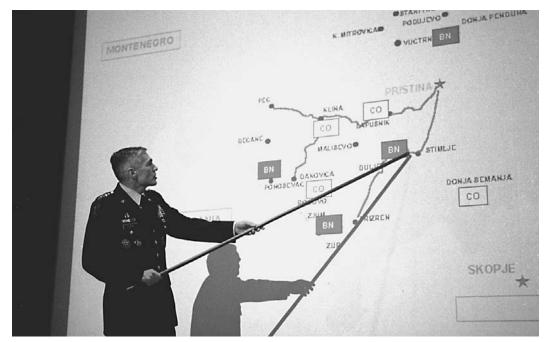
on a global scale, with the likely eventual introduction of a nuclear weapons component. Such a spreading virus of "each against all" warfare—as distinct from the kind of combat associated with World War I or World War II—is the essence of the simmering third world war, LaRouche warned. And, with the dumping of the Primakov government in Russia, the prospect of an International Monetary Fund-friendly dictatorship being installed in Moscow, accelerates the threat of a Balkan war spreading rapidly into a confrontation, involving the exchange of theater nuclear weapons.

The bombing of the Chinese embassy, at the moment that President Clinton was working with Russia, with several nations of continental Europe, and with United Nations Secretary General Kofi Annan, to end the Balkan conflict through a diplomatic settlement and an economic reconstruction plan, has once again kick-started the momentum toward just such a global conflagration.

The Chinese embassy bombing served the strategic interests of Britain, whose Blair government has been pressing for spreading the Balkan conflict into a broader quagmire, into which the United States would be sucked in and destroyed. General Clark is typical of the nominally American military and national security personnel who have been reading from a British script since the eruption of the "hot wars" in the Persian Gulf and Balkans last autumn.

An historical parallel

LaRouche recalled the 1961 Bay of Pigs fiasco, when U.S. Ambassador to the United Nations Adlai Stevenson was caught in a series of bald-face lies, denying U.S. responsibility



Gen. Wesley Clark,
NATO Supreme Allied
Commander, Europe,
defended the NATO
bombing of the Chinese
embassy in Belgrade as
the result of an
"anomaly" in a system
that is otherwise
perfectly okay. Here,
Clark gives a press
briefing at NATO
headquarters on
April 13.

for the failed invasion. Days later, when the facts came out, Stevenson was forced to make a public admission that he had lied, and to apologize.

LaRouche equated the May 10 Pentagon press conference by Defense Secretary William Cohen with that Stevenson performance during the Bay of Pigs.

Cohen, along with two unnamed "senior intelligence officials" of the Central Intelligence Agency (CIA) and the Defense Intelligence Agency (DIA), put out a preposterous cover story, that the CIA had failed to update its maps, and, as a result, the 1996 move of the Chinese embassy to a new location in "New Belgrade" was never noted, and the building was mistaken for a Federal Republic of Yugoslavia supply and procurement ministry site.

Three people were killed and more than 20 injured in the missile attack, which, according to news accounts, may have employed the Global Positioning System (GPS) satellite guidance system, used by American B-52 and B-2 bombers. (Asked by *EIR* on May 12 to confirm the GPS story, a Pentagon spokesman declined to comment.) The GPS system has built-in fail-safe mechanisms to prevent the targetting of "off-limit" targets. Foreign embassies are the highest priority off-limit targets, and the idea that a human error in the "basement of the CIA" could have caused the Chinese embassy to be incorrectly located on the targetting maps is preposterous.

It is not surprising that the Chinese government has steadfastly rejected the Cohen-NATO cover story, and remains convinced that the attack on the embassy was a premeditated action by some elements within NATO, hell-bent on a "clash of civilizations" between the West and China.

Oops!

As is often the case with such a bald-faced cover-up, it takes several days for the package of lies to be assembled. Often in the heat of the moment, immediately following an event, like the Chinese embassy bombing, more of a truthful, albeit limited picture is presented.

Case in point: In the Pentagon briefing on May 8, the day after the Chinese embassy was bombed, Maj. Gen. Chuck Wald described at length, how pilots carefully study their targets before a bombing mission. His description, delivered two days before the "CIA map" story was put out, shows how impossible the "old map" theory is.

Wald was asked about the planning process for a target, and he responded that "it's very comprehensive." He said that targets "are reviewed routinely," by many different people. And before a target is attacked, people again review the targets, and that the review is done by both intelligence people, and by pilots and air crews.

Wald said that once a pilot gets a sheet with a target on it, there "is no reason to question that." But, the pilot will spend a lot of time studying the target; as Wald said, "the higher the threat, the more value the target, the more time you would study it." And, he added, you would study the terrain and anything around the target. "My feeling would be, in an area like Belgrade that's probably the most highly defended area that U.S. forces and NATO forces have flown in, similar to Baghdad in the last decade at least, that in an area like that, you're going to do a lot of study. . . . I would suspect . . . that a lot of study was put into that target."

On the same day, May 8, at the NATO press conference

in Brussels, Maj. Gen. Walter Jertz told reporters that NATO had attacked the building which it believed was the headquarters of the Federal Directorate for Supply and Procurement in Belgrade. He was asked by a reporter whether it were conceivable that "we were using an out-of-date map that did not have the new Chinese embassy on it?" Jertz answered:

"We go through a very thoroughly researched targetting process. We do validate targets if they are legitimate targets with all the information we can get. These targets will then be placed on the master target list consistent with NATO plans and those targets, once they are legitimate, we are going to attack. I have no evidence that we are using old maps, wrong maps."

Chinese media feature LaRouche

Within hours of the announcement of the bombing of the Chinese embassy, Lyndon LaRouche was being asked to comment, and on the appropriate steps to be taken to avoid a further catastrophe. LaRouche's call for "immediate court-martial proceedings" against every official in the NATO chain of command implicated in the bombing, was featured prominently in a wire from China's official news agency, Xinhua, issued from Beijing less than 24 hours after the Belgrade attack.

Xinhua reported on May 8: "Lyndon H. LaRouche, Jr., a famous economist who founded *EIR* 25 years ago, sent a written statement, calling for 'immediate court-martial proceedings. . . . There should have been standing orders at all relevant levels against any targetting which would have put the embassy and consular offices of neutral powers at any conceivable risk. The lack of such standing orders would be sufficient grounds for court-martial proceedings against officers at the highest-ranking positions.'

"LaRouche urged the U.S. government to denounce the attack on the Chinese Embassy, and hold those in the NATO command responsible," Xinhua continued. "LaRouche condemned the British government's position, of sparing no effort to continue the Yugoslav war. He pointed out that the timing and nature of the bombing show that they were particularly useful to the British Blair government's policy of continuing the Balkan war."

Guangming Daily, a widely circulated Chinese regional newspaper whose correspondents in Belgrade were killed in the embassy attack, also featured LaRouche's statement, along with a second message from LaRouche, extending his condolences.

By May 10, the Chinese government had officially responded to the embassy bombing, in language similar to that of LaRouche. Chinese Foreign Minister Tang Jiaxuan demanded that the United States and NATO conduct a complete and thorough investigation of the attack, and promptly make the details public. Those responsible for the attack must be severely punished, he stated.

Chinese defense specialists said on May 9, that the attack

on the Chinese embassy in Yugoslavia by NATO was in no way an accident, *China Daily* reported the next day. One member of the Chinese Academy of Military Sciences concluded that the attack had been planned and carefully plotted. A mistake might have been possible if only one bomb had hit the embassy; but the fact that three missiles hit the building from three different angles made it impossible to label it an accident.

The experts noted that the Chinese embassy in Yugoslavia stands out, and there is no similar building within 200 meters. U.S. missiles normally have a margin of error of less than 10 meters, but the Chinese embassy is a kilometer away from NATO's claimed target, the specialist said.

Groundswell behind call for probe

By May 11, the day after Cohen's shameful performance at the Pentagon, senior officials from continental European NATO governments were also demanding an open and honest probe, and serious action against any guilty parties. Following a telephone conversation with Chancellor Gerhard Schröder of Germany on the evening of May 10, Italian Prime Minister Massimo D'Alema said that "beyond the formal expressions of regret for the bombing of the Chinese embassy, the Atlantic Alliance should conduct a rigorous inquiry into the circumstances that led to this unprecedented incident."

Schröder, the same evening, declared that he is "not at all satisfied with the official explanations given by the Alliance on the affair, to date," and that he insists on a "thorough investigation," as well.

D'Alema also told Schröder that it "would be extremely serious for the Alliance's credibility, if it were to stop at a hasty justification and not give the public the utmost transparency on the cause of such a tragic error."

The fact that the heads of the Italian and German governments share the view that a rigorous probe must take place, is also of some importance, because the two leaders discussed the issue on the eve of Schröder's one-day visit to China, for talks with Chinese leaders on May 12. Furthermore, at the point that President Clinton visibly broke with British Prime Minister Tony Blair over Britain's drive for a Balkan ground war, during the April 23-25 NATO summit in Washington, Schröder and D'Alema forged much closer ties to the U.S. President, ties that remain critical to any diplomatic solution to the ever-more complex Balkan war.

Even some prominent NATO military officials have now joined in condemning the Chinese embassy bombing as a willful provocation. In an exclusive interview with Germany's national Deutschlandfunk radio network, on May 10, Germany's former Assistant Defense Minister Willy Wimmer said that he is convinced the bombing was not an accident, that it was carried out on purpose.

Wimmer asked: "In what other way should one interpret this attack, than as being an assault on the potential role of China at the United Nations?"

LaRouche on China embassy bombing

Democratic Presidential pre-candidate Lyndon LaRouche issued the following statement on May 10, on the implications of the recent NATO bombing of China's Belgrade Embassy.

The following points are to be emphasized as the crucial dilemmas in the bombing of China's Belgrade Embassy:

- 1. The most important element of proof of the certainty of willful guilt by parties at the highest level of the NATO command, feature the following:
- a) The use of "over-the-horizon" targetting of regulated trajectory bombs and missiles requires a GPS-based method of enforced exclusion of non-permitted targets (such as embassies, hospitals, schools, etc.) from the targetting.

In other words, every electronic target must be stated in terms of military-grade GPS position, and that targetting screened against the GPS-position list of prohibited targets. A coincidence must ensure immediate, automatic pre-cancellation of the target. This is to ensure that no "Strangelove"-type of character within the NATO air and ship-based air and missile command bypasses a central prohibition against those prohibited targets.

Negligence in respect to efficient enforcement of this rule is, according to the "drunken driver principle," already sufficient proof of culpability at all relevant layers of the NATO military command, from the top down.

b) The obligation to effect and enforce such targetting discipline goes automatically with "the territory." Any failure to install and maintain such a discipline efficiently, is a court-martial offense on principle. Any violation of that rule is *prima facie* evidence of culpability by those officials at the highest level who should have established and efficiently enforced such rules. The least result of violation of this rule shall be prompt dismissal of all such officials "for the good of the service." Willful violation of the requirement to establish and enforce such a rule is proof of a culpability of the relatively highest degree. The Nuremberg wartime standard of "either knew, or should have known" applies to any relevant highranking NATO military or other official of any nation.

In the case of a military official, this is sufficient cause for court-martial proceedings. In the case of a relevant nonmilitary official, this is cause for war-crimes proceedings. In the most important cases, the culpable military official is also subject to war-crimes proceedings.

- c) Enforcement of the "either knew, or should have known" standard requires no proof of explicit intent.
 - d) The statement of NATO's Gen. Wesley Clark, to the

effect that he continues to stand by the system, if verified as to accuracy of the quote and explicit context of the utterance, would be sufficient proof to require his immediate discharge for cause of culpable intent to foster negligence in related matters.

2. The foregoing rules apply as long as the warfare continues. Only under the rule of the Treaty of Westphalia can exceptions to such prosecutions be allowed. This is relevant to the matter of possible charges of crimes against humanity which might be placed at some future time against such parties as officials of Yugoslavia or others. The power of forgiveness is relegated in cases of offenses committed during warfare or similar states of conflict, is a treaty power, which if adopted, must be respected in perpetuity. This power of forgiveness is a natural extension of the principle of justified warfare, as typified by the labored definition of this connection in the course of the protracted negotiations of the Treaty of Westphalia.

Revenge is never an honorable feature of justice. Action for purposes of revenge is itself a crime against the principles of justified warfare, and thus a crime against humanity. Revenge is an act of barbarism in and of itself.

- 3. For reasons of proof defined above, the targetting of China's Belgrade Embassy was not only culpable per se, but clearly intentional.
- a) The failure to establish and apply reasonably available means to ensure no targetting of prohibited places is sufficient proof of intent under the Nuremberg rule of "knew, or should have known."
- b) There are expressed motives by NATO and related relevant officials, before and after the bombing of China's Belgrade Embassy, to show the intent to conduct such violations of international law under the pretext created by use of covert means, to lay the blame after the event on an anomaly in the system. This intent has been shown, not only by the statement attributed to NATO's Gen. Wesley Clark, but by such opponents of the recent decisions by both U.S. President Clinton and NATO's Washington summit, as Her Majesty's Blair government. A similar intent is indicated for the cases of palpably disgruntled opponents of President Clinton's decision within the U.S.A. institutions participating in NATO operations against Yugoslvia, and against strong opponents of President Clinton's doctrine of "constructive engagement within China."
- c) The NATO bombing of China's Belgrade Embassy is consistent, in imputable intent and consequences, with the efforts of the British government and the U.S. anti-China lobby, to enrage China to such a degree as to undermine the present government of China and its efforts to maintain constructive engagement with the U.S.A.
- 4. The great folly in U.S. policy which contributes to allowing such a mess to be created by such meddlers, is the error of allowing it to be said that the present Balkan war is a local Balkan issue defined solely by the issue of Kosovo "eth-

nic cleansing." This war is the result of an orchestrated campaign, led by Her Majesty's Blair government, and including Blair government sympathizers within the U.S.A. political and executive establishment, to introduce a new global military policy. This new policy was first attempted to be put into effect in the aborted effort to launch a new war against Iraq, during early 1998, and was set into motion on or about the time of the first weeks of October 1998, with the sequence of bombing of Sudan, Iraq, and the deliberate abortion of the Rambouillet negotiations to the purpose of orchestration of the present Balkan war.

The target of this war has been the collaboration developing among China, India, and Russia, assuming that the targets are sufficiently weak, in face of a confrontation with the NATO superpower force, that they have no choice but to submit to the terrifying will of Her Majesty's Blair government, even to the extent of allying with Her Majesty's government against the U.S.A. itself.

This consideration must be faced. The implication is, that any U.S. official supporting the policies of Her Majesty's Blair government may be acting treasonously, if not otherwise explicitly guilty of treason, against the U.S.A.

LaRouche on Montgomery, Churchill, and Blair

This statement was issued later in the day on May 10.

- 1. It is urgent that we recognize, that the purpose of Her Majesty's Blair government, in the NATO bombing of China's Belgrade Embassy, was to break up the China-Russia-India cooperation, by aid of using the bombing incident to tilt the situation in China against the existing government's policies of cooperation with President Clinton. The bombing of the Belgrade Embassy is to be seen as a follow-on to the parliamentary destabilization of the current government of India. For this reason, anyone supporting Blair's NATO policies against the policies of President Clinton must be regarded as virtually a traitor, not only to the U.S.A., but the human race as a whole.
- 2. For this reason, there must be no temporizing with such actual and virtual traitorous actions in connection within current NATO operations. Unless President Clinton uses his authority to exact, publicly and loudly, brutally summary, ruthless actions against those responsible for the bombing of that Belgrade Embassy, the Clinton Presidency and much else will almost certainly go down. This will probably turn out to be a test for the entirety of Clinton's Presidency. Has he the will to take the exemplary action against NATO officers required by this situation? If not, it is not likely that his Presidency will survive currently unfolding developments.
 - 3. Two pages from the 1930s and 1940s experience should

be reviewed as case studies of relevance to policy-shaping in the current circumstances. a) The role of the German military in the history of 1930s-1940s Germany, from the fall of the Schleicher government through and beyond the heroic, crushed effort of July 1944; b) The outcome of the Hurley mission to China late during World War II.

How the German military failed

The British betrayal of the July 1944 coup against Hitler must be examined against two associated developments: a) The British role in assisting the Gestapo in putting down the coup, as related to the continuing role of Britain's delaying the end of the war in Europe by at least six months through the continued posting of Field Marshal Montgomery, from El Alamein through "Market Garden;" b) The role of the British influence, as expressed by the roles of both Lord Mountbatten and the Russell-Needham gang, on the Allied China-Burma-India theater.

These two experiences illustrate the following lessons respecting principles of strategy and diplomacy.

The purpose of Britain's repeated deployments of Montgomery, into situations where competent British commanders might have failed to delay Allied victory by as much as six months each time, was consistent with the standing policy of His Majesty's Churchill government (e.g., "the soft underbelly of Europe" policy), of delaying the victory as long as possible, to ensure the maximal mutual destruction of the nation, economy, and people of both Germany and the Soviet Union. This had the included purpose of eliminating, to the degree possible those German families whose role would have been crucial in the reconstruction of a post-war Germany. It was also consistent with the role of British and U.S.A. "air power" fanatics in the terror-bombing of Dresden, Magdeburg, etc.

The significance of the dirty British role in assisting the Gestapo against the July 1944 resistance, forces us to look at the German military leadership's role on a deeper level, its role in the fate of General Kurt von Schleicher, during events of the interval January 28, 1933-June 30, 1934. It was the German military command's failure to deal with the problem presented by President Hindenburg's capitulation to the Adolf Hitler candidacy and so-called "Roehmputsch" (a.k.a. "Night of the Long Knives"), which allowed Hitler as Chancellor to consolidate his power. Hitler's ascent to power was, at every stage, a British-directed (Montagu Norman, Hjalmar Schacht, Baron Schröder, von Papen, Averell Harriman, Oscar von Bismarck) operation, just as the doom of the July 1944 resistance was assured through British intervention on the side of Adolf Hitler. This should be seen in its totality, from January 1933 through July 1944, as a lesson in the nature of the moral limits beyond which a military can tolerate remaining complicit with the rule of "reason of state." This is very much applicable, at the present moment, to the case of anyone who tends to demand or support a cover-up for those criminals of the NATO military command who have been

complicit in the bombing of China's Belgrade Embassy.

The only "tragic accident" in the case of this bombing is that which will befall the U.S.A. and Europe should the "only an unfortunate accident," or the "after all, it is really only Milosevic's fault" sort of pure political bullshit continue to be tolerated in the command in the U.S.A. and NATO Europe. If the Clinton administration is to survive, the Blair government must be held accountable for its criminal role, and NATO must be instantly purified by appropriate courts-martial and related actions against those responsible.

The policy of His Majesty's Churchill and earlier governments, in promoting the build-up of Hitler, and in seeking to delay victory against him, must be seen as part of a larger picture of that time.

From the beginning, U.S. President Franklin Roosevelt was fighting two wars: one to defeat Hitler, and a second, to ensure that British "free trade" and the legacies of the Portuguese, Dutch, British, French, and Belgian empires were eradicated from the post-war world order. During the course of the actual war-fighting, the Soviet Union and China represented the principal strategic partners of the U.S.A. in the post-war defeat of the British Empire and its assets. Prolonging the war in Europe, to maximize the ruin suffered both by the Soviet Union and the other nations of continental Europe, especially Germany and France in the west, was an integral part of the secret war between Churchill on the one side, and Roosevelt, MacArthur, et al., on the opposing side. Preventing a coalition of the Kuomintang and Chinese Communist forces, was a key part of the effort to weaken China's immediate post-World War II role, just as the British restored Indo-China to French colonial status to the same general end.

Today, the same dirty British game is echoed in the role of Her Majesty's Blair government behind the bombing of China's Belgrade Embassy. (Let any who deny that to be the fact of the matter, go into the lavatory and keep washing their mouths out with soap until their foolish mouths cease to emit the disgusting offal of their immoral quibbling.) The attacks on China from the dirtiest parts of the London-directed U.S. establishment (e.g., the so-called "Christian Solidarity" accomplices of the genocide against six millions or more in Central Africa), the right-wing intelligence games attempting to pit Taiwan and complicit elements of Japan against China, the British efforts, as in NATO's bombing of China's Belgrade Embassy, to play currents within China against the present government's policy, are echoes of the same British China policy we have seen since the days of the British Opium Wars.

The present British monarchy has always been the deadly enemy of the U.S. patriotic tradition. Henry Kissinger said as much, on May 10, 1982, in his London Chatham House address. Even on the rare occasions that monarchy has been accidentally a U.S.A. ally, it has also been, always, a deadly enemy, the most deadly enemy of the U.S. The definition of an intelligent U.S. patriot is a person who recognizes this to be true.

The recent public displays of Prime Minister Blair and his cabinet (not counting those which have occurred on Clapham Common), have been extreme in this respect. The lunatic outpourings from Blair's filthy mouth, the matching effusions from the dirtiest of all British Commonwealth press, the Hollinger Corporation's London *Daily Telegraph*, and the recent conduct of the British-controlled U.S. General, NATO's Clark, in the matter of the bombing of the Belgrade Embassy, are but the latest phase in the not-so-secret war of Her Majesty's government against the most vital strategic interests of the U.S.A.

Documentation

China demands thorough, public investigation

On May 12, Chinese President Jiang Zemin and Chinese Premier Zhu Rongji met German Chancellor Gerhard Schröder in Beijing. This was the first meeting between Chinese leaders with the head of a NATO country since the May 7 NATO bombing of the Chinese embassy in Belgrade.

Chancellor Schröder had voiced dissatisfaction with the explanation of the bombing given to him by NATO Secretary General Javier Solana, who briefed Schröder just before he left for China. In Beijing, Chancellor Schröder communicated Germany's profound regret and condolences to the Chinese leadership and people for their losses, and expressed his desire to see a full, satisfactory investigation of the NATO action carried out.

Statement of President Jiang Zemin

The following summary is from the Chinese newspaper, People's Daily:

"We are at a crucial point in history," President Jiang told Chancellor Schröder. "The two world wars of the 20th century caused great catastrophes for mankind. . . . After World War II, the German people took the path of peace and development. This is an important cause of Germany's postwar economic success. [According to a Chinese saying:] 'Don't forget past things, they are the teachers of future things.' I hope Germany will have far-sighted politicians, won't forget the lessons of the two world wars, and will treasure the hardearned period of peace.

"People did not expect that at the end of this century the U.S.-led NATO would launch a regional war in the Balkans, causing tragic losses to the Yugoslav people. The clouds of war are gathering over Europe, and this is a shock to the whole world. From the start the Chinese government and people have resolutely opposed this.... European peace and security

and world peace and security are linked together. Every attempt to single-handedly manage world affairs, and to dictate other people's destiny in an overbearing manner, will get nowhere, but inevitably start with losses and end with destruction.

"Amid the dropping of bombs one cannot negotiate. . . . The bombing of the Chinese embassy has aroused the violent indignation of 1.2 billion Chinese people. During modern times, the Chinese people suffered invasions and insults from the great powers of the West, so that defending national sovereignty and national dignity is a glorious tradition to us. Present-day China is no longer the poor, weak China of the past. Whoever thinks they can have a replay of the history of bullying and humiliating us, will inevitably break their foot on a rock."

Statement of Premier Zhu Rongji

China's People's Daily also reported that a tough-speaking Premier Zhu Rongji talked about the Kosovo crisis and the embassy bombing in his meeting with Chancellor Schröder. Premier Zhu stated the position of China as follows:

- 1. The Kosovo problem is a domestic internal affair of Yugoslavia. There are many complicated and intricate ethnic, religious and other contradictions involved, which can only be settled politically and in a peaceful manner. Military action only aggravates the problem.
- 2. The NATO military actions are not authorized by the UN Security Council and we condemn them.
- 3. Fifty days of savage NATO bombing of Yugoslavia have led to huge losses of innocent lives and hundreds of thousands of people dislocated. This war, launched in the name of "guarding humanitarian rights," has led to the greatest humanitarian disaster in Europe since World War II.
- 4. NATO has not only constantly expanded the bombing, but brazenly bombed the Chinese embassy, violating Chinese sovereignty. Claims of a so-called "mistake" cannot convince the Chinese people, and foreign public opinion doesn't believe them either. We demand a complete and thorough investigation followed by full publication of the results, and severe punishment of the schemers and troublemakers who engineered the attack.
- 5. China supports the UN peace process toward a political solution of the Kosovo crisis. The Chinese government takes note of the G-8 declaration. We consider the stopping of the bombing as a precondition for a political solution. As long as bombing is going on, what is there to talk about? As a permanent member of the UN Security Council, China cannot agree to discussing any peace plan, while the bombing is continuing. Furthermore, any UN Security Council resolution or peace plan must be agreed to by the sovereign nation of Yugoslavia, otherwise it cannot be realized and has no significance.
- 6. We again demand a stop to the U.S.-led NATO bombing of Yugoslavia, and we call on Germany and all other peace-loving peoples and nations to do the same.

Clark: 'Take my word on this'

On May 9, NATO's Supreme Allied Commander (SACEUR) Gen. Wesley Clark made a number of comments to ABC News reporter Sam Donaldson and columnist George Will via telephone about NATO bombing of the Chinese Embassy. Clark has consistently taken military positions that *agree* with Her Majesty's Tony Blair government, and which *disagree* with the position taken by his own President, Bill Clinton. Since the April 23-25 NATO summit when the Blair/ Clinton rift became most obvious, Clark took the British side on two major issues: Clark advocated bombing ships making deliveries to Yugoslavia (including Russian ships); and he drew up a plan to use "ground troops" in a "semi-permissive" environment in Kosovo, without the agreement of Serbian President Slobodan Milosevic. Both positions had been already ruled out by Clinton.

The statement quoted below has already been identified by U.S. Democratic Presidential candidate Lyndon LaRouche as grounds for court-martial proceedings.

Asked, "How did we mistakenly hit the Chinese embassy?" Clark replied, "Well, the target was mistakenly identified. There was no pilot or crew error, as has been noted. And it was a case of the selection of the target and the process that was involved there. We've looked at that process, we've got confidence in it, we think this was an anomaly and we're going to continue to intensify this air campaign. We're not going to let an incident like this deter us from doing what we think is right and necessary.... We've looked at the process. We think this was an anomaly. We've got confidence in the process and we're going to continue to target."

Confronted that it was "a fairly large intelligence breakdown," Clark said again he'll just forge ahead. "You're going to have to take my word for it on this program that we're pretty confident in what we know. . . . And we are dealing out some very strong blows."

Cohen: Forget all the earlier lies

On May 10, U.S. Defense Secretary William Cohen, a member of the British-dominated "Principals Committee," took the stage at the Pentagon to personally give the "official, in-depth" lies on why NATO bombed the Chinese embassy. Cohen was followed by two unnamed "senior intelligence officials" from the CIA and the Defense Intelligence Agency. Here are excerpts from the briefing:

"In simple terms, one of our planes attacked the wrong target because our bombing instruction was based on an outdated map.... There were several mistakes made in identifying and locating this [correct] target [Federal Directorate for Supply and Procurement].... the Directorate was near the building they had targetted.... The building they did target turned out to be the Chinese embassy, but their maps inaccurately located the embassy in a different part of Belgrade."

Elaborating this "theory of two errors"—that the Directorate was mapped at the wrong place, and the Chinese embassy was mapped at the wrong place from an earlier map—

Cohen confirmed that "embassies are on a list of no-strike targets." Cohen said the targetting had been done with a 1992 map, which, he claimed, had been updated in 1997 and 1998.

Cohen said "he believed" that the bomber was a U.S. plane. He also said that the DIA (which is under his control at the Department of Defense), the CIA, and the National Imagery Mapping Agency (NIMA) were jointly reponsible for updating the maps.

Asked how he justified continuing the bombing after this massive mistake, Cohen defensively said that "roughly 12" out of 4,036 combat strikes "have involved unintended casualties," which he called, "an outstanding record of achievement."

Therefore, continued Cohen, based on this "outstanding record of achievement," "they're reviewing the maps, but they're satisfied, given the rate of accuracy that we've had during the past 45 days, that the record has been pretty outstanding.... They still are very highly confident of the imagery that they have and the maps that they have."

When asked if those responsible would be punished, Cohen stonewalled, "We have to wait for the investigation to find out why . . . then we'll take whatever measures are necessary at that point."

Cohen announced a series of corrective measures: Changes in foreign embassy locations will be reported by the State Department to the DIA, CIA, NIMA; procedures to rapidly update databases will be instituted by the DIA and NIMA; and other targeting methods will be strengthened.

Cohen was followed by two anonymous senior CIA and DIA officials, who claimed that the CIA had chosen the target. The CIA had the correct street address for the Serbian directorate, they said. But because its 1997 base map of Belgrade did not show street addresses, the CIA extrapolated the coordinates using "other sources" and targeted the wrong building.

One of the senior officials said, "Nobody can assure anybody that it's going to be a hundred percent accurate and up to date. It's what we strive for but the reality is it's difficult and impossible to achieve.... Databases have always been a challenge to keep current.... We have been through some fairly significant targetting evolutions, especially since last November. Iraq, Belgrade."

There were a number of startling admissions in the answers to questions from reporters. Among the admissions were that this location *was known* to be the Chinese Embassy: "I'm sure that people from our [U.S.] embassy had been in that building [the Chinese Embassy] over the last three years," and that there were other systems to check the targetting. "There's a multi-stage check, both within the intelligence community and at DOD, to make sure that there is no—that this is the correct location. It's a multi-step process. None of those fail-safes worked."

Cohen hopes to slam the lid on the cover-up with the simple statement, "In this particular case, it was not a human error or mechanical error. It was an *institutional* error." But it is clear that his report completely contradicted earlier "offi-

cial" statements by U.S. and German NATO generals (see article, p. 54), and has been rejected by military experts from active duty high-ranking NATO officers like Germany's Deputy Defense Minister Walter Stuetzle, and by highly decorated U.S. veterans.

British blueblood insults China, UN

At the emergency session of the UN Security Council called by the Chinese regarding the bombing of their embassy, Britain's Sir Jeremy Greenstock warned the Security Council that China's "selective concern" was inappropriate. The official press release from the UN Security Council in New York says:

"Greenstock said . . . he wished to restate some essential points. The Kosovo crisis was 'unpleasant.' Over one million people had been beaten out of their homes, and several thousand had been killed, as a result of President Milosevic's decisions, and yet midnight Council meetings had not taken place concerning this. NATO had taken forceful action to reverse this tragedy. The Council should not be in the business of selective concern.

"NATO did not target civilians or embassies, he said. It was a distortion to suggest that the Embassy had been deliberately attacked...."

UN Security Council war crisis meeting

On May 7, UN Secretary General Kofi Annan issued a statement about the bombing of the Chinese embassy in Belgrade. The statement that said he was "shocked and distressed to learn that NATO air strikes apparently hit civilian buildings in Yugoslavia on Friday, including a hospital in Nis and the embassy of the People's Republic of China in Belgrade, with attendant loss of life and many injured." He reiterated his conviction that "an urgent political solution must be found to the present crisis."

On May 8, at 3:43 a.m., the UN Security Council member countries—China, France, the Russian Federation, the United Kingdom, the United States, Brazil, Canada, Gabon, Gambia, Malaysia, Namibia, the Netherlands, Slovenia, Argentina, and Bahrain—convened an emergency meeting at the request of the government of China. Later that day, the Security Council issued an official press release on the meeting. Here are excerpts:

"On midnight of 7 May, the North Atlantic Treaty Organization (NATO), led by the United States, flagrantly attacked the embassy of China with three missiles causing deaths, injuries and serious damage, the Chinese representative told the Security Council early this morning as it met at China's request.

"The bombing of Yugoslavia by NATO had caused enor-

mous damage and now China's sovereignty had been violated as well, as had the basic norms of international relations. . . . China registered the strongest possible protest.

"Speaking again at the end of the meeting, he said the argument that NATO did not intentionally bomb the embassy and therefore it had not contravened the convention on diplomatic protection, was absurd. Whether deliberate or not, the incident was a blatant transgression of international law, and NATO must take responsibility for its actions....

"The U.S. representative said that the facts had not yet been confirmed, but that NATO was investigating the matter. NATO did not target civilians, or embassies. If it was responsible for the incident, he was deeply sorry. However, one man alone was responsible for the crisis: Slobodan Milosevic.

"The Russian representative asked, 'How many people must die or be left homeless, and how many countries destabilized to punish one person? . . .'

"The representative of the Netherlands said he could not accept comparisons of accidental casualties with systematic killings, rapes, intimidation and the burning of houses [by] Belgrade. . . . Collateral damage was always deplorable . . . but it was, by definition, accidental.

"A diplomatic solution was still possible, Belarus' representative said. The Council had a key role to play, in accordance with its powers under the Charter. NATO's actions

LAROUCHE ON THE NEW BRETTON WOODS

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were contrary to international law.

"Iraq's representative, calling for immediate cessation of NATO's acts, said the U.S. flouted international law and the rights of nations and peoples. In Iraq, 'smart American bombs' had spared no church, school or hospital. . . . The country had withstood the assault and rebuilt . . . Yugoslavia would do so as well.

"Cuba's representative said he hoped it would not take 20 years for the war to be viewed as a mistake. That had happened in the past, and only after 4 million Vietnamese and 50,000 United States citizens had died."

China and Namibia

Several members of the Security Council made statements. Here are fuller versions of the statements of the representatives of China and Namibia.

"Qin Huasun (China) read a statement from the Chinese government that said that at midnight of 7 May, the North Atlantic Treaty Organization (NATO), led by the United States, flagrantly attacked the embassy of China with three missiles from different angles and caused serious damage. Two people had died, two were missing, and many were injured. Flagrant bombing by NATO, led by the United States, had already caused enormous casualties and now it had gone so far as to bomb the Chinese embassy. . . . China expressed the utmost indignation and severe condemnation of this barbaric activity. It made the strongest protest. NATO, headed by the United States, must assume the responsibility. China reserved the right to take further measures.

"The working buildings and the residence of the embassy in Yugoslavia—indeed the whole embassy from the fifth floor to the basement—had been destroyed, he said. All embassy staff had either been sent to hospital for treatment or had been withdrawn to hotels. That was a serious incident and deserved the utmost indignation and the strongest condemnation. Even in times of war it was recognized that diplomatic institutes should not be violated and diplomats should be protected.... It was a crime of war and should be punished. China demanded a NATO investigation of the incident and that NATO account for it. The frenzied bombardment by NATO, led by the United States, of Yugoslavia over the last 45 days had resulted in civilian casualties. It had now violated a mission. This was shocking. NATO should stop the air strikes immediately and unconditionally."

"Martin Andjaba (Namibia) said he was dismayed and shocked that just when diplomatic efforts had consolidated toward a much needed political solution for Kosovo, military action had intensified resulting in loss of life and destruction of property. He recalled the recent successful humanitarian visit to the region by the Reverend Jesse Jackson, resulting in the release of the United States prisoners of war.... Namibia had underscored that continued hostilities in Yugoslavia would have unimaginable consequences."

Cover-up in embassy attack 'bombs out'

by Dean Andromidas

Following the sound of air raid sirens in Belgrade late in the evening of May 7, three preprogrammed precision-guided munitions zeroed in from different directions on their target, scoring direct hits. The only problem was that the designated target, the "Federal Directorate for Supply and Procurement," turned out to be the Chinese Embassy. Was this a "tragic error," as NATO and the U.S. Secretary of Defense would like the world to believe, or was it the result of deliberate manipulation from within the command and control structure of NATO?

The political "collateral damage" of this attack should be enough to give little credence to the "terrible accident" story that the public and Chinese government are being fed. *EIR*'s review of the official story, and its own investigation of standard operational procedures within NATO and U.S. security structures, point to an obvious attempt at a cover-up. More importantly, it points to the same British-American-Commonwealth (BAC) forces that are committed to wrecking the possibility of a consensus among the Clinton administration and continental European nations with Russia and China, for ending the Balkans war.

EIR's initial investigation points to the existence of a structure that is outside the publicly acknowledged NATO command structure, or U.S. publicly acknowledged relevant command and control structures, that was able to intervene on the official NATO and military structures, to insert the coordinates of the Chinese Embassy into the official target list. We are not speaking of a "secret conspiracy," but a non-public structure or "committee" that has been overseeing this complex multinational military air attack on a country in the middle of Europe.

Little information

To date, the only information that has been officially released by NATO, is that NATO aircraft launched a number of precision-guided bombs that made direct hits on the same coordinates as the Chinese Embassy. Although the United States and NATO have offered official apologies to China, no detailed report of what actually happened on the night of May 7 has been released.

EIR asked a U.S. Defense Department spokesman some

very basic questions, including: What type of ordnance was used? What sort of guidance system was involved? How many bombs? How many and what type of aircraft, and from what nation were the aircraft that conducted the attack? The answer was simple: "We haven't specified, other than to say it was a NATO aircraft," the spokesman said. He refused to identify either the type or nationality of the aircraft. On the type of munition, he would only say, "It was a bomb, as opposed to, say, a cruise missile." Whether more information would be released, his reply was equally terse: "I don't know; I don't expect it will be released soon."

In a May 12 briefing at the Defense Department, Chairman of the U.S. Joint Chiefs of Staff Gen. Henry Shelton was asked to confirm press reports asserting that a B2 bomber was used. His reply: "I don't think we want to get into the operational level of detail as to what types of weapons we use on what kind of targets."

These answers seem unusual, because the United States has already admitted that it was the source of the target information programmed into the bombs. Why not detail how the bombs were dropped, what kind and whose aircraft were used? Wouldn't these answers at least reassure the Chinese that NATO is being open and in good faith about its apology?

The United States is not the only country on the very short list of countries that are dropping bombs. The others include, most notably, the British, and to a much lesser extent, the French

The May 10 press conference by Secretary of Defense William Cohen, and the background briefing by two "senior intelligence officials" which immediately followed, were notable for their inconsistencies and vagueness. The one point that seems to have some truth, is that somehow the coordinates of the Chinese Embassy were attached to a target designated as the Federal Directorate of Supply and Procurement. This directorate was a target supplied by the CIA, and its exact address was known. That address was not that of the Chinese Embassy, nor was it ever located at the current site of the Chinese Embassy.

The rest of the press conference was a confused combination of half-truths and lies, to try to to explain this discrepancy. The main point in their explanation, was to assert that the new embassy location was not in the mapping database, and that the building address number was not marked on the maps. Therefore, the team in charge of working up the details of target information somehow put this directorate at a different address than they were in fact given, and located it at the address of the Chinese Embassy, which is several hundred meters away.

Despite the thousands of pages of articles, press conferences, and official letters of apology, the above, in essence, represents the sum total of facts that have been made public by the U.S. and NATO authorities. This is important to bear in mind.

The 'Q Committee'

When asked how NATO could make such a "mistake" as dropping a bomb on the Chinese Embassy, a retired military officer, whose 20-year career involved his participation in the Vietnam War, Oliver North and George Bush's wars in Central America, as well as the Persian Gulf War, said simply, "Listen, mistakes like this don't happen. No embassy was ever accidentally bombed in Baghdad, Nicaragua, Panama, or Hanoi. It doesn't happen."

When asked if it isn't possible that NATO's vast military machine might have chosen the wrong target, he said, "Listen, the military does not draft target lists, they do not choose targets. Their role is simply operational. They get the bombing list; it's not much more than a list of coordinates. They do not make the decisions. The way this works is, you have something called the 'Q Committee.' This is the committee that is running the war. We had this in Central America. When we were hitting targets in Nicaragua, those targets were designated by the 'Q Committee,' which had ultimate authority over the Contra operation. At the time, it included Vice President George Bush and others on the National Security Council.

"With this conflict, such a committee would have to exist. It would include people at the level of CIA director, Deputy Secretary of Defense, if not the Secretary himself. In this case, it would be international, and would include a British Deputy Minister of Defense. It's the policy group that is actually running this war. It is this group that oversees the drafting of this list. They have the ability to put the wrong target in the system through their people in the official chain of command. They don't even have to tell that official, 'Hey, were going to bomb the Chinese Embassy'; they just give him the wrong coordinates and say, 'Include this on the next list.' It can be that simple."

Is there a group of people in the appropriate decision-making posts within NATO, Britain, and the United States who have the motive to carry out such an act of war? Yes. The Blair government is united behind the drive for a global "clash of civilizations." Key figures in the Clinton administration, starting with Vice President Al Gore, and including Cohen, Gen. Shelton, and Secretary of State Madeleine Albright, have all demonstrated a Kissinger-like loyalty to this British policy. They betray President Clinton all the time on behalf of London—whether they are at all times aware of the extent of their perfidy, or not.

Investigate the NATO military structure

NATO, and its military arm under the Supreme Headquarters Allied Powers Europe (SHAPE) under the command of Gen. Wesley Clark, the Supreme Allied Commander Europe (SACEUR), has been even more economical with the facts on the Chinese Embassy affair. No official explanation has been given, or even a dedicated press conference convened. General Clark's publicly stated confidence in the "system," and his assertion that the bombing was simply a mistake, an anomaly in a perfect system, is indeed grounds for court-martial.

EIR asked a SHAPE spokesman how the bombing lists were compiled. His response was simply to say that it is an alliance task approved and directed by the North Atlantic Council comprised of the 19 NATO member-nations, which is technically the highest political decision-making body in the alliance. The lists are supposedly approved by this council, and then the various nations are allotted tasks according to their capabilities.

When asked how the Joint Staff of SHAPE, i.e., the SACEUR's General Staff, functioned, the spokesman said, "We do not make that information public. We only make public the names of the SACEUR, who is General Clark, and is always an American, his deputy, who is always British, the Chief of Staff, who is always German, and the Deputy Chief of Staff, who is always Italian." He did say that the command structure has been going through a transformation over the last two years, but he would not provide any details.

Nonetheless, according to a former senior NATO officer, the primary operational control center for the bombing would be the J3 Operations. They would receive the target information from all sources, including from the various nations. They would not necessarily choose the targets. A draft list would go up the command ladder for review, and then to North Atlantic Council for *pro forma* approval. The J3 would then oversee the tasking of which national units were to carry out the bombing. Tampering with the list would most likely take place here.

While NATO rhetoric speaks of a great "alliance effort," in reality, the bombing campaign would be firmly in the hands of the BAC. During NATO's 1995 Operation Deliberate Force, which was the bombing campaign used to bring the Bosnian Serbs to the negotiating table at Dayton, the entire command and control structure, down to non-commissioned officers, was comprised of U.S. military personnel. The primary reason was that both the French and the British at the time only reluctantly supported the operation, and there was insufficient interoperability to allow for efficient combat operations.

In the intervening period, this has changed. Under Prime Minister Blair, the British have become the most vocal proponents of bombing. In this respect, it is important to note that the current Deputy SACEUR, Gen. Sir Rupert Smith, had been commander of the United Nations Protection Force in Bosnia during Operation Deliberate Force. Smith was

^{1.} SHAPE's Joint Staff is organized in much the same manner as any military general staff. With J standing for Joint, its various departments are J1, personnel; J2, intelligence; J3, operations; J4, logistics. The SHAPE structure goes up to J9, and covers various responsibilities relevant only to NATO.

said to have been an early proponent of bombing the Serbs. This position no doubt contributed to the fact that Blair nominated Smith for Deputy SACEUR in November 1998. As Deputy SACEUR, Smith would also have operational oversight over the bombing list. Furthermore, as a veteran of Royal Army's Parachute Regiment, he, like General Shelton, has spent much of his career in the Special Forces.

It should be also noted that U.S.-British cooperation in the recent bombings against Iraq, no doubt has led to similar cooperation in Kosovo.

As for dropping bombs, the only nations known to be in this business are the United States, Britain, and France. There are complaints that the French are not doing their fair share. The other air forces, such as the Germans, Dutch, and Italians, are involved in mostly protection missions for the bombers and are not involved in actually bombing.

Fail safe, is fail safe

The attempt by Defense Secretary Cohen to put responsibility for the bombing on an "institutional failure," can only be judged an extremely poor excuse for a cover-up. The assertion that the Defense Intelligence Agency and the National Imagery and Mapping Agency were not informed about the new Chinese Embassy, is as much of a bald-faced lie as it is ridiculous.

According to one military source with experience in target confirmation, targets are in fact confirmed on the ground. Since the bombing of a nation's embassy is an act of war, these are priority targets to avoid. Their positions are not left to bureaucrats maintaining a database at the National Imagery and Mapping Agency, but are the responsibility of those in charge of the operation. This was the case even in Iraq, where far more bombs were dropped than over Belgrade, with no hits on embassies. This is no doubt the case in Serbia. In fact, there have been press reports that British Special Air Services units which would be responsible for confirming these targets, have been deployed into Serbia and Kosovo.

Furthermore, there are no such things as old maps. The first task any air force pilot must carry out before he gets into his plane, is to check the date on his map. It cannot be more than 30 days old. If this is the case, are we to believe that those planning the missions use maps that are a year old?

Based on two previous bombing campaigns, planning for the bombing of Serbia and Belgrade did not start a few weeks or even a few months before the bombing commenced. The United States began planning for the 1995 Operation Deliberate Force no later than 1993, long before NATO and the UN dared to even contemplate air strikes against the Bosnian Serbs. It is safe to assume that planning for a bombing campaign against Serbia was begun on a contingency basis at the same time or shortly thereafter, allowing for on-the-ground confirmation of bombing targets

long before the air war was launched.

The fact that the type of munition used has not been released also points to a cover-up. Although precision-guided weapons were said to be used, what type has not been confirmed. There are various types of guidance systems that utilize laser designation. While several of these systems use the Global Positioning System, the GPS can be programmed so as to prevent a lock on forbidden targets, including embassies. If such a munition was used, the system must have been tampered with as well. Other laser-guided systems lock onto some form of laser designator, either generated by another aircraft or even from the ground.

Kosovar Albanian tours U.S. for 'LaRouche Doctrine' for Balkans

by Marianna Wertz

Feride Istogu Gillesberg, born in the Drenice region of Kosovo, conducted a three-week emergency tour of the United States for the Schiller Institute in May, to discuss with Americans "The Truth About the War in the Balkans" and Lyndon LaRouche's proposals for resolving that crisis (see *EIR*, April 16). She was joined by her husband, Tom Gillesberg, who is a member of the Danish-Kosovar Society; both are active with the Schiller Institute in Denmark, where they live.

From April 29 to May 17, the Gillesbergs addressed hundreds of Americans in Virginia, Washington, D.C., Maryland, Pennsylvania, New York, New Jersey, Illinois, California and Texas, at meetings of the Schiller Institute, as well as gatherings in schools, churches, and mosques.

While Feride has numerous relatives who today are missing or refugees, as a result of the "ethnic cleansing" policy of Serbian strongman Slobodan Milosevic, her appeal was not simply to stop what she called the "human and humanitarian catastrophe" for Kosovars, but that Americans understand the deeper, strategic crisis unfolding in the Balkans under British direction, which is leading the world toward war. Indeed, her charge that it is British Prime Minister Tony Blair and the British-American-Commonwealth faction in NATO and the United States—not the Clinton administration per se—which are responsible for the strategic mess in the Balkans, provoked heated discussion and debate at every stop.

The context for her trip, Feride told her audiences, is "the possibility of building up the New Bretton Woods system in the spirit of Mr. LaRouche, and the realization of the New

Silk Road," as the global financial crisis continues to escalate. "The real possibility that the United States of America will join with other nations to build a New Bretton Woods system, and join this big alliance, is what is driving the British oligarchy and their friends on Wall Street crazy. . . . This is the context in which NATO began their air strikes against Yugoslavia."

While condemning the Serbian actions as "genocide," Feride asked, "How does the bombing of Serbia help to stop the genocide? The bombing of Yugoslavia cannot have the aim of saving Kosovo. It is killing it. They are bombing Serbian factories, refineries, bridges, and other infrastructure.... The NATO strikes have to stop right away!"

The KLA is a British operation

One of the real eye-openers of the Gillesbergs' tour was their unmasking of the British role in the creation of the Kosovo Liberation Army (KLA), the drug-running, terrorist outfit which is backed by Secretary of State Madeleine Albright and Blair as the next government of Kosovo, in opposition to the non-violent "shadow government" elected by the Kosovars under the leadership of historian and author Ibrahim Rugova in 1992. Rugova is now in Rome, preparing to aid in negotiations for a return of the Kosovars to their homes once the bombing and killing has stopped.

In 1991, Feride said, Kosovar intellectuals formed a party called the Democratic League of Kosovo (LDK), and in 1992, a general election was held, with more than 97% of the population voting for Rugova as their leader. Rugova's method to achieve freedom for his people was to create a non-violent civil rights movement and to organize a shadow government. They established a fund, and organized all working Kosovars living abroad to pay 3% of their income into it. This money went to finance equipment for hospitals, to buy food and medicine, and to pay wages for doctors, nurses, and teachers. "The continuation of teaching has been one of the kernels for LDK organizing and for the population in general," Feride said. "It is true that the Serbians could put us in prison,' they said, but for each school opened, one prison would close."

"The belief in Rugova's peaceful method was very strong," Feride said. "When the media began to talk about a Kosovo Albanian liberation army in 1997, it was clear to most Albanians in Kosovo, that this must be a Serbian set-up. They had to have a pretext to intervene militarily—they created a so-called liberation army. 'Fighting terrorism in Kosovo,' then became that pretext. They increased the number of military and paramilitary troops, which was followed by sending heavy artillery and tanks into Kosovo, and they began to kill civilians. Ironically enough, the mouthpiece of the KLA was the British Broadcasting Corp."

Listen to LaRouche

In conclusion, Feride told her audiences that to stop the war in the Balkans, "We must not allow the United States to



Feride Istogu Gillesberg gives a briefing to EIR staff at the start of her U.S. tour.

go along with the new NATO doctrine. The United States must join the alliance with Russia, China, and India to build the New Bretton Woods system and the Eurasian Land-Bridge. Without the Russians, we cannot stop the Serbian genocide and establish a transitional protectorate for Kosovo. This phase has to be filled with an intensive reconstruction program, which lays the basis for Kosovo to again be a place which is livable. Already now, we need to mobilize for a Marshall Plan for the entire Balkan region, which also should be connected to the Eurasian Land-Bridge, which is the catalyst for the industrialization of the whole world economy. President Clinton should listen to Mr. Lyndon LaRouche, and implement the New Bretton Woods system, so that we can make all of this possible."

Perhaps the most important outcome of this tour is that it provoked hundreds of Americans into thinking strategically, in many cases for the first time, about what otherwise is just a series of pictures in virtual reality on their television screens. In many cases, including a campus meeting at the University of Maryland at Baltimore, a majority of the audience could not even find the Balkans on a map, let alone think strategically about the events there. In other cases, as with some participants at the meeting of the Baltimore Baptist Ministerial alliance, the evil influence of the British oligarchy behind the NATO policy *and* Milosevic was already known, and the only real question was what to do about it. The question of LaRouche's leadership then became the real—and urgent—subject of the meetings, as with each passing day, the crisis moves closer and closer to global war.

An open letter to friends in Malaysia

From American political prisoner Michael Billington. What do the sanctimonious Al Gore and the Washington Post know about justice?

April 25, 1999

Greetings to you, from my prison cell in Virginia. I am motivated to write to you in this fashion by two reports I've received from my wife, Gail—one, concerning a statement from the office of Vice President Al Gore, Jr., dated April 14, and the other an editorial in the April 19 Washington Post, entitled "Mr. Mahathir's Disgrace." While I was forced to laugh at the incredible hypocrisy of these two pompous and scurrilous attacks on Malaysia and on Datuk Seri Dr. Mahathir, I also recognize that they represent a significant escalation of Mr. Gore's open break from the policies of President Clinton, as well as a further case of the Anglo-American assault on the principle of the sovereignty of nation-states.

I want to provide you with a most conclusive proof that Mr. Gore and the *Washington Post*'s attacks on Malaysia are unrelated to the supposed injustice to deposed Deputy Prime Minister Anwar Ibrahim, as they claim, but rather, are part of a more general assault on Malaysia's role in resisting the crimes of global speculators and the international financial institutions, whom Mr. Gore and the *Washington Post* so faithfully serve. That proof lies in the fact that the descriptions of judicial tyranny ascribed to Malaysia by Mr. Gore and the *Washington Post* actually apply more accurately to the U.S. Department of Justice itself—and, in particular, to the persecution of economist and statesman Lyndon LaRouche and his associates, including myself.

You know Mr. LaRouche as the only economist in the world who warned of the global financial collapse which began in Asia in 1997. You know that he has, for over 30 years, shown that the "globalization" process was not spreading economic development, but spreading usury, speculation, and a financial bubble, which is now bursting. You also know of his proposals for a new world monetary system to revive great development projects worldwide. And, of course, you know of my own work over these past eight years of incarceration, in collaboration with Gail, in bringing LaRouche's ideas into Asia, and to present an honest picture of Asia to the United States and the rest of the world. In particular, we have, through EIR, reported the numerous statements and efforts of Prime Minister Datuk Seri Dr. Mahathir and other ministers and government officials, since the beginning of this crisis, to combat the crimes of speculators and the diktats of the International Monetary Fund. We also reported the imposition of selective capital controls in September 1998, which have saved Malaysia from the worst ravages that have plagued the rest of Southeast Asia. In so reporting, we have sought to create the basis for a better informed, more just and prosperous society for all.

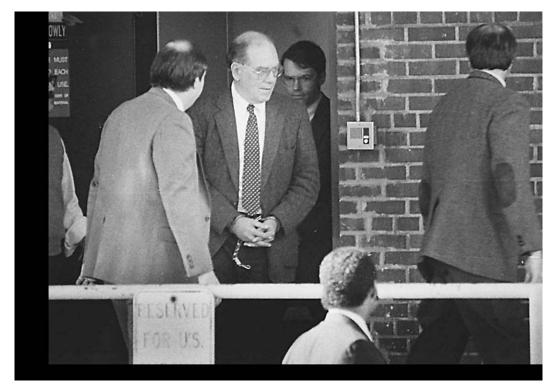
And, yet, Mr. Gore's release denounces and threatens those nations "where governments use the power of police to quiet criticism that could create a more just and prosperous society." Let's look at the U.S. Department of Justice (DOJ) in that regard.

In 1982, at the direct, publicly documented behest of Henry A. Kissinger, the DOJ launched an operation aimed at shutting down the organizations founded by Lyndon LaRouche and his associates, including the third-largest national circulation newspaper and an international science journal, which had a subscription base of 100,000. Kissinger was acting as spokesman for the British/American financial establishment, intent on eradicating LaRouche's policy intervention on the then-exploding Mexican debt bomb and his proposal for a new Strategic Defense Initiative between the United States and the Soviet Union. To this end, a joint government/private "Get LaRouche Task Force" was created, holding meetings at the residence of Wall Street investment banker John Train. The "Train salon" included government officials, leading national press agents, senior figures in the Anti-Defamation League of B'nai B'rith, and other "private" individuals-similar to today's "NGOs"-working under their control. The Train salon included Richard Mellon Scaife, who would later finance much of the political witchhunt against President Clinton.

The DOJ was building on earlier, illegal infiltration and sabotage attempts against our association, going back to the 1960s. The truth of that earlier illegal activity is the subject of a long-standing Federal court case, formerly captioned *LaRouche v. Webster*, now captioned *LaRouche v. Freeh*, *Reno*, which is now finally being litigated in New York's Southern District Federal Court.

The founding of the Get LaRouche Task Force was followed by a series of police actions, carefully timed to disrupt our political activities, especially on the eve of general elections:

1. **November 1984:** On the eve of the election, Presiden-



Lyndon H. LaRouche, Jr. (center) and Michael Billington (to the rear) are taken to prison on Jan. 27, 1989, following a railroad trial in Federal court. Writes Billington, "The descriptions of judicial tyranny ascribed to Malaysia by Mr. Gore and the Washington Post actually apply more accurately to the U.S. Department of Justice itself-and, in particular, to the persecution of economist and statesman Lyndon LaRouche and his associates, including myself."

tial candidate LaRouche's campaign bank accounts were closed following a telephone call from the FBI, sabotaging an Election Eve TV broadcast to the nation by candidate LaRouche. Even the fact that the courts eventually ruled that the bank account shutdown was illegal, did not stop the further escalation of government attacks.

2. October 1986: Four hundred armed men from various Federal and Virginia state agencies, backed up by helicopters and an armored personnel carrier, conducted a raid on our offices in Virginia, arresting me and others, while carting off an estimated 2 million pages of documents, including financial documents, reporters' notebooks, and legal documents — the latter clearly marked as confidential and subject to "attorney/client privilege." Participants in the raiding party later bragged that they had tried to provoke a violent confrontation with the intent of "eliminating" LaRouche.

That raid coincided with the October 1986 summit between President Reagan and the Soviet Union's Mikhail Gorbachov in Reykjavik, Iceland, where Gorbachov and elements within the Reagan administration joined forces to try to coerce President Reagan to drop his Strategic Defense Initiative, which, it was well known, the President had adopted from Mr. LaRouche.

3. October 1988: Weeks before the *next* Presidential election, Presidential candidate LaRouche was again arrested and rushed to trial along with six associates, including myself. In this and all other trials of LaRouche's associates, the Task Force knew from the beginning that we were all innocent of all charges brought against us.

Was Al Gore not describing the United States, in decrying those nations which "use the power of police to quiet the criticisms that could create a more just, more prosperous society"?

The Washington Post editorial declared that Anwar was "defamed viciously by the controlled press." Let's look at our case. In September 1976, two months before the Presidential election in which Lyndon LaRouche ran as a candidate for the first time, Washington Post correspondent Stephen S. Rosenfeld instructed the American media that if they wrote about LaRouche at all, it should be only to defame him as having "fascistic proclivities." Henry Kissinger, writing to then-FBI Director William Webster in September 1982, urged an FBI investigation into LaRouche's "foreign sources of funding," implying that he was a Soviet agent of influence. The defamation continued with the Train salon, such that LaRouche's name was never permitted to appear in the "free press" without the moniker "political extremist." He was called a crook, a racist, a fascist, a communist, a kook, a cult leader — whichever epithet fit the intended audience. Subsequent releases, under the Freedom of Information Act, have disclosed that these slanders were fed into friendly foreign governments, frequently by the resident legal attaché at U.S. embassies who is often an FBI agent — in order to poison foreign governments against LaRouche. A political rainbow of such slanders against LaRouche was spread in Malaysia, as my wife learned in January 1999, including being spread by senior foreign diplomatic representatives.

Mr. Gore claims that Anwar's trial was "rigged," while

the Washington Post whines that Anwar "was not permitted to mount a serious defense, in court or in the media." Let's compare.

I went to trial with Mr. LaRouche twice, once in Federal court in Boston, once in Federal court in Virginia. I later stood trial alone in Virginia state court. The Boston trial ended in mistrial after we exposed in court that the DOJ and other government agencies engaged in what the judge ruled to be "institutional and systemic prosecutorial misconduct." The jury foreman was quoted in the Boston press saying the jury would have found LaRouche and associates "not guilty." The government, thereafter, moved the venue to a Federal court in Virginia, which had direct ties to the intelligence community, and whose jury pool would be drawn largely from Federal government employees or their dependents, many of whom worked for agencies involved in the prosecution. The first act of the Virginia Federal judge was to rule that none of the evidence of government misconduct presented in Boston would be allowed in his court!

As to being allowed fair media coverage: Unlike the Malaysian press, none of the evidence we presented of the DOJ's crimes was ever published by the "free press" in America, even when more honest courts ruled, for example, that the conduct of the prosecutors "raises an inference of a conspiracy to lay low these defendants at any cost," or, in another ruling, that the government had acted in "objective bad faith" and was guilty of "a constructive fraud on the court." In fact, even when Mr. LaRouche received 600,000 votes in the Presidential primary elections, his name was never mentioned in the "free press," except to slander him.

Mr. Gore deems it his right to instruct the Malaysian courts that they must investigate the "fairness of the judicial procedures," and demands that Anwar be released on bail pending appeal. Not only were Mr. LaRouche and I denied bail pending appeal, but the Federal appeals court totally ignored six volumes of evidence documenting the criminal nature of the government's prosecution. This is *in spite* of the fact that former U.S. Attorney General Ramsey Clark had said of the LaRouche prosecutions that they "represented a broader range of deliberate cunning and systematic misconduct over a longer period of time, utilizing the power of the Federal government than any other prosecution by the U.S. government in my time or to my knowledge."

Now compare Mr. Gore's concern for "fairness" with my own trial in Virginia. After being convicted and sentenced to three years in the Virginia Federal trial with Mr. LaRouche, I was then *retried* on the same fraudulent evidence, using the same witnesses, on essentially the same charges—the constitutional guarantee against double jeopardy did not hold in the LaRouche cases—in Virginia state court, where I received the draconian sentence of 77 years.

Even worse, my trial lawyer turned *against* me before the trial began, openly accusing me in court of being his enemy and of being part of a conspiracy to subvert the judicial sys-

tem—and the judge refused to allow me to change lawyers! I went to trial with a lawyer who admitted he was aligned with the prosecution. When he refused to prepare himself or me for my own testimony, I had to give up even my right to testify in my own defense. Could a case be more "rigged," Mr. Gore?

In a decision on my appeal of the 77-year sentence, another contaminated Federal judge in Virginia ruled that due to my supposed "zealotry" in support of the policy proposals of Mr. LaRouche and his associates, I did not deserve my constitutional right to a fair trial!

I must make note of the fact that Mr. Gore, in his first job as a reporter in Nashville, Tennessee, took part in another notorious DOJ crime. Under the name of Operation Fruehmenschen ("primitive man"), the DOJ systematically targetted African-American elected officials in the United States, using sting operations, on the grounds that they are racially more susceptible to corruption. Mr. Gore participated in such an FBI sting operation against an African-American city councilman, who had accused the police of ignoring crime in the African-American community. The Washington Post, along with nearly all the U.S. "free press," has given full support to these despicable prosecutions, successfully destroying many careers through defamation, even when the victim was able to prove his innocence in court.

And, of course, I can only laugh at the *Washington Post*'s concern for someone "defamed viciously in the controlled press," after years of 24-hours-a-day lies and pornography in the U.S. press in support of the British-initiated attempted coup d'état against our elected President—a coup which, if successful, would have put Tony Blair's friend Al Gore in the White House. It is no accident that many of the leading hatchet-men supporting Kenneth Starr's treasonous operation against President Clinton, perfected their operations against LaRouche.

But, most importantly, I ask you to carefully compare Mr. Gore's threats and provocations against Malaysia's social and economic security, first at the November 1998 APEC meeting in Kuala Lumpur, and then again today, with President Clinton's declaration, in a letter to Malaysia's Ambassador Datuk Ghazzali Sheikh Abdul Khalid, that "the United States is proud of the positive role that our trade and investment have played in Malaysia's remarkable economic development."

So, persevere, my friends, in your true course, as patriots of Malaysia and citizens of the world. Outside of the inner core of the British-American-Commonwealth financial oligarchy, the rest of the world is rapidly coming to acknowledge that Malaysia's national defense against the speculators is both successful and a model to be emulated. Although the times are perilous, positive developments in China, Russia, India, Malaysia, and elsewhere toward a new alliance for peace and development give us hope that we can bring about the new world order before it is too late.

My deepest regards, Michael Billington

Congressional Closeup by Carl Osgood

Bankruptcy bill debate ignores U.S. economy

On May 5, the House passed a bill by a vote of 313-108 that would make it more difficult for many filing bankruptcy to discharge their debts. George Gekas (R-Pa.), chairman of the Judiciary Committee Commercial and Administrative Law subcommittee and chief sponsor of the bill, claimed that the bill will "re-guarantee the fresh start to individuals who become so engulfed in debt that there is no other way except for the government to discharge their obligations and to allow them to start all over again." However, the bill provides "a mechanism whereby those individuals who file for bankruptcy can, after a careful screening, be placed in a situation where they could repay some of the debt over a period of years."

The bill would force debtors with a median family income of \$51,000 or more to file under Chapter 13, which requires the debtor to repay at least some of his debts over time, rather than Chapter 7, which allows for a total discharge of a debtor's obligations.

Credit card issuers came under sharp criticism from some Democrats opposed to the bill. John Conyers (D-Mich.) said that the bill "will worsen the conditions of those few people" who need access to bankruptcy courts. William Delahunt (D-Mass.) said, "While we do not know the cause of the increase in bankruptcy filings, no one can legitimately dispute that irresponsible lending practices are at the very least a contributing factor."

The debate showed that members of Congress are no closer to understanding the reason for the large increase in personal bankruptcy filings since 1992, which rose to 1.4 million in 1998, than when the same bill was in the 105th Congress. The most serious weakness of those opposed to the bill was their continued acceptance of the mantra of the "prosperous" economy.

In fact, as *EIR* has documented, the U.S. physical economy has collapsed roughly 2% per year since the 1970s.

Kosovo spending bill passed by the House

On May 6, the House passed the supplemental appropriations bill by a vote of 311-105. It had begun as an emergency request from the Clinton administration to fund military operations against Yugoslavia. The GOP added billions to the Pentagon budget for readiness, operations and maintenance, military construction, military pay, and retirement, to address funding shortfalls that they hold the Clinton administration responsible for.

The irony of the debate, coming one week after the House failed to pass a resolution supporting the U.S. engagement in the Balkans war, did not escape notice. David Obey (D-Wisc.) said that he was "baffled by the fact that...this House declined to support the operation that is now going on in Kosovo, and yet this week the same people, largely, who opposed that motion last week, are now suggesting that we should double the amount of spending for the operation which they said we should not be conducting at all."

Obey offered an amendment that eliminated \$3 billion of the Pentagon funds and another \$1.8 billion in military construction funds, and added in an earlier supplemental request for disaster assistance in Central America and elsewhere which is languishing in conference committee. Obey said that his amendment was "an honest effort to reach a compromise position between the administration's request and the [Appropriations] Committee's overblown efforts to throw in everything but the kitchen sink."

Appropriations Committee Chair-

man Bill Young (R-Fla.) took issue with Obey's remarks, saying that the bill was "as clean" a national defense bill as the House has ever seen. Obey's amendment was defeated by a vote of 260-164.

Financial services bill faces veto threat

After three days of debate, on May 6 the Senate passed a bill to allow banks, investment houses, and insurance companies to affiliate, essentially repealing the Depression-era Glass-Steagall Act and helping banks to keep the speculative bubble growing. However, the bill did not garner the same bipartisan and Clinton administration support as the bill passed by the House and the Senate Banking Committee last year, a fact alluded to by Senate Banking Committee Chairman Phil Gramm (R-Tex.), who expressed regret that he had such a difficult time working with the committee's ranking member, Paul Sarbanes (D-Md.).

Democrats complained that the GOP majority on the Banking Committee rammed the bill through. Sarbanes explained that Democrats don't oppose the affiliation of banks, securities firms, and insurance companies. "However," he said, "it is important, in the course of doing that, that we achieve or preserve certain important goals," including "the safety and soundness of the financial system; the continuing access to credit for all communities; [and] protecting consumers." Sarbanes warned that unless these concerns are addressed "in a favorable way we are heading down a path toward a veto."

The substitute amendment sponsored by Sarbanes was tabled on a party line vote of 54-43, and the bill itself was passed by a party line vote of 55-44.

National News

Enron runs scare ads for electricity dereg

The Texas-based Enron Corp., run by friends and former employees of former President George Bush, has been spending millions to run media lies on behalf of deregulation of the electric utility industry. Electric USA—which represents over 150 rural electric cooperatives, over 6 million utility stockholders, and industry employees - has denounced the Enron ads. The ads claim that the North American Electric Reliability Council (NERC) testified that unless Congress deregulates the industry, there will be brownouts this summer. On the contrary, NERC, made up of the nation's electricity producers, has stated repeatedly that exactly such increased "competition" is the greatest threat to the reliability of the country's electricity supply and delivery system.

NERC has made recommendations to Congress on legislation to protect reliability. Enron's front, Americans for Affordable Electricity, is claiming, falsely, that NERC recommends that reliability legislation should be tied to deregulation. But, as Electric USA chair William Steinmeier told *EIR* on May 3, the NERC recommendations risk being buried, if Enron's advice is followed. Americans for Affordable Electricity say is Enron's "puppet coalition," and 75% of its bills are paid by Enron, according to Electric USA.

Even 'rocket docket' rejects Kenneth Starr

A Federal jury in the infamous "rocket docket" Eastern District of Virginia refused on May 7 to convict Julie Hiatt Steele, the latest victim of independent counsel Kenneth Starr. The jury was deadlocked, forcing the case into a mistrial, in the prosecution of Steele, who had contradicted the testimony of Kathleen Willey, who would in turn, Starr hoped, be his key witness in a perjury case against President Clinton. The Steele case is so far the only criminal indictment to come out of Starr's Monica Lewinsky investigation and his takeover of the Paula Jones case

in January 1998.

One week earlier, Steele had testified in defense of Susan McDougal (her third trial under Starr), telling a Little Rock, Arkansas jury that she, too, had been targetted by Starr, because she refused to lie about Bill Clinton. McDougal was acquitted. Steele was prosecuted because she had refused to lie about Kathleen Willey's claims that she (Willey) had been the subject of an unwelcome advance by Clinton in 1993.

Starr's inability to win the Steele case is particularly stunning, because the Alexandria, Virginia "rocket docket" is considered the most pro-prosecution court in the country, and became even more notorious as the venue for the frameup of Lyndon LaRouche and his associates in 1988.

Willey was Starr's chief witness against Steele. And, despite the judge's admonitions that she was not the subject of the trial, her credibility deteriorated rapidly on cross-examination, and she was forced to acknowledge discrepancies in various of her sworn statements. It also came out that Starr had given Willey immunity from prosecution twice—the second time being after Willey had admitted lying to Starr's investigators about falsehoods she had told in a relationship she had once had with a younger man.

Steele's defense team considered Starr's case so weak that they rested their case without calling any witnesses.

S. Dakota Senator hosts China trade delegation

South Dakota's Democratic Sen. Tim Johnson hosted a 29-member trade delegation from China on May 12-15, on the eve of what he described as "the door opening on the People's Republic of China." The visit includes stops at a bio-stress lab in Brookings, a soybean processing plant near Volga, a farm in Sioux Falls, and a buffalo ranch in the Black Hills. Johnson's office held a public forum in Sioux Falls on May 13 "to foster a working relationship between China and South Dakota." Johnson noted late last year, after a private visit to China and Taiwan, that "China is doing economically better than Asia as a whole." On May 7, he told reporters: "Expanded trade with the Chinese would be good for South Dakota farmers and ranchers, good for the economy, and for China....Our farmers and ranchers are ideally situated to help satisfy the nutritional needs of China's 1.2 billion residents."

The delegation was also greeted by Ron Wieczorek, an activist with Lyndon LaRouche's Committee for a New Bretton Woods campaign committee. Wieczorek presented a sign in Chinese reading "We Welcome Your Visit," displaying LaRouche's picture. All 29 visitors received literature packages, including EIR's Special Report on the Eurasian Land-Bridge and LaRouche's campaign book The Road to Recovery.

Former CIA chief Woolsey fronting for pot lobby

James Woolsey, who was the first CIA director in the Clinton administration, is a major lobbyist for legalized "hemp manufacturing," the newest cover for the marijuana lobby. In April, the *Washington Post* highlighted Woolsey's efforts on behalf of the North American Industrial Hemp Council (NAIHC), which scorns any suggestion that there is a connection to the drug legalization movement.

On May 8, the *Post* featured a letter from Jeanette McDougal, co-chair of Drug Watch/Minnesota, who reveals that the NAIHC includes two members of the National Organization for the Reform of Marijuana Laws (NORML), the oldest of the dope lobby. According to McDougal, David Morris, founding member and immediate past vice president of the NAIHC, has been pushing legalization of marijuana cigarettes for years in the Minnesota media. "Surfing the 'Net' would have further edified lobbyist Woolsey," she writes. "He could have observed for himself . . . that NAIHC appears in alphabetical order right after NORML, the Lindesmith Center [George Soros], Marijuana Policy Project, and other pro-marijuana organizations on the International Hemp Association Web site."

Drug legalization is not Woolsey's only departure from Clinton policy: Both in government and out, Woolsey, who was close to Vice President Al Gore and his national security adviser Leon Fuerth, is well known for his Cold War opposition to Clinton's opening to Russia and China.

Editorial

The vice-president resurfaces

The world received a sharp reminder of the dangers represented by Vice-President Al Gore on May 12, when a cabal of operatives around former Russian Prime Minister Viktor Chernomyrdin, among others, succeeded in getting President Boris Yeltsin to oust Prime Minister Yevgeni Primakov. There is no question but that this move was prompted from outside Russia. The finger is pointed squarely at Al Gore.

You will see in our *International* section the comments of one U.S. Russia expert, Dr. Stephen Cohen, pointing to Gore's role. But Dr. Cohen is not alone in his analysis, which is currently circulating throughout Washington.

Here we go again. The last time the Vice-President meddled in foreign policy, he succeeded in getting Russian Prime Minister Primakov to turn his plane around, only two hours from Washington, and thus aborted the last chance at diplomacy which might have prevented the disastrous war in the Balkans. Recall that it was Gore's office, not the White House, which announced the cancellation of the Primakov visit. Gore's actions were denounced by this publication and Presidential pre-candidate Lyndon LaRouche at the time, as potentially provoking world war.

We also asserted—against much opposition—that Gore's actions did not reflect the preferred policy of President Clinton. While this may not have been visible then, time has shown our assertion to be absolutely true. President Clinton, over the first half of May, put forward an economic reconstruction perspective as the endpoint of the Balkan war, and began to collaborate with the Germans and Russians, in particular, in seeking a negotiated solution to the conflict.

Now, as the administration intensified its diplomatic efforts with the Russians, we suddenly find Primakov dumped—an act that leaves Al Gore's friend Chernomyrdin as the chief interlocutor for Washington, and Russia on the brink of either chaos or a dictatorship which could lead in the very short term toward World War III.

Recall that Gore has a long history of collaborating with Chernomyrdin behind the back of the President. It

was last August, in the thick of the impeachment fight, that Gore intervened to try to get Yeltsin to appoint his corrupt old friend as Prime Minister. In the face of Russia's de facto bankruptcy, Gore was trying to ensure that his cronies on Wall Street, who were exposed up to their eyeballs in Russian securities, would get their loot. When the State Duma (parliament) rejected Chernomyrdin in favor of Primakov, Gore was obviously not pleased.

The next move which Gore took on foreign policy was not on Russia, but against President Clinton's other designated strategic partner, China. This was his much-ballyhooed public attack on Malaysian Prime Minister Mahathir bin Mohamad, at the November APEC summit. Even the Nazis were more polite, LaRouche has commented. But Gore's intentions were clearly to blow up relations between the United States and the group of Asian nations who are coordinating with China, of which Malaysia is a leading example.

After each of these deliberate provocations, President Clinton has eventually been able to smooth the waters, and re-establish diplomatic relations. But the consequences get more and more serious, and the time for maneuver is running out.

Which brings us back to the question of Gore and the ouster of Primakov. There is every indication that the Clinton loyalists in the administration were in favor of Primakov staying in office. They, and every other sane person, realize that, while not a bold thinker, Primakov had an orientation of putting Russia back on the economic track, in collaboration with China and India, and if possible, with the United States. There would be no adventures, no flight-forward, under his tenure.

But such was not the view of London, Gore, and the British-American-Commonwealth grouping. They are prepared to jeopardize world peace, and even their own debt-collection efforts, in order to destabilize possible cooperation among the United States, Russia, China, and India. Can you see now why an Al Gore Presidency would mean not only Malthusian genocide, but a headlong rush toward world war?

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OUCHE E A \mathbf{R} \mathbf{N} A В L E E nless otherwise noted. (*) C NEVADA • CARSON CITY—Ch. 10 Sun.—2:30 pm; Wed.—7 pm Saturdays—3 p.m. NEW JERSEY • MONTVALE/MAHWAH—Ch. 27 Wednesdays—5:30 p.m. NEW YORK • AMSTERDAM—TCI Ch. 16 Fridays—7 p.m. • BROOKHAVEN (E. Suffolk) Cablevision Ch. 1/99 Wednesdays—9:30 p.m. • BROOKLYN—BCAT Time/Warner Ch. 35 Cablevision Ch. 68 Sundays—9 a.m. • CORTLANDT/PEEKSKILL MediaOne Ch. 32/6 Wednesdays—3 p.m. • CORTLANDT/PEEKSKILL MediaOne Ch. 32/6 Wednesdays—3 p.m. • HUDSON VALLEY—Ch. 6 2nd & 3rd Sun.—1:30 p.m. • ILION—T/W Ch. 10 Saturdays—12:30 p.m. • IRONDEOUOIT—Ch. 15 Mon. & Thurs—7 p.m. • IRONDEOUOIT—Ch. 7 Tuesdays—4 p.m. • JOHNSTOWN—Ch. 7 Tuesdays—4 p.m. • MANHATTAN—MNN All programs are The LaRouche Connection unless otherwise noted. (*) Call station for times. YONKERS—Ch. 37 Saturdays—3:30 p.m ALABAMA • BIRMINGHAM-ILLINOIS YONKEHS—CH. 37. 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COUNTY—Jones Ch. 3 Mondays—6 p.m. ROANOKE COUNTY—Cox Ch. 9 Thursdays—2 p.m. SALEM—Adelphia Ch. 13 Thursdays—2 p.m. WASHINGTON KING COUNTY—Ch. 29 Mondays—11:30 a.m. SPOKANE—Cox Ch. 25 Wednesdays—6 p.m. TRI-CITIES—TCI Ch. 13 Mon.—12 Noon; Wed.—6 p.m. Thursdays—8:30 p.m. WISCONSIN KENOSHA—TW Ch. 21 MediaOne/1-W Ch. 20 Fridays—3 p.m. SANTA MONICA* Century Cable Ch. 77 TUJUNGA—Ch. 19 Fridays—5 p.m. WEST HOLLYWOOD* SCHENECTADY—SACC Ch. Tuesdays—10 p.m. STATEN ISL.—CTV Ch. 57 Wed.—11 p.m.; Sat.—7 a.m. SUFFOLK, L.I.—Ch. 25 2nd & 4th Mondays—10 p.m. SYRACUSE—T/W City: Ch. 3; Burbs: Ch. 13 Fridays—8 p.m. UTICA—Harron Ch. 3 Thursdays—6 p.m. NEW ULM—Paragon Ch. 12 Fridays—7 p.m. PROCTOR/HERMAN.—Ch. 12 Tue.: between 5 pm & 1 am ST. LOUIS PARK—Ch. 33 Friday through Monday 3 p.m., 11 p.m., 7 a.m. ST. PAUL—Ch. 33 Sundays—10 p.m. ST. 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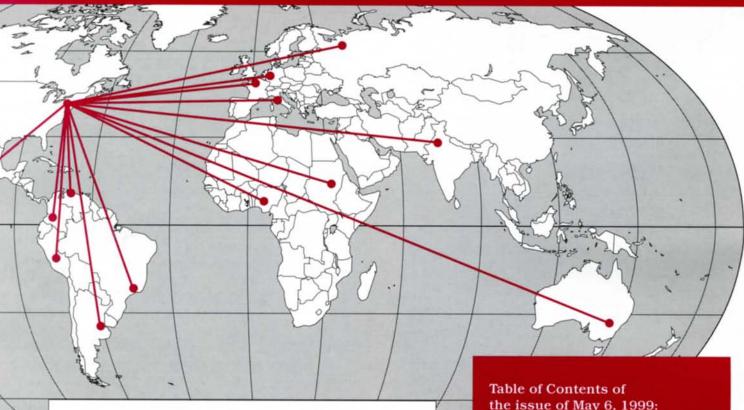
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