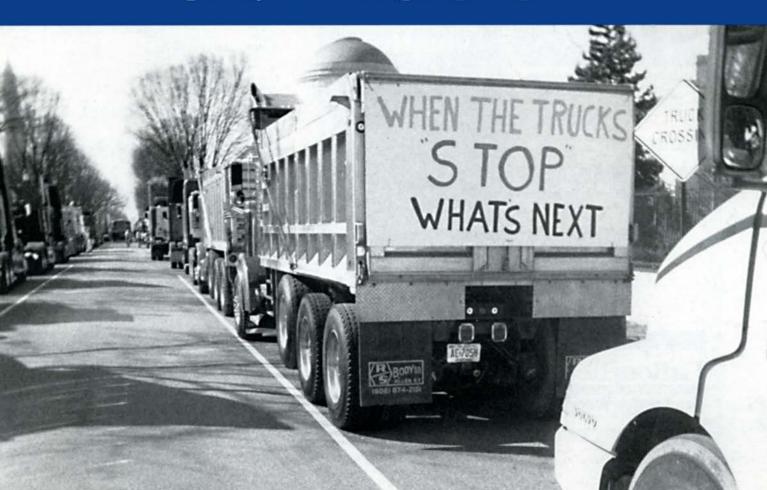
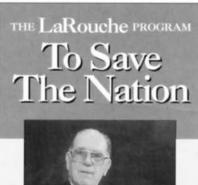


International team observes corrupt Michigan caucuses The war on drugs and the fight for national sovereignty America's children are victims of menticide

Greenspan's hyperinflationary policy hits the gas pump



LaRouche for President





Suggested contribution \$10.

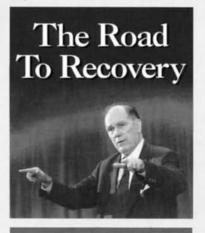
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Lyndon H. LaRouche, Jr.



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From the Associate Editor

his may be the first time in American history, that a group of prominent international figures has come to observe the fairness of one of *our* national elections. The delegation that visited the Michigan Democratic Party caucuses came away shocked and shaken, as they reported to a press conference in Washington, D.C. (see *Feature*). They were manhandled and in some cases refused entry; they observed that citizens who wished to vote for Lyndon H. LaRouche, Jr. were prevented from doing so, or their votes were not counted; not only was there was no secret ballot, but voters were required to write their name, address, and telephone number on the ballot itself. Perhaps most disturbing of all, was the fact that fewer than 1% of registered voters participated.

The findings of this international team will be circulated far and wide, and could very well overturn the rigged results of the Presidential primaries and caucuses to date.

Yes, the "fix" is in, as LaRouche said it would be. We now have what a European source called "the worst leading candidates possible": Bush, who is "a kind of criminal," and Gore, who is simply "corrupt."

But the "fix" can and must be broken. It will certainly not be broken because the Supreme Court decides that LaRouche has been treated unjustly. What it will take to overturn the rigged elections, is exactly what it took during Dr. Martin Luther King's day, when the Dixiecrat Democrats were successfully challenged: a citizens' movement that won't take "no" for an answer. A movement of people like civil rights heroine Amelia Boynton Robinson—a member of the current international delegation of observers in Michigan—who risked her life for the cause of justice; or like Fannie Lou Hamer, who in 1964 confronted the white supremacists in the Mississippi Democratic Party.

Will today's citizens, brainwashed as they are by the "entertainment media," find the courage to act like that? They'd better. The financial and economic crisis that LaRouche has warned of is upon us, as shown by the explosion in commodity prices. When the speculative bubble pops, people will look around for real leadership, and will be furious at those who have deprived them of it. If that happens in time, the corrupt primaries and caucuses could indeed be overturned, giving America a chance to survive.

Susan Welsh

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Speeches by Democratic Presidential pre-candidate Lyndon H. LaRouche, Jr. and Gen. Harold Bedoya (ret.), former Defense Minister and former head of the Armed Forces of Colombia, at a Feb. 23 Washington, D.C. seminar on "The War on Drugs and the Defense of the Sovereign Nation-State."

Photo and graphic credits: Cover, EIRNS/Michael Bohnett. Pages 4-8, 16, 29, 50, EIRNS. Pages 13, 45, EIRNS/Stuart Lewis. Pages 18, 20, Courtesy of *China Pictorial*. Page 25, EIRNS/John Ascher. Page 33, EIRNS/Lawrence Freeman. Page 36, Bavarian government website. Page 47 (Opium War), www.arttoday.com. Page 52, ANCOL/Fernando Ruiz. Page 55, ANCOL/German Enciso. Page 62, Senator Dodd's webpage.

Economics



Truckers protest rising fuel prices, in this demonstration by the National Owner Operator Trucking Association in Washington, D.C. on Feb. 22.

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The urgent question for citizens to understand, confronted by "gas pump shock," is that this is a manifestation of hyperinflationary processes *throughout* the economy, not some limited, "supply and demand" gone awry in crude oil, which "market forces" can be trusted to fix.

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Correction: In "The Unscientific Hoaxes Behind EPA's Pesticide Ban," by Dr. J. Gordon Edwards, in our Feb. 25, 2000 issue, Figure 1 and the caption on p. 20, showing the generalized biological response to chemical and physical agents, should have been credited to Zbigniew Jaworowski in "Hormesis: The Beneficial Effects of Radiation," 21st Century Science & Technology, Fall 1994.

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The region which comprises Russia, Poland, Belarus, Ukraine, and the Baltic states has again become a theater of tensions, with the possibility, seen by several leading strategists, that it will descend into conflict and even war.

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For the first time in years, there is talk of breaking up Nigeria, and analogies are being drawn to the 1967 Biafra civil war, in which millions of Nigerians were killed when the Ibos tried to separate themselves from the Nigerian nation.

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60 The new violence: America's kids are victims of menticide

There is nothing accidental about the "new violence" sweeping America, in which children are killing each other, their parents, and themselves. Creating killer kids using Nintendo techniques and animated violence is a multimilliondollar business, and it is deliberate.

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NATO's 78-day air war against Yugoslavia was a fiasco from beginning to end, that has left the Balkans on the verge of a new war, has transformed NATO into an aggressive intervention force, while demonstrating that NATO is not capable of fighting a real war against a formidable enemy—topics explored at a seminar sponsored by Rep. Dennis Kucinich (D-Ohio).

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EXECONOMICS

Greenspan's hyperinflationary policy hits the gas pump

by Marcia Merry Baker and William Engdahl

On March 16, independent truckers drove about 1,000 big rigs, bumper to bumper, along the boulevards of Washington, D.C., to protest high diesel prices and low freight rates. This was the second national trucker demonstration in less than a month. On March 21, a national farm state rally was set for the steps of Capitol Hill to protest the crisis of independent farmers. **Figure 1** graphs how the price of a barrel of crude oil has gone up by more than 300% from spring 1999 to the present, showing up in high prices for gasoline, diesel, fuel oil, chemicals, plastics, and other commodities.

For truckers, farmers, and throughout all essential economic activity, soaring fuel costs are coming on top of already intolerable financial conditions.

However, the average person usually takes a more limited view: Will I have to carry a bucket of money to pay for a gallon of gas? Maybe soon. But the urgent question for all citizens to understand, confronted by "gas pump shock," is that this is a manifestation of hyperinflationary processes throughout the economy, not some limited, "supply and demand" gone awry in crude oil, which "market forces" can be trusted to fix.

During the 1990s, Lyndon LaRouche specifically warned of the inevitability of a hyperinflationary explosion in prices of commodities and essentials of all kinds, if certain policies were pursued to pump liquidity into the financial system to keep speculative bubbles going at all costs—the very policy pursued to-date by Federal Reserve System Chairman Alan Greenspan, and now by Treasury Secretary Lawrence Summers. LaRouche has repeatedly stressed, since especially 1998, that the relevant point of reference is the 1923 Weimar Germany hyperinflation. That is how to understand what's happening now.

For the record, quotations of LaRouche's advance warnings are given in a box accompanying this article, along with

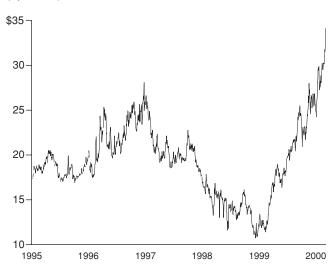
a short report on the background of hyperinflation in Weimar Germany.

Not 'market forces'

LaRouche commented on March 8, following the Super Tuesday 16-state primaries: "There is a *global* hyperinflationary spiral in the process of taking off. And whatever else is also true about it, the essential bottom line is, that there is

West Texas Intermediate Crude oil price, 1995-2000

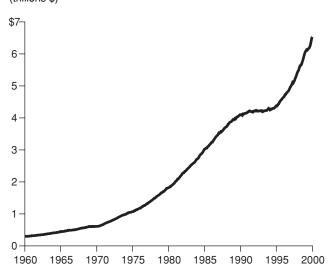
(\$ per barrel)



Source: Dow Jones.

FIGURE 2 U.S. money supply (M3)

(trillions \$)



Source: Federal Reserve.

a global hyperinflation in real asset prices, prices you realize, is now ongoing globally. And the petroleum price is chiefly a reflection of that, apart from whatever temporary incidental features there are.

"This is simply, predominantly—it is not some 'market this, market that'—it's a hyperinflationary process, which has taken off, where it does take off. Hyperinflation tends to hit—when it hits in a real form, as opposed to inflation—tends to hit in primary values, such as food, and primary materials, and that's what's happening."

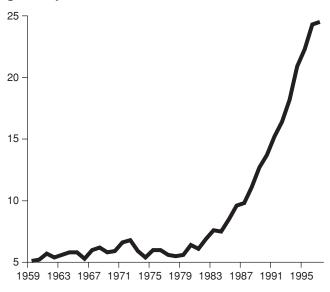
The graphs here provide quick references on the nature of the financial blow-out crisis in which prices of oil, metals, lumber, and other hard commodities, and food, housing, and other necessities, are rising or poised to rise toward the stratosphere.

Figure 2 shows the hyper-rate of growth in the U.S. money supply (M3), which reached 6.53109 trillions of dollars as of January 2000. This soaring rate reflects the ongoing policy response of Greenspan et al., especially after 1997, when big cracks opened up in the global financial system, beginning with the mis-named "Asian flu," which then proceeded to hit to other countries.

In September 1998, when the Long Term Capital Management (LTCM) hedge fund collapsed, nearly causing a financial meltdown, Greenspan's money pumping went into even higher gear. At that time, the decision of the Greenspan Fed and the Group of Seven central banks to bail out LTCM and its creditors, resulted in an unprecedented flow of financial liquidity—courtesy of the central bank printing presses—into financial paper titles which would bring the fastest double-digit profits for troubled banks and hedge funds. The recent

FIGURE 3

America's financial aggregate as multiple of goods-production GDP



rise of the Nasdaq stock index to the skies, as well as the only slightly less spectacular performance of the Dow Jones index, and the S&P 500, since late 1998, are a direct consequence of the money infusion process. Continuing through 1999, various rationalizations given were for the need for more money for "Y2K" contingencies, and similar cover stories.

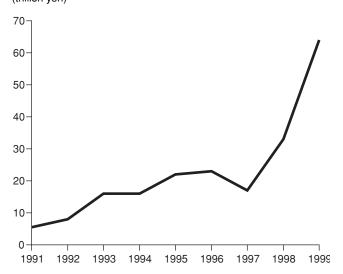
Figure 3 shows that while financial aggregates of all kinds (stocks, futures, debts, real estate, derivatives) have been growing in the U.S. economy, during the 1990s period of M3 money inflation, the real economy (of physical production, infrastructure and essentials—health services, schooling, etc.) went nowhere. The graph illustrates this by taking the "financial aggregate" as a multiple of the value of the goodsproduction part of Gross Domestic Product. So, as of the late 1980s, financials were "only" 10 times the GDP goods producing segment. By 1999, "financials" soared to 25 times goods producing levels.

Figure 4 makes clear that the hyper-liquidity policy has been a global one. Look at the ballooning of government bond debt in Japan from 1997 through 1999. At the same time, the practically nil interest rates in Japan have been a chief prop, through the borrow-and-speculate yen "carry trade," to jack up the dollar. But not for long.

An historic blow-out—the "Big One"—can't be far off. The daily commentary now in Europe and other centers *outside* the United States, focuses on how it can't be long until the U.S. financial bubble pops. London *Guardian* editor Larry Elliot wrote on March 13, that "a spectacular crash" is ahead. "It will happen suddenly. And the impact will be savage." (See more commentaries, p. 11.)

FIGURE 4

Japanese government bond issues
(trillion yen)



Source: Japanese Ministry of Finance.

Accordingly, the "insider" talk on both sides of the Atlantic revolves around how the "smart money" is fleeing hyperinflated stock markets, quietly pulling out of pure paper speculation, and, using various derivatives contracts, moving into hard commodities, driving their prices still higher, in anticipation of the imminent collapse of paper assets.

Meanwhile, the type of "What, me worry?" insanity prevalent inside the United States is shown most recently in the many business-page news commentaries claiming that the "New Economy" doesn't need energy, so the oil price rise won't matter much! Specifically, this argument proceeds this way: Looking at Figure 3, one should deduce that since "goods producing" and hard commodity-related activity are relatively so small compared with pure "financials" (namely, the bubble!), especially cyber-tech stocks, there's nothing to worry about.

For example, the March 9 *Investor's Daily*, in an article on the economic impact of energy prices, said, "For one thing, oil has less of impact on the U.S. economy than it did 20 years ago. . . . And the most important sectors of the economy tend to be the least dependent on oil. 'About one-fourth of economic growth is coming from the tech sector.' "According to Stephen Slifer, an economist at Lehman Brothers, "Rising oil prices just aren't much of an issue for AOL [America Online] or Microsoft."

Unprecedented commodity cartels

The gargantuan financial bubbles raise an additional point of how the preconditions for hyperinflation in commodities' prices were laid all along. Throughout the period of growing speculative bubbles, certain "smart" money has moved out of financial assets and into supply lines of vital commodities (fuel, food, metals, minerals), for the income stream, and for control of hard assets when the bubble pops. That is a major part of the pattern of recent years of mergers and acquisitions, to the point of frenzied whopper-mergers over the last 24 months.

This process of takeovers and buy-outs itself has several special ways to feed into hyperinflation. The debt associated with acquisitions creates pressure for raising prices high enough to generate the income to pay the debts. Many mid-size operations merge to try to survive, then, when they go under, out of the shadows come the mega-companies and financial interests, mostly London-centered, or British-American-Commonwealth, waiting to pick over the remains. The consolidation has reached unprecedented degrees of cartelization.

Meanwhile, production levels and potentials per capita, are declining. Take oil, for example. U.S. output of crude oil has fallen since the 1970s, by on average 1.5% a year. The

LaRouche forecasted hyperinflationary explosion

In fall 1995, Lyndon LaRouche introduced the "Triple Curve, a typical collapse function," a heuristic device (**Figure 5**), at a seminar in Rome, Italy. It illustrates the inherent dangers of continuing policies in which financial and monetary values soar (the two upper curves), producing bubbles of financial assets, held aloft by the take-down of the physical economy, and the degrading of the standard of living and production potentials for masses of people (lowest curve).

Three years later, on Jan. 17, 1998, in a keynote address to an international conference in Alexandria, Virginia, LaRouche illustrated aspects of the collapse function, and stresssed the catastrophic consequences of the U.S. and other governments continuing to back the processes represented in the "Triple Curve" diagram. LaRouche pointed to the role of the International Monetary Fund (IMF) in this, and he commissioned historical work on the Weimar Germany hyperinflation (see Richard Freeman, "Hyperinflation in Weimar Germany," *EIR*, Jan. 30, 1998; and William Engdahl, "The Coming Hyperinflation Crisis," *EIR*, May 28, 1999).

LaRouche said: "We're on the edge of coups throughout Asia and Southeast Asia, as a result of IMF policy. *In* the meantime, the policy which the United States government, including the Clinton administration presently, by

United States used to produce in the range of 9 million barrels a day, and now it's down to 2 million barrels. During 1990-97, forty-one U.S. refineries were closed, amounting to 20% of the number of operable U.S. refineries in 1990. More than 50% of U.S. annual consumption of crude oil is now imported. In turn, over half of these imports come *not* from the Persian Gulf, but from Mexico, Venezuela, and Canada.

Overall, internationally, both annual consumption and annual production of crude oil are in the range of 74 million barrels a day. With an international oil and energy system characterized by next to no redundancy in pumping, refining, storage, and handling capacity, this is made to order for shortages and shocks, and for speculation and cartel control.

The world oil industry is now cartelized as it has never been before. Over the past two years, the major oil companies, popularly known as "The Seven Sisters" during the oil shocks of the 1970s, have gone through a process of mergers and cartelization unprecedented since the 1911 U.S. Supreme Court break-up of John D. Rockefeller's Standard Oil Trust.

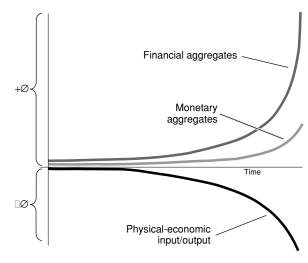
In late 1998, during the worst days of the Asian economic

collapse, when world oil prices were falling toward new lows of \$10 per barrel, British Petroleum announced a bold takeover. It would buy the large, formerly Rockefeller-owned Amoco (Standard Oil of Indiana). BP had already taken control of Sohio (Standard of Ohio). The new giant, BP Amoco, was briefly, on paper, the world's largest oil multinational, surpassing Exxon and Royal Dutch Shell. Soon, however, citing cost risks and perils of record-low oil prices, the two largest U.S.-based members of the former Seven Sisters, Exxon and Mobil, announced plans for an \$80 billion merger, creating the world's greatest oil giant, which replaced General Motors as the largest in the Fortune 500 for 1998.

Again, even before it had regulatory approval from U.S. and European authorities, BP Amoco announced in April 1999 that it was buying the large U.S. oil company Atlantic Richfield (Arco), which had a major share of Alaskan oil production, as well as important leases in the Caspian Sea and North Sea. The final terms of the BP Amoco \$30-plus billion takeover of Arco are yet to clear legal challenges from Alaska and other states, but in some form the takeover is certain.

FIGURE 5

A typical collapse function



default, is conducting, is a hyperinflationary policy, which will blow up the value of money into nothingness, quicker than John Glenn can get into space: through a hyperinflationary bubble, through an attempt to maintain financial aggregate by pumping in money fast enough to keep the aggregate going, under so-called bailout techniques, IMF bailout.

"What does the IMF say? The IMF says: *Cut* your production. *Accelerate* the cutting of per-capita output. *Increase greatly* the monetary output, in order to cover,

and prime up, and pump up the financial aggregates, which are already skyrocketing. That means that, whereas it took Germany 18 months for the German Reichsmark to disintegrate—that is, they couldn't print money fast enough to keep up with the rate of inflation, and they just took notes on paper, and the German Reichsmark was *dead*. And the only reason Germany came out of this, was because the United States stepped in with the so-called Dawes Plan, which took U.S. gold—the U.S. was the only creditor nation in the world at that time—and created a new mark in Germany, which allowed the German economy to stumble along through the 1920s. That took 18 monhs, for that process to unravel.

"Under present conditions, we're talking about a matter of weeks, or months at most, if this policy continues. So, the present policies of the U.S. government, and the majority of institutions, either by intent, or, in this case of the Clinton administration, by default—by its refusal to consider what it must do, it has bought into a hyperinflationary explosion of the U.S. dollar. If that continues, either they try to stop it, which causes a sudden default. Or, if they don't stop it, it causes a blowout within a period of weeks, or months at most, globally, like the hyperinflationary explosion which occurred in Germany over the period 1921 through 1923. So, that's what we're up against."

(LaRouche presented 15 charts to illustrate the hyperinflationary process and potential, one of which is reproduced in Figure 3. See Lyndon H. LaRouche, Jr., "How the Top One Percent of American Citizens Think," *EIR*, Jan. 30, 1998, for the full presentation.)

On March 15, BP Amoco announced that it had arranged a deal for Phillips Petroleum Co. to acquire Arco's Alaskan North Slope oil rights for \$7 billion, so that the new BP Amoco Arco would no longer have an Alaskan monopoly. The Federal Trade Commission (FTC), which had filed a lawsuit in February against the merger because of the challenge from Alaska, then signalled later the same day, that maybe the

Phillips acquisition would be grounds for the FTC to withdraw its lawsuit.

Phillips officials, meanwhile, are meeting with FTC officials to indicate how the Bartelsville, Oklahoma company can cope with the huge debt for the Alaska oil operations purchase. Many industry analysts point out, that if the crude oil price returns to where it was in January 1999 (\$11 a barrel),

Hyperinflation in Weimar Germany

In 1919, at the Versailles peace conference, draconian financial obligations were imposed upon Germany's Weimar Republic, while its physical economy was gouged by "conditionalities" in which its means of production (farms, factories, mines, and so on) were diminished, and its output and consumption potentials lowered. These factors were intensified during 1920-22, and laid the preconditions for the Weimar hyperinflation of 1921-23. The key point of relevance here is that the size of the reparations imposed constituted a volume of financial obligations far beyond any conceivable means of meeting them.

During 1920-22, taxes were imposed to the maximum, any and all government resources and reserves went to reparations, and other means were taken, but the strapped-down economy, as imports and exports dropped, was still unable to meet the financial demands. By 1921-22, the cost of reparations equalled 80% of all unborrowed reserves of the German government; by 1922-23, they exceeded 100% of unborrowed reserves.

In an attempt to pay the reparations and keep the economy supplied with liquidity, Germany resorted to printing money, cranking up the printing presses full throttle. Prices, and the amount of currency in circulation, spiralled upward in a self-feeding process. **Figure 6** shows the 10 months, from January to October 1923, when the number of Reichsmarks outstanding went from 1 trillion, to more than 1 million trillion!

By November 1923, a kilogram of bread cost 428 billion Reichsmarks, and a kilogram of butter cost more than 5 billion. A bank account of 60,000 marks, the interest from which would, in 1913, have enabled one to lead a comfortable retirement, would not even buy a daily newspaper. It came to cost more to print the mark notes, than the notes were worth.

A chain reaction of shut-downs ran throughout the economy. During January-October 1923, the unemployment rate for trade union members rose from 4.2% to 28.4%; unemployment among non-union members was higher.

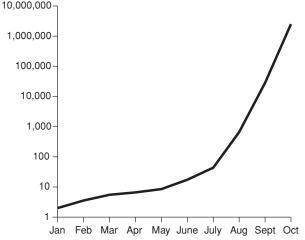
Living standards plunged. The daily intake of meat and milk fell by 60-80% for almost everyone. The death rate from tuberculosis rose from 14.3 per 10,000 people in 1913 to 20 per 10,000 in 1923.

The only reason why Germany came out of this crisis, was because the United States stepped in with a plan to create a new, stable mark, pegged to U.S. gold, and to take related measures. The United States, as the world's only creditor nation at the time, had the authority and power, and used it.

The intervention side-stepped the original, disastrously incompetent Versailles Reparations Commission policy, which had been run by the British financier oligarchy, in particular British Privy Council operatives Lord Lothian, Viscount Robert Cecil, and Lord Cunliffe of the Bank of England.

Today, there is no one country that has the political-financial power equivalent to that of the United States in the 1920s, which can intervene "from the outside." The emergency intervention must come from citizens acting to change government policy.





Source: Zahlen zur Geldentwertung in Deutschland 1914 bis 1923.

Phillips will be sunk.

In July 1999, the French private oil company Total, which only weeks before had purchased control of the Belgian Fina Oil to create Totalfina, announced that it intended a takeover of the former French state oil giant, Elf Aquitaine, to create the world's fourth-largest private oil company.

As of today, these four—BP-Amoco, Exxon-Mobil, Royal Dutch Shell, Total-Elf—dominate the world energy market to an unprecedented degree. They overwhelmingly dominate the ten largest world oil refiners in terms of capacity, along with the two smaller refiners, Texaco and Chevron.

The cartelization goes even further, behind the scenes. For example, in the United States, Shell Oil Co. and Texaco jointly own Equilon Enterprises LLC. Equilon, in turn, runs the refining and marketing, transportation, and lubricants business of both Texaco and Shell in the midwestern and western United States. This means that a driver who drives into his local Shell station to tank up, is actually buying oil and gasoline from a joint venture of Texaco and Shell. In Europe, BP-Amoco gas stations are jointly owned together with Mobil, now part of Exxon-Mobil. Chevron owns Gulf Oil, and Texaco now owns Getty Oil.

The same cross-control operates internationally. On March 14, it was announced that BP Amoco will acquire Burmah Castrol, the manufacturer world's best-selling motor oil. The \$4.7 billion deal, according to BP Amoco officials, will mean the elimination of 1,700 jobs.

Prices of other commodities rise

Since spring 1999, there has been a pronounced increase in industrial metals' prices. These are the metals that are used in producing a large amount of the world's non-wood, non-carbon-based finished products. There is also a sharp increase in the price of certain precious metals, including gold, silver, and the platinum group.

For roughly the first quarter of 1999 compared to the first quarter of 2000, the prices of the following commodities have increased by the percentages noted: aluminum, 39.6%; copper, 28.0%; zinc, 10.3%; and nickel, 126.5%. Thus, prices for all four metals have undergone a double-digit growth rate, with nickel more than doubling in price, from \$4,635 per metric ton (first quarter 1999), up to \$10,500 (as of March 10, 2000).

Precious metals are also shooting up. Over the last ten weeks, prices for the platinum metals group (platinum, palladium, rhodium, and ruthenium), which have electronic and other uses but are also considered part of the precious metals group, rose between 10% and 120%!

- Palladium rose from \$441.90 per ounce on Jan. 4,2000, to \$707.50 on March 13! This reflects the control by owners of the Siberian supplies. The demand for palladium comes from its current use in catalytic convertors in cars.
- Platinum rose from \$429.70 per ounce on Jan. 4, to \$471 on March 13.
 - Rhodium rose from \$910 per ounce on Jan. 4, to \$2,000

per ounce March 13.

• Ruthenium rose from around \$37.50 in early January, to \$80 on March 13.

According to a source at a New York metals trading house, the prices of these metals were rising so strongly that in late February, to stem the tide, officials at the New York Mercantile Exchange increased the margin required for a purchase of a contract for palladium from 16% of the total value of the contract, to 32%. At that time, palladium was trading at above \$800 per ounce. The price turned back to \$680 per ounce, but it is now \$707.50.

Economic impact of the oil price shock

The impact of the months of rising prices of oil and gasoline, on top of already financially stressed conditions, is causing chain reactions of damage throughout national economies, from home heating, to transportation, manufacturing, and agriculture. The projections of sector-by-sector cost burdens are raising explicit calls in many capitals, for national security-based emergency measures.

In Canada, the proposal was put to Prime Minister Jean Chrétien, to convene a national "energy summit," in a request by New Democrat Member of Parliament John Solomon earlier this month. Solomon asked that provinces, major oil companies, and other "stakeholders" be involved in forming a national strategy to reduce energy costs, including having the government look at ways to regulate fuel prices, as well as to cut the Goods and Services Tax on fuel, and provide emergency home heating help to the needy.

In Argentina, estimates of across-the-board costs to the national economy of rising fuel costs were made by the M&S consulting firm, reported by the Buenos Aires daily *Ambito Financiero* on March 10. Overall, the oil price increase will mean that another \$1.8 billion will have to be spent, of which \$820 million will be paid by consumers, and \$950 million by companies. More specifically, the transportation sector will pay out \$633.4 million, agriculture \$285 million, and industries and energy plants \$31.7 million. There is panic in the country, combined with fury at the government's economics team, which was already imposing harsh austerity since Fernando de la Rúa took over as President last December.

In the United States, partial estimates of the impact of rising fuel prices are coming out. In agriculture, spring planting will be at least \$1 billion more costly. High-energy livestock operations are hard hit, for example, in dairying.

On March 2, the Pennsylvania Milk Marketing Board met in emergency session in Harrisburg, to consider a temporary hike in the milk price received by farmers, to help with their rising diesel fuel prices. Harold Curtis, chairman of the Penn-

sylvania Farm Bureau's Dairy Committee, said, "These are truly desperate times. The increased cost of production due to fuel price increases will be adding to an already large shortfall between price and cost of production for the average Pennsylvania dairy producer."

The situation in Pennsylvania, typical of many states, was outlined on Feb. 10, in a letter sent by state Reps. Harold James and Leanna Washington, both Democrats from Philadelphia, to Gov. Tom Ridge (R), for the purpose of "urging him to act immediately to protect the jobs and well-being of Pennsylvanians who are finding it more difficult to heat their homes and pay for high transportation costs."

The legislators wrote, "In the last two weeks, the average cost of heating oil in many Pennsylvania communities has nearly tripled. . . . Consumer Price Index statistics show the cost of gasoline rose by more than 75% in 1999 and more than 8.5% in December alone—the highest levels in 10 years. The average pump price for diesel fuel is \$1.42 per gallon, including an 11¢ spike in January that was the largest weekly price increase record." The letter said, "The potential impact is staggering—higher product costs, business closings, job furloughs to compensate for increased fuel prices." Pennsylvania used to have a state Energy Office to deal with unexpected rises in fuel prices, which was set up in 1987, but the Ridge administration disbanded it in 1995.

Petroleum-based feedstocks

The rising costs of petroleum-based feedstocks are causing chemical, plastics, and other manufacturing costs to go up in thousands of ways. During 1999, PVC resin prices climbed more than 50%. One of its major ingredients, ethylene, is derived from oil and natural gas. PVCs are used widely, from water pipes, to house siding. Prices for other oil-based or related products also rose in 1999, too, including styrene (40%) and latex.

In Brazil, Merheg Cachum, president of the Brazilian Plastics Industry Association, said, "Oil must be seen as a question of national security, otherwise, it will continue to be a big ingredient in the composition of inflation." His views were reported in the March 8 issue of the daily O Estado de São Paulo, in which it was pointed out that 60% of Brazil's oil needs is provided for by Petrobras, while 40% is imported. Even though the local costs of producing a barrel of oil is around \$3, nonetheless, the domestic price is determined as if all oil were imported. This is so, in compliance with IMF mandates for committing Petrobras and related revenues to cover domestic and national debt service. Sen. Antônio Delfim Netto commented, "We all know that \$33 for a barrel of oil is an unreal price. . . . Its cost of production is also unreal, and Brazil consumes 300,000 barrels daily of imported [oil]. ... The government should think of how to avoid having the economy contaminated by these international changes."

The famous-name international companies, such as Dow Chemical and Procter & Gamble, are reporting significantly rising costs of production. Chemical Manufacturers Association chief economist T. Kevin Swift estimates that the general rule is that even a 10% increase in the price of oil translates into a price increase of 2-2.5% in the costs of chemicals the following quarter. Dow Chemical Co. paid \$540 million more for oil and hydrocarbons in 1999 compared with 1998, even though Dow has some flexibility to shift from one type of hydrocarbon to another, in response to price.

The situation for smaller manufacturers in the United States is disastrous. The Akron, Ohio daily *Beacon-Journal* summarized the impact in the state, home to many medium-sized factories. For example, in Fairlawn, Omnova Solutions Inc., which makes wallpaper, vinyl wood-grain laminates, and chemicals for magazine coatings and carpet backing, is hit hard by the oil price shock, because most of its raw materials are oil-derived. Lubrizol Corp., in Wickliffe, said that the cost of one of its major raw materials, base oil, increased nearly 50% over the past year. Wickliffe makes specialty chemicals used in transmission fluids, compressor lubricants, motor oils, and similar goods.

Transportation

The big U.S. transport companies are tacking on surcharges and raising rates. Federal Express has added a fuel surcharge on bills to customers. United Parcel Service already increased rates on Feb. 7 for air freight by 3.5% and ground freight by 3.1%, in part because of higher gas costs. Roadway Express Inc. of Akron, Ohio, which buys diesel fuel in gigantic volume for its truck fleet, is adding a fuel surcharge to the cost of freight-hauling. Roadway's surcharge is based on fluctuations in the Department of Transportation's national diesel fuel index. As of the second week in March, the surcharge was about 4% of a customer's shipping bill.

In contrast, truck owner-operators and small fleet companies cannot impose surcharges or rates in the same way, and are in an impossible financial bind. The Feb. 22 and March 16 truckers rallies in Washington, D.C. make the point.

Commercial airlines are raising rates by as much as \$40 per fare, to defray jet fuel costs.

At the pump, the U.S. national average per gallon price is \$1.54, according to the Lundberg Survey of March 10. In California, with higher state levies, it is nearly \$2. The U.S. average per gallon price may reach \$2 by this summer.

In Canada, gas pump prices in early March were 72.9ϕ a liter in Regina, compared to the price a year ago of 55.9ϕ .

In Europe, where the public has tolerated gas prices typically much higher than North America (distances are shorter and rail and urban transit options are available), nevertheless, the rising pump prices have reached "the pain area" for most people. The latest monthly average gasoline at-the-pump prices for various European countries, as compiled by the U.S. Department of Energy Information Agency, including taxes, are: Britain, \$4.61 per gallon; the Netherlands, \$4.22; France, \$3.94; Italy, \$3.84; and Germany, \$3.63.

International Commentaries

Europeans warn dumb Americans of coming crash

These are some of the most recent dire warnings from Europe, on the imminence of a financial explosion—all of them blacked out of the U.S. news and entertainment media.

EuroBusiness, March 2000:

"... In short, the lunatics have taken over the asylum. And the asylum is Wall Street. Stocks have been driven to such unrealistic levels that the correction, when it comes, could be as much as 70%, i.e., some stocks could drop as much as two-thirds. Others could even go further. Some of the big dot.coms have no chance at all. ... And it is not a case of *if* this happens, it is *when*—and, like 1929, there will be little warning. This time even less. ...

"Wall Street has become a giant pyramid scheme with prices being shored up, not by value, but by weight of buying. . . . On Civvy Street, pyramid selling is illegal. In America they call it a Ponzi scheme, and it is most definitely illegal. Yet Wall Street has become a giant Ponzi scheme where buyers set prices—not the profits and prospects of business. Exactly what happened in 1929."

London *Guardian* Economics Editor Larry Elliott, interviewed by *EIR* on March 2:

"The longer we go on without a crash, the worse the crash will be when it happens. We can't do without purging the financial system, as soon as possible. . . . Look at the American economy: It's wildly unbalanced. First, you have a classical bubble. Second, there is the negative savings rate. Third, the growing external deficit. A combination like that is simply unsustainable. In late 1998, to save the system, [Fed Chairman Alan] Greenspan inflated again, and this only prolonged the agony." Elliott's own expectation, is that we will soon see a general deflationary trend, with collapse of prices worldwide. However, he does not exclude a generalized inflation, the results of which would be "even more terrible, like Germany in the early 1920s."

Greenspan and others will "try to stave off the crash, until after the American elections. But can they do this? Is it controllable? The Fed obviously wants to avoid triggering it, but can they stop it? To me, the timing is not predictable, but it's obvious, there *will* be a crash, at any given point within the next couple of years. People think I'm a Cassandra, but I know I'm right strategically; it's just a question, that the timing cannot be defined with certainty. . . . All I

can say with certainty, is that if this bubble expands, the crash, when it comes, will only be bigger."

Anatole Kaletsky, city editor of the London *Times,* "Economic View" column, March 7:

"TMT is becoming as explosive and dangerous to the world economy as TNT, its near namesake." Referring to the explosive growth of stock prices for so-called TMT technology, media, and telecommunications stocks-he adds that the "truly insidious aspect of the TMT craze, [is] that it sucks capital out of the 'old economy' ... forcing many sound and progressive companies with good profits and excellent technology to cut back their investments, succumb to unwelcome takeovers, or turn their back on stock market investors by going private. . . . TMT markets are growing very rapidly but their growth is also extremely unstable and unpredictable.... Cisco, the biggest supplier of Internet routers, may well overtake Microsoft as the world's most valuable company. I have no idea when the technology bubble will burst, but I am prepared to make one firm prediction: The world's most valuable company a decade from now, will not be making Internet routers."

Le Figaro, Paris, March 9:

From Edgar Van Tuyll, head of the Swiss bank Pictet: "The incredibly high valuation of the Internet stocks relies on magic, since it cannot be explained either by expected benefits, or by a lowering of interest rates." It is reminiscent of the similar rise of biotechnology stocks five years ago, and the rise of real estate stocks in Japan in the 1980s. "Those sectors had one trait in common: a strong link to excess liquidity . . . i.e., a situation where the growth of credit is more rapid than that of the real economy. When credit increases, titles go up in a vertiginous way. But what happens when liquidity is inadequate? It's simple: They collapse."

Roland Gagnon, strategist at CDC Bourse, characterizes it as "a Casino Royale. . . . The values of the traditional economy are showing spectacular counter-performance, and there is, already, a latent crash of the market in Paris."

London *Guardian*, lead editorial, "Bubbles Always Burst," March 11:

Focusing on the amazing rise of the Internet sales company lastminute.com, the *Guardian* writes that it has gained an "iconic status" for all the rest of the Internet stocks, and "its success on the stock market will be watched very closely by analysts waiting for the dot.com bubble to burst. And burst it will."

The reality is that nearly all of these Internet companies are selling nothing but "the products of the old economy (books, cars, hotel rooms, and so forth) in a novel way. . . . The arrival of Internet commerce has created a deflationary environment, in which it is difficult to make serious profits

in the marketplace (as opposed to the market in stocks). It is small wonder that hardly any dot.com companies selling to the consumer are making money, either here or in the U.S.... A meltdown is inevitable."

Will Hutton, "From .com to .bomb," London *Observer*, March 12:

"For the first time, our generation is witnessing a real, over-the-top, unstoppable speculative bubble that can and will end in tears." We are in "the grip of a collective madness," as the "lust for dot.com companies reached a new pitch." You've heard of the tulip mania of the 1630s, of the South Sea Bubble. Well, "something just as silly is happening now. . . . The mismatch of prices between companies in the new and old economies . . . will have to be corrected."

The domination of stock indices by these Internet stocks, is forcing the so-called "dinosaurs," such as electric power companies, breweries, and water companies, off the index. This has three effects. It means that the big insurance companies and pension funds automatically sell their stocks, because the latter only buy stocks that are on the index. This forces these companies to rationalize, lay off workers, relocate, etc., in order to make quick profits. Third, it opens them up to hostile takeover, asset-stripping, etc.

The crash is "inevitable. . . . The gigantic correction, when it comes, will so puncture the financial system's balance sheet that it will be unable for a period to finance even normal levels of business activity.

"And it is now clear what the source of the correction will be. The trebling of oil price represents a fourth postwar oil shock that will slow down the economy and lower profits worldwide. Professional investors will soon realize the music has stopped playing, and rush to occupy safe chairs by holding cash; the greater fool will be holding the overvalued shares.

"The way the system is structured, that fool will be the great pension funds and insurance companies—in other words you and me, over whose savings they act as custodian. It is people's jobs and savings that are at risk in this game of investment musical chairs."

London Guardian, "High Anxiety: Larry Elliott on the Coming Crash," March 13:

Noting the frenzy to invest in stocks of some of the "dot.com" new issuances, Elliott comments that "the world is going share crazy." All sorts of "experts" and "analysts" are denying that the signs of a crash, of a type that we've seen before, are now there, proclaiming, like a mantra: "This time it's different." But this time is *not* different from previous speculation manias, like the 17th-century "tulip mania." There is now "wild speculation in companies unheard of six months ago," all likely to "end in a spectacular crash. If—or rather when—it happens, it will happen suddenly. And the impact will be savage."

What is Treasury's Lawrence Summers?

by William Engdahl

Willy Sutton, the most notorious bank robber during the 1930s Great Depression in the United States, was asked by police, on being captured, "Willy, why do you keep robbing banks?" Sutton allegedly replied, "'Cuz, that's where they keep the money."

In a similar way, we might ask, why does U.S. Treasury Secretary Lawrence H. Summers always take his policy cues from Wall Street and major international banks? This orientation describes, more accurately than any textbook economic theory, the policies of the man who, on July 2, 1999, replaced Robert Rubin, to become the Clinton administration's Secretary of the Treasury, the second most powerful single position in the world of finance and monetary policy after Federal Reserve Board Chairman Alan Greenspan—or, according to some, the most powerful.

Investigation of Summers's public career, his tenure since 1993 in the Clinton Treasury Department, and his own comments, confirms that it has been Summers, more than any other person within the Clinton administration, who has been responsible for the missed opportunity to realize President Clinton's expressed will to create a New Bretton Woods structure in the wake of the 1997-99 collapse of Asian economies.

It has been Summers, together with his hand-picked man at the International Monetary Fund (IMF), Deputy Director, now Acting Director Stanley Fischer, who have enforced the present IMF policy of slash-and-burn conditionalities which has been responsible for turning an Asian currency crisis into an out-of-control social and economic collapse. The point of this report is to bring to light the policies and actions of one of the most opaque and secretive of Washington leading figures today.

Summers's 'march through the institutions'

Summers, a 44-year-old former Harvard Professor of Economics, was the youngest person in Harvard history, at 28 years of age, to become a full professor. Despite the fact that his two uncles, Paul Samuelson and Kenneth Arrow, are both Nobel Prize economists, that both parents were academic economists, and given his heavy academic credentials, Summers is surprisingly non-doctrinaire. In 1989, he authored a proposal for introduction of a tax on financial transactions, as a way to dampen financial speculation. Yet, since the onset of the Asia crisis in 1997, Summers has championed holding firm to IMF monetary orthodoxy, and rejected any calls for



Treasury Secretary Lawrence Summers, the point-man for International Monetary Fund austerity conditionalities in the Clinton administration.

curbing hedge funds, over-the-counter derivatives, or other speculative abuses.

During 1991-93, Summers served as Vice President of Development Economics and Chief Economist of the World Bank, where he sat on the Bank's Loan Committee, and played a key role in the design of country intervention strategies. He had overall responsibility for the Bank's research, statistics, and external training programs. While Summers served there, his unit produced the 389-page book The East Asian Miracle (published August 1993), which coined the term "Asian Tigers" - a phrase widely attributed to him. The "Asian Tigers" concept, using a fallacy of composition, grouped South Korea and Taiwan, which were real, machinetool producing, Japan-style "full-set" economies, with the finance-driven Hong Kong and Singapore economies, and said that the economic boom in all four was based on the same principle of free market real estate speculation and growth in post-industrial financial services.

In 1993, Summers joined the team of Treasury Secretary Lloyd Bentsen, as Undersecretary for International Affairs, where he was responsible for dollar and international relations with other Group of Seven governments. His star began to rise in late 1994, when fellow Harvard alumnus Robert Rubin replaced Bentsen as Treasury Secretary. Rubin was impressed by Summers's apparent brilliance and sharp analysis of key policy questions.

Summers got his chance to prove himself under Rubin in January 1995, when the collapse of the Mexican peso threatened not only the entire Mexican financial and economic structure, but also tens of billions of dollars in investments and loans to Mexican banks made by the major U.S. banks and Wall Street firms.

Arguing that drastic action was urgently needed in order to stop a Mexican "contagion" crisis spreading across Ibero-America, Summers convinced Rubin, and, more importantly, the President of the United States, to use \$12 billion of a total bailout package for Mexico of \$50 billion, from a little-known Treasury emergency fund, the Currency Stabilization Fund, which required only Clinton's approval, not Congress's. Some within the U.S. Congress were strongly opposed to what was seen as a bailout of a drug-ridden Mexican financial system, and the Wall Street creditors behind it.

More than five years later, the Mexican government has poured more than \$100 billion into an effort to keep an insolvent banking system afloat. One benefit of the Mexican bank rescue, is that it guaranteed billions of dollars in credits from U.S. financial institutions.

But the extraordinary size and swiftness of the Mexican rescue package engineered by Summers in 1995 created a Frankenstein's monster, which exploded two years later when foreign investors, including a group of hedge funds led by George Soros, took their money out of the Thai baht, triggering the onset of what came to be incorrectly called the "Asian crisis." But, by getting the Mexico package through, Summers showed that he was willing to do whatever was necessary to protect U.S. investments in high-risk emerging markets, giving the banks and investment funds a green light to move funds into Asia, where an obvious speculative bubble built up. Banks argued privately, "No worry, we are so big that the U.S. government will bail us out," which is precisely what happened.

When Thailand threatened default on billions in U.S. and other loans in May 1997, it was Summers who was in charge of engineering the strategy. This time, smarting from heavy Congressional criticism of his handling of the Mexican bailout, Summers seized on using IMF, rather than the U.S. Treasury funds—after all, only 18% of every IMF dollar comes from American taxpayers. By the end of 1998, the IMF had committed a staggering \$180 billion for emergency actions in Thailand, Indonesia, South Korea, the Philippines, Russia, Ukraine, and, most recently, Brazil.

But, as was stated by expert economists during the months-long Congressional debate over whether to grant the IMF another \$18 billion in U.S. taxpayer funds to allow it to continue such rescues, the IMF bailouts do not go to help the starving or unemployed citizens of victim countries. Rather, the money goes directly to secure the hundreds of billions of foreign capital at risk in these high-risk areas. As more than one Congressman critical of such bailouts pointed out, U.S. banks, not Thai or Russian economies were being bailed out

with the IMF money. Worse, the IMF attached conditionalities to its "help" which ensured that the countries were plunged into deep economic depression.

Summers was the administration point-man both for the IMF rescue of the banks, and he also led the fight to twist arms in Congress to approve the added \$18 billion for the expansion of IMF actions. His man inside the IMF in this fight was a fellow economist from Boston and a close personal friend, Stanley Fischer, the number-two man under IMF Managing Director Michel Camdessus. Often, Summers and Fischer would travel together to crisis spots to deliver the IMF ultimatums. When the Japanese government, desperate over its own large bank loans to Asia, floated a proposal for an Asian Monetary Fund, independent of the IMF, to deal with future currency crises, it was Summers who flew to Tokyo to pressure the Japanese to be silent about such anti-IMF initiatives. The fund idea was suddenly dropped by Japan.

One of the sharpest critics during this period of IMF policy and, implicitly, of Summers's policy in dealing with the crisis, was World Bank Senior Vice President and Chief Economist Joseph Stiglitz. Stiglitz repeatedly publicly criticized the standard IMF demands that a recipient of IMF emergency funds must open its economy, raise interest rates in order to "stabilize" the currency, and slash government spending. "High interest rates," Stiglitz warned, "will also create financial strains, leading to bankruptcies, and thus increasing the expectations of default, making it less attractive to put money into the economy."

For Summers, Stiglitz's attacks on IMF policy were too much. Within weeks after taking over as Treasury Secretary when Rubin retired in July 1999, Summers began to escalate pressure to get Stiglitz out of the World Bank post, a position which gave Stiglitz's critique of the IMF extraordinary weight with developing countries and others. In December 1999, New York Times journalist Louis Uchitelle reported that Summers was the man behind the scenes who forced Stiglitz to announce early retirement. Ironically, Summers himself had held the same World Bank economic post as Stiglitz in the early 1990s, where he first came to know, and apparently came to dislike, a German World Bank official, Caio Koch-Weser, until recently the European Union nominee to replace Camdessus at the IMF, whom the Clinton administration has rejected.

Killing the New Bretton Woods

Summers was the most prominent Clinton administration figure supporting the disastrous IMF interventions into Asia, Russia, and other troubled crisis areas during 1997-99. In his public comments, he repeatedly praised the role of the IMF in Russia and the economies of eastern Europe. Summers is reported to have been one of the crucial Clinton administration figures urging support for the corrupt "reformers" around Russian Minister of Finance and Economy Anatoli Chubais, whom Summers referred to as "our dream team." Chubais,

who was responsible for Russia's privatization program, cultivated an intimate contact with Summers in the mid-1990s, work that brought his mafia friends billions in Western credits, and allowed them to loot Russia to the bone.

Summers played the key role in getting his former Harvard colleague, "shock therapy" advocate Jeffrey Sachs, to be the liaison for aid to Chubais, via Sachs's Harvard Institute for International Development. Sachs's institute later was exposed for its role in a major corruption scandal, involving misuse of U.S. funds in Russia. Investigations by Congress were discouraged, presumably by Summers's persuasion that it would be destabilizing. Even more than Vice President Al Gore, Summers has played the key U.S. role mediating support for the corrupt Chubais "reforms," which have brought Russia to the brink of disintegration today.

Even when he was still Rubin's Deputy Secretary, Summers was playing a decisive role in policy determination. In the weekly breakfast meetings between Greenspan and Rubin, to discuss global developments, only one other person was always present—Lawrence H. Summers. When the President's Working Group on Financial Markets, a top-level administration group including the heads of the Federal Reserve, Treasury, and Securities and Exchange Commission, was given the job by President Clinton to come up with proposals to deal with over-the-counter derivatives, hedge funds, and their ties to large banks in the wake of the Long Term Capital Management (LTCM) hedge fund collapse of September 1998, it was not Rubin, but his deputy, Summers, who presented the group's final recommendations.

In his remarks on the report, which was released in February 1999, Summers praised the role of derivatives as "an important component of American capital markets." Not surprisingly, the Working Group recommended against controls on either hedge funds or derivatives.

In this context, it came as no surprise that, when President Clinton made one of the more promising policy proposals of his Presidency for fundamental reform of the global financial system—his speech on Sept. 14, 1998, during the LTCM crisis, to the New York Council on Foreign Relations, calling for a full, emergency meeting of finance ministers and central bankers within 30 days to discuss creation of a new global "financial architecture"—Summers was instrumental in killing the President's initiative.

Washington sources report that it was Summers who convinced both Rubin and others around the President to quietly drop any plans for organizing a new Bretton Woods conference, because that would undercut the role of the IMF. Summers was at the time aggressively arm-twisting members of Congress to grant the \$18 billion IMF quota increase. A critical chance, perhaps the most critical one of the past 50 years, to fundamentally reorganize the bankrupt international monetary and financial system, was buried by the efforts of Summers and his allies on Wall Street and in major banks and hedge funds.

China puts 'Revive the West' program into motion

by Mary Burdman

The prolonged world economic crisis has been a critical factor in prompting the decision by the leadership of China, to move ahead with a full-scale program to develop the country's vast, impoverished hinterlands. At the ongoing national meeting of the National People's Congress (NPC) in Beijing, and the just-concluded meeting of the Chinese People's Political Consultative Conference (CPPCC), government leaders have emphasized their plans to "translate the 'Revive the West' strategy into reality."

At the NPC meeting on March 6, Zeng Peiyan, Minister of the State Development Planning Commission, said that China will take substantial steps to carry out the strategy of large-scale development of the western region. Infrastructure development is the foundation, he said. In addition to water management, transportation, and communications, comprehensive measures will be taken to upgrade agriculture and reforest barren land, to stop soil erosion.

Zeng Peiyan said that China will apply new approaches: "To accelerate the growth of the western region under the new circumstances, we will mainly depend on market forces to draw capital from a variety of sources to meet the enormous demand for capital." More measures will be taken to attract foreign capital and capital investment from eastern China. Development of the west will create markets, including for energy and raw and semi-finished materials, needed to expand and modernize economic growth in the more industrialized east.

At a press conference the same day, Zeng Peiyan said that China plans to commit 70% of its treasury bonds, government appropriations, and foreign loans to the western project in 2000, an increase of 10% over last year. The government will invest 30 billion yuan (\$3.6 billion) in 78 projects already under construction. Another 10 projects will be launched immediately to "jump start" the program, and another five, bigger and longer-term projects are being prepared.

'Development corridors'

The most important of this last group, is the "super-project" of a pipeline to transport natural gas from Xinjiang, on the edge of Central Asia, 4,200 kilometers, to Shanghai, China's biggest industrial city, on the East China Sea. This project, which will cost 120 billion yuan (\$15 billion), will be second only to the vast Three Gorges Project on the Yangtze River,

in investment size. The pipeline is to form part of a national grid, connecting the three primary western natural gas producing provinces, Sichuan, Shaanxi, and Xinjiang, to the industrialized east.

These pipelines, which will integrate the economies of east and west China, are being considered as potential "development corridors," which would become "magnets" for other energy, steel, building materials, and automobile industries along their routes. Western China has reserves of 1.5 trillion cubic meters of natural gas, which is both more efficient and cleaner than the coal on which China is now overly dependent.

Such a national pipeline grid would also greatly facilitate China's economic cooperation with both Russia and Kazakstan, in exploiting their vast gas and oil fields, and transporting the product to the Pacific.

To finance "Reviving the West," several members of the CPPCC National Committee called for founding a "West Development Bank." They proposed that this state policy bank be capitalized from government appropriations and issue bonds for its operating funds, as well as receive long-term lending from commercial banks in China, and also issue bonds on international capital markets, especially in Europe. The bank should fund *strategic* transportation, water management, and energy projects in western China, they said. The CPPCC leaders also called for setting up entities—whose names, at least, echo institutions similar to Franklin Roosevelt's New Deal: an Energy Construction Corporation, a Water Resources Development Corporation, and a Highway Construction Corporation — which would borrow funds from the West Development Bank, and construct and operate these strategic projects.

Throughout the national meetings, repeated, sober warnings were made against wasteful projects.

Water and transport

"Reviving the West" is an enormous undertaking. China's western regions include about 5.40 million square kilometers of territory, 56% of China, in the provinces of Shaanxi, Gansu, Qinghai, Sichuan, Yunnan, and Guizhou, as well as Xinjiang Uygur, Tibet, and Ningxia Hui autonomous regions, and the city-state of Chongqing. The population of this huge region, except for Sichuan, is very thin, and the region is characterized by its astonishing geographic features: the Tibetan pla-

FIGURE 1
China's provinces



teau, the vast "roof of the world"; the Tian Shan and Kunlun mountains, among the highest on Earth; the wide plains and deserts, including the Taklamakan, of the northwest, and the extremely rugged mountain ranges of the south and southwest.

Water—both too little in some areas, or too much in others—is the single most important economic problem of this region; the second most important, is the lack of transport

and energy infrastructure. It has been only in the past four decades that railroads have even begun to penetrate this area; there are still no railroads into Tibet. Most of China's railroads are still concentrated in the eastern third of the country, and run north-south, rather than east-west. There is also an urgent need for quality roads. The region's great energy resources, especially hydropower, but also natural gas and oil, remain undeveloped.

The water problem has great implications. Five of Asia's largest rivers rise from within a relatively small region in northwest China. These rivers—the Yellow River, the Yangtze, the Mekong, the Irawaddy, and the Tsangpo-Brahmaputra—flow into China, Southeast Asia, and Bangladesh and India, providing the basis for agriculture, transport, industry, and human existence in some of the biggest concentrations of population on Earth. The "century floods" of summer 1998, and the spreading desertification of huge areas of north China, are only two of the catastrophes which demonstrate how essential it is that the "Revive the West" project succeed.

Revising development strategy

The project is also essential for China's entire economy, as more and more economists and officials are realizing. While China alone in the region, has maintained a rate of real economic growth even in the wake of the financial crisis which tore through Asia beginning in 1997, the more-developed eastern seaboard provinces are clearly facing big obstacles to sustaining economic development. The hard-hit nations of Southeast and East Asia were China's biggest market for exports, which had been, for the past two decades, designated as the key source of the capital necessary for China to modernize its economy, including industry, agriculture, and defense capabilities.

The world economic crisis has made it necessary for China to change its development strategy for the western regions, and these changes have been the subject of debate and discussion over the past year, in a series of national meetings.

The development of the interior is also a matter of national security. Almost all of China's 55 minorities live in the west and southwest. Separatist movements are targetting Xinjiang, most of whose population is Muslim, and Tibet. Economic development is essential for stability.

The development of this vast region has been an issue for five decades. In the 1950s, a few railroads were built, but, due to China's poverty, they were constructed under the most primitive conditions, and took an enormous toll. In the 1960s, the "Third Line" project, assigned by Mao Zedong to Deng Xiaoping, moved strategic industries and military projects from the coast to the interior. These projects, however, were isolated from the general regional economy, which remained impoverished agriculture.

In the 1980s, after he came to full power, Deng Xiaoping elaborated a "two-step" strategy of national economic development: to first get the east coast going, and then, with the aid of the industrialized east, to shift the focus to the interior. A few strategic projects, such as the construction of the Northern Xinjiang Railway, were carried out in the mid-1980s. This railway became the foundation of the "Euro-Asian Continental Bridge," linking China to Central Asia, Russia, and Europe, which was completed in 1992.

But overall, economic disparity between the east and west widened, as the eastern economy grew much more rapidly.

This has created serious political and national security issues, as well as economic ones.

Currently, according to official Chinese reports, per-capita GDP in the interior is only *half* the national average. China still has 42 million people, out of its population of 1.25 billion, living in absolute poverty. Almost all live in the interior: about 20 million in remote areas of Yunnan, Guizhou, and Sichuan provinces, another 10 million in the arid regions of the north and west, and the remaining 10 million in the western mountains and plateaus. The annual income of the poorest people in the interior, is a miserable 8% of the income of the wealthy in the east.

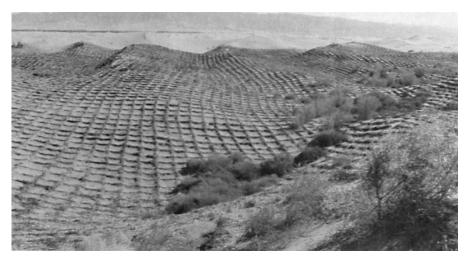
In November 1999, two well-known Chinese economists, Hu Angang, a researcher at the Chinese Academy of Sciences, and Wang Shaoguang, of Yale and Hong Kong universities, published a book, The Political Economy of Uneven Development—The Case of China, which documents the inter-provincial economic gap in China. In 1978, just 15 of China's 31 provinces, municipalities, or autonomous regions were either in the high- (per-capita GDP more than 150% of the national average) or low-income (per-capita GDP lower than 75% of the national average) part of the economy. By 1994, twentytwo of these political entities were either in the high- or lowincome category. In 1994, no province or autonomous region in western China had a per-capita GDP higher than the national average; while in eastern China, the per-capita GDP in all provinces with the exception of Hebei, was higher than the national average.

China's inter-provincial GDP gap is significant even in international terms, Hu and Wang reported. In 1994, Shanghai's per-capita GDP was 14 times higher than that of Guizhou, which is a greater income gap than that between the poorest and richest provinces in other countries—or, at least, what it had been during the more prosperous 1980s. The ratio for France was 2.15 in 1988, 1.43 for the United States in 1983, 4.0 for Indonesia in 1983, and 3.26 for India in 1980.

New plans

In June 1999, the Chinese government began drafting the 10th Five-Year Plan, for 2001-05, to be released in March 2001. This program, which will incorporate plans for the more rapid development of the central and western areas, to narrow the regional gap, will have important differences from the previous nine five-year plans, according to public statements by Zeng Peiyan.

China is finding it necessary to change its *development strategy* of the interior regions, and their relationship to the rest of China. Under its Ninth Five-Year Plan (1996-2000), China's economic strategists had intended to base development on the exploitation of the rich natural resources of this region. But, the world economic crisis has changed this. Since 1998, raw materials and commodity prices have crashed, and only a few, such as oil, have recovered since mid-1999, making it impossible to create the basis for industrializing the



A desertification control project in Shapotou in Ningxia Hui autonomous region.

interior. At the same time, efforts by western regional leaders to simply imitate the methods of the eastern provinces, without consideration of the big differences in market access, transport, and other economic factors between the two areas, were leading to serious inefficiency and waste, and even widening the economic gap.

Due to lack of infrastructure, the eastern regions have been using more international resources and markets, rather than those of western China. At the same time, according to the analysis of Yang Fan, a researcher of the Chinese Academy of Social Sciences, the economic development of eastern China has been seriously hampered by the failure to invest funds, technology, and labor in "new areas," such as western China.

A special taskforce, the Leading Group to Develop Western Areas, was set up by the State Council in November 1999. It includes almost every senior minister, including Prime Minister Zhu Rongji, State Planning Minister Zeng Peiyan, Finance Minister Xiang Huaicheng, and Central Bank Governor Dai Xianglong, as well as two of Zhu's aides, Wang Chunzheng, a vice-chairman of the Monetary Policy Committee of the People's Bank of China, and Duan Yingbi, a member of the Central Financial and Economic Leading Group of the Communist Party. Zeng is responsible for drafting overall development strategy as well as laws and regulations to facilitate healthy, sustainable growth and to attract foreign investment.

Prime Minister Zhu also made several "inspection tours" of the western provinces and regions, during which he cited the development "blueprint" of Deng Xiaoping, and President Jiang Zemin's repeated statements about the "high priority" of the project.

At the beginning of February, President Jiang Zemin stated: "The development of the west and accelerating the development of small cities and townships are strategic to the economic and social development of China. ... We

should dedicate the effort, come up with proposals and implement them quickly."

A project for many generations

Zhu, Li Peng, Zeng, and China's other leaders, have repeatedly discussed "Revive the West" as a project which will demand the attention of many generations, and require careful planning. These leaders' statements have emphasized that developing the west not only requires building transportation networks to link the interior to the rest of China, natural gas pipelines, power grids, and communications networks, but

also water control and management projects, and reforestation. This emphatically includes not only tree-planting in desert areas, but also returning marginal land now being cultivated to forest, and changing methods of agriculture to prevent further soil erosion.

These policies were discussed at a series of national meetings, led by the annual Central Economic Working Conference, in November 1999. There, development of western China was declared a strategic priority. Further development of the eastern regions is now "restrained," and China has "a great deal of capital, technology, and human resources urgently demanding new development space," Xinhua news agency commented, summarizing the conference proceedings. Thus, the development of the west is essential for the entire economy, as well as strengthening national unity and security. Given China's long borders with south and central Asia, "the opening of the western areas will facilitate trade and economic exchanges between the area and its neighboring countries."

At a followup conference that month, Zeng Peiyan said that huge investment would be needed for the interior, and that foreign investment would be critical for these projects, as it had been in the creation of the five "special economic zones" on the east coast in the 1980s. The State Council held a special meeting on the western regions in mid-January, and other academic and official conferences on the question are being held.

In January 2000, China initiated a policy of giving generous tax breaks to foreign investors in the western region. Foreign investors will be allowed to invest in western projects to exploit natural resources and other industries through direct investment, including acquisition of existing enterprises and through the "build, operate, and transfer" format. Tourism is also being promoted.

National investment in the west has grown significantly in recent years. Overall, China planned to invest more than

\$750 billion in capital construction in the three-year period starting 1998, primarily into the central and western regions. In some areas, such as Guizhou, investment last year was the highest in 50 years. While amounts are limited, considering the need, ranging from 30-50 billion yuan (about \$4-7 billion) in each province by the provincial governments, the National Statistics Bureau reported that in 1998, investment growth for the western regions was 31.2%, 14.9% more than that for the east.

The Nanjiang railroad

Several great rail projects have been completed recently. Most important, was the completion of the Nanjiang, or Southern Xinjiang railroad, which was opened to traffic on Dec. 6, 1999. This 1,445 kilometer rail line, which is the basis for the "South Passage" of the Euro-Asian Continental Bridge, links the city of Kashi to Turfan, and is the first rail line to cross southern Xinjiang, a region of 1.06 million square kilometers.

Kashi, perhaps known better in the West as Kashgar, reputed for being the city in the world furthest from any ocean, lies close to the foot of the massive Karakoram mountains, which divide China from South Asia. The first section of the rail line, a 476 km stretch from Turpan to Korla, was finished in 1984, and construction of the Korla-Kashi section began in September 1996. This strategic area borders on India, Pakistan, Afghanistan, Tajikistan, and Kyrgyzstan. Kashi is the eastern terminus of the China-Pakistan Karakoram Highway, one of the engineering wonders of the world. When projected rail projects are completed in Kyrgyzstan and Uzbekistan, Xinjiang will become China's link to both South Asia and the Middle East. The three countries have signed an agreement to build this new rail line.

Also in 1999, China completed a "passageway to the sea" from the inland southwestern regions. This passageway links the provinces of Sichuan, Yunnan, and Guizhou to the Guangxi Zhuang Autonomous Region on the coast, which has a number of deep-water ports on the western South China Sea. The passage consists of the Nanning-Kunming rail line, completed in December 1997, the longest express highway in central-western China, and three major ports in Guangxi. The provinces are also building 49 separate transprovincial highways to expand the scope of the new sea passageway.

Another project is the ongoing five-year development plan for the "Hexi Corridor," the ancient route of the Silk Road, which stretches from Ningxia to Gansu, Qinghai, to Xinjiang.

Finally, discussion has heated up, on the vital importance of finally launching the "moving southern water north" project. Already during the CCPPC meeting last spring, officials of Qinghai province, which would benefit greatly from it, were urging the creation of a government coordination office and a development company to manage the project and re-

lated affairs.

"Moving southern water north," which has been under discussion for the past 40 years, would involve construction of canals, pipelines, and man-made rivers, to divert water many hundreds of kilometers, through mountains and plateaus, from the Yangtze and other rivers, to the Yellow River and its valley. Three routes, from either the upper, middle, or lower reaches of the Yangtze, are under consideration.

Water crisis

The water crisis in northern China is ever-worsening. The northern plains have suffered repeated droughts, seriously affecting agriculture production, and the Yellow River is so diminished, by drought and water diversions, that it did not even flow to the sea for 226 days during 1997! Since the late 1960s, the water table beneath Beijing has sunk by almost 60 meters, and in 1999, it fell again by an average of 2.6 meters.

In February, the government launched a national survey of the overall climatic and environmental condition of western China. The five-year survey, employing 100 researchers, will examine the 2.5 million square kilometers of arid land—25% of China's territory. The purpose of the survey is to formulate plans for economic growth under these conditions.

Geologists are also looking for underground water, which flows from Tibet, and the Himalayan, Karakoram, Tian Shan, and other mountain ranges, under the western deserts. In February 1999, the Ministry of Land and Resources reported the discovery of a new underground water supply in the northwest, which will yield 1 billion cubic meters a year. There are also large natural reservoirs under the Qaidam Basin in Qinghai province, and under the Tarim and Junggar Basins, as well as the Taklamakan Desert, in Xinjiang.

Along with discovering more water, stopping desertification is also essential. Reforestation must be carried out, along with the prevention of further cutting over (cutting all timber) of hillsides. In his report to the NPC on the 1999 and 2000 economic plans, Zeng Peiyan said that trial projects to return farmland to forest or pasture would be carried out on about 333,300 hectares, and restored woodland is now 666,700 hectares. He also reported that in many areas, farmers are being given grain to get them to stop attempting to cultivate hilly land or cutting down woods to get more land.

Uncontrolled tree cutting over the past decade, has left bare an area of 1 million square kilometers around the tributaries of the Yangtze. As a result, every year about 600 million tons of sand are washed into the river, leading to disastrous flooding. Reforestation and construction of reservoirs are now being carried out to hold back the water in the highlands.

In Xinjiang, where the Taklamakan, the most extreme desert in the world, lies below huge mountains, a 70,000-square-kilometer oasis is being created to double its oasis area. Qinghai Province, where the Yellow and Yangtze rivers



An oil well in the Taklimakan Desert in China. The area is an important reserve base of China's oil resources.

rise, is taking measures to protect pastureland around the Qinghai Lake, the biggest and most famous inland lake in the country, and set up forest screens and oases in the Qaidam Basin.

'From west to east'

China's hydro-energy resources rank first in the world, and 70% are in the mountainous west. But exploitation has been low: By the end of 1999, China's total installed generating capacity, 70 million kilowatt-hours (kWh), was just 18% of the exploitable capacity. Feasibilty plans exist for many more projects, but, if they are not launched soon, Chinese leaders have warned, the Three Gorges Project on the Yangtze will be the only large hydroelectric power project under construction in China.

A pillar of "Reviving the West," is the strategy of "transferring electricity from the west to the east." To supply the huge energy needs of eastern China, there are plans to develop the vast water and hydropower resources of the upper reaches of the Yangtze. In Sichuan, four large hydropower stations with a combined installed capacity of 9.05 million kWh are planned for the Yalongjiang River, which has proven reserves of water energy of 33.4 million kWh. Some 21 hydropower stations could be built on the river. The Ertan Hydropower Station, with an installed capacity of 3.3 million kWh, is also located on the Yalongjiang River. China will also construct a new hydropower project on Qingjiang River, a major tributary of Yangtze below the Three Gorges.

Transportation is also being developed. In June 1999, Nimaciren, vice-chairman of the Tibet Autonomous Region

government responsible for the economy, said that the 10th Five-Year Plan, 2001-2005, would "highly likely" include a rail line linking Tibet with other parts of China. Tibet has no railroads at all. The project, which might connect Tibet to Qinghai, Yunnan, Sichuan, or Xinjiang, would need an enormous engineering effort, and require 5-10 years to complete.

Highway construction is also under way. Construction of the first expressway to be built on the Tibet-Qinghai Plateau began in December 1999. The road, which will lie over 2,000 m above sea level, will extend the Lanzhou-Xining expressway, east of the city of Xining.

In January, officials of Yunnan province announced plans to build a network of eight trans-provincial roads, which will link the capital cities of the western region. The roads will link Gansu with Yunnan; Inner Mongolia

with Guangxi; Ningxia with Hubei; Shaanxi with Anhui; Hunan with Chongqing. Shaanxi Province, which lies at the crossroads between central and western China, is also building railways, expressways, airports, and gas supply lines.

'Luring phoenixes'

Lack of education is one of the severest problems the western regions face. To launch the development program, the Chinese government is promoting its version of "Go west, young man," by "building golden nests to lure phoenixes," the wonderful birds of Chinese legend. The Minister of Personnel, Song Defu, announced in January plans to recruit the most forward-thinking people to help develop the west. These should include students studying overseas, and Chinese experts now working in the United States and Japan. Qualified workers, technicians, scientists, and teachers are all urgently needed to evaluate and contribute. Overall, China has only 380,000 agricultural technicians and other experts, to teach new farming techniques to the 900 million people who work in the countryside.

Research institutes and universities are also being created. Sichuan's "high-tech industrial belt," the first in western China, includes six state technical centers, seven state laboratories, and 22 universities and research institutes in the cities of Chengdu, Mianyang, and Deyang, connected by a 100 km expressway.

In the face of the coming world financial cataclysm, the successful carrying out of these development projects, will be critical for the survival of the Chinese nation.

Australia Dossier by Robert Barwick

Are unions afraid to fight?

Labor worldwide is campaigning against Rio Tinto, but won't name the firm's real boss—the Queen of England.

unprecedented worldwide shareholder campaign has been launched by trade union federations, against the union-busting activities of Rio Tinto, the flagship company of the British oligarchy's raw materials cartel. In press conferences on March 8 in Sydney, Brussels, London, and Washington, the Rio Tinto Shareholder Coalition announced that it will submit two resolutions for shareholder consideration at Rio Tinto's London and Melbourne Annual General Meetings in May. The resolutions demand that the company's board of directors become more accountable to its shareholders by appointing an independent, non-executive deputy chairman, and that it implement a code of labor practice complying with International Labor Organization (ILO) standards.

The Coalition, comprising unions which collectively represent 41 million workers, including the Australian Council of Trade Unions (ACTU); the Construction, Forestry, Mining, and Energy Union of Australia; the International Federation of Chemical, Energy, and Mining Unions (ICEM); the British Trade Union Congress; and the U.S. AFL-CIO, have launched what they call "the first-ever shareholder initiative sponsored by unions in several countries," in an attempt to rein in Rio's brutal union-busting, by forcing changes in the company's board, through appealing to the shareholders to whom that board is nominally accountable. "We will be actively encouraging pension fund trustees, money managers, and other institutional investors to support these resolutions," said AFL-CIO President John Sweeney. The Coalition estimates that trade unionists' money accounts for approximately 19% of Rio Tinto's shares, held mostly by pension funds.

However, the campaign is most notable for what is missing—any mention of Queen Elizabeth II, who has invested a sizable portion of her \$25-50 billion personal fortune in Rio Tinto. She is the firm's largest non-institutional shareholder, and its dominant political and financial power.

The unions' emphasis on "corporate governance," therefore, entirely misses the point: Founded in 1873 by the drug-running Jardine Matheson company that helped run the British Empire's two Opium Wars against China, Rio Tinto has always been a leading vehicle of British imperialism. It has, for example, been the main sponsor of the Crown's brain-trust, the Royal Institute of International Affairs, since Rio Tinto chairman Lord Alfred Milner founded the RIIA in the 1920s. It has also poured money into the Mont Pelerin Society, another Crown think-tank, which invented "Thatcherism" and its derivative, "globalization." Mont Pelerin's earliest financial sponsor was the private money manager of the Queen, the late City of London financier Harley Drayton. Thus, whether under direct assault by Rio Tinto, or more generally by the "globalization" which is ravaging union membership worldwide, the unions' real enemy is the Crown.

Not all unionists are scared to take on the Queen. A petition circulating in the Pilbara region of Western Australia, the world's largest exporter of iron ore, demands that Australia's ACTU "take vigorous action to hold the Queen personally accountable for her company's inhuman actions." The petition, which has already been signed by hundreds of union members, concludes, "Since she is by far the single most influential shareholder in Rio Tinto, the Queen herself is ultimately responsible for this assault on our livelihoods and our futures, and *she must stop it.*"

But, more broadly, by not naming the Queen, the unions are undermining their own cause, by allying with the very environmentalist and indigenous movements which were founded by Prince Philip and his World Wildlife Fund (WWF), and funded by Rio Tinto, to smash nation-states. For instance, the 1998 ICEM report on Rio Tinto, Rio Tinto—Tainted Titan: The Stakeholders Report 1997, lauded "anti-Rio Tinto" campaigns by such groups as the radical ecologists Friends of the Earth, and the indigenous activists People against the Activities of RTZ (PARTiZANS).

As *EIR* documented in its 1997 report, "The Coming Fall of the House of Windsor," the WWF spawned the worldwide environmentalist and indigenist movements shortly after its founding by Philip in 1960. In Australia, Philip personally started the Australian Conservation Foundation, which set up Australia's environmentalist and indigenist movements, and whose chief funder from the outset was Conzinc Rio Tinto Australia (CRA), now merged back into its parent company, Rio Tinto.

The impotent Rio Tinto Shareholders Coalition campaign was contemptuously dismissed by Rio Tinto spokesman Dr. Tim Duncan, who insisted that the unions had no expertise in "corporate governance," and that Rio Tinto would continue to flout ILO conventions. "By U.K. standards we are ahead of the pack," Duncan told the March 9 Australian Financial Review.

Business Briefs

Infrastructure

Saudi Arabia to build east-west rail link

Saudi Transport Minister Dr. Nasir Al-Salloum said on March 6 that the government will soon announce plans on financing and contruction of a new rail network which will link the eastern and western parts of the kingdom, from the Red Sea in the west to the Persian Gulf in the east through the capital, Riyadh. He said that construction will begin as soon as the results of the feasibility studies are presented.

The international Arabic daily *Al-Hayat* quoted industrial sources as saying that "the Kingdom is planning to invest 17 billion rials [\$4.5 billion] to construct the network, which will service most of the country in the coming five years."

The Saudi minister made the statement following the inauguration by Prince Salman Bin Abdulaziz of the Riyadh General Transportation Terminal, which will become the center of the rail network. Railways are the least-developed sector in Saudi Arabia, currently consisting of a single-track, 570 kilometer line running from Riyadh to Dammam in the eastern part of the country. The terminal's contractor, Al-Riyadh Construction Co., carried out studies of international transport terminals in the U.K., Sweden, and Turkey to adjust the Saudi system to international standards.

General Welfare

Malaysian leaders defend government role

Only governments can defend the general welfare, Malaysian Prime Minister Dr. Mahathir bin Mohamad said, at a panel discussion at the second Global Knowledge conference in Kuala Lumpur, the Malaysian capital, *New Straits Times* reported on March 8. Governments are not obsolete, he said. Only governments can help people, who cannot be left to market forces, which are primarily driven by profit-making. Malaysia got a taste of market forces when it lost 250 billion ringgit (about \$65 billion)

during the recent economic crisis, through currency depreciation and market decapitalization. "Governments have to step in to ensure that the poor are not exploited."

Malaysian Deputy Prime Minister Abdullah Ahmad Badawi recently scored globalization and also defended the principle of the general welfare, *New Straits Times* reported on Feb. 23. Globalization will continue to serve the developed nations' bid to control the developing countries, he said, unless controls on capital flows stop the speculative destruction of nations, and trade policies stop demanding open markets in the developing countries while protecting the developed countries in such areas as steel and agriculture. A "prosper-thy-neighbor" policy must be developed, he said.

"In the area of welfare and public good," he said, "I believe it remains largely the responsibility of the government to ensure, among others, that health care, education, and low-cost housing are provided on a universal basis. While the delivery of social justice may continue to involve private-sector participation, the government must ensure that profit is not the driving force behind such provisions, and must be prepared to meet demand where the market fails to supply."

Banking

Strengthen supervision, says German regulator

Bank mergers are increasing the likelihood of system-threatening financial disasters, said Wolfgang Artopoeus, president of the Federal Supervisory Board for Banking in Germany, the daily *Südeutsche Zeitung* reported on March 11. Commenting on the merger of Deutsche Bank and Dresdner Bank, he said that his agency is worried about the fact that national supervisory institutions in general are losing control over developments in the international banking sector.

The emergence of worldwide financial empires has very much increased the danger that failures of single banks or turbulence in some local market could escalate into crises which threaten the entire system. The big financial conglomerates are being exposed to

risks of enormous dimensions, which are not visible from the outside. The world financial system is undergoing an extreme transformation, where, in addition to the rising number of national and international bank mergers, there is a flood of new financial instruments, i.e., derivatives, and also new risks arising from online banking.

Artopoeus described proposals for establishing supranational banking supervision, as "utopian ideas" which are not helpful for solving problems upcoming in the next few years. Even in Europe, centralized banking supervision will only emerge in the "very distant future." Despite financial globalization, there is no alternative to strengthening national supervisory institutions, he said.

Space

Russian President renews commitment to ISS, Mir

"Russia will fulfill all its commitments" in the International Space Station project, Russian Acting President Vladimir Putin said during a visit to the Yuri Gagarin Cosmonaut Training Center in Star City, near Moscow, on March 2, Russian news agencies reported. He also said that the Russian Mir space station should be maintained, and he urged the government to find the funds to keep it in operation without sacrificing support for the ISS.

Putin's visit was for the 40th anniversary of the Cosmonauts Unit at Star City. (Forty years ago, Gagarin and the first group of cosmonauts started their training there; Gagarin became the first human being to fly in space on April 12, 1961.)

Putin praised Russia's cosmonauts and engineers. "This is the place where those people trained who guaranteed our country's breakthrough into space, who showed in practice how the space program is not a prestige project, but an essential one," he said. The space program "is one of the fundamental fields of activity boosting the development of national economy and science. It is something which makes our country a great power."

Optimism was expressed by experts, that a Putin government would support Russia's

space program, although there were also complaints that he did not seem to know that much about the program. Yuri Baturin, who was an aide to former President Boris Yeltsin and a former cosmonaut, said that maybe Putin "understands that cosmonautics is extremely important as one of the driving forces behind Russia's attempt to get out of its crisis. Hopefully, his visit to the City helped him to understand that Russia has to increase its space expenditures."

Asia

Indonesia, Malaysia craft common stance

Malaysian Prime Minister Dr. Mahathir visited Indonesia on March 9-10, where the principal subject was economics, and crafting a common stance on the world economy. The delegation included four senior Cabinet ministers and 150 of the captains of Malaysia's commerce and industry. They were met at the airport by Indonesian President Wahid Abdurrahman, and the main business forum was held at the Presidential palace, the Istana Merdeka, signalling the importance both leaders are giving to the trip (in marked contrast to the low-profile, informal meeting Dr. Mahathir had with former President B.J. Habibie last year).

At a press conference following a meeting with President Wahid, Dr. Mahathir said that the two leaders "have agreed that there should be talks between Indonesia and Malaysia...to forge a common stance in facing future negotiations on world economy." He reported that Indonesia has agreed to facilitate investments by Malaysian firms and increase access to different points of entry by Malaysian airlines, and that they discussed the possibility of a joint financial center among Brunei, Malaysia, and Indonesia, "to facilitate financial affairs of the three countries," and to build roads and other infrastructure that would increase linkages among them on Kalimantan, the island they share.

President Wahid said that Indonesia should learn from Malaysia: "Malaysia has at least more than 20 years [experience] developing their new economic policy, and in

the past few years Malaysia has announced their independent position vis-à-vis the international bodies concerning the economy. They would like to have a more equitable economic development." When asked what Malaysia could learn from Indonesia, Dr. Mahathir quipped, "We have probably learned from Indonesia that the world is not a friendly place."

Trade

Cambodia gets burned by U.S. on apparel quota

U.S. negotiators lured Cambodia into a deal against the interests of Third World countries, then reneged on the deal, according to reports in the Feb. 28 Wall Street Journal. Taking advantage of the fact that Cambodia is not a member of the World Trade Organization, the United States signed a deal in January 1999 promising to increase Cambodia's quota on apparel by 14%, in exchange for improving working conditions in the textile industry in Cambodia—a "labor condition" on trade agreements explicitly forbidden under WTO rules. Other Third World countries asked Cambodia not to sign, because it set a precedent for changing WTO rules.

Cambodian Commerce Minister Cham Prasidh said: "We knew we were setting a precedent, but we didn't want foreign factories taking advantage of our workers, either, and we wanted the quota increase." Cambodia implemented the demands on wages and working conditions, but, at the WTO meeting in Seattle, the United States refused the 14% increase. Quoting a report by the Union of Needletrades, Industrial, and Textile Employees, which claimed that Cambodia had not done enough, the U.S. Trade Representative told Cambodia that the United States would consider only a 5% increase, and only if they accepted "independent international monitors"! Cham called this a "virtual

Cambodian Ambassador to the U.S. Roland Eng said: "Everybody laughed at us when we signed. They all said: 'The Americans will not give you that increase, no matter what you do.' But we thought differently. Now we know better." It is estimated that 18,000 jobs will be lost as a result.

Briefly

THAILAND'S 4-5% rate of growth recorded last year is almost entirely due to the financial sector, although even it is still holding over 40% in bad loans, according to a World Bank report. Real incomes per capita have fallen 13% since 1996. Per-capita expenditure on medicine collapsed 29%. Unemployment is officially over 5%, but this excludes many who have been laid off and returned to farm work.

MADAGASCAR, the island nation off the East African coast, has been hit by the same flooding as Mozambique, and 500,000 people are threatened with starvation, disease, and homelessness. UN Secretary General Kofi Annan has issued an urgent appeal for an international relief effort.

FRENCH Minister for Foreign Trade François Huwart told reporters after meeting with Malaysian Prime Minister Dr. Mahathir on March 6, "We are in favor of regulated globalization." Earlier, he told Malaysia's Institute of Strategic and International Studies that confidence in multilateral trade rules do "not equate to blind faith in the virtues of globalization or worship at the altar of free trade. . . . It is undeniably accompanied by instability and inequality."

CHINA AND LIBYA have signed a \$477 million contract, in which China Civil Engineering Construction Co. will build a 191 kilometer rail line in Libya. The project, to be completed by 2003, is part of the government's plan to link its rail network to Egypt in the east and Tunisia, Algeria, and Morocco in the west, forming the southern part of the rail network around the Mediterranean.

ITALIAN Foreign Minister Lamberto Dini, on a visit to Iran, said Italian firms are eager to help Iran's development. Iranian President Seyed Mohammad Khatami said on March 5, that he hoped the two nations expand cooperation in small and medium-sized enterprises and the creation of jobs during Iran's Third Five-Year Economic Development Plan.

ERFeature

International team observes Michigan election atrocities

by Bruce Director

Eight prominent international observers compared the conduct of the March 11, Michigan Democratic Caucuses to the practices of Nazi Germany and the segregationist U.S. South. Speaking at a Washington, D.C. press conference on March 13, the delegation told reporters how Michigan Democratic Party officials physically threatened them and voters, harassed supporters of Presidential pre-candidate Lyndon H. LaRouche, Jr., prevented qualified voters from voting, refused to count votes cast for LaRouche, and conducted other practices that are a shocking violation of all international standards of free and fair elections. The observers found these events particularly horrifying, in light of the U.S. State Department's willingness to condemn the election practices of other countries (see box on Peru).

The group was composed of Dr. Ernst F. Winter, a professor at the Diplomatic Academy in Vienna, Austria; Dr. Godfrey Binaisa, the former President of Uganda; Amelia Boynton Robinson, a 60-year veteran U.S. civil rights leader who led the fight for voting rights in Selma, Alabama 35 years ago; Dr. Hunter Huang, chairman of the National Committee for the Reunification of China; Ortrun Cramer, a representative of the Geneva-based non-governmental International Progress Organization; Gabriele Liebig, editor of the German weekly newspaper *Neue Solidarität*, JL Chestnut, also of Selma, Alabama, the former attorney for Dr. Martin Luther King, Jr.; and Hannah Warnke from Poland.

The observers were asked to come to Michigan by supporters of LaRouche, because the Michigan Democratic Party, in coordination with the Democratic National Committee, had announced its intention to prevent LaRouche's supporters from participating in the caucuses, despite the fact that LaRouche had won over 12,000 votes in Michigan's Feb. 22 primary. LaRouche's name was not on the caucus ballot, and voters were told that if they wrote in LaRouche, the vote would be disregarded.

Each observer, with their varied backgrounds and experiences, had different insights and observations, but all were shocked by what they saw. Dr. Winter, a



A press conference by international observers in Detroit, Michigan, March 10. The next day, they witnessed Democratic Party caucuses in several cities, expressing their "deep disturbance about the democratic process in the United States.' Left to right: Ernst Florian Winter, Hunter Huang, Bruce Director, Sheila Jones, Amelia Boynton Robinson, Godfrey Binaisa, Hannah Warnke.

retired, 32-year veteran of the United Nations system who has observed elections in Bosnia, Slovakia, Slovenia, and Ukraine, told the press conference that, at first, he doubted that such election violations could occur in the United States. But, after witnessing the Michigan caucuses, he compared the proceedings to those in Nazi Germany:

"Sixty-two years ago, Austria was occupied by the Germans. The very first thing they did, was they organized a plebiscite. And then, in the first few days, they imprisoned 70,000 people, mainly the leading elite, and had a plebiscite. And I must now say, that my major impression—I was in only one Congressional District caucus—but my major impression was that I was witnessing a plebiscite. . . .

"When the vote was taken, I compared it to seeing things that I had seen 62 years ago in my own country.... The delegates were asked to stand up. And after they stood up, they were asked to raise their right arm high. It was like this! It was like a whole crowd of Hitler people standing there, raising their hands. It was pretty incredible."

Physical intimidation

Dr. Winter went on to describe the climate of intimidation surrounding the caucuses. "This shook me up a great deal, really I must say that. Emotionally, I was numb for a while, because of the intimidation, the physical intimidation, the verbal intimidation. They were practically trying to grab me, and throw me out physically, but we stood our ground. And I tried to argue with Congressman [John] Dingell, Christopher

Smith, and some of the top people in the Democratic Party, that this is counterproductive. They're not going to achieve anything thereby, because the more negative the actions are, the more publicity they will be getting. And I have to report back that there is a nation in the UN that is interested, and also in the OSCE [Organization for Security and Cooperation in Europe] that is interested.

"And so, they were saying—this is very interesting—that the Democratic Party was, and is, a private organization. They can set their own rules, and they can do what they please. And they set their rules that *nobody*, even as an observer to the LaRouche participation in this caucus, is allowed to come in. In fact, they printed a sheet which said *only observers that are for Al Gore can come in*. And it seems incredible that these things are done in black and white. One can imagine there would be some back-door arrangements, but to print all this up in black and white, and take the risk of having it spread all over the world, is very, very counterproductive.

"We also had a young man, who in a sense did interrupt the discussion, because he raised this treatment, and wanted to speak for LaRouche, and of course was forbidden to do so. Two very well-built American football players were supposed to drag him out, and he refused to be dragged out—in fact, he held onto his chair—so that then police were called. I was really speechless. Three policemen came, and dragged this man out.

"So, this is very counterproductive. But, there was a positive aspect to it, at the very end, these three policemen were

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State Dept. conditions for democracy in Peru

On March 9, two days before the Michigan Democratic Party caucuses, the U.S. State Department issued a press statement, insisting that Peru abide by the following conditions in its April 9 Presidential elections:

- 1) "Provide opposition political candidates meaningful access to the media and encourage improved coverage so voters can make informed and free choices at the ballot box.
- 2) "Launch a public campaign to educate the electorate on the procedures for voting in the upcoming elections, emphasizing that the vote is secret and that the integrity of the process may be guaranteed through the active participation of poll watchers.
- 3) "Cease *ad hominem* attacks on opposition candidates, domestic election observers, [and Ombudsman Jorge Santistevan].
- 4) "Investigate reports of harassment of opposition candidates and domestic election monitors and take action against those responsible.
- 5) "Continue cooperation with the National Democratic Institute/Carter Center, OAS, and other international and domestic election monitors.
- 6) "Implement a directive that makes clear that the misuse of state resources for electoral advantage will be severely sanctioned; and
- 7) "Complete a vigorous investigation of allegations that signatures in support of the registration of 'Peru 2000' were forged."

informed by this man that I was here as an observer, with a UN practice and background; and these three policemen didn't quite know what to do, and they came up and scraped and bowed and didn't say a word, but I saw from their gestures that they were excusing themselves. And they decided they were not going to throw this man out, but allow him to sit next to me. So, he came and sat next to me."

The physical intimidation was also described by Dr. Binaisa, who was treated very poorly, despite being a former head of state. He told the press conference: "They rejected us, and told us to sit outside in another room, until Congressman John Conyers came in—I think that was his constituency—and he talked to us, and he talked to the lady who had rejected us, who was a retired superintendent of schools in that area. I was escorted into the room by the Hon. John Conyers, Congressman. I was very intimidated; I feared that perhaps I would meet the same fate as my fellow African, Amadou

Diallo: I would be shot. I was so intimidated."

Other observers reported similar physical threats. Mrs. Amelia Boynton Robinson, the 88-year-old veteran civil rights leader who was beaten nearly to death on the "Bloody Sunday" march across the Edmund Pettus Bridge from Selma to Montgomery, Alabama, on March 7, 1965, said she had been physically prevented from observing the voting in Michigan, and that only after a physical confrontation was she allowed in to watch the ballot counting. "And then they had big men—there were three of them, and they called themselves goons, and one man called another one, and said, 'Come over here,' to one of the goons, 'Put them out.' They said, 'You have to leave the building.' And it was cold, very cold. And Sheila [Jones] said, 'I'm not going out there; it is cold out there.' 'Well, you can't go anywhere they're casting their votes.' 'Well, we are going, because we are here to observe.' Then, the door opened at 11 o'clock, though some people voted around 9:30, and the doors were closed after they left, and they wouldn't let anybody in there until 11 o'clock, when they opened the door. And we made an attempt to go in, and they said, 'You can't go in there.' And Sheila said, 'Oh yes, I am going in there.' 'Oh, no, you can't.' And they called another guy to come and throw her out. And she said, 'I'm not moving. If you touch me, if you hit me, you hit me good, and I'll certainly have it in all of the newspapers.' So, they wouldn't bother her, but they didn't want to let her go in. Finally, she said, 'Can you call the person who's in charge?' And they called the lady. And she said, 'Well, you can come in."

Journalist Gabriele Liebig reported having her camera knocked out of her hands by party officials, as she tried to snap a photo of the voting boxes. Were it not for the intervention of a LaRouche supporter, Liebig reported, she feared the physical confrontation would have gone much further.

Liebig also reported seeing civil rights attorney JL Chestnut thrown out of the caucus. "I was shocked to see Martin Luther King's attorney treated this way."

Hannah Warnke reported, "Just the fact that we mentioned Mr. LaRouche's name caused nervousness, as one of the ladies in charge yelled, 'Not LaRouche! Not LaRouche! He's not on the ballot here! . . . He's *Other!*' This woman had a trembling voice, a trembling hand, and was in general, a trembling person, when she was challenged on LaRouche being a bona fide candidate. 'Absolutely no! This is a time for registration! You will not be allowed!' "

No longer a model for the world

Dr. Binaisa, former President of Uganda, spoke of the international implications of the destruction of free elections in the United States. "You are the only country in the modern world that won your independence after eight years of bitter fighting against the British, to establish the first democratic republic in the whole world. And yet, you are doing so badly, that you are no longer a model, you can't be a model to us, when you continue like this.

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"We had gone there only to observe, to act as observers; we had no business to vote or do anything of the kind. But what happened sent shockwaves down my spine. It would have sent shockwaves down the spines of all Africans, if they had been there. Very recently, Vice President Gore went to Kuala Lumpur, the capital city of Malaysia, and gave a dressing-down to the Malaysian leadership. He said, among other things, that they are undemocratic, that they don't observe human rights, and so on and so forth. And the Malaysians, were they angry! And rightly so. And now, the same man, who is now standing as a candidate to govern this country as President, is doing even worse than Mahathir Mohamad, the Prime Minister of Malaysia. It's really a shocking experience.

"I told my friends, that if this goes on, we in Africa, who are we going to look to for leadership? Who are we going to copy? Who are we going to emulate? There's nothing left, because today this country is the only remaining superpower. They have no competitor; the Soviets are gone. So, are they going to govern the whole world under a dictatorship? . . . You are creating kings. You are going back to feudalism; you are going back where one of the candidates, George W. Bush—he's a kind of an anointed prince, because his father was President. His grandfather, Prescott Bush, was a Senator. Then you have Al Gore. His father was a Senator from Tennessee for many years, and Al Gore himself has been a Senator and is now the only candidate for the Democratic Party.

"So now, you are moving back to where you—I mean, you tried to get rid of the King of England during the eight years you fought, and now I don't know what you are going to. Really, I think you will end up creating a feudal king, who will have all the powers, because he has the history of governing others in him. He's not qualified at all, but here comes a man who is asked, 'Do you know the President of India?' (I think it was). He didn't know the President of India, and yet India, after China, is the most populated country in the world: 900 million people. But, he didn't know the President of India. So, who *does* he know? I think he is only fit to govern in his own household. You cannot say that he is fit to govern this great country of the United States.

"I was horrified myself, and that's the kind of message I'm going to pass on to my fellow Africans, who like to know what is going on in the United States: Are they democratic, as they pretend to be? Or is it a mere window dressing to say that they are democratic, when they don't follow the first principles of democracy of having a fair and free election?

"This is not a fair and free election at all; I think the powers that be have decided that it must be either Bush or Gore. But, I think from the look of things, they decided that Bush will be the man, but Gore will accompany him to his throne. And this, I think, is going to happen. I don't like to speculate about what may happen to prevent that from happening. Maybe there might be what you call in law *actus intervenius*, something that intervenes, like the collapse of the financial system, as we know it today.

"Maybe, people may have a chance to think again. But,

the way things are going, Africa cannot emulate the United States today. Even Asia cannot. Whatever they may say in the newspapers, we're not going to listen to any more, because of what is going on today.

"You've got to do something, and some of us maybe will help you, but by helping you, we are also helping ourselves. Because you are the only country, the United States of America is the only country which can help Africa, I'm telling you. No other country. It would be a lie to say that any country in Europe today can help Africa. No, none. Because you've got the wealth, you've got the population, you've the expertise, you've got the know-how, you've got everything. But please, do it; use it, use it to benefit not only yourselves, but us, too, in Africa."

Like the segregationist South

Amelia Boynton Robinson drew the comparison with the segregationist South:

"I was very surprised when I found out that the United States of America has taken the tactics that were used back then in the 1900s, to control the parties. I'm surprised, because I had seen this thing happening earlier, in the '20s and '30s in the South. And they're doing the same thing that they did back then in those days. I have been involved in seeing that people have the opportunity to register and vote. I fought to see that the right to vote became a reality for everybody, and I see now that it's being destroyed. I have witnessed in Michigan, that they are destroying it, and it's becoming a part of the whole nation. . . . Now, it seems as though we are reverting to the 1900s or 1910. . . . And we are reverting to the same thing: To say that we are not going to count the votes of Lyndon LaRouche, we are going to throw them out. Aren't we going backwards instead of forwards?

"That is the reason why we can't sing, with feeling, 'My country 'tis of thee, sweet land of Liberty.' Because liberty is being thrown out, and we will have to fight for liberty, for justice, regardless of whoever it might be that brings it to the forefront."

Low voter turnout

Several of the observers noted the restrictive methods by which the vote was held, discouraged broad participation and voter turnout. Ortrun Cramer observed that only 3,600 voters attended caucuses statewide in Michigan, compared to the more than 12,000 votes cast for LaRouche in the primary. Registration took place between 10 and 11 a.m., at which point the doors were locked. Gabriele Liebig reported that she saw voters turned away.

Dr. Huang said, "One percent of the voters are making the decisions for 99% of the people. That is wrong." Huang also was dismayed that the results of the vote in the caucus he observed, were never announced.

While he was treated politely, Huang said, he felt very sad about what was happening.

Cramer also criticized the lack of a secret ballot. "Voters

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had to fill out a form with their name, address, birthdate, and e-mail address, and then vote on the same ballot."

The low voter turnout also troubled Hannah Warnke. "We regret that in Poland, only 60-80% of the population votes. How could this be called an election, when less than 1% of the population participated? How could this be democratic, when people were forced to declare their choice, while having to give their names, addresses, phones, e-mail addresses?"

Liebig remarked that she had expected that a caucus vote would not be secret, but she did expect an open discussion and debate, with the candidates making presentations. Instead, she saw a closed procedure, with almost no discussion at all. When a local attorney tried to speak for LaRouche, he was prevented. After the intervention of a state legislator, the

LaRouche supporter was only allowed to speak without a microphone, in contrast to the Gore supporters, who were afforded the run of the caucus.

Dr. Winter expressed a note of hopeful optimism that Americans would reject these disgraceful tactics. "But, as we left the building, some of these local people came up, and said, 'We are really sorry this happened,' or 'We are surprised that this happened.' Looking in the faces of these people, I saw them as being maybe auto workers, engineers, of Polish descent, or Irish descent. People who had worked all their lives, and are now proud to be able to help with a caucus and were actually quite shocked at what happened."

The delegation will produce a detailed report of its findings, which will be submitted to the OSCE and other international organizations.

The delegation's findings

The following is excerpted from a press release issued following the international delegation's observation of the Michigan Democratic caucuses on March 11.

A group of international observers came to watch the Michigan Democratic caucuses on March 11, 2000, because it had been brought to their attention that the Democratic National Committee issued a directive that any vote cast for Democratic Presidential candidate Lyndon LaRouche in those caucuses, would not be counted. . . .

What happened at those caucuses turned their concern into deep disturbance about the Democratic process in the United States, because: 1) Indeed, in all except one caucus, LaRouche's votes were not counted; 2) To the extent that the international observers were not banned from the caucus proceedings altogether, what they saw provided shocking insights into the utterly undemocratic way in which one pre-arranged candidate, Al Gore, is being imposed on the people, who have no clue of what is being done to them.

- Three of nine observers were excluded totally from the caucuses. One of them was JL Chestnut (caucus in UAW Building, 15th Congressional District). Despite the fact, that according to the law, all Presidential candidates have the right to have observers in the caucuses.
- In several caucuses, goons physically threatened both voters, who sought to support LaRouche, and also the international observers.
- In one caucus, voters even had to raise their hands for the candidate whom they wanted to vote for; to which Dr. Winter, of Austria, commented that this reminded him of "plebiscites practiced by the dictatorships of unhappy memory."

• In only one caucus, could LaRouche supporters speak up for LaRouche with the consent of the caucus manager, who explained to the voters present the possibility of writing in LaRouche's name on the ballot. Only in one other place were LaRouche supporters allowed to speak, and only after a verbal fight, and without a microphone.

In addition, the international observers expressed their shock about the caucus procedure as such:

- 1. They called it a mockery of the rule of free and secret elections. If voters have to fill in their ballot, their address, telephone number, e-mail, etc., in front of the sergeant-at-arms, and if they have to stand in line, in front of different ballot boxes, in the name of Gore, Bradley, and others, Professor Winter, who observed the last election in Bosnia on behalf of the United Nations, pointed out, this represented, in fact, a strong factor of voter intimidation, which was underlined by the fact, that in several caucuses, Bradley votes were found in Gore ballot boxes, apparently, because voters were too frightened to go to the Bradley box
- 2. International observers strongly criticized the behavior of a party, which has a public function and hence, cannot act as a private club. But here, in the Michigan caucuses, the caucus managers who were observed, did not seem to comply with any standard rule, and, in fact, in many cases, didn't even seem to know about such standards.
- 3. The international observers found it particularly disturbing that here, less than 1% of the registered voters in every Congressional District would determine the election of a candidate.

Therefore, the international observers are asking: Is this the standard for free democratic elections, which the U.S. government is demanding be observed by nations around the world? . . .

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LaRouche escalates after 'Stupor Tuesday'

by Marianna Wertz

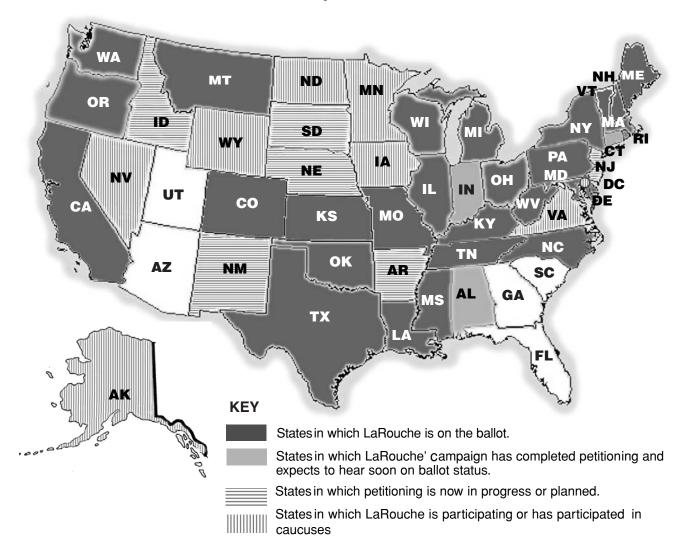
Lyndon H. LaRouche, Jr., now the sole remaining major opponent of Al Gore for the Democratic Presidential nomination, told his supporters following the March 7 "Super Tuesday" Presidential primary elections that, in fact, the campaign has just begun! While former Sen. Bill Bradley dropped out of the race, after losing every Super Tuesday election to Gore,

LaRouche has made it clear that, not only is he still running, but that events, particularly the ongoing global financial collapse, could catapult him into the White House.

Now is the time to *escalate* the campaign, he told supporters. "Now there is nothing in the way of my nomination. The two most crooked, unqualified candidates that money—dirty money—could buy have now been pre-selected, anointed—unelectable candidates have become anointed to become the contenders for the Presidency. That's clear now. The rigging of the primaries is clear. All those facts are now behind us.

"Now start from that and say, 'Okay. Do you want this kind of world, do you want this kind of government, do you want this kind of situation? This is the only qualified man to lead the nation. And you think you've got another candidate? Forget it! You don't even know about that other candidate, whoever he is. This is the one you need.'"

LaRouche is on the ballot across the country



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Votes for LaRouche

Approximately 120,000 Americans have cast their votes for Lyndon LaRouche to date, since the primary season began in February. This, despite the heaviest, most blatantly illegal attempts by the backers of Al Gore on Wall Street and the Democratic National Committee (DNC), to prevent anybody from even knowing about LaRouche's candidacy, let alone making the effort to get to the polls to vote for him. LaRouche is still on the ballot in more than 20 upcoming primaries and caucuses.

In the March 14 "Southern Tuesday" Democratic primaries, LaRouche polled over 43,000 votes, with 27,175 of those votes in Texas, where he won almost 4% statewide, as much as 5.5% in many of the state Senate districts. LaRouche polled 6% in Oklahoma and 4% in Louisiana, (with as high as 8-10% in some Louisiana counties).

On Super Tuesday (March 7), LaRouche won 1-3% of the vote in the nine states in which he was on the ballot. In the large industrial states, he won tens of thousands of votes: California, 17,756; New York, 12,123; Ohio, 16,755; Maryland, 4,421. In each of the five smaller states (Vermont, Maine, Massachusetts, Missouri, and Rhode Island), LaRouche won between a few hundred and 2,000 votes.

Every one of these citizens will be disenfranchised, should the DNC be allowed to get away with its plan not to count LaRouche's delegates at the Aug. 14-17 National Convention.

Delegates elected

LaRouche has also won precinct or county-level delegates in several states, who will now proceed to the next level of the delegate election process, eventually leading to the election of the final delegate slate for each state. In many cases, the evident disgust of the population at the fixing of the election for Gore led to an unusually poor turnout, leaving LaRouche's representatives as the only participants in some caucuses. While it is expected that the DNC and the Gore campaign will pull out all stops to prevent LaRouche from winning delegates at the statewide level, LaRouche's campaign workers are gearing up for the fight.

In other election races, LaRouche Democrats achieved a breakthrough in several Democratic Party races for county chair in Texas, including a victory for Steve Womack in Williamson County, which adjoins Travis County (Austin). Womack ran as a LaRouche Democrat, and received 77% of the vote in a race against the present county vice-chairman. The total was 2,470 for Womack, 746 for his opponent. LaRouche Democrat Brenda Whalen won 49.6% in San Jacinto County. She received 1,482 to 1,508 for her opponent. Olin Jobe in Lubbock County got 36%, and Charles Murray received 37% (744 out of 2021) in Atascosa. The other LaRouche candidate for county chairman was Noel Cowling, who received 15%.

Democrats Abroad

LaRouche is the hottest topic at party caucuses

by Jonathan Tennenbaum

The main European chapters of Democrats Abroad (DA), the official Democratic Party organization for Americans living overseas, held caucuses to elect delegates and vote up policy resolutions during the second week in March. Approximately 3 million Americans live outside the United States, so that in the context of the Democratic Party Presidential nomination process, Democrats Abroad has a status equivalent to a U.S. state, and will send its own delegation to the Democratic National Convention on Aug. 14-17.

The prominent participation of American supporters of Lyndon LaRouche in a number of caucuses in Germany, France, and Italy made LaRouche easily the hottest topic in Democrats Abroad, with several LaRouche supporters being elected as delegates or alternates to the national DA caucus in Germany, and a number of important resolutions, proposed by them, being officially adopted. At the same time, the LaRouche interventions launched some serious discussions among participants, many of whom were concerned with the world political and economic crisis, and were shocked at the Democratic Party leadership's attempt to squash real political debate in the party and to impose a top-down "fix" for Al Gore.

The chairman of Democrats Abroad, Paris lawyer Joe Smallhoover, was overheard at the Paris caucus complaining that "the LaRouchies swamped the caucuses in Germany." Smallhoover's orders, to exclude LaRouche supporters from speaking and voting at the caucuses, had effectively backfired. In fact, LaRouche representatives, while a minority in all but one of the caucuses, were able to shape much of the discussion.

Resolutions passed

Most significant as an indication of the real mood among American Democrats living in Europe, reflected in the cross-section attending the caucuses, was the passage of resolutions concerning the financial crisis, the "new violence" among American children, and the death penalty in the United States, which has shocked many Europeans.

A resolution supporting LaRouche's "New Bretton Woods" policy was unanimously passed at the Wiesbaden/ Frankfurt caucus, while the Berlin caucus adopted a state-

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ment criticizing the line, put out by Al Gore and others, that America is in the midst of "unlimited prosperity." It was emphasized by speakers at the Berlin meeting, that the claimed prosperity is largely "stock market" prosperity, and not likely to last long. Several Americans there criticized the International Monetary Fund, and expressed concern that the United States has a "very bad reputation" abroad. On the initiatives of the LaRouche Democrats, the Paris and Berlin meetings both passed resolutions calling for the abolition of the death penalty. The Paris and Wiesbaden/Frankfurt caucuses adopted resolutions calling for increasing assistance to African and other poor countries. The Wiesbaden resolution, which included the idea of utilizing the U.S. military, including the Army Corps of Engineers, to rebuild African infrastructure, was strongly supported by the chairman of the meeting, a U.S. military officer who is also the local head of the National Association for the Advancement of Colored People.

The Berlin and Wiesbaden/Frankfurt chapters passed resolutions calling for action against the "new violence" among youth, which is being promoted through dehumanizing forms of video games and other so-called "entertainment." This issue was forcefully driven home to everyone in Europe, when, several weeks ago, three teenaged children of American servicemen stationed in Darmstadt, cold-bloodedly threw huge stones from a bridge onto cars on a main highway, killing two drivers and injuring several others.

Thug tactics backfire

In a certain way, the behavior of Smallhoover and a few other party hacks at some of the caucuses, in trying to silence LaRouche supporters, displayed a similar, callous disregard for elementary rights and common decency, which has otherwise shocked Europeans in the case of the death penalty in the U.S., the outbreaks of "new violence," and the steamrolling of the Gore nomination. This was particularly evident in Milan and in Paris (where DA chairman Joe Smallhoover made a disgusting performance, trying to shout down LaRouche representatives); while in Germany, the national head of Democrats Abroad, John McQueen, had sent out a memorandum to caucus leaders on orders from Smallhoover, with the outrageous statement: "The DNC has ruled that LaRouche cannot present himself anywhere in the party as a candidate and the courts have backed up the DNC completely. No vote, either in the Straw Poll or for delegates, may be counted for LaRouche. If someone comes to the caucus and insists that he/she wants to vote for LaRouche and that the vote must be counted, do not count that vote! . . . Sounds a bit undemocratic perhaps, but his candidacy is not something that the Democratic Party wants to have anything to do with" (emphasis added).

At the Wiesbaden caucus, this passage was read aloud by the caucus chairman, who expressed his dismay at the letter and nodded to a LaRouche representative's characterization, that citing "not wanting to have anything to do with LaRouche" as an excuse for violating elementary democratic rights, is just like what the Southern bigots used to do, when they said, "It may be a bit unlawful to hit someone with a baseball bat, but we don't want those black people in our neighborhood."

At the other caucuses, including particularly the caucus in Milan, LaRouche supporters repeatedly pointed the finger at former Democratic National Committee Chairman Donald Fowler's open racism, in daring to push for rescinding the 1965 Voting Rights Act to justify the unconstitutional exclusion of LaRouche and his supporters from the election process and the disenfranchisement of over 600,000 Democrats who voted for LaRouche in the 1996 primary elections.

Ironically, the arrogance of the DNC and DA leadership, and their open lack of respect for the intellects of Democratic voters, made the LaRouche supporters appear all the more clearly as the "true Democrats" at the caucuses.

In Munich, it was actually the LaRouche representative, Carl Schoeppel, who organized and chaired the caucus, at the request of an older party member, only to be voted out at the very end by Gore supporters. At the poorly attended Wiesbaden/Frankfurt caucus, LaRouche representative Jonathan Tennenbaum was chosen to chair the meeting and was elected delegate for LaRouche, with his colleague Chris Lewis chosen as alternate. The organizers of the meeting, two black Americans, expressed disappointment at the lack of interest among 80 local Democrats who had been invited, agreeing that this was in large part due to the "fix" for Gore; one proposed organizing meetings for LaRouche representatives to address his friends.

In Berlin, lone LaRouche representative Jessica Tremblay dominated much of the discussion, introduced the key resolutions, and was elected an "uncommitted" delegate, after the caucus chairman refused to allow votes for LaRouche.

In Paris, Christine Schier challenged the hysterical DA chairman Smallhoover, and was able to introduce two resolutions which were adopted by the caucus.

In Milan, Andrew Spannaus unleashed pandemonium when he read out a resolution, condemning DNC lawyer John Keeney, Jr.'s argument that the 1965 Voting Rights Act should be overturned, and proposing that the Democratic Party "repudiate any attempt to roll back the gains of the Civil Rights Movement of the 1960s, and in particular any attempt to controvert the letter and/or the spirit of the Voting Rights Act of 1965." The resolution also proposed that the Democratic Party make every effort to expand the debate inside the party, and include all voters and candidates registered with the relevant public authorities.

Most of caucuses were witnessed by foreign observers, including Africans, Asians, and Ibero-Americans, as well as Europeans.

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Sudan moves toward peace; will Washington support the effort?

by Hussein Al-Nadeem and Muriel Mirak-Weissbach

Since U.S. State Secretary Madeleine Albright's tour to East Africa last October, which aimed at starting a new war against Sudan, events have happily gone in the opposite direction, altering the political landscape fundamentally. One significant indication of this, is the fact that, although President William Clinton signed a bill on Nov. 29 to provide direct food and logistics aid to the Sudanese People's Liberation Army (SPLA) rebels under warlord John Garang, the move backfired and many aid organizations and politicians have appealed to the President not to implement the bill.

One development which contributed to shifting the political climate, was the action taken by the SPLA itself in late February, when it blackmailed international humanitarian organizations working in southern Sudan, in an attempt to force them to surrender most of their food, logistics, and administration to SPLA military officers, to put into the service of war.

Fourteen organizations refused to sign the Memorandum of Understanding demanded by Garang, which would have constituted their recognition of his sovereignty over the region. The 14 left the SPLA-controlled areas, fearing for their security. The pullout interrupts 75% of the non-United Nations aid operations in southern Sudan and affects up to 1.5 million people, at a time when food stocks are low, ahead of the major planting season in late May. Care, World Vision, Save the Children, Oxfam, and Doctors Without Borders were among the organizations that suspended aid operations in Sudan and withdrew their staff. Other organizations operating under Operation Lifeline Sudan, the UN-led umbrella organization that oversees aid operations, were not affected, because they operate under a separate accord with the rebels and the Sudanese government in Khartoum.

Garang's attempted blackmailing operation drew heavy criticism from around the world. The European Union Com-

mission decided to suspend all aid to southern Sudan in protest at the SPLA ultimatum. European Union sources said that the SPLA move was "a thinly veiled attempt to extort money from the relief groups in the form of taxes, highway tolls, and landing and takeoff fees and protection."

The U.S. State Department spokesman also criticized the SPLA, saying that "the attitude of the rebel Sudan People's Liberation Movement (SPLM) makes it less likely that the Clinton administration will approve direct food aid to the rebels."

This latest move by the SPLA is a desperate attempt to cover its financial and political bankruptcy, in contrast with the increasing political support the Khartoum government is gaining regionally and internationally. In addition, the government's financial resources have improved significantly since oil exports from Sudanese ports have started again.

'Charm offensive'?

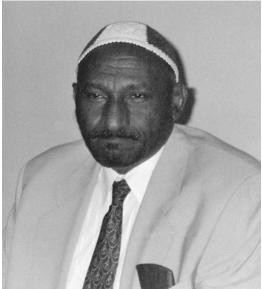
The Sudanese diplomatic efforts which Albright had mocked last October as a "charm offensive," have led to important regional and international support for the Sudanese government's peace and national reconciliation efforts.

One important step in this direction is the improvement of Sudan's relationship with its neighbors, especially Egypt. A summit meeting has been planned for in Cairo in April between Sudanese President Omar Hassan al-Bashir and Egyptian President Hosni Mubarak. The discussions will focus on the normalization of relations, after Cairo's decision in late February to appoint an ambassador to Khartoum, following a five-year break. This marks the intention of the two countries to achieve complete normalization of relations.

Sudan has also mended its relationships to Kuwait and Saudi Arabia recently, relations which were broken due to

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Sudanese President Omar al-Bashir (left) is mending fences with Sudan's neighbors, as well as with opposition figures who are interested in ending the civil war. Among the latter is Umma party leader Sadiq al Mahdi (right), who has called for moves toward "reconciling with the regime so they can work within the process for democracy."

Sudan's refusal to support the war against Iraq in 1991.

On March 7, Sudan and Ethiopia signed ten agreements on trade, transport, oil and other matters, marking the restoration of relations between the two countries after some years of political and even military conflict. The two countries reactivated a border committee to facilitate freedom of movement of goods and people between them. They also agreed to initiate cross-border power projects and to exchange visits by Ethiopian and Sudanese businessmen. Sudan agreed to sell oil to Ethiopia and to allow Ethiopia to use Port Sudan, its main port on the Red Sea. Ethiopia had become landlocked in 1998 when Eritrea blocked its access to the Assab port on the Red Sea, leading to a bloody war between the two.

An agreement on ending support for rebels which was signed between Uganda and Sudan in December, has not materialized yet. The Ugandan government of Yoweri Museveni, the main regional supporter of the SPLA, still insists on supporting the SPLA's armed rebellion against the Khartoum government. However, diplomatic contacts between the two countries are still ongoing to settle problems related to the implementation of the agreement.

It is extremely difficult to tell whether any agreement between Uganda and Sudan will ever work, as long as Museveni, up to now, Britain's leading asset for fomenting regional conflict, is in power. Museveni's adherence to signed agreements depends on the strategic and economic conditions of his regime, which are shifting all the time, according to his involvement in conflicts on many fronts in east and central Africa.

The U.S. role

Potentially the most important diplomatic development, actually involved the United States. The U.S. President's envoy Harry Johnston made a four-day visit to Khartoum in

early March to meet with Sudanese officials. Although he insisted that these meetings were not concerned with Sudanese-American relations and would only concentrate on issues of human rights and peace in southern Sudan, Johnston's visit was regarded as a "breakthrough" by observers. Part of his mission was to restaff, or practically reopen, the U.S. Embassy in Khartoum, which has been closed since 1996, after Britain's Lady Caroline Cox lured the United States into imposing harsh sanctions, based on the lie spread by her Christian Solidarity International, that Bashir's government was abusing the human rights of Christians and other non-Muslims.

Following his meeting with Johnston, Sudan's Foreign Minister Mustafa Osman Ismail said he hoped the visit of a special envoy would hasten the re-establishment of normal relations between the two countries. Ismail's meeting with Johnston was the first encounter between senior American and Sudanese officials since 1998.

Speaking to reporters, Ismail said that if the United States wants to play a role in Sudan, it has to be neutral and cannot take sides between the government and separatist rebels. Ismail said he hoped Johnston's visit would enable him to understand what is going on in Sudan and would be a "step in the direction of the return of Sudanese-U.S. relations." He later said that "the U.S. has to play a role in resolving the conflict in Sudan, but cannot do so as long as bilateral relations are strained and as long as it is not impartial." However, Ismail added that "it is premature to talk about normalization of those relations, as the situation is still as it has been."

Johnston also met with the Sudanese Justice Minister to discuss the issues of human rights, and with Sudanese Deputy Foreign Minister Bishop Gabriel Roric. "He told us that his mandate included the issues of peace, humanitarian aid, and human rights, but we told him that he would face obstacles in

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carrying out his mission if issues such as bilateral ties are not taken care of," Roric said. He described Johnston's visit as a "good start of contacts."

Peace talks to resume

The peace talks between the southern Sudanese rebels and the Khartoum government are to be resumed soon. The important involvement by Egypt and Libya in reconciliation efforts between the northern Sudanese opposition and the government, is going slowly, but steadily, and is beginning to bear fruit. In fact, the combination of peace initiatives promoted by regional powers, especially Egypt, and the first signs of a possible rapprochement with Washington, have brought massive pressure to bear on the National Democratic Alliance (NDA), which includes the northern opposition parties and the SPLA.

At a meeting of the NDA in Asmara, Eritrea, which opened on March 10, Garang issued a call for continuing the armed struggle, an "Intifada," as he called it, against the National Islamic Front government, rather than accepting international diplomatic efforts or a negotiated settlement. Garang said that only armed conflict would pressure the Khartoum government, and went so far as to assert that a negotiated settlement would only lead to the capitulation of the opposition to the Khartoum government.

"Regarding intensification of the struggle, the NDA has already identified four different, but interrelated, forms of struggle against the NIF regime," he said. "These are: (a) The Intifada (Popular Uprising). (b) The armed struggle. (c) International pressures. (d) Negotiated peaceful settlement."

Garang went on:

"The first two forms or means of struggle, above, are primary, while the other two only become viable as a result of the pressures generated by the armed struggle and the forces of the Intifada. The option of a negotiated peaceful settlement should therefore be seen in its proper context, and not in isolation from the other forms of struggle. The pursuit of a negotiated peaceful settlement 'per se' and in isolation from the indispensable prerequisites of the threat of an uprising and sustained military pressure, does not and cannot lead to resolution of the conflict and attainment of a just peace. It can only lead to the capitulation of the opposition forces and their absorption or assimilation into the [NIF] system, which is the intention and strategy of the NIF regime."

Garang argued for continuing the armed struggle, in hopes of "weakening the regime and creating the necessary favorable conditions, for the streets in our main cities to erupt in a successful popular uprising"—i.e., overthrowing the government, not negotiating for peace with it.

In sharp contrast to this demand for continued war, Sadiq al-Mahdi, leader of the opposition Umma party, called for reconciliation with the government. Speaking on March 14, al-Mahdi, a former Prime Minister and the most influential

opposition leader, said that the NDA should "take note of the changes in Khartoum and move toward reconciling with the regime so they can work within the process for democracy." The Umma leader summed up the situation created by the change in the international and regional picture, saying, "In other words, we don't have the support of the region, so it's best to throw in the towel."

Al-Mahdi's stance shocked the assembly, and led to a virtual split. On March 15, Garang tried to ram through a reorganization of the NDA's leadership, by replacing the executive committee with an interim committee, until the NDA's second congress, scheduled for June. Al-Mahdi and his entire delegation walked out of the meeting in protest, thereby igniting a crisis within the NDA as a whole, and further isolating Garang.

The basis on which Sadiq al-Mahdi was able to make his pitch for reconciliation, is solid, as he personally had begun separate negotiations with the Khartoum government in December, which led to an agreement with President Bashir himself.

Changes in Khartoum

The "changes in Khartoum" which al-Mahdi referred to, were the internal changes that had been introduced by Bashir on Dec. 12, when he declared a state of emergency, and suspended Parliament. This move signalled the beginning of the end of an internal political conflict that had arisen between Speaker of the Parliament Dr. Hassan al-Turabi, and the Presidency.

Bashir, who received regional support for the move, proceeded to make rapid progress in mending fences with Sudan's neighbors. Bashir announced on March 12, that the emergency decree would be extended until the end of the current year, thus guaranteeing a continuation of the political process that had been initiated. On March 11, committees of the Cabinet and the ruling National Congress party, approved a draft law for the allowance of political parties. The draft, which President Bashir is expected to sign, and enact in the form of a Presidential decree in the absence of Parliament, would allow opposition parties to resume activity immediately. They would still have to register with the government before being allowed to contest in elections for public office. The government said that the new law, replacing a controversial 1998 law, was to "promote political dialogue for achieving national unity."

The course of future events in Sudan, will depend on the ability of the government now to engage the opposition actively in this process, seizing on the opportunity opened up at the NDA meeting, by the Umma walkout. It will also depend on the extent to which the U.S. administration translates the halting baby steps taken by envoy Johnston, into secure strides toward supporting the efforts of President Bashir and his neighbors, especially Egypt, to finally bring peace to the country, and to the entire region.

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Tensions grow along Europe's 'fault line'

by Mark Burdman

Over a period of 600 years, wars have often broken out, or started, in Europe, in that region which today comprises Russia, Poland, Belarus, Ukraine, and the Baltic states. In the first quarter of the year 2000, that region has again become a theater of tensions, with the possibility, seen by several leading strategists, that it will descend into conflict and war.

It was not inevitable that this area of the world should again become a point of global conflict, but a policy for positive Russia-Poland relations—put forward by Lyndon LaRouche in a speech at Berlin's Kempinski Bristol Hotel on Oct. 12, 1988, and murdered German banker Alfred Herrhausen—was rejected by President George Bush, British Prime Minister Margaret Thatcher, and others, a rejection known as the "missed opportunity of 1989."

The most telling sign of the current crisis, has been a deterioration in relations between Russia and Poland. Early in the year, each country expelled diplomats from the other on espionage charges. Then, in early March, Russian Foreign Minister Igor Ivanov suddenly cancelled a March 3 visit to Poland. The pretext, was an incident in the Polish city of Poznan, where a group of what are described as "nationalists," attacked the Russian consulate, tore down the Russian flag, and painted a swastika on the building, in protest against Russian actions in Chechnya. Polish police stood by, and did nothing to impede the demonstrators. The Russian State Duma (lower House of Parliament) harshly criticized the police inaction, in the face of what it condemned as "an act of international terrorism."

Some days following this incident, the Polish embassy and consulate were attacked in Moscow and St. Petersburg, drawing an angry protest from the Polish Foreign Ministry. On March 1, Polish President Aleksander Kwasniewski declared that "Polish-Russian relations are very bad," and criticized both Poland's center-right government, and the Russian regime, for failing to do anything to prevent a worsening of bilateral relations.

Polish and Russian sources have both stressed to *EIR* that the tensions are not, in reality, Polish-Russian in nature, but rather Russian-NATO, or Russian-U.S.A., with Poland being seen, and dismissed, in Russia, as "a willing pawn of the Americans," as one very pro-Western Polish influential commented. A Russian strategist told *EIR* that there is anger in Moscow, that Poland is being used by Anglo-American interests, for what are seen as "anti-Russian" policies, vis-à-vis

Chechnya and on other fronts. Poland's image is tarnished in Russian eyes, by the activity of some persons of Polish origin in support of the Chechen insurgency—even if their political pedigree is strictly British. The notorious example is Maciej "Mansur" Jahimczyk, who collaborated with Chechen financier Hozhakhmed Nukhayev and Margaret Thatcher's long-time crony Lord McAlpine, to launch a scheme called the Caucasus Investment Fund and Caucasus Common Market. Jahimczyk comes from Poland, but, while a student in London, he converted to Sufism in preparation for his North Caucasus career.

The central consideration, of course, is that Poland is now a member of NATO, and represents the easternmost thrust of the NATO alliance.

'The shield of our fatherland'

The reaction in Russia around such questions, is reflected by indications that the emerging Russia-Belarus State Union, will become a pivot for confronting NATO directly. Belarus has a long border with Poland. In mid-March, the Russian daily *Vremya* leaked a report, that Russian tactical nuclear weapons are being moved into the territory of Belarus, nominally in the context of the State Union. This would bring these weapons 500 kilometers west of where they are now, right to the border of Poland, i.e., NATO.

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In late January, Belarus President Alexander Lukashenka told a visiting Russian delegation, that Belarus and Russia would form a military force, several hundred thousand strong, to defend their western frontier from NATO. He declared that this force would be armed with "the most modern weaponry," and "will be the shield of our fatherland on the common western frontier," used to counteract NATO expansion.

The Ukrainian flashpoint

In this overall Russia-Poland (NATO)-Belarus configuration, Ukraine remains a central flashpoint. Leading continental European strategists have denounced, as a "crazy provocation," a conference held by NATO, in Kiev in the first days of March. This is the latest, in a number of moves by the NATO leadership, to woo Ukraine, at the same time that there are a growing number of Polish diplomatic efforts vis-à-vis Ukraine.

This can only cause great alarm and anger in Moscow, at a time when, for economic and other reasons, Ukraine is being drawn closer and closer to Russia. For weeks, there have been negotiations, with intense pressure from the Russian side, for Ukraine to provide the Russians with key state assets, as a means of paying back Ukraine's debt to Russia for import of Russian oil and gas. This comes at a time when the Ukrainian economy is in free fall. The country must, this year, pay \$3 billion in debt service; its overall foreign debt is approximately \$12 billion. Already, the Ukrainian government has announced, that it cannot meet payment on a deutschemark-denominated Eurobond.

On March 15, reporting on negotiations for the overall restructuring of the Ukrainian debt, the London *Financial Times* likened Ukraine to Ecuador and Pakistan, two countries that are effectively in default, the economy of which have been taken over by the International Monetary Fund (IMF).

In Ukraine, political tensions remain high, between the apparatus of President Leonid Kuchma, who was recently reelected under highly dubious circumstances, and who assumes to dictatorial powers, and patriots angered by what Kuchma's IMF-mandated "reform" policies are doing to the economy.

Meanwhile, there are other unknowns in the region. The government of the Baltic nation of Latvia, for example, stands at the brink of a political precipice, following a bizarre series of "child sex abuse" scandals inculpating leading figures in the government. There are numerous underlying tensions between Russia and the Baltic countries, as the latter aspire to NATO membership.

Russian-Baltic tensions intensified during the week of March 13, with the announcement by the Russians that they have arrested a Russian citizen for spying for Great Britain, claiming that he was recruited in Tallinn, Estonia. In making the announcement, the Russians accused the Baltic secret services, in general, of cooperating with British intelligence.

First salvoes fired in next German election

by Rainer Apel

The protracted paralysis-in terms of leadership as well as of programmatic capabilities - of the Christian Democratic Union (CDU), the larger of Germany's two conservative parties, has accelerated the rise of Edmund Stoiber, chairman of the smaller, allied party, the Chris-Social Union (CSU). The CSU dominates Bavaria, Germany's second-largest state with a population of 14 million, and through its



Dr. Edmund Stoiber

command of an absolute majority of voters there, the party controls about 10% of the entire German electorate. Stoiber, who is also the Bavarian governor, has in recent weeks emerged as the leader of the national opposition to the Social Democratic-Green government in Berlin. Although the next national elections are not scheduled until the autumn of 2002, Stoiber is already acting as the main challenger of Social Democratic Chancellor Gerhard Schröder, and angry remarks by the latter show that he has recognized Stoiber as his main rival for the chancellorship.

Schröder's propitiation of the promoters of globalization in the banking sector, has offered Stoiber a unique chance to put himself forward as the defender of the "victims of globalization"—of the worker and engineer who loses his job because of mega-mergers, and of the smaller productive enterprises and the farmers that are suffering from a credit embargo imposed by the private banks. Stoiber has been sharply critical of the "Third Way" policy of Britain's Tony Blair, saying things that one might expect, under normal circumstances, to be said by the left-wing Social Democrats, who have remained amazingly silent on this issue. Thus, the "Social" in the party name of the CSU is gaining importance for German politics, far beyond the boundaries of Bavaria.

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Stoiber comes out swinging

The speech which Stoiber gave at the traditional CSU Ash Wednesday gathering in Passau on March 8, documents these tendencies in a concentrated way. There, Stoiber called on the Christian Democrats to stop indulging in endless selfanalysis of party-funding and other scandals, and instead donned their "combat gear" for a programmatic fight against the Schröder government. He said that Germany "needs neither the American Way nor whatever vaguely defined Third Ways—our social-market economy has withstood the test." Stoiber hit hard against the government's tax "reform" package, as working to the disadvantage of low-income categories of the working population and of the smaller enterprises, known as the Mittelstand. The tax reform works to the benefit of the big financial corporations, he charged, naming the Allianz insurance company and Deutsche Bank as examples. Stoiber said that the banking and insurance sector's welcome for the scandalous, planned tax exemption for sales of industrial stocks was a sure indication of which side the government was on. The Social Democrats "have sold out the labor movement" and their former Mittelstand constituency as well, Stoiber charged.

He also attacked the Schröder government for its European Union supranationalism, insisting that although the principle of the sovereign nation-state has been undermined by the partial transfer of powers to the EU institutions, it has not been made entirely void by that. The 1992 Maastricht Treaty and the 1997 Amsterdam Accord, which codified those transfers of sovereignty in economic, monetary, and foreign policies, depend on the consent of the populations of the sovereign member-nations of the European Union, Stoiber said. He announced a CSU initiative for a signaturecollecting campaign throughout Germany, on principles of EU policies, which would once again affirm that the European Union is a union of sovereign nation-states with only limited rights of its own. "Things that have happened with [the introduction of the EU single currency] the euro, shall never happen again," Stoiber declared, adding that the miserable performance of the euro, which has lost 20% of its exchange rate against the dollar since January 1999, had caused a considerable drop in popular support for the EU in general, in Germany.

A German referendum on European policies was prevented by the previous government of Christian Democrat Chancellor Helmut Kohl, from the signing of the Maastricht Treaty in February 1992 until its ratification by the EU governments in March 1998. This policy has not been challenged, nor called into doubt, by the Schröder government, which took power in October 1998. Stoiber called for a national referendum to be held on "every important decision" of the EU, adding that this would not do any harm to the basic concept of European integration, just as it didn't do any harm when the populations of Denmark, France, and Austria were

asked for their vote on the Maastricht-Amsterdam Accords in referendums, before March 1998. The Stoiber statements reflect the fact that opposition to the European Monetary Union scheme is growing in Germany.

In another offensive against the national "red-green" government, Stoiber on March 14 lashed out against Chancellor Schröder's new initiative to create more incentives for the development of jobs in the information technology sector. Stoiber said that the idea of offering special immigration status to 10,000 foreign information technology specialists to come to Germany, only sounds good, because Germany's unemployment centers are being discouraged by the government from funding "expensive" training courses in information technology for jobless Germans. Moreover, with the 14,000 employees who will lose their jobs in the mega-merger between Deutsche Bank and Dresdner Bank, the potential for re-training them in information technology exists, and could be tapped right away, Stoiber said. Even worse, Schröder's information technology "offensive" merely exists on paper, as his own government just a few months ago cut the R&D budget for FY 2000 by 340 million deutschemarks (about \$179 million), a move which particularly affects state cofunding of corporate research and development in high-tech areas.

The Way Out of The Crisis







A 90-minute video of highlights from *EIR*'s April 21, 1999 seminar in Bonn, Germany.

Lyndon LaRouche was the keynote speaker, in a dialogue with distinguished international panelists: Wilhelm Hankel, professor of economics and a former banker from Germany; Stanislav Menshikov, a Russian economist and journalist; Schiller Institute founder Helga Zepp-LaRouche from Germany; Devendra Kaushik, professor of Central Asian Studies from India; Qian Jing, international affairs analyst from China; Natalya Vitrenko, economist and parliamentarian from Ukraine.



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Ethnic-religious violence sweeps Nigeria

by Lawrence K. Freeman

Nigeria's very existence as a nation is being threatened by a multitude of violent "ethnic-religious" clashes, which have left more than a thousand Nigerians dead since riots first broke out in Kaduna in late February. As a result, for the first time in years, there is talk of breaking up Nigeria, and analogies being drawn to the 1967 Biafra civil war, in which millions of Nigerians were killed when the Ibos, led by Chief Odumegwu Ojukwu, tried to separate themselves from the Nigerian nation. President Olusegun Obasanjo said on national television, "This has been one of the worst incidents of blood-letting that this country has witnessed since the civil war." The fact that the most deadly conflicts in decades, between the Hausas, Ibos, and Yorubas, have occurred during the first ten months of Obasanjo's new Presidency, after years of military dictatorship, should serve notice to leaders throughout Africa and the rest of the developing sector, that democratic governments are not immune from being destabilized.

The immediate incident that set off weeks of sectarian killings throughout the country, was a march on Feb. 21 in Kaduna by the Christian Association of Nigeria (CAN), to preemptively protest against the introduction of Sharia, or Islamic law, in the state. According to press reports, the march was attacked by armed Muslims, leaving hundreds, predominantly Christians, dead, and the city of Kaduna severely damaged. While Sharia had been practiced by Muslims in several northern states for years without incident, it was the legal adoption of Sharia by Zamfara state in January, that prompted other northern states, including Sokoto, Kebbie, Kano, and Kaduna, to follow suit. A dusk-to-dawn curfew ended the killings in Kaduna, but riots quickly spread to other cities, such as Aba in the southeast, an area of heavy Ibo population, where hundreds of Nigerians, mostly Muslims, were killed in retaliation.

Following these and other ghastly killings, there has been an exodus of Christians, who are piling into buses to leave their northern homes in Kano to travel to the south. And similarly, Muslims living in Port Harcourt in the south, are leaving for northern states.

A week following the bloody incidents, President Obasanjo, who has been calling for calm, convened the National Council of State (NCS), an advisory body is composed of the 36 Governors, former Presidents, the Speaker of the House,

the President of the Senate, Chief Justices, the Vice President, and the President. Following the meeting, Vice President Abubakar Atiku announced that the NCS has agreed to suspend the legal adoption of *Sharia* in the northern states. A few days later, former Head of State Maj. Gen. Muhammadu Buhari, who attended the meeting, disputed the Vice President's claims, and said that there was no discussion of *Sharia*, except for a security report. A commission has been established to determine who instigated the Kaduna riots, and the Nigerian Senate is conducting a "silent investigation" into those responsible for the violence in the country. One thing is for sure, with the arming of both Christians and Muslims, Nigeria has entered a new stage that no one is prepared for.

The target is the nation-state

Although Kaduna has historically been a center for the northern elites, it is a multi-ethnic state, more evenly populated between Christians and Muslims than the other northern states. Thus, the riots, and the subsequent calls by CAN for a separate "Christian Kaduna," are ominous.

Following the sudden death of Head of State Gen. Sani Abacha in June 1998, there were calls by the Yorubas and Ibos for a Sovereign National Conference, whose purpose was to weaken the federal government and move to a "separatist" confederation, in which eastern and western regions would be more autonomous. This was viewed by all as an attempt to break up Nigeria, and the government, then still controlled by the Northern Hausas, rejected it, correctly, as an attempt to dismember the nation. After the recent weeks of deadly clashes, the Kano State Council of Ulamas (Islamic scholars) has now endorsed such a national conference, in order "to determine the basis of our continued togetherness or otherwise to determine our future co-existence." Kano is one of the centers of the Northern Hausas, and this reversal of their position is potentially very dangerous.

Other religious leaders of the North have spoken out for calm and unity. The Sultan of Sokoto, Alhaji Muhammadu Maccido, considered to be the most important Muslim religious figure in Nigeria, offered reassuring words: "Nigeria belongs to all of us. Nobody can change that. We have no alternative than to accept to live together in peace, harmony, and understanding," he said. But, the level of "ethnic rage" that is being whipped up is intense. Abia State Governor Chief Orji Uzor Kalu, for example, is reported to have warned the North: "The warning I give as a core Ibo governor is that nobody should kill any Ibo man again in the name of religion. If they kill any Ibo man, we shall retaliate immediately."

While there is a lot of finger pointing at various leaders of both the Muslim and Christian communities, and all kinds of accusations are being made as to who is responsible for the violence, the most important question is: Who benefits from the destruction of the sovereign nation-state of Nigeria? Like players in a tragedy, the Hausas, Ibos, and Yorubas—Mus-

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lims and Christians alike—are all acting out their parts as if guided by strings from above the stage, with the intended outcome being the destruction of Nigeria as a nation. Regardless who is pulling the strings which are causing the various players to act according to their well-known, predictable profiles, what is being unleashed among Nigerians is a self-destructive process, one that Nigerians should, by now, recognize as not in their self-interest.

The economic factor

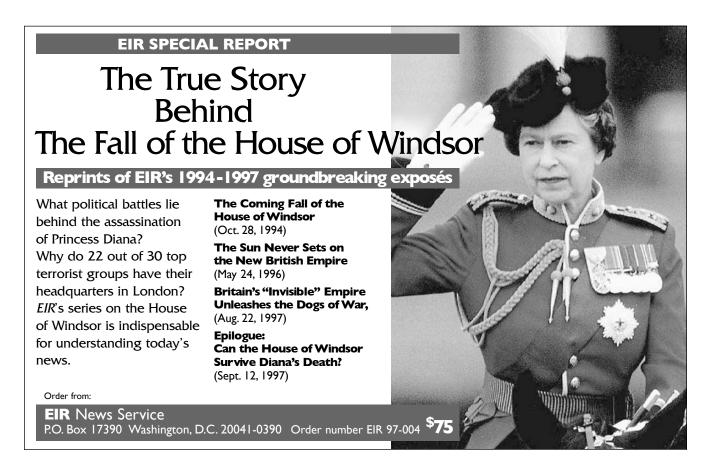
There are threats being thrown about to topple the government, and to bring back the military to control the crisis. President Obasanjo has made clear, that "it is not in the manifest destiny of this country to disintegrate." But, the additional factor that is adding fuel to the fire, is the moribund economy.

The government knows that it cannot service the \$30 billion foreign debt. Taking \$3 billion a year in debt service out of the economy, is unacceptable to the government. Before 1998, the West, led by the United States and Britain, would only recognize Nigeria once it had gotten rid of Abacha and embraced democracy, leaving President Obasanjo under the illusion that some debt relief should have been forthcoming. To date, this has not been the case. The International Monetary Fund, and the Paris and London Clubs, have so far refused

to reschedule or cancel the debts, although the French may act in this direction. The young government has been unable to move the economy forward; many think it has actually become worse over the last two years. As long as the Nigerian people fail to see any improvement in their day-to-day existence, which is already at an abysmally low level, then democracy will remain a mirage. As long as people are oppressed by the material economic conditions of life, the way Nigerians have been for years, then it is to be expected that people's rage will naturally well up—and that rage will be manipulated by those pulling the strings from above the stage.

President Obasanjo is trying to preserve the peace, and hold the nation together. In a recent speech, he called on Nigerians to be spiritual: "Let us all confess our individual and collective sins in this land where so much innocent blood had been spilled. Let us all, Christians and Muslims alike, pray for forgiveness, genuine reconciliation, brotherhood, and good neighborliness."

Nigeria is being destabilized once again, following years of isolation and attacks by Western governments and the media. One Nigerian leader asked, "What do you expect will happen, if you leave the population physically, economically, and morally insecure?" How the Nigeria government handles this latest crisis may determine whether it survives as a nation.



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International Intelligence

ASEAN Regional Forum meets in Thailand

Ministers representing the ten members of the Association of Southeast Asian Nations (ASEAN) and their "dialogue partners," which together make up the ASEAN Regional Forum, began a week of meetings in Hua Hin, Thailand on March 14, preparatory to the annual meeting of ASEAN foreign ministers, in Bangkok at the end of July. The meetings are to discuss upgrading the "security" component of the ARF, from confidence building to preventive diplomacy.

Also on the table will be ASEAN's draft for a code of conduct for the South China Sea, where four ASEAN members (the Philippines, Malaysia, Vietnam, and Brunei) and China and Taiwan have contesting claims. The draft, according to the March 12 *Bangkok Post*, calls for a stop to any new occupation of reefs, shoals, or islets in the disputed area. China opposes the conduct of any military exercises in the area.

A further topic will be ASEAN's desire for recognition of its 1995 treaty for a Southeast Asian Nuclear Weapons Free Zone. Of the major powers among the "dialogue partners," only China has indicated willingness to lend formal support. In the past, the "dialogue partners" have also pressed ASEAN to agree to include them in the rotation of ARF's chairmanship. Currently, ARF's "dialogue partners" are: China, India, Russia, the European Union, Australia, New Zealand, Canada, Japan, Papua New Guinea, South Korea, and the United States.

Tehran rocked by murder attempt, terror bombings

On March 12, Iranian newspaper editor Saeed Hajjarian was shot in the face by would-be assassins, who fled on a motor bike. Hajjarian was former Deputy Director of Intelligence in the 1980s and is now editor-in-chief of the daily *Sobh-e Emrouz*. He is an adviser to President Mohammad Khatami and the key theoretician for the reformist Islamic Iran Participation Front (IIPF), which won most of the Parliament seats in February. Hajjarian's daily recently pub-

lished revelations that conservative intelligence officials were involved in the murders of several secular opposition leaders in 1998.

On March 13, four civilians were wounded in a mortar attack on a residential complex in northern Tehran, an official told IRNA. This attack resembles a similar one by the terrorist London- and Paris-based Mujahideen-e-Khalq Organization (MKO) in early February, against government offices in northern Tehran. That attack took place one week before the Parliamentary elections, and heightened already great tensions between Iran's moderates and extremists.

The attack on Hajjarian has had a similar effect: Three leading members of the IIPF accused their defeated rivals of being behind the attempt, at a press conference on March 12.

In view of this renewed conflict between the moderates and the conservatives, it should not be ruled out that an outside force would very easily instigate bloody confrontations within the country, as February's MKO bomb attacks demonstrated.

Baghdad will not allow UN inspectors into Iraq

Iraqi Vice President Taha Yassin Ramadan said on March 12 that Iraq will not allow United Nations weapons inspectors back into the country. "It is unnecessary to set up a new commission to look for weapons of mass destruction, as such a task had ended a long time ago, and thinking of a new commission is an act of imagination," Ramadan told Paris-based Radio Monte Carlo. Would Iraq continue to bar inspectors? he was asked. "Of course," Ramadan responded. "The issue of weapons of mass destruction had ended since 1991, even though we had accepted the commission of spies until two years ago."

On Dec. 17, 1999, a UN Security Council resolution set up a new disarmament agency, UNMOVIC (UN Monitoring, Verification and Inspection Commission), and is offering to ease sanctions if Baghdad cooperated with UNMOVIC and accepted UN weapons inspections. Iraq has already re-

jected the resolution. "We will not cooperate with any resolution which does not include a complete lifting of the embargo without any restriction and does not condemn the U.S.-British aggression," Ramadan insisted.

UN Secretary General Kofi Annan named 17 members of a board of commissioners to advise the new agency in early March. Hans Blix, the Swedish diplomat and former chairman of the International Atomic Energy Agency, was appointed as head of the UNMOVIC.

Clinton to visit turbulent South Asia

U.S. President Bill Clinton has decided to make a stopover in Pakistan, on returning from his March 19-25 to Bangladesh and India. It is the first time a U.S. President has visited Bangladesh, and the first such visit to India in 22 years. The originally planned visit to Pakistan was put on hold after the coup by Gen. Pervez Musharraf late last year. Clinton will stop over in Islamabad airport en route back to Washington on March 25

On March 12, Indian Prime Minister Atal Behari Vajpayee told media that India is ready to talk on "all issues" during Clinton's trip. He admitted that New Delhi has not succeeded in changing Washington's views on the status of Kashmir: "The U.S. position is well known. They consider it a disputed territory. We don't accept this."

He declined immediate comment on Pakistani Chief Executive Musharraf's reported statement that his army was not able to stop *jihadis* from infiltrating from Pakistan into India. "I will react only after verifying what exactly he has said," Vajpayee demurred.

According to the March 13 issue of the Pakistan daily *The Nation*, General Musharraf gave an interview to *Newsweek*'s Lally Weymouth, asserting that the Kashmiri struggle is a just cause and reaffirmed Pakistan's support for it. He also said that there is no terrorist group operating within Pakistan now. Musharraf also said that Clinton's decision to visit Islamabad is recognition of Pakistan's importance in the region, and of the righteousness of Pakistan's stand on

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Briefly

Kashmir.

He agreed with Weymouth that Indo-Pakistani tensions are at an all-time high, but added, "I do not think it will get out of control. They know that there is a deterrence in place on our side."

Brookings Institution Prof. Stephen C. Cohen, a specialist on the Indian and Pakistani armies, told Islamabad's daily *The Dawn* on March 7, that Clinton is coming to the region as a peacemaker. "This is how I read his mind," said Cohen, who is rumored to become Clinton's Kashmir coordinator. "He has said several times that we've got to do something about Kashmir. . . . Privately, Ihope that he would tell the Indians to reduce the level of violence in the [Kashmir] Valley and tell Pakistanis to stop the *jihadis* from going into the Valley."

Manilov: Most 'Chechen' rebels are mercenaries

First Deputy Chief of the Russian Armed Forces General Staff Gen. Valeri Manilov told a press conference on March 10 that, according to his best information, "the still surviving bandit formations [referring to the Chechen rebels consist of mercenaries to the extent of 50-60%. We said that so far the still-organized bandit formations number from 2,500 to 3,500 men, that they still pose a serious danger, and that about 1,000 of them, or slightly more, are mercenaries." Although he detailed the mercenaries' countries of origin, he stressed, "I am deliberately not mentioning nationality so as not to describe any nations, because these nations have nothing to do with these mercenaries. The mercenaries are trying to base their well-being on the death and suffering of

Manilov added, "There are also those who are simply mentally deranged, those who have the syndrome of murder. They simply derive pleasure from killing and cutting up people, from torturing them. This acquires a special importance at the concluding stage of the counter-terrorist operation, because the remaining bandits have no families, no kin, no ties with anybody....

"I regret to say that the spectrum of representation . . . is very broad. This gives us

reason to emphasize again that we are dealing with international terrorism. We are dealing with international extremist organizations that are operating throughout the world. They planned to set up a foothold in Russia to spread terrorism to other parts of the world." Therefore, he said, the Russian soldiers who died in Chechnya were also "defending civilization, Europe, and other countries, once again from the possible expansion of terrorism. This is an extremely dangerous development for the whole of mankind."

Canadian daily: Kagame killed Rwandan President

In an article entitled "Explosive' Leak on Rwanda Genocide," the March 1 issue of Canada's *National Post* reveals that three informants told UN investigators back in 1997 that they had been part of an elite strike force that carried out the April 6, 1994 assassinations of Rwanda's President Juvenal Habyarimana, Burundi's President Cyprien Nyatiramana, and other officials, by shooting down their plane as it landed at Kigali airport in Rwanda. The assassinations triggered the killings of 800,000 Rwandans during 1994.

Although the version of events accepted by most news media has always been that Habyarimana was killed by Hutu extremists, *EIR* has consistently demonstrated that he and Nyatiramana were killed under direction of the oligarchical controllers of Ugandan President Yoweri Museveni and Paul Kagame, the military head of the Rwanda Patriotic Front (RPF), who wanted to fully take over Rwanda to use it as a launching pad into mineral-rich Zaire (see *EIR*, Feb. 4, 2000).

The National Post account acknowledges that the assassination was carried out under the overall direction of Kagame; Kagame, now Rwanda's Vice President and Defense Minister, was at the time, the deputy director of Ugandan military intelligence. According to the Post, the three informants were prepared to work with the UN-established International Criminal Tribunal for Rwanda (ICTR), but when their information was presented to the chief UN war crimes prosecutor, Canada's Louise Arbour, she shut the investigation down.

ITALIAN Prime Minister Massimo D'Alema announced from Seoul, South Korea on March 3, that Foreign Minister Lamberto Dini would be travelling to North Korea later this month. D'Alema made the announcement following his meeting with South Korean President Kim Daejung, with whom he is coordinating the diplomatic initiatives between Rome and Pyongyang.

VIOLENT VIDEOS may have played a role in an incident in which several U.S. teenagers, whose parents were stationed with the military in Germany, were arrested for hurling rocks at moving vehicles from an overpass in Darmstadt, on Feb. 27. Two people were killed and several were wounded. According to the German weekly *Focus* and the daily *Südeutsche Zeitung*, the three boys, who are being charged with murder, regularly watched violent videos.

BULGARIAN National Radio interviewed U.S. Ambassador Richard Miles on March 6, who said that calls for a new Marshall Plan for the Balkans were "misinterpretations of history," as the present situation in the region was "totally different." Rather, Balkans states should open up trade barriers and get help from "international financial institutions." President Clinton had called for a Balkans Marshall Plan in April 1999, which was echoed by Bulgarian President Petr Stroyanov.

15 MILLION AFRICANS in the Horn of Africa are at risk of severe hunger this year, according to All-Africa News, which gives the following breakdown: Eritrea, 545,000; Kenya, 2,744,580; Somalia, 1,200,000; Sudan, 2,400,000; Uganda, 730,270; and 8 million in Ethiopia. A minimum of 1.3 million metric tons of food aid is necessary to prevent famine.

JOHN MAJOR, Britain's former Prime Minister, announced on March 10 that he will not run again for Parliament in the next elections.

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EXESTRATEGIC Studies

Laundering the FARC cartel in Colombia

by Valerie Rush

Six leaders of Colombia's narco-terrorist FARC cartel returned from their government-sponsored tour of Europe in February, cheerful and rosy-cheeked, and spewing media mouthfuls about "cooperation" and "learning experiences." The government of President Andrés Pastrana, in turn, promised new and wonderful breakthroughs in the so-called "peace process." A joint communiqué issued on March 2 by the two parties, gushed: "Not since the beginning of the peace process, have we achieved such mutual confidence as was achieved during our 23 days of travel, 24 hours a day."

In the aftermath of the FARC's "Eurotour," there has been an unending trek of prominent political and business figures into the FARC-held southern jungles of Colombia, to pay homage to the newly laundered FARC and its grizzled chief, Manuel "Sureshot" Marulanda. Former President Belisario Betancur flew down there, after telling the press that he was going to meet "a legend." Several government ministers were deployed by Pastrana to explain the administration's so-called Colombia Plan to the FARC, and win its blessing. The leaders of all of Colombia's major business federations are expected to make their pilgrimage to the FARC shortly.

On March 4, America Online founder Jim Kimsey followed in the footsteps of New York Stock Exchange President Richard Grasso, and travelled to the heart of FARC territory to meet with "Sureshot" and exchange caps with him. In an interview later with the *Washington Post*, Kimsey explained, "It's the kind of thing that's irresistible to me. To talk to the oldest guerrilla in the world and to try to persuade him of the wisdom of how the world is going to change."

Kimsey was accompanied on his trip to the Colombian jungle by Joseph Robert, described by the *Post* as head of a "real estate empire founded on the wreckage of the savings and loan scandal." The *Post* says that the "swaggering" Kimsey—who is affectionately dubbed "Rambo" by Robert—is typical of the new class of "try anything once" Internet billionaires, described by an anthropologist cited in the article

as "productive narcissists."

What comes through in the *Post* interview with Kimsey is the incredible arrogance with which he, Robert, Grasso, and their ilk are readily implementing the Wall Street-State Department policy of de facto legalization of the drug trade. How else does one describe the scenario of world-class financiers discussing investment possibilities with narco-terrorists, while sitting in the middle of the world's largest coca plantations? In fact, it is rumored that an eventual merger between Colombia's FARC and America Online, could end up as "America Main-line."

Terrorists by any other name

Meanwhile, back in the real world, the FARC's terrorist rampages continue unabated. On Feb. 27, a FARC assassination team killed Army Gen. Crispiniano Quintones (ret.), shooting him through the head at point-blank range. On March 6, Colombian media personality Fernando González Pacheco announced plans to abandon Colombia because of FARC death threats against him. On March 9, a 200-man FARC column decimated the town of El Bordo, in the southeastern department of Cauca, while freeing scores of FARC terrorists from a local jail. At least 20 buildings were levelled by home-made missiles, created by filling gas cylinders with explosives.

On March 10, the country's most prominent newspaperman, *El Tiempo* editor Francisco Santos, fled Colombia with his wife and children, after security agencies informed him that hit-men hired by the FARC were gunning for him. Santos was the founder of the "No Más" ("No More!") peace movement, which has organized millions of Colombians in street demonstrations to protest the continued kidnappings, assassinations, and terrorism. FARC chieftain Marulanda had issued a threat in February last month that the country's media figures had "debts to pay."

On March 14, the FARC set off two powerful car bombs

designed to decimate the Fourth Brigade Army base in the city of Medellín, the second attack on the facility in less than a year. Although the bombs caused substantial damage to the Army base, they fell short of their target, and ended up levelling two adjacent residences, killing two people and seriously injuring more than a score.

The human rights 'cartel'

For any readers having difficulty reconciling these two versions of the FARC, the explanation is simple. Without the international "human rights" lobby and the drug legalization interests which fund it, the FARC cartel would be seen for what it is: the world's leading narcotics-trafficking organization. Instead, armed and equipped by millions in drug revenues, and aided and abetted by powerful financial interests who have systematically used "human rights" as a battering ram against Colombia's defense forces, the FARC has been converted into an insurgent army which has blackmailed the government into a power-sharing agreement that not only spells the end of Colombian sovereignty, but which poses a narco-terrorist threat to every nation in the region.

Indeed, it is no accident that just as the U.S. Congress began debate on a proposed \$1.6 billion package of U.S. aid to Colombia, the bulk of which is slated to boost Colombia's seriously outflanked Army, a slanderous assault against that Army was launched simultaneously from the United Nations, Madeleine Albright's U.S. State Department, and Human Rights Watch, the non-governmental organization (NGO) funded by international mega-speculator and drug legalization financier George Soros. The reports, in turn, fed demands from certain members of the U.S. Congress who have long participated in witch-hunts against Ibero-America's military forces, to tie "stringent conditions" to the Colombia aid package that would virtually gut the military assistance portion.

The reports detail stories of torture, kidnappings, forced disappearances and executions. And, while there is little reason to doubt that such horrors are perpetrated in Colombia, both on the side of the FARC-ELN and of the drug-linked vigilante forces opposing them, there is no basis for concluding—as these reports do—that these crimes are carried out in connivance with the Colombian Military Forces. Indeed, a perusal of the State Department report reveals that it draws most of its evidence directly from Soros's Human Rights Watch (HRW), which in turn manufactures its "detailed, abundant, and compelling evidence" from its own "interviews" with anonymous victims and perpetrators—many of whom have reportedly been paid to lie.

Another source of HRW's "evidence" comes from Attorney General Alfonso Gómez Méndez, who married narcoterrorist apologist and propagandist Patricia Lara, and whose 1990 stint as Attorney General was committed to perpetual "investigations" of terrorist complaints against Colombia's Military Forces. Gómez Méndez was also a frequently cited source for the book *State Terrorism in Colombia*, produced by a gaggle of international human rights NGOs in 1992,

which served as a hit-list, complete with identification photos, against the Colombian military's leading counterinsurgent officers.

A five-year investigation of the 1985 narco-terrorist assault on the Justice Palace in Bogotá, which gutted the building, destroyed the country's legal archives, and killed more than 100 people, concluded with a recommendation by Gómez Méndez to dishonorably discharge the Army Commander at the time, General Arias Cabrales, for using "excessive force" in ending the murderous terrorist siege. Gómez's recommendation outraged Colombians, who were counting on the Military Forces to shatter the burgeoning partnership of drug cartels and terrorist guerrillas exemplified by the Justice Palace atrocity. Gómez was forced into a temporary retreat, but the "human rights" assault on the military had already begun.

Yet another source cited by the Human Rights Watch report is the Human Rights Unit of the Attorney General's office, which appears to have its own share of dirty secrets. A March 13 editorial in the *Washington Times*, based on official documents acquired by that newspaper, details how the human rights machinery operates behind the scenes against the military. According to complaints lodged with the Colombian Attorney General's office in 1998 and 1999, two respected Colombian leftists were approached by Jaime Caycedo, secretary of the Colombian Communist Party, and by Ana Teresa Bernal, coordinator of Colombia's most prominent human rights NGO, Redepaz, with offers of bribes and asylum in Europe, in exchange for false testimony that would link Colombian Generals Fernando Millán and Rito Alejo del Río to paramilitaries.

Instead of accepting the bribes, the individuals filed complaints. One of the individuals testified that he was then harassed by Attorney General agents, and threatened by one Marcela Rolbán of the Human Rights Unit, that "I had to . . . retract my report against human rights leaders and that I had to say that the Army had paid me for that version, or else I would be incarcerated for giving a false statement."

The two targetted generals were eventually forced out of the military by President Pastrana, who declared that their continued service "was no longer convenient." And more military heads are expected to roll, now that Pastrana has pledged to cashier—with or without hard evidence—any military officer or soldier upon whom even *suspicion* falls of collaboration with paramilitaries.

While the FARC was touring Europe, their most prominent and tenacious opponent inside Colombia, Gen. Harold Bedoya (ret.), was on a tour of his own, to build support for a diametrically opposed policy. Hosted by the Presidential campaign of Lyndon LaRouche, Bedoya joined LaRouche in addressing a Washington, D.C. seminar on Feb. 23, on "The War on Drugs and the Defense of the Sovereign Nation-State." Immediately below, we present the full remarks of both LaRouche and Bedoya, and major excerpts from the discussion period which followed.

'The war on drugs and the fight for national sovereignty'

U.S. Democratic Presidential pre-candidate Lyndon H. LaRouche, and Gen. Harold Bedoya (ret.), former Defense Minister and former head of the Armed Forces of Colombia, as well as a Presidential candidate in his country in 1997, were the featured speakers at a Washington, D.C. seminar on "The War on Drugs and the Defense of the Sovereign Nation-State." The Feb. 23 event, sponsored by the Presidential campaign committee, LaRouche's Committee for a New Bretton Woods, followed a well-attended press conference given by the two political leaders.

The seminar was simultaneously videocast on the Internet, in both English and Spanish, on the website of LaRouche's Presidential campaign (www.larouchecam paign.org). After their opening presentations, which appear immediately below, LaRouche and Bedoya had a lively discussion with the seminar participants. Three of their questions and the speakers' answers are included, following the transcripts of their speeches.

Mr. LaRouche and General Bedoya were introduced by Mr. LaRouche's campaign spokesman Debra Hanania Freeman. Subheads have been added.

Lyndon H. LaRouche, Jr.

I shall try to encapsulate a strategic view of the specific subject on which General Bedoya will concentrate—I don't know exactly what he's going to say, but I do know the general area of his concern, and I shall try to situate that in terms of what U.S. and world policy should be, on this and related questions.

We're now, as we speak—though you might not know that from reading the U.S. press, or hearing U.S. political spokesmen—we're now in the terminal phase of a process of collapse of the world's present financial system. If this collapse is not dealt with appropriately, this will lead to a New Dark Age on this planet, perhaps of two or three generations, a collapse resembling that which hit Europe, perhaps in the 14th century, or during the periods of great religious wars, from about 1513 to 1648 in the continent of Europe, the so-called religious war period—which was also a little Dark Age.

The question therefore, given the idiocy which has prevailed, which has become customary, accepted opinion and so forth, which has led us to this point—when a people receive a great shock, as the United States did on Dec. 7, 1941, with the bombing of Pearl Harbor, the American people had been persuaded at that time that the war which was going on in Europe, was not going to come here. We would be involved indirectly, but we would sit back like fat cats, and watch the war go on. So then, on that particular Sunday morning, early afternoon, between Dec. 7, when the bombing occurred, and Dec. 8, the following Monday, when the President announced a declaration of war, the American people underwent a very sudden, very rapid, change in their outlook. You had people who were rushing to find where the place to volunteer, to mobilize, to join the Army was. All the recruiting booths were packed; offices which were closed on Sunday, were being besieged by people applying to get into the Army to fight.

So that, when great crises occur, after a period of great folly, great foolishness, a foolishness that's shared by the majority of the people—as the foolishness of the American people today, especially those in the upper 20% of family-income brackets—there comes an opportunity for the fools to stop being fools; to come to their senses, like a man coming out of a nightmare; and to grope around, to try to find out ways to address real problems, realistically.

In those circumstances, we see the great failures, and the great successes. Franklin Roosevelt's instance, both in 1932-33, and again in 1940-41, was a success. With the overthrow and the killing of Kurt von Schleicher in Germany, between January 1933 and the summer of 1934, Hitler was made inevitable, World War II was made inevitable, because people *intervened* to prevent an available leader in Germany, who would have succeeded in taking the measures which would have prevented Hitler's consolidation of power, and World War II as well.

We were fortunate here that Franklin Roosevelt was not assassinated, as had been intended, according to Gen. Smedley Butler, who testified about the Wall Street plot of the Du Ponts, the Morgans, and the Mellons, and so forth, to assassinate the President of the United States, and conduct a military coup against the U.S. government here. That didn't occur, and it had been planned for the United States, as it was



Lyndon LaRouche and Gen. Harold Bedoya (ret.) (at podium), at a seminar in Washington on Feb. 23. The defense of the nation-state and the principle of the General Welfare, said LaRouche, is "the issue posed immediately by General Bedoya, not as a case, not as Colombia, but as a line in the sand from which no part of humanity must retreat."

planned also for Germany—by the same British and American people, including the Harriman family, whose Prescott Bush, the grandfather of the present idiot, or "It," as they call him, George W. Bush, was responsible, together with certain British interests, which he was partner with, in putting Adolf Hitler into power, in January of 1933.

So, we have the situation that, if we have leaders, leading voices which can speak clearly, with effective answers, effective statement of the nature of the problem, people coming out of the fog of illusion, the fog of foolishness, can suddenly come to their senses, because they have a voice which answers their question, and answers it effectively. We're now in such a time.

One of the great symptoms of this problem is, of course, the collapse of the institution of the sovereign nation-state. And I can tell you, unless the present trend toward globalization not only *ceases*, but is reversed, this planet will go into a Dark Age. The United States is crucial, because, only the President of the United States, if he's a competent person, can bring together, *suddenly*, groups of nations, including China, India, Russia, a core group of nations of continental Europe, nations from the Americas, South and Central America, and Africa, and bring together the heads of state for emergency action, to set up a new monetary organization, which will enable the world to escape the worst effects of an inevitable general financial and monetary collapse.

Return to the precedents that worked

The methods we would follow would probably be the methods, very similar to those used by Franklin Roosevelt, from 1993 on. And we would use those methods because they worked once before; they worked during the 1930s; they

worked during the wartime mobilization. They worked with some dilution in the period up to 1958, and on into the middle of the 1960s: that, in the United States, and in Europe, Western Europe, in some cases in parts of the Americas, and a few other locations, Japan, in particular, there was a great economic recovery and general development of conditions of life, of nations and peoples, in some areas of the world, as the result of the system which Franklin Roosevelt set into motion.

Therefore, today, having entered a period of the last thirty years, under the reign of a system that does not work, we shall then have turned back to precedents, which are known by people, which can be easily understood as recent experience, and say: We must turn back to successful periods of recent experience, to find models for which to begin emergency agreements on the way to proceed from that point on.

We shall not be able to create final solutions for our economic woes. But we shall be able to create a platform, based on precedent, from which we can then work to work out, and develop, more fulsome solutions to these problems. We could be entering a Dark Age of humanity, or we could be, in the latter case, entering a Golden Age of humanity. It's a choice that will have to be made.

Therefore, at this time, even before the crisis is fully recognized by most of the fools in the United States, it's important to set forth, for people to see and hear, what the options of action are, by which we can address the grievous problems which threaten civilization as a whole, at this point.

The perfectly sovereign nation-state

The most characteristic danger in the world today is the attempt to eliminate the institution of the perfectly sovereign nation-state, as this concept of a perfectly sovereign nation-

state was introduced as a *new conception* in the 15th century in Europe, in the period of the Renaissance. Where for the first time, a principle which had been characteristic of Christianity at the inception—that all men are made equal, equally made in the image of the Creator of the universe—and therefore society must be based on that principle, and government has no legitimate authority except through its commitment, efficient commitment, to promote and defend the General Welfare of the living, and their posterity. Which is the principle on which this nation, presumably, was founded.

The United States, for reasons of the great civil war in Europe, the religious wars in Europe, and other developments, was not able to set up that kind of institution in full form [anywhere else]. You have no true republics in western Europe today. You had an attempt under Gen. Charles de Gaulle to move in that direction. But all attempts so far have been abortive ones. What we've had in Europe, is we've had reforms of the feudal system, in the form of a democratization of the parliamentary form of government; but the parliamentary form of government is an intrinsically corrupt form of government, because it is a vehicle, in the tradition of feudalism, under which oligarchies behind the scenes control the institutions of government, and are able to orchestrate, through corrupt press in particular, the overthrow, through scandals, of parliamentary governments, almost on will, as they tried to do with Clinton, here in the United States, during '98 and '99, during that period.

Thus, in this process, the United States, as constituted in the 18th century, became what was called a "Temple of Liberty and Beacon of Hope for all mankind." Because in our Constitutional structure, we were the first republic, fully constituted, as expressed in the first three paragraphs of our Declaration of Independence, and in the Preamble of our Constitution, to an essential commitment to natural law, and General Welfare, or, what was called in English, the Commonwealth, or as similar ideas were expressed under Louis XI in France, in the 15th century.

And therefore, around the world, people hoped that this young, small republic in the United States would lead to the formation of republics in their own countries. From the beginning, it was the belief of those in Europe who supported this, as well as in the United States, that the United States' future existence, depended upon its model being used to inspire the constitution of similar republics in the rest of the world. John Quincy Adams, in his term as Secretary of State, expressed this as a "community of principle" among perfectly sovereign nation-states, asserting then why the United States had no basis for a treaty alliance with the British monarchy, because the United States and the British monarchy had directly opposite principles—which were incompatible with one another. And that the United States saw, as its fundamental interest, strategic interest, the defense of the emerging sovereign republics to our south, in the Americas, as a foundation of the security of the United States.

And in later periods, all the best patriots of the United States, including President Monroe, President John Quincy Adams, President Abraham Lincoln, President Garfield, President McKinley, while he lived, President [Franklin] Roosevelt, and for a brief period, President Kennedy as well, saw the defense of the Americas, the defense of their perfect sovereignty, their rights to develop, as the standard of security for the United States itself. A standard which we must extend, hopefully, to include other nations of the world, to create a global community of principle among perfectly sovereign nation-state republics.

Don't play the fool: This system is dying

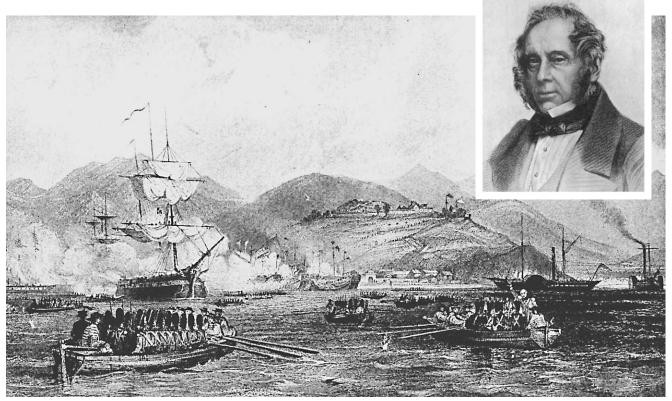
Now, under this system, it is possible for us to deal with a great calamity, such as that which is striking us now. No one can say what day the system will go under, but I can assure you, the crisis is systemic, this is not a cyclical crisis, the existing financial system is as doomed today, as the Weimar Reichsmark was under hyperinflationary conditions in the spring and summer of 1923.

We cannot tell how long the fools will be able to play the fool; to continue to pump value into a bankrupt system, as a way of keeping it afloat for another day. The hyperinflationary effects are already showing in terms of increase of petroleum prices, globally, which is hitting the U.S. population hard, in heating fuel prices, during the recent months. But it's coming. In a state like this, don't try to find the date at which the system collapsed; recognize the patient is dying. The condition is a *dying* patient. Don't worry about what day it's going to die; it is dying, and nothing can save its life. It's finished. There is no cure.

The question is, can we cure *us?* Can we survive the death of the system?

In order to do that, and to do that efficiently, we have to proceed as Franklin Roosevelt did in the conditions of world depression in the 1930s. We have to use the power of the sovereign nation-state, to put bankrupt institutions through bankruptcy, generalized bankruptcy; to establish new forms of credit, institutions of national credit; to maintain social security; to promote stability; to promote growth; and thus grow our way out of the ravages of a crisis.

If the nation-state is dissolved, as George Bush's backers—George Bush has no ideas, he is a member of the "Addams Family," of cartoon history, the "It" branch of the Addams family; he is simply a puppet of certain Wall Street interests. But he is selected for one purpose. Neither Gore nor Bush are mentally capable of being President, not morally qualified. But why do people—some of the most powerful people in the United States, the Wall Street people—want to put certifiable idiots, or maniacs, in the position of the next President of the United States? What is the talent of a George Bush, or an Al Gore, as President, for their masters in Wall Street, which owns them both, equally? They're both willing to kill.



British ships capture Chusan, China, during the Opium War. The same people who forced opium on China, are forcing the drug trade on Colombia today, to destroy the nation-states of the Americas. (Inset) Lord Palmerston, 1861.

The only time you put a thug, a professional hit-man, in government, to run the government, is when you want some killing done. And these people are out to kill.

They're also committed to globalize and loot the world, to eliminate the power of the sovereign nation-state; both are committed to that. Gore is committed, absolutely, to reduce the world's population, by the methods by which that could be accomplished. The only thing that can save us, is to save the sovereign nation-state, because only the power of the sovereign nation-state, established as a power greater than any financial cabal, than any financial oligarchy, can get us out of this mess.

Otherwise, the financial oligarchy will pick each other's bones, and ours, and loot the world, as George W. Bush and his daddy are doing—in Asia, as they did in the Americas, as they're doing in the Americas. And therefore, we must defend the nation-states.

Britain's Opium Wars, then and now

To do that, we must understand the nature of this nationstate, and its enemies. To put that into focus, let us look at two cases: China, in the 19th century, and Colombia, and adjoining countries today. And also the United States, as General Bedoya has said.

The same people, or the same current of thought, which

dreamed up the opium trade as a way of destroying China, is the same crowd which dreamed up the drug trade as a way of destroying the people of the United States, and destroying the Americas.

Let's go back. Where did this idea come from? This didn't begin in the 19th century. Here in Europe and the United States, it began during the 1920s, around a satanic movement called the Theosophists, the Theosophical Society, of Alistair Crowley, a close associate of Bertrand Russell. It was spread by people associated with that, that we should have a drug society. This was part of the program.

But it didn't begin in the 19th century either. It began in the 18th century. It began under a man who probably was the second most evil man of the 18th century. The most evil man of the 18th century was a Venetian gentleman, resident in Paris, by the name of Abbot Antonio Conti. He was the inventor of an organization which became known as the Enlightenment. He was the illegitimate father of Voltaire, among his other achievements. He created a Europe-wide network; he created the myth of Isaac Newton. He also was the creator of a figure of British society, rather notorious, called Lord Shelburne, who was educated in France under the influence of Antonio Conti and his network, a Voltairean. This man became a leading power in Britain. He was the man who created Adam Smith. Adam Smith was his lackey, his paid

lackey. The free-trade system of Adam Smith, was created by this man. He was the man who got Gibbon to write *The Decline and Fall of the Roman Empire*, as a study of how Britain might create a new world empire for itself. He was the man who became, by accident, in a sense, Prime Minister of Britain in 1782, and during this period, he put one of his lackeys, Jeremy Bentham, into the position as head, first head, of the newly established British Foreign Office.

It was Bentham who caused the troubles that happened in the Americas, from Britain. Simón Bolívar wrote about this role of Bentham in the history of Colombia, referring to his experience with Benthamites in the other parts of the Americas, warning that Bentham's influence was the most dangerous, corrupting in the Americas, and the greatest threat to the emerging new sovereign states of the Americas.

Bentham was the creator of Lord Palmerston, his chief successor. Lord Palmerston, who organized the Mazzinian revolutions in Europe. The Lord Palmerston who laid the basis for creating the Confederacy, that is, actually organizing it. The Lord Palmerston who was behind those forces in the United States who ran filibustering operations against the nations of the Caribbean, and other parts of the Americas.

So, these people have always been out to destroy the nation-state as an institution. Because the heirs of Shelburne conceived of establishing a world empire, ruled by a financier oligarchy, which would control all parts of the world, and loot them as they chose. And would use social weapons, sociological and psychological weapons, as a way of destroying nations, depriving them of the power to establish and maintain their sovereignty. That was what was done in the case of China, by Palmerston and his crowd, following the work of Bentham.

The targetting of China began in the 1790s, under Bentham. It was continued and enforced by Palmerston. This was the destruction of China.

So, you take the model of what was done to China, the destruction of the population of China, of the minds of the people of China, of the institutions of China, and you look at the same thing that's being done in Colombia, and other countries of Central and South America, and look at what's being done to the people of the United States themselves.

Drug pushers for 'democracy'

There are many symptoms. I won't go into it, but just indicate that this is the problem.

So, therefore, if we want a solution, we must understand not merely what places we must defend, but what principle we must defend. There's a distinction.

For example. As you would learn from a simple, elementary Euclidean geometry, that all the theorems which are considered legitimate in a schoolbook geometry, are derived from acceptance of certain definitions, axioms, and postulates. And in a formal mathematics, or a formal mathematical physics, that's the way all ideas are generated. So therefore, if you



South American revolutionary leader Gen. Simón Bolívar (1783-1830) denounced the corrupting influence of Britain's Jeremy Bentham as the greatest threat to the emerging new sovereign states of the Americas.

want to find out what's wrong with the *system*, don't try to find out what's wrong with a particular choice of policy. Find out what's wrong with the definitions, axioms, and postulates, which cause people to *keep making the wrong decisions*, because they're accepting certain false assumptions, false definitions, false axioms, and false postulates. And therefore, when they sit to calculate and negotiate, they agree on these things, and that leads them inevitably to the wrong idea.

The way the words "democracy" and "human rights" are used, for example, are new postulates put into a system—the very use of the term "democracy" and "human rights," as used by the National Endowment for Democracy, or Project Democracy, which runs both the Republican and Democratic party machines from the top today, since 1982, and which is running the legalization of drugs in the Americas! Project Democracy, National Endowment for Democracy! These are the drug pushers!

These drug pushers are ensconced in the leadership of both the Republican and Democratic party machines in the United States. So even though there may be people who give lip service against the drug traffic, they nonetheless, at the very top of the party machines, the little lackeys, the snakes, the bureaucratic snakes in the background, who control the rise and fall of particular politicians—they're pushing the drug traffic. And they're pushing it for exactly the same reason that Al Gore says he's pushing globalization: They are deter-

mined to destroy the institution of the sovereign nation-state throughout the planet. They are determined to destroy the *willingness*, and concern, of people, to defend their own sovereign nation-state!

They say things are better *without* the nation-state; that government is *bad*; you must have an international rule of law. By what? By drug pushers?

This business with the Colombia Plan; this business of taking what we know is a terrorist gang, two terrorist gangs; the FARC and the ELN are both narco-terrorist gangs, tied to other terrorist gangs, destabilizing Mexico, destabilizing Central America, destabilizing Venezuela, trying to get an attack on Chile, with support of Carter—former President Carter, who's denouncing the system of Fujimori of Peru, which successfully defended itself against narco-terrorists—because Carter objects to their having defeated, at least temporarily, the narco-terrorists in Peru, who are part of the same thing that's going on in Colombia.

You have the tendency to cut up the Amazon region of Brazil, as narco-terrorist empires! To conjoin the borders of Colombia, with a narco-terrorist empire in Brazil. Venezuela is being destroyed. Argentina is on the verge of becoming totally dollarized, that is, losing the last vestige of its sovereignty. And anybody who *objects* to this, is called "undemocratic."

These people make the very word "democracy," the very word "human rights," an anathema, an evil, ugly thing.

Because they're not concerned about the rights and well-being of people, or the universal rights of people as individual people. They want a Roman, proletarian population, filled with entertainment, their minds blasted by drugs and cults, marching happily and merrily into the Arena for entertainment, watching the lions tear apart the Christians. *That's what they want*. It's evil.

Saving mankind from a New Dark Age

Thus, if we do not understand, and do not examine, the axioms, definitions, and postulates, which underlie the history and the conception of the nation-state, we shall not *have* the sovereign nation-state. If we do not have the sovereign nation-state, I can assure you there's nothing on this planet that can save civilization, from plunging into several generations at least, of a vast depopulation, and New Dark Age.

And thus, the most important thing to understand, and the place to organize ourselves, politically, inside the United States and in relation to the states outside, is to say, there is a fundamental principle of law here, which has two aspects: One is the principle of the General Welfare, as measured in the condition of life, and improvement of conditions of life, of all individual persons, and their posterity. Number one. The fundamental principle of natural law, for statecraft.

Secondly, this principle of natural law cannot be realized without an institution which is efficiently capable, and dedicated to that principle. That institution is the sovereign nationstate republic. Therefore, if we do not understand, and agree, that the sovereign nation-state republic is the *instrument* to realize efficiently the purposes of the General Welfare, and if we do not defend that institution *axiomatically*, without question; if we do not respect sovereignty of nation-states, without question; then we shall have no means to pull this planet out of chaos.

And in the case of the Americas, look at the world's population. We have approaching 400,000 million people, estimated, in South America, Central America. We have—the majority of the world's population is located in Asia. These are parts of the developing area. The largest, single largest potential food-producing area of the world, is Africa, which is not producing enough food to feed itself right now, and is being destroyed.

Therefore, if you're talking about the General Welfare of humanity—you have to concentrate in the United States *first*—what about the nations to our South? Is the General Welfare being promoted? Is sovereignty being defended, and promoted?

We then look to Asia: How do we find a *union* with states of Asia, based on the principle of the sovereign nation-state, and on the principle of the General Welfare, as the fundamental duty of the sovereign nation-state? How do we find the joint effort among Europeans, Asians, and people in the Americas, to take the *horror* story, which is Africa, and say: "They're poor, they lack the means to develop themselves, and we just *join*, as nation-states, in the interest of the General Welfare of the population of this planet as a whole, to see to it that justice—the opportunity for justice, and justice—is brought to Africa."

So, the issue here, that General Bedoya is most actively representing, is a crucial one for us all. If we do not find cases where people in nation-states are engaged in defending the nation-state and the principle of the General Welfare together, then you have nothing in that nation-state that is going to fight to defend the nation-state. If you have no nation-states in which such fighters exist, you have no chance of saving civilization. And therefore, you have to look at *this issue*, the issue posed immediately by General Bedoya, not as a case, not as Colombia, but as a *line in the sand* from which no part of humanity must retreat.

The drug-pushing operation is the enemy of humanity. It is not illegal to kill Satan. *Kill it*, and save the people. Kill it, and save the nations. And wherever we find someone in a nation, who is capable and willing to stand up and defend those principles, we must work with them. We must find them as representative of what we hope to build on this planet, a community of principle among sovereign nation-states, as the future, we hope, permanent guarantor of a condition of peace on this planet, from which standpoint humanity can go forward, to become finally, what we have not yet achieved: to become truly the human beings we were made to be.

Thank you.

Gen. Harold Bedoya (ret.)

Good afternoon, friends around the world. I would once again like to express my thanks to Mr. LaRouche, for having me at this forum of the Americas and of the world, to speak realistically, but also to give words of hope and strength to the peoples of the world.

The crises that we are facing today throughout the world, but most especially here in the Americas, require leaders, great leaders, who understand the issues, and who are willing to assume responsibility, and fight, come what may, without becoming intimidated by lies and slanders, by tragedies, by lack of means or resources. Because, above and beyond man lies the strength of a God, Who shall lead us to the promised land of freedom, democracy, and all of that for which we have been born, and for which we shall die.

So, I'm *not* too concerned about living through moments of difficulty, because it is precisely at such moments of crisis that people are reborn, solutions emerge, and leaders such as Lyndon LaRouche appear, to tell the world to wake up, to tell Americans to *please* not be indifferent to this tragedy that we are facing throughout the Americas and the world.

We must repeat the story that Amelia Robinson told us, about how to awaken the mule that doesn't want to work. Everybody knew that this was an excellent, hard-working mule, but when it changed owners, it just went to sleep. This is why I'm here, telling you, telling the world, telling everybody: Let's take that two-by-four that Amelia told us about, and let's whack that mule and wake the world up. This is an "S.O.S."! The world is dying; Colombia is dying. We must not be indifferent, because this tragedy will eventually reach us all, if we do not take a clear, good look at what's coming.

I was telling you, that I've come to the United States at the invitation of Lyndon LaRouche, to spend these few days with you, to take a closer look at this Presidential campaign, from this stage of freedom and democracy which is the United States. This is a leading country, a country whose responsibility is for the development and freedom and democracy of the entire world, because it has built itself up as the only powerful nation, on every level.

So that is why we cannot have any doubts here, we cannot allow any *liars* here. That is why betrayals cannot be permitted here. That is why this people needs to see, in all honesty, what is happening to the world. I told you, I've come here to hear the various Presidential candidates, and to know what they are saying about this world tragedy, about this tragedy that corrodes us: narco-terrorism, drug-trafficking, corruption, the lack of freedom and human dignity.

Last night, I heard candidates, but I didn't hear any of them address what we are talking about here, what it is that is corrupting us. There isn't much time left for these candidates to tell us how they expect to save the world, how they propose to end the violence, corruption, crime, lies, and slavery that we are seeing throughout the world.

That leader must be born *here*. He, or she, should lead all of us, so that our countries may live again. But this is a debate that is just beginning, and Lyndon LaRouche is talking to us, and telling us that, hopefully, when we knock on that door of the soul and heart of the world, we will awaken it, and all of us will emerge victorious at the end of this millennium.

Well, I've come here, because we talk in Colombia about the United States wishing to deal with the drug problem through something that is called the "Colombia Plan." The Colombia Plan is a plan drafted, by I don't know whom. In Colombia, they say it was drafted here, in the U.S., because we Colombians never heard of it. In the United States, they say the Colombians wrote it. I think it was written by ghost-writers, with no idea whom the Plan was written for, nor why it was written, nor to what it will lead us.

President Clinton told the world that he wants to recover those territories in the south of Colombia, which are in the hands of the drug trade. Can we look at this map of Colombia? [Figure 1.] I want to show you what President Clinton says he wants to do. He wants to recover this territory in Colombia,

FIGURE 1
Colombia's two narco-DMZs



because the Colombian government has surrendered it to terrorists and drug-traffickers. They gave these people five counties, which would be the equivalent of two or three Central American countries. And from there, the entire Amazon basin is controlled, for the rest of South America.

So, Clinton said he wanted to take that territory back. Fine, I thought. It's great for the President of the most powerful country in the world to lend his support to this project, and that is what I tried to find in the Colombia Plan. This Plan is supposed to recover 500,000 square kilometers that were lost because of the political corruption that reigns in Colombia today, and which permits this tragedy, in which more than 1 million Colombians who live there, are now enslaved by mafia criminals who are daily killing them, kidnapping them, impoverishing them.

I wanted to find this objective of President Clinton's in the Plan, but I couldn't find it. I'm still looking for it, to see what this Plan really says. But I did find something highly sensitive. The Plan says that it is a 12-year plan. Listen to this: We're going to wage war on the drug trade for 12 years, according to the Plan. And it says, in six years, 50% of Colombia will be recovered, and 50% of the crops and drug production will be destroyed. Get this clear—six years!

Which means that if 50% is recovered in six years, then 100% will be recovered in 12 years. In other words, this is a 12-year plan. And so I ask: What country, anywhere in the world, can survive 12 years, fighting a scourge such as the drug trade? No country in the world could endure a 12-year war.

Perhaps this might be compared to the Vietnam War, which lasted 14 years, between 1961-75. In that sense, there are some parallels, but the United States *lost* that war. So, are we going to repeat history? Didn't we even learn the lesson, that wars cannot be waged that way? Wars have to be fast, they can't be dragged out. Like what happened in Yugoslavia, what happened in the Korean War, in the Second World War. But, a 12-year war? Destroying 50% of crops over six years? That is the Big Lie of the Colombia Plan. We could call this Plan the biggest con game in the world.

What is going on? In Colombia, drug production is multiplying at a rate of 100% every four years. That is, if at this moment Colombia has 120,000 hectares of drug crops, or of coca, at that rate of growth [and if you wipe out 50% every six years], at the end of 12 years you will end up with 270,000 hectares of coca. So, if we are proposing to eliminate 50% every six years, when we know that every four years the area is doubling in size, or increasing by 100%, then you have a mathematical absurdity. If you work it out mathematically, it means that the drug problem will *never* end.

And worse, the Plan is designed without real objectives. For instance, let's look at the map again. It says, for example, that there are three phases to this plan to destroy the drug trade. The first phase is destroying crops in the south of the country, in a region called Putumayo. According to the Plan,

we should spend a year to deal with the problem. But, further on in the Plan, it says that phase two is to destroy drugs in the southeast of Colombia; that is, along the border with Brazil. And on this we are going to spend three years. And later it says the rest of the country will be dealt with in six years. So, if you add one year, plus three years, plus six, you get 10 years. But the Plan is a 12-year plan. So, they're either two years short, or they couldn't even count right.

I think that this is the most topsy-turvy plan I've ever seen. A plan that doesn't even say who we're fighting. It turns out that the enemy which needs to be fought, is not being fought. They are not pursuing the enemy, not the laboratories, not the crops, not the illegal airstrips, not the people who are involved in this activity.

I think that the Plan was prepared in the "demilitarized zone," in the territory where the government gave the drugtraffickers vital space, the breathing space, the means of communication, the civilian population, an entire criminal system protected by the state and, worse, protected by this Plan. This Plan is not meant to include retaking the territories that the government is protecting. This is what is called complicity. This is a plan which abets crime; that is, it turns criminals into heroes.

The FARC narco-terrorists

I would like you to know that the leaders of this mafia in southern Colombia, are currently in Europe. Hopefully, the Europeans who are here [at the seminar] know where they are. But last I heard, they were in Sweden and Norway. I think they were seeking a meeting with the Pope. Today they are with [Prime Minister José María] Aznar of Spain, and I don't know where else. They are intimidating the world and presenting themselves as political guerrillas, when the U.S. State Department itself, the U.S. Congress itself, have for years identified the FARC as an international terrorist organization and a drug-trafficking organization. And last year, in December, they were listed—these organizations—as threats to the national security of the United States.

These contradictions are going to drive the world crazy. No one can figure out how it is that the United States can say they are bad guys for the United States, but good for us Colombians. So, what's bad for the United States—holding dialogue with drug-traffickers, holding dialogue with terrorists, negotiating sovereignty with terrorists—is good for us to do in Colombia. And worse, the United States government fosters these undignified acts, these attacks on sovereignty, the disintegration of the Colombian nation-state.

Just a little over a year ago, the current U.S. ambassador (to Colombia) went down there to the cocaine laboratories, with this FARC criminal organization. Mr. Peter Romero, Undersecretary of State for Inter-American Affairs, met with that organization in San José, Costa Rica through a delegated representative, met with an organization which he himself had characterized as drug-trafficking and terrorist. Mr. Richard



The infamous "Grasso Abrazo": Richard Grasso, president of the New York Stock Exchange, embraces narco-terrorist Raúl Reyes, head of finances for the FARC, during a June 1999 visit to Colombia.

Grasso, the president of the New York Stock Exchange which manages the whole financial system, all the dollars and finances of the world monetary system, went down to those laboratories, met with the financial chieftain of the drug trade. You can see him there in the photo, hugging Raúl Reyes, a terrorist.

I ask myself, what was Mr. Richard Grasso going to do there at those laboratories, in speaking with the head of finances, who moves \$120,\$200,\$500 billion per year—which is the terrorists' yield from 500 tons of coca a year? What message are they giving Colombians, except that getting drug dollars is good business? Mr. Grasso is giving the kiss of death to the economy of Colombia, and to the world. This same guy met again with the Colombian Finance Minister, who also exchanged hugs with the head of the FARC, Mr. "Sureshot." This Finance Minister cannot hug him hard enough, cannot smile widely enough, cannot be undignified enough with these criminals. And from that embrace, the Finance Minister left for Cartagena to meet again with Mr. Grasso, to bring him messages from the head of Colombia's international mafias.

I ask: Why this double standard on the part of the United States toward these organizations, where they are one thing here and another thing there? I don't get it.

The IMF imposes drug legalization

And what's worse, right after these meetings, the International Monetary Fund demanded that Colombia count its coca crops, equivalent to \$700 million, as part of its Gross National

Product. And these are officially counted as part of the GNP today. What does this mean? Quite simply, that we are being forced by the IMF, by Mr. Grasso, to legalize drugs through the dirty dollars of the drug trade. This is the message being given to the Colombian people, who are dying, who are fighting, who are being subjected to enslavement by these criminal organizations. And all pushed from here, from the capital of freedom, democracy, and human rights in the world.

That is why this meeting is so important. Because this forum of freedom for the world, must awaken the world. We are not going to survive this tragedy if the United States doesn't wake up, if Americans don't wake up, if they don't realize what is going on, if they don't understand that the god of the dollar is going to kill us all. We don't know where these dollars are coming from. They are coming from corruption, drug-trafficking, crime, kidnappings. They are coming from all sides. But nobody cares as long as there are dollars in their pockets.

And worse still, within this Colombia Plan, the International Monetary Fund has agreed to lend Colombia approximately \$4 billion to, among other things, promote alternative crops throughout this entire drug-trafficking region. And one of the clauses in the loan agreement with the IMF is that these monies will be directly invested in the area which is under the control of the mafia, and within the area that President Clinton said would be recaptured for Colombia, and for the world.

So, I ask again: What kind of deal do these mafias have with the IMF? What kind of deal exists between the Fund and Mr. Grasso? What is the deal between the Colombian

government and organized crime? That is why it is so important that the freest nation in the world, the United States, come to grips with this reality, and straighten this Plan out.

I'm so glad that the U.S. Congress has begun to examine this Plan, and has begun to make a plan that can save Colombia—a war plan! Because there is no way to expect peace with drug-traffickers, peace with terrorists. They must first be defeated, and then there can be reconstruction. Was the Marshall Plan not undertaken *after* the Axis troops were defeated? First, we had to smash them, and then rebuild Europe. Korea had to be recovered, before it could be rebuilt. But here, they want to do the opposite. We want to tell Hitler to go on destroying the world; we would still have Hitler and Mussolini destroying the world today, with all the Marshall Plan money in the hands of their lackeys and criminal allies!

The world must think we're ignorant, deaf, and blind, without any common sense. They want to make 12-year plans for recovering Colombia, when we know that the production of drugs is doubling every four years. That is like telling the world, telling Colombians, you do not deserve to live. That state must be wiped out, destroyed for the sake of drug dollars.

An S.O.S. to the world

What I can tell you is that Colombia has to get help from the United States, and soon. What I am sending out here is an S.O.S. to the world. Colombia must be rescued, but not by the corrupt mafias and political criminals who are in power. It must not be forgotten that the drug-traffickers elect a President in Colombia every four years. The previous government was elected by a drug cartel, known as the Cali Cartel, and the current one was chosen by the drug cartel of Grasso and Sureshot. [President Andrés] Pastrana met with them before the elections, and struck his secret deals. For example, he may have received a great deal of money, because these people can easily move half a billion dollars a year, or \$100 billion or \$200 billion. It's difficult to estimate, when a kilo of cocaine in Miami is worth \$25,000, and in New York it's worth \$100,000. When you multiply that by 500 tons, there is no computer, no Internet, that can calculate it. But the dollars are there. And this is what Mr. Grasso is down there for, let's have no doubts about that.

That is why we need the courageous and decent people to raise the cry of pain and sadness, because we cannot remain under the sway of these corrupt mafias. We in Colombia have to give battle. Yes, we have our patriots. Forty million Colombians are not all drug-traffickers. There is a mafia which took political power, economic power, the power of terror that these criminals wield. But they represent far less than 1%. The rest of us are slaves.

That is why the plan I propose is for two years, maximum. In two years, we can do it. You have great allies there. You have an ally in the Colombian people. The Armed Forces are allies. Let us create a real plan.

Let us believe the generals. I am very worried when I see and hear General McCaffrey, General Clark of NATO, the current Southern Command commander, who say what I am saying, but are not believed. You would think that all the generals are crazy, because nobody listens to them. The ones to listen to are the ghosts who write these upside-down plans to destroy the world. But we should believe the honest people, the good people, the people who want freedom, who want democracy, who want sovereignty, who want to live in peace, who don't want drugs, who don't want violence, who don't want terrorism. Why don't we listen to them?

And this is where I would hope the Europeans, the South Americans—I've been travelling, fortunately, in the past year, to countries such as Peru, Brazil, Argentina, Uruguay. And in all those countries, they see this threat coming, and they have no one to turn to. Very different, of course, from the United States.

When General McCaffrey visits Peru, or Brazil, or Argentina, he is treated as if the Messiah had come again, just because he understands this problem, but no one else does. When we see something like this, we have to ask if McCaffrey has even seen this Plan, since no general, no military leader in Colombia, no Colombian patriot would have anything to do with this. How sad. But this, they tell us, is worth \$1.5 billion.

So, I am back with you once again. We have to figure out who the enemy is, who we are going to fight. I would propose, and am going to propose, what it is we should be doing. Let's look at the map of Colombia again. Let's set things straight. Let us bring out the things which are hidden, let us see the objective. The objective is the "demilitarized zone," where the problem lies, where the violence is, where the drug-trafficking is, where the laboratories are. All of this, which they don't want to destroy, we have to destroy. And we can do it in two years, no more.

And let us not think that this is a Colombian problem. No, the international mafia is involved in this. We have here the Russian mafia, the U.S. mafia, the European mafia, the South American mafia. All the mafias are here; the Mexican mafia too. What happened is that the worst part fell to us. Colombia's jungles, its geographic location, permitted this to happen here. But above all, this is happening in Colombia because there is political corruption, which will not permit a rightly conceived plan.

But we can do it. *You* can do it. I hope, I wish, the U.S. Congress would do it, and get Colombia out of this mess, and the whole region and the United States along with it.

It is my hope that here, with this meeting we are holding, that the U.S. Congress will come to its senses, that President Clinton will open his eyes, when he realizes that this Plan cannot meet the objectives he has laid out. The U.S. military forces, who know about this, are going to wake up. And the American people are going to wake up, in order to help their brothers, who are those Americans who live south of the Rio Grande.

A tragedy throughout the continent

As you can see, the case of Colombia is a very serious one, and could lead us all to tragedy. Given the situation in Colombia, there are going to be thousands, even millions of Colombians, who are going to seek refuge in any country of the world, as is already happening in the United States. Here, millions of Colombians are arriving: in Miami, New York, Washington, many U.S. cities. And the Colombians come and stay here; they come as tourists, but stay as exiles. So, this is not a Cuban exodus, but a Colombian one. Why? Because the United States, with its passive attitude, allowed this Colombian tragedy.

And I call on the U.S. government to allow these Colombians to live decently in the United States, to work with dignity, without being persecuted by American authorities, because what is happening to us is primarily the responsibility of the United States, which has not headed off this Colombian tragedy. And if they have not allowed the Colombian problem to be resolved, at least, while we are resolving it, which I hope will be soon, these people should be allowed to remain here, as has occurred with the Central Americans, the Guatemalans, the Salvadorans, or the Nicaraguans, with the "PPS" status—which I understand is today being studied here at the State Department. Hopefully, this will be resolved quickly, because the Colombian problem is not going to be resolved until we do away with these criminal mafias which are destroying Colombia.

You needn't have the slightest doubt that tomorrow you are going to have here the Venezuelan exiles, the Peruvians, the Brazilians, the Ecuadoreans, and the Panamanians. All of these exiles are going to come here until we have put an end to this monster which is corrupting us all.

It is very important also that you understand that Ibero-America is going through some very difficult moments. There is Venezuela, under the government of Col. [Hugo] Chávez, of President Chávez, which is declared a "neutral territory." Neutral for whom? For the terrorists, for the drug-traffickers, for the criminals. That is, for them, there is no difference between the terrorist acts of a criminal and those of honest people of good-will. The drug-traffickers of Colombia live there. And so, Venezuela has not weighed in, in the fight against drugs and terrorism.

In Brazil, the situation could be the same. There, the fight against the drug trade is also not being waged. We have virtually a semi-neutral country, with respect to crime and violence. When we speak of Ecuador, well, you all know what is going on in Ecuador. It is disappearing. Ecuador has become a Latin American exodus. There, the economic crisis has reached rock bottom. They are facing a problem of dollarization, which is going to drive that country into total crisis.

And we haven't even spoken of Panama. You know that the United States handed Panama over to nobody in particular. Panama was the Canal Zone which, some 100 years ago, Colombia sold to the United States for \$25 million, because the United States insisted that it was the only power capable

of guaranteeing the sovereignty, security, and neutrality of the Canal. But it appears that that arrangement of neutrality, security, and sovereignty ran out, because on Dec. 31 of last year, it was handed over to nobody in particular, to a country without military forces, which cannot protect the Canal, to a country which is pretty much adrift. We all know that Panama is a paradise for contraband-smugglers, for mafias, for drugtraffickers, for criminals. The FARC are involved there. The Panama Canal is going to remain in nobody's hands. That is, we have this lost flank, because the United States moved [its Southern Command out of Panama] to Florida, and practically abandoned the responsibility that it itself had demanded 100 years earlier.

So, what is going to happen to South America, I ask myself, when all those leaders who built the Americas no longer exist, and everything is surrendered without even realizing what is being lost? If we don't take quick action, there is surely going to be a civil war—I'm talking about a South American, or Latin American, or Central American war, not just Colombian.

So, what was once the U.S. guard in the Canal Zone, the vanguard point toward the south, is now going to end up being the vanguard of terrorism and the drug trade. That is, the values have changed, the schemes are inverted, the products are inverted. How to recover the Canal Zone, the most important zone of the Americas? Every day, you are going to start seeing tragedies like the one now going on in the Republic of Colombia.

Nor are we talking about Argentina, about Uruguay: These are countries that are suffering virtually the same problems. There is economic crisis; dirty money from the drug trade. In Uruguay, in Montevideo, as in all the Caribbean islands, there are the fiscal paradises. And all the drug money is doing away with the real economy, is going away with the true potential of all these countries.

The State Department and globalization

This crisis of violence, of terrorism, of drug-trafficking, that Colombia is going through, intensified with globalization. Simply put, globalization pitted impoverished, ignorant, and sick peasants in competition against agriculturally developed countries. I say to myself: That's a totally unequal fight. The agricultural economy of Colombia is finished. We aren't even producing the most elemental product, that the Indians produced, which is corn. Colombia is now importing corn from all over the world. We import rice: Colombia was once a rice-producing country, but we no longer produce it. Worse, the Indians produced potatoes; we are no longer producing potatoes, but importing them.

And what do the peasants do when globalization invades the Colombian economy? They go to the only thing left to them, which is growing narcotics crops. And that is why those peasants are dying of diseases and infections, because the only ones getting the drug money are the drug-trafficking bosses, and Mr. Grasso.



Colombian Finance Minister Juan Camilo Restrepo (right) embraces FARC chieftain Manuel "Tirofijo" ("Sureshot") Marulanda Velez, on Jan. 20, 2000.

Things are fine for them, and that's why they go down to the Caguán jungles, with the latest-style shirts and pants and shoes. But come and see how our peasants are living, and dying. Globalization has destroyed the Colombian economy.

Yesterday in the U.S. Congress, some questions were asked of Mr. Pickering, who is the Undersecretary of State who was appearing before one of the Congressional subcommittees. He was talking about how they were going to give more than a billion dollars in military aid to Colombia, and when he started talking about Colombia, I said to myself, "No, that is not Colombia. That is Mars or Jupiter or Neptune, or some other planet in the universe, but not Colombia."

Look at what this gentleman said, who is supposed to know Colombia perfectly. He said that the economy was doing very well in Colombia. Well, of course it is, because there is a lot of coca money. Because of this, it should be doing very well. He said that countries were going to lend money to Colombia because its economy was so good—this, of a country whose only real product today is petroleum, and that's the only thing left to us, because coffee production is also falling. Practically nothing is left of trade, except the trade of imports, because there is hardly any exporting.

And so, this Mr. Pickering, look what he said: That Pastrana had promised peace to Colombians. Lie! No one can ask Colombians to accept a peace in which we have surrendered our sovereignty, where we have surrendered our territories, where crime, drug-trafficking, terrorism, kidnapping, is protected. This was never promised. He said he was going to

make peace. But it is not happening. And all the polls say—and you can read them—all the polls coming out in Colombia say that the people do not agree with Pastrana. Eighty percent or more, 84-86% of Colombians do not support the current government in this policy, nor in any other policy becuase it has been a truly bad—I would say criminal—government, against the Colombian people.

Mr. Pickering also said that Norway supported the FARC. I cannot imagine that the countries of Europe could support organizations that have destroyed the life, honor, goods, health, and economy of a people. I don't believe the Europeans live in such ignorance of the Colombian reality that they would dare to say that those characters are politicians or heroes who seek freedom for the people, when the very United States itself has said every year that this is an international terrorist organization, and an international drug-trafficking organization.

So, hopefully, the Europeans will realize, after this forum, that they are going to be accomplices of these criminal organizations. Hopefully, they will realize that they are making an apology for crime, turning the executioners of a society and of its people, into heroes.

Mr. Pickering also said that Venezuela is helping Colombia to control its borders. And I ask: How can Venezuela help Colombia, when it has declared its territory to be neutral, and when terrorists and drug-traffickers can live there? That is another solemn lie.

Either Mr. Pickering does not know, or has been badly

informed, or he is lying. Mr. Pickering says that alternative development is needed, because that's what Bolivia and Peru did. Mr. Pickering, this is impossible: In Peru, the problem of the terrorist organizations was resolved because they were confronted and defeated. That is why today, drug production has fallen to extremely low levels. And the same in Bolivia. In the Colombian case, there is no comparison. But Mr. Pickering says that we have to do the same thing here. Mistake, or lies?

He talks about competing with coca prices, that alternative crops need to be sown to compete with coca. How can coca be competed with, this coca that they are planning to get rid of within the next 12 years? Imagine we are living in 2012. I don't think there will be any youth left by then. By then, no one will be alive. We will all be dead. Colombia will have disappeared. Already, Colombia doesn't exist; it is like a balkanized Yugoslavia. When we are ready to dust off this Plan, America will have ceased to exist.

So, that is what the Undersecretary of State said yesterday. If they are going to tell such lies before these committees in the Congress of the United States, without blushing, then I ask: How many more lies are the Congress or the President of the United States being told by their close advisers?

I don't think that this Plan was made either by the State Department or by the Colombians. I am certain that this Plan was written by the FARC. The only way such a backwards plan could be written is by them, because what is written in that Plan wouldn't occur to anyone else.

We are living in a globalized world, in a world with a world power that is the United States, in a world which puts a value on living in freedom, with democracy and with human rights. And so, I ask: Isn't it the case that these values no longer exist? Isn't it the case that there is no democracy in Colombia? What kind of democracy could there be, when the mafias elect the President every four years? That is democracy? That cannot be democracy. What there is in Colombia, is democracy in form only. Real democracy, that of freedom, of a dignified people, that of electing a President without buying votes, that democracy does not exist in Colombia.

Yet that is the democracy the United States defends. And that is why we see President Pastrana of Colombia here, talking with President Clinton. But Clinton doesn't know that that gentleman traded the country to the narco-terrorist mafias of the FARC before he became President. I don't know if this news ever reached Clinton, but everyone in Colombia knows it. All Colombians know it, and know that their ruler does not live in Colombia. The ruler lives somewhere outside the country, issuing statements from outside Colombia. I can guarantee—and I'll bet any one of you—that if we find where the President of Colombia is today, I will guarantee that he will not be in Colombia. He could be in Africa, or in Europe, or here at the State Department or White House. But he is not in Colombia. He is always outside the country, and never solves the great problems facing the Colombian nation.

When this Colombia Plan is correct, it will save Colombia, and I hope that it will be corrected with a two-year plan. A plan for investment, sure, but first things first. First, is to do away with the drug trade, to do away with narco-terrorism, which is the same thing. Here they like to say that the drug-traffickers are one thing, and the terrorists are another. In Colombia, they are the same thing, a single cartel, the same person. But not here. Unfortunately, here in the State Department, it is said that "there is money to fight the narcos, but the money can't be used against the terrorists." This is impossible, the truth cannot be covered up.

I'm telling you that the Plan as it now stands is very much like the Vietnam War. Vietnam lasted 14 years, and was lost. And this is being planned for 12 years: you'd almost think that it was drafted by the Vietnamese in order to lose the war. These wars cannot be waged for 12 years. No war can be waged for 12 years. They must be waged in much less time, six months, a year, two years maximum, but no more.

And don't believe that there is a real democracy, or real freedoms, in Colombia.

We could continue to talk a great deal about this, and you will have the opportunity later to ask me questions about specific issues. But I want you to be sure that in this forum, in this meeting, we are talking about a real problem that is afflicting the Americas, and the world. And that leadership must be born from the truth. Leadership has to be born of knowledge, it has to be born of the strength of the people, and that leadership also has to be born here, in the United States.

Thank you very much.

An exchange with Bedoya and LaRouche

Here are three of the questions and answers from the seminar with Lyndon H. LaRouche, Jr. and Gen. Harold Bedoya (ret.). General Bedoya's remarks have been translated from the Spanish.

Q: General Bedoya, I'm a new student of this concept of nation-state, I guess I could say, and some of Mr. LaRouche's ideas....

One of the areas in which I'd like you to open a front of optimism in this war on drugs, is the idea of building a second Panama Canal, through Colombia, a way to organize optimism against these narco-terrorists; and possibly using the skills from China, the United States, and Brazil, as a way of financing, and engineering, and building, a second canal through Colombia.

Bedoya: Thanks very much. There is the potential to build two inter-oceanic canals in Colombia. One is the Atrato-

Truandó, very near to the Panama Canal. The other is the Atrato-San Juan. And there is another, which would be a "land canal." So, in fact, there would be three canals. And that possibility exists.

But under the current circumstances of extreme violence, terrorism, drug-trafficking, and corruption, not a single country in the world is going to want to support Colombia on this idea. First, we must resolve the question of security; the fight against corruption and drug-trafficking needs to be waged, and won.

That is precisely what I am proposing. This Plan we're talking about, the Colombia Plan, is a plan that I believe could be effective if arranged, if organized, from the standpoint of winning the battle. And the United States would triumph in the fight against the enemies of its national security, which are the drug trade, terrorism, and the exile of thousands of people who are coming here to the United States.

The United States must understand that this is not merely a problem for Colombia, which is an underdeveloped country which lacks the resources to fight a war against the world's mafias, who move \$200, \$300, \$500 billion a year. Colombia is a country whose Gross Domestic Product does not reach \$100 billion. So, it needs assistance, it needs help, it needs the cooperation of the great democracy that is the United States.

Aside from this, we are going to build. We are going to build great things. That is why I am offering Colombians my name. Last year, I campaigned politically [for President], because I knew that these wars cannot be waged, nor can they be won, by the corrupt drug-trafficking leaders who rule Colombia today. That is why I threw my hat in the ring. And I still continue to offer myself, because I have not found another person capable of replacing me in saving Colombia.

The project that you propose sounds very interesting to me, and I think it could be an alternative solution to the great economic problems of the country and of the world. There are great development projects to be undertaken. For example, all of the Amazon zone that President Clinton says he wants to see recovered—which is a zone of jungles, a zone of indigenous communities, a jungle of biodiversity, a jungle of natural resources, of life—these jungles must be integrated with the rest of the country.

For example, we don't have a railroad that can link the extreme east of Colombia to Ecuador. With such a railroad, we could cross the most beautiful jungle region in the world. Remember that Colombia has 500,000 square kilometers of jungle—half the country is jungle. These jungles are available to the world so that the world can enjoy them.

We could build large infrastructure projects: highways, bridges, railways, airports, sea and river ports. Colombia is one of the richest countries, in terms of water. We have rivers throughout the two mountain ranges. Well, not only two: We actually have five mountain ranges in Colombia, and all of them are the headwaters, the sources, of water.

But, unfortunately, Colombians have been unable to en-

joy that wealth, because these criminal organizations have appeared, which have the power of violence, of force, of crime. And we have been unable to take them on, because we have not made the political decision nor shown the political will to win these wars, as has happened in other countries. We have the example of Peru, which was in a situation as serious as, or perhaps less serious than, what we are facing today in the Republic of Colombia.

Q: Mr. Bedoya, I want to know: Does the military of Colombia support Pastrana?

Bedoya: In Colombia, the supreme chief of the military forces is the President of the Republic, in this case President Andrés Pastrana. And they have accepted the mistaken policy of President Pastrana, that we are seeing today.

The Constitution states clearly: The military forces have a responsibility, which is to guarantee the sovereignty, the independence, the territorial integrity, and the constitutional order. These are the military forces' primary responsibilities. And because this surrender of territory [to the FARC] is unconstitutional, because it violates that norm which guarantees territorial integrity, this government—and especially the previous one—invented a law to violate the Constitution, which says that territory can be given away to facilitate dialogue.

That is, there is a very serious situation in Colombia. There is political corruption inside the government, inside the Presidency; it is also inside the Congress of the Republic, which legislates in favor of these criminal organizations; and it is inside Colombia's justice system. These three great branches of power are infiltrated by corruption and by the drug trade. And they accommodate; they accommodate their laws to enable these absurd things to happen in Colombia today, which are not happening anywhere else in the world, where they hand over territory, half the country, to the mafias.

Thus, there is virtual justice; there are virtual laws, there is a virtual Congress, which is not what the country really needs. The military forces are supporting this, because they believe that this is constitutional and legal.

When I was the general commander of the military forces, this same thing was going to happen. But when the previous government—which, because it was smeared with corruption and the drug trade, had always wanted to hand territory over to the mafias—was in power, I told it: "This cannot be done, because it is unconstitutional. And to do this is to commit the crime of treason against the Fatherland, which is in the penal code. I am not a traitor to my people. So, Mr. President, while I regret this, as general commander, I cannot do this."

The government agreed with me, and during that period, they didn't do that. But this law I mentioned was invented to violate the Constitution; it is openly unconstitutional. At this point, I am going before the Colombian Constitutional Court, to get it overturned and, logically, to put an end to this territorial giveaway.

But in any case, what is happening in Colombia is sup-

ported by the military forces. They may not be in agreement, but they are accepting a reality that is bringing about the tragedy you all already know, and which I have described to you today.

Q: I'm from the state of Sonora, in Mexico. Mr. LaRouche, I want to ask you about the drug issue. I am in complete agreement with what General Bedoya has said. We need a frontal war, to defeat the mafias. What I have seen in Sonora, is that the youth are being totally taken over by drugs. The consumption of drugs by youth is incredible. And what they say, if you ask them why they are doing this, is, "Money, money, money." And I'm really stunned, because Mexico is supposed to be only a transit point for the drugs, but they are staying in our country. The mafia is taking control of the country, and we need to do something.

Could you comment on this?

LaRouche: Well, the problem is—I've lived with this problem for a long time. I first saw this problem developing, in the Americas, in the Hispanic Americas, in the 1940s—late-1940s postwar period. What I saw, was the influence of people such as Jacques Soustelle, and so forth, in Mexico, and other existentialist currents, which were specifically adapting themselves to nations which had a Catholic religious cultural matrix, in the leading sections of the population. And, you will find that the spread of existentialism, of the type of Soustelle, or by his patron—for example: The development of the *Sendero Luminoso* [Shining Path] leadership, at the university in Peru, was a result of the influence from France, of specifically the kind of existentialist philosophy associated with Soustelle and his friends.

So, this existentialist potential was the undermining, the cultural undermining, the attack on Classical culture, among the educated strata, of the countries of the Spanish-speaking Americas. The most dangerous tendency.

What you see today, in this case, like the thing you described in Sonora: What you're seeing, is you're seeing Nazism in a special form. You're seeing the Conservative Revolution, as typified by the Frankfurt School, or by Jean-Paul Sartre, or by Soustelle, from a slightly different standpoint who's also a fascist. Sartre was actually a fascist. Frantz Fanon is a fascist product of Sartre; he's a creation of Jean-Paul Sartre. Jean-Paul Sartre is a creation of Martin Heidegger, the Nazi philosopher of Nietzsche. Heidegger's idea, which is one of the most popular versions of this kind of existentialism, today, asserts that man is not human; that man is an individual, thrown into society, which is intrinsically his enemy. They also base themselves partly on Kant, as do Jaspers and others, in saying, there's no such thing as truthfulness or truth: that every individual opinion is just as good as another; there is no functional definition of truthfulness, in the sense of the Socratic principle, for example, of Plato's Republic, or other writings of Plato.

There's no sense of truthfulness, in the sense of a classical

Christian Apostolic doctrine. Doesn't exist.

So, what happens now? The society continues, say in Mexico: The society held together until about October of 1982, which was a turning point in Mexico. And, I was *there*, in a sense; I was involved in the middle of this at that time. In the same year, you remember, there were two countries that were destroyed, or began to be destroyed in 1982. One, was by Margaret Thatcher and her people, together with the assistance of Caspar Weinberger, in the case of the Malvinas War. This was a bait-and-switch effort, on the part of the British government, with the collaboration of a man who received a knighthood from Queen Elizabeth II—Caspar Weinberger—for assisting this. And, the purpose was, to destroy Argentina.

We became involved in the fight against this destruction of Argentina — I became personally involved, deeply, in it at the same time that I knew that people in New York were out to destroy Mexico, with financial warfare. And, that's when I had this personal meeting with our friend López Portillo, who was then President, and, among other people in the hemisphere, talked to me in that period, and said: "What are we going to do? Why don't you write a book? You've expressed ideas about what the problem is, and so forth, why don't you write a book, a report, which will be a guide, to pull together for all of us in these nations, how we should approach this problem, collectively?" And, I discussed that also with the President of Mexico, in our meeting in the spring that year, and he said: "What are they going to do?" I said: "They are going to come in, and destroy your country, beginning no later than September, with a crisis. It's all obvious."

So, I wrote this book (which I wrote speedily), which is called *Operation Juárez*, commemorating the alliance of Abraham Lincoln and his friends—such as, before him, one of his earlier mentors, the Secretary of State, and President, John Quincy Adams, who was one of the people behind Lincoln's development—as an approach, to reorganize the crisis, to deal with the aftermath of the 1971-72 floating-exchangerate crisis, and deal with this.

We hoped to get some people in the United States, in the Reagan administration and elsewhere, to *recognize* the strategic importance of doing this.

When that failed, when Mexico was crushed, when López Portillo was *crushed* by massive force, and when the leadership in Argentina and the President of Brazil *betrayed him*, on an agreement which he had negotiated on these issues, he was hung out to dry; Mexico was hung out to dry. Since that time, Mexico has been destroyed, systemically destroyed, under the direct supervision of the United States, with British advice.

Now, in this process, you think about what was going on in Mexico prior to that time: what López Portillo represented as President, what the heritage of Mexico was. We had *ideas*. Mexico was *full* of ideas! Water systems, north-south water systems on the Atlantic coast and the Caribbean coast; development of new cities; renovate the railway system; open up

this water development project, up in the north, near Sonora; build up agriculture, build up industry; utilize the petroleum resources to build up a nuclear industry for Mexico—nuclear energy—to build up cities on the coast, where you could not build up cities, because of environmental conditions, without *energy to do so*.

All these ideas were afloat. The Mexican people, the PRI, the party, the institutions, were *filled* with these ideas of development and progress, left over from an earlier heritage.

So, what happened is, the enemy came in and *smashed* the institutions from the top!

The Mexican population was thrown increasingly into despair. The drug mafia, particularly with George Bush coming in, with his Iran-Contra drug operation; which is how the Medellín Cartel got supported by George Bush, 1985-86, where he got some cocaine, which he converted to crack, on the West Coast of the United States, as a way of dumping it. That, in this period, everything began to fall apart.

What happened against Panama. What happened against *all* these countries. What happened in Colombia. That you began to get the operation, where the Mexican people, began to lose their confidence in the future.

Under these circumstances, the existentialist poison—typified by Soustelle, and Jean-Paul Sartre, and so forth; Octavio Paz, others of the same type—this pollution, began to suppurate in a population, which had become pessimistic, as the German population had tended to become pessimistic after the Carlsbad Decrees of 1819.

So, what we're seeing today, is a population which had been *driven into pessimism*, and driven into a *pus of infection*, a cultural infection, of existentialism, which had been spread through the Americas in that period. And, you find that this is the *root*, of all these little, crazy movements of today.

The only cure for the thing, is to, first of all, recognize the source, and factors, of the disease, the cultural disease. And to define the cure, from the standpoint of understanding the disease. The cure is to bring optimism, to reverse the effects of cultural pessimism; and you feel this, when you act like an evangelist, and try to deal with some of these people who are corrupted by this sort of thing. They ask you: "What do you have to offer, in exchange for what we're doing now?" And, if you don't have the answer, you walk away, knowing you haven't given the answer. Or, if you have the answer, and they

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don't believe it's feasible, you walk away with a similar result.

And, people are going for this kind of degeneracy, which we saw in Europe: You had *hordes of people*, homeless people, marching up and down the landscape like locusts, destroying cities and towns wherever they went, by looting them. The Flagellants, flagellating themselves: a crazy cult of insanity! We've had such things before.

And, the only thing is, that we, who have some ability, at the top of society, who can understand what has gone wrong, have to recognize that we must take those actions, which permit us to be able to reach those people who've gone down into the pit of existentialist self-destruction and degradation! We must have the means, the power, to be able to say to them: Yes! We do have an alternative! You don't have to live like this. You don't have to think like this.

And, as I've said this week, and I've said it repeatedly, before—my whole life is sort of centered around this question: If you can not say, that man has a certain quality, distinct from the animal—a quality of cognition, of creation of ideas, valid ideas, which links us to all past humanity, and all future humanity, and that we are all each individually a *moment* in an infinite, endless, temporal eternity, and that our identity is located in what we are able to with that power of cognition, to realize the best contributions of the past, and to contribute to the future, then—if you don't have that conception—what can you do with mankind? Mankind is, indeed, then, just an existentialist animal.

However, if you say that's the case, and you say it with one of these lost souls out there—as you talk about this Sonora case—and there are many around the world; if you can't *show* them, also, that what you're saying about man and his nature, is not just an abstract idea, but is a matter of *feasible*, *available* practice, how are you going to evangelize them, and bring them back to humanity?

That's the problem.

So, yes, here's the problem: We have to recognize where it came from, how it came about, where the infection came from, how the infection was turned into a raging disease—say, in Mexico, in 1982, throughout the hemisphere, generally, in 1982. If you compare the situation in the hemisphere before 1982, and after 1982, you see a fundamental shift. A phase-shift. And this phase-shift, what you've described from Sonora, is *inevitable*, *without leadership*. Leadership depends upon a *ideas*, a *conception of man*; but the conception of man must be made *actual*. And, therefore, you must have leaders who make it actual for the people.

And, they'll believe you, once they see it's actual. I've seen that before, in the mobilization for World War II, where desperate, existentialist people suddenly became human, because they became optimistic; and that was so, because we were doing something! Something to conform to what we were promising. And, therefore, the two things are inseparable, the one from the other: the ideas, the conception—and the practice.

INTRNational

The new violence: America's kids are victims of menticide

by Michele Steinberg

There is nothing accidental about the "new violence" sweeping America, in which children are killing each other, their parents, and themselves. Creating killer kids using Nintendo techniques and animated violence is a multimillion-dollar business, and it is *deliberate*.

Babies under a year old are being prescribed Ritalin to keep them quiet, and the insane craze of Pokémon, or Pocket Monsters, as the Japanese-created animated hit is known, is being investigated for causing photosensitive epilepsy.

Indeed, the "new violence" has reached the level of a national emergency. Recently, in little more than a week, the nation witnessed a wave of child shootings and killings. The Feb. 28 shooting of a six-year-old girl, by another six-year-old, in their Flint, Michigan schoolyard, was immediately followed by the non-fatal shooting of a classmate by a seven-year-old, who learned to load and shoot a gun from viewing television. That was followed by a rash of teenage killings and shootings at schools throughout the country.

Democratic Presidential pre-candidate Lyndon LaRouche has been the only national leader to address this emergency, and offer a way out of it. On Feb. 25, LaRouche called for the formation of a "National Commission Against the New Violence," and pledged that his campaign will continue to shine a spotlight on the growing crisis of media-induced violence in many facets of American life.

The issue of the "new violence" was also addressed in a Feb. 20 speech to the Schiller Institute-International Caucus of Labor Committees Presidents' Day conference in Virginia, by Helga Zepp-LaRouche, the wife of Lyndon LaRouche and founder of the Schiller Institute (see last week's *EIR*). In her speech, entitled "America's Children Are in Mortal Danger," Zepp-LaRouche zeroed in on Pokémon, which addicts children as young as two or three years of age. Pokémon, she

warned, has been underestimated as a trigger for violence, an instrument for desensitizing children to violence, and for actually encouraging sadistic violence against others.

A study published in the March 2000 issue of *Nature Neuroscience* reports that Pokémon is being investigated for links to visually induced epileptic seizures. According to the article, "During a recent showing of the 'Pocket Monster' cartoon in Japan, 685 children experienced epileptic seizures." It says that "photosensitive epilepsy" is the most common form of stimulus-induced epilepsy, and its prevalence in children ages 4-14, which is already "substantial, . . . is increasing as a result of the proliferation of television display units and video games which may act as triggers." More than 200 children who suffered epileptic convulsions during the Pokémon showing remained hospitalized for some period of time, says the article.

Nintendo killers

Speaking to Hispanic-American leaders on March 3, which was simultaneously broadcast on his website (www. larouchecampaign.org), LaRouche stressed the importance of the commission against the new violence:

"As most of you know," he said, "something which should be of concern to people, not only in the United States, but outside: We've had a pattern of incidents, triggered to attention, not only by the Columbine shooting in the Columbine High School in Colorado some time ago, but also by the case of a shooting of an unarmed student [Amidou Diallo], near his home—entering his home—by police, in the Bronx in New York. And this case was just decided in favor of the police in a criminal proceeding which was moved out of New York City into Albany.

"... We're getting killings which are caused by the use

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of Nintendo-style games, such as the game Pokémon, with children, and also with police and others. In the case of the Diallo shooting, the problem was that the Mayor of New York, like many other officials, has been training the police force in Nintendo-style killing techniques. . . . So we have Nintendo-killers."

LaRouche emphasized that this is what happened in Columbine: "We have Nintendo game-style killings which are occurring, from students. This affects young people three years of age and higher. So, what's happening throughout the United States: We're building up a recruitment of mass killers through Nintendo-style games broadcast on the television stations, broadcast on the Internet, and broadcast in the form of games, which people can buy through video stores and game stores.

"This is a very serious problem. It is the result of the mass media programs. We are producing zombies from our students, by this means, and by the use of Ritalin and other dangerous drugs in classrooms, to try to control student populations."

LaRouche called for the formation of the commission after the verdict in the Diallo case, in which the four policemen who killed Diallo, firing 41 shots at him in five seconds, were acquitted, on Feb. 25.

In his March 3 webcast, LaRouche stressed that the police who killed Diallo, were responding "as they had been trained" to do. So, to get at the cause of the violence, LaRouche said, go after the incompetent and evil leaders responsible.

"We must eliminate the kind of public official, especially elected officials, responsible elected officials, who will allow the kind of training and directives which are being given by [New York Mayor Rudolf] Giuliani, or by George W. Bush in Texas, or Jeb Bush in Florida, or [James] Gilmore, the Governor of Virginia," LaRouche said. "We must eliminate those kinds of people from positions of power, and put in and demand, as a qualification, that the people who go in, are the kind of people who know what to do with this kind of problem.

"If we don't, we can only blame ourselves. And I'm determined to do everything I can, with my campaign and in other ways, to deal with this problem. This has come to a danger point, where ... we are faced with a kind of violence this nation can not survive, unless we bring it under control. And therefore, it has almost the highest priority, among all world issues, in bringing this under control."

Ban Ritalin and the rest

It is well known that many of the student mass murderers were being prescribed mind-altering psychiatric drugs. T.J. Solomon, the 15-year-old from Conyers, Georgia who shot six classmates in May 1999, was on Ritalin; Eric Harris, 18 years old, the Columbine killer, was being prescribed the anti-depressant Luvox; and Kip Kinkel, the 15-year-old from Springfield, Oregon who killed both parents, two schoolmates, and wounded 20 other students on May 21, 1998, was

being prescribed Prozac, one of the most widely prescribed among the anti-depressants.

These are not isolated cases. Of the estimated 2 million kids under 18 years of age in America who have been prescribed Ritalin, Luvox, Prozac, Paxil, and other anti-depressants and psychiatric drugs, many have committed violent acts, even killings. Many others are walking time-bombs.

On March 6, *U.S. News & World Report* documented other cases of violence connected to these type of drugs. In 1995, in California, 16-year-old Jarred Viktor was convicted of first-degree murder for stabbing his grandmother 61 times. Ten days earlier, Jarred had been prescribed the anti-depressant Paxil, for his pre-existing problems—drinking, drug abuse, and threatening suicide. The article reports how 13-year-old Matt Miller committed suicide in Kansas (he was found hanging in his closet) after taking the anti-depressant Zoloft for a week. The Miller family has filed suit against Pfizer, the manufacturer of Zoloft.

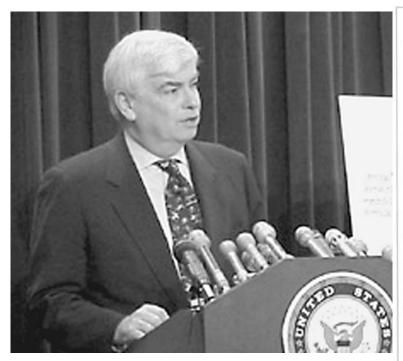
Articles in the U.S. magazine *Health and Healing*, and in the British daily, the *Observer*, charge that Prozac, produced by Eli Lilly company, has the effect of producing akathisia, a condition of severe agitation and disorientation, which they describe as a fuse for violent outbursts. A study conducted by Dr. David Healy, director of the North Wales Department of Psychological Medicine at the University of Wales, found that Prozac produced violent behavior in mentally healthy volunteers, and claims the drug may have been the trigger for many violent acts, including murders for which people are in prison.

But by far the most horrible revelation to date is the documentation that increasing numbers of infants, toddlers, and pre-school children are being zombified with psychiatric drugs produced for adults, before these children can even learn to talk, let alone read.

According to an article in the Feb. 23 Journal of the American Medical Association, entitled "Trends in the Prescribing of Psychotropic Medications to Pre-Schoolers," poor children, especially black children in the United States, are being prescribed the dangerous drug Ritalin (methylphenidate) in unprecedented numbers, at younger and younger ages, with the number of prescriptions having increased more than 300% during 1991-95 in two study groups. The use of Prozac (fluoxetine hydrochloride) is just as abused; the article says that a psychiatric newsletter, citing marketing data compiled by the Food and Drug Administration, reported that in 1994, some 3,000 prescriptions for fluoxetine hydrochloride were written for children younger than one year of age!

The article was written by a group of doctors led by Dr. Judy Magno Zito, from the University of Maryland, Johns Hopkins University, and the Center for Health Research, Kaiser Permanente, in Portland, Oregon, and the findings were presented already in May 1999, at a meeting of the American Psychiatric Association in Washington, D.C. But, the dangerous practices have still not stopped.

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Sen. Chris Dodd (D-Conn.) at the March 3 press conference, to urge better oversight and more research of pre-schoolers taking prescription drugs.

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WARNINGS

Ritalin should not be used in children under six years, since safety and efficacy in this age group have not been established.

Sufficient data on safety and efficacy of long-term use of Ritalin in children are not yet available. Although a causal relationship has not been established, suppression of growth (i.e., weight gain, and/or height) has been reported with the long-term use of stimulants in children. Therefore, patients required long-term therapy should be carefully monitored.

PRECAUTIONS

Long-term effects of Ritalin in children have not been well established.

The physicians studied ambulatory care prescription records from 1991 to 1995 from two state Medicaid programs (one in a Midwest state, and one in a Mid-Atlantic state), and from one salaried "group-model" health maintenance organization (HMO) in the Northwest. The records were checked for enrollees between 2 and 4 years old (all pre-school) during those years in three cross-sections for the years 1991, 1993, and 1995.

The results should shock the nation: In all three programs, psychotropic medications prescribed for pre-schoolers increased dramatically. The use of methylphenidate increased in all three sites: threefold for the Midwest database, 1.7-fold for the Mid-Atlantic group, and 3.1-fold at the HMO. These records involved hundreds of thousands of patients—there were more than 158,000 enrolled in the Midwestern state, 54,237 in the Mid-Atlantic state, and 19,322 at the HMO. One noticeable pattern is the prevalence of prescribing these drugs for poor children. The article says that the Medicaid youth populations were almost entirely eligible under Aid to Families with Dependent Children (AFDC, the Federal welfare program, which has since been replaced by the state-by-state welfare administration, TANF), and, within the Medicaid groups, "non-whites were over-represented," i.e., a greater number than in the general population of the country.

There's no question that the poorest children are being abused. The article also notes that, "in a 1998 professional meeting report, pediatric researchers noted that 57% of 223

Michigan Medicaid enrollees aged younger than 4 years with a diagnosis of ADHD [Attention Deficit Hyperactivity Disorder] received at least one psychotropic medication to treat this condition." Among the drugs, methylphenidate was one of the two most often prescribed.

These results are more than alarming: They indicate a pattern of pre-meditated medical abuse of children. At a press conference on March 3, Sen. Chris Dodd (D-Conn.) addressed the "concerns" posed by the *Journal of the American Medical Association* article. Dodd displayed wall charts that showed the warning labels that are printed on every bottle of Ritalin. In large type, the inserts say: "Warning: Ritalin should not be used in children under six years, since safety and efficacy in this age group have not been established." A second warning says: "Precautions: long-term effects of Ritalin in children have not been well-established."

Dodd had sponsored legislation in 1997 requiring that this type of warning be provided, and that pediatric drugs be tested before being prescribed to children. He bemoaned the slowness of the process, and admitted that doctors who are prescribing these drugs are "playing Russian roulette with the health" of these children. At the same time, Dodd praised the "useful" aspects of these psychotropic drugs on troubled children, and called upon the National Institutes of Health to "speed up" the research so that the drugs could be cleared for use on children.

He's wrong. The use of psychotropic drugs for children should be banned, now.

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Capitol Hill forum exposes bankruptcy of NATO's Balkans policy

by Carl Osgood

NATO's 78-day air war against Yugoslavia last year was a fiasco from beginning to end, that has left the Balkan region on the verge of a new war, has transformed NATO into an aggressive intervention force, while, at the same time, demonstrating that NATO is not capable of fighting a real war against a formidable enemy.

These were some of the most damning conclusions drawn from a Capitol Hill forum on March 3, sponsored by Rep. Dennis Kucinich (D-Ohio).

Kucinich was opposed to NATO's bombing of Yugoslavia, and participated in a lawsuit, filed last year against the Clinton administration, in an effort to stop it. The wide-ranging discussion during the forum exposed the bankruptcy of NATO's policy in the Balkans, with U.S. Secretary of State Madeleine Albright coming in for a great deal of criticism. While the discussion covered a broad range of issues, the underlying theme was the folly of "coercive diplomacy," that is, the selective use of military action to achieve diplomatic objectives.

Kucinich moderated a panel of expert analysts from across the political spectrum. Panelists included Ted Galen Carpenter, vice president for Defense and Foreign Policy Studies at the neo-conservative Cato Institute; Robert Hayden, the director of Russian and Eastern European Studies at the University of Pittsburgh; Charles Spinney, operational research analyst in the Office of the Assistant Secretary of Defense for Program Analysis and Evaluation (Spinney specified that he was expressing his own views, not those of the Pentagon); Stojan Cerovic, a Serbian journalist and Senior Fellow at the U.S. Institute of Peace; and Pierre Sprey, a former special assistant to the Assistant Secretary of Defense for Systems Analysis. Explaining the legal technicalities involved was Michael Ratner, vice president and international lawyer at the Center for Constitutional Rights. Kucinich and Ratner collaborated closely on the lawsuit against the Clinton administration. (The suit was recently dismissed in Federal court on the grounds that it was a political issue, and members of Congress don't have legal standing to sue in such a situ-

In his opening remarks, Kucinich said that the recent vio-

lent ethnic clashes, such as in Mitrovica, Kosovo, show that the war continues, even though NATO's bombs are no longer falling. With NATO calling for more troops and the Clinton administration blaming Serbian President Slobodan Milosevic for the violence, "it seems we're back to where we were one year ago," he said. Kucinich then began the discussion by raising the issue of Albright's conduct at the Rambouillet negotiations in France prior to last spring's NATO bombing campaign. He quoted Albright saying, "We're asking the Serbs to accept an international force to keep Kosovo in Serbia."

Hayden called Albright's idea "silly." He said that the political proposal at Rambouillet was for an Albanian civil authority, backed up by NATO, with no Serb authority allowed in the province. "The secession of Kosovo was what was being proposed," he said. He then mentioned the infamous "Annex B," the proposal that NATO troops would be able to operate with impunity anywhere in the Federal Republic of Yugoslavia. Hayden hastened to say that he was not by any means endorsing the Milosevic regime, but, "It's difficult to imagine any government accepting these conditions."

Carpenter said that Rambouillet was symptomatic of NATO's view that Milosevic "is the source of all the troubles" in the Balkans. He pointed out that "there's a great variety of intense nationalism," and, in fact, the Greater Albania operation "has greater disruptive potential" than what the Serbs are doing. Spinney added that the Jan. 30 authorization of air strikes by the North Atlantic Council set the tone of coercive diplomacy even before the negotiations began. Ratner and Hayden noted that the final agreement that ended the bombing excluded Annex B, so that, essentially, "what came out was different from what we went to war for."

NATO military incompetence

Kucinich then shifted the discussion to NATO's military operation. He noted that many new precision-guided munitions (PGMs) were used in the war, which also saw the wide-scale use of stealth technology, including the first operational missions of the U.S. Air Force's B-2 bomber. He wanted

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to know how effective these technologies had been.

Sprey said that these technologies were actually irrelevant. "What we saw," he said, "were variants on older technologies. These are the wave of the future only because of the propaganda for them." The only effect of stealth technology, he said, is to make planes more expensive and less effective. As for PGMs, these have a peculiar relevance, but not as a military weapon, because they had no effect on the mobility of Serb military forces. Nor did they have any effect on Serb lines of communications. "The Serb Army is in great shape," he said, since hardly any Serb armor or other military vehicles were destroyed. However, "we proved we can cause considerable damage to civilians." He claimed that the two primary weapons guidance systems used by NATO, laser and the Global Positioning System, are easily countered—laser by smoke and the GPS by jamming.

Spinney said that the crucial issue here is how these technologies affect our strategy. He said that what NATO did was to marry PGMs to coercive diplomacy, which "blew up in our faces in Kosovo." While it was not mentioned as part of the discussion, the Serbs did succeed in detouring NATO bombs numerous times with papier-mâché decoys of tanks and planes, showing that NATO's sensors and guidance systems could be easily deceived. Sprey claimed that coercive diplomacy was developed by interested parties in the Pentagon and elsewhere during the 1980s to justify the manufacture and employment of PGMs. In reality, the strategy is an extention of British "cabinet warfare" doctrine, which Sprey and others ignore.

During the question and answer period, a U.S. Army officer asked Spinney what the war, in particular the deployment of Apache helicopters to Albania, revealed about the condition of the U.S. military. Spinney replied, "It showed we can't deploy," and that the Army is in "panic city" because of this. He said the argument that the deployment was to create the threat of a ground invasion was ludicrous, because if the decision to invade had been made, "the Army would still be deploying."

Kucinich then raised the question of what NATO has become. He described it as now being an "air-oriented force," with the ability to conduct offensive actions, and asked Carpenter to describe how the scope of NATO's mission has changed. Carpenter called it a "stealth transformation," with the Kosovo intervention completing the shift of NATO from a collective, defensive alliance, to a pro-active offensive alliance for vague purposes. He ridiculed the argument which NATO used to reassure Russia—that NATO is still a defensive alliance—when, after the Yugoslav war, it has become clear that that is not true. He noted that the reason NATO suffered so few casualties, was that the bombing was carried out from 15,000 feet. "Sooner or later," he warned, "there'll be a mission that can only be executed on the ground. When that happens, it'll show the bankruptcy of the

'new NATO.' "

Hayden warned that the Alliance's strategy of attacking civilian populations sets a bad example for the rest of the world. He said that this was picked up by the Russians in the Chechnya war, and also by Israel in its latest attacks in Lebanon, in which Israeli aircraft bombed Lebanese electricity infrastructure.

Was it legal?

Kucinich then moved the discussion to whether U.S. involvement in the operation was legal. He noted that on April 28, 1999, more than a month after the bombing campaign began, the House voted on four pieces of legislation related to the war. Two of these were resolutions sponsored by Rep. Tom Campbell (R-Calif.), whose intent was to force a debate on the war in the House. One was a declaration of war against Yugoslavia, and the other called for the removal of all U.S. troops from Yugoslavia within 30 days. The other two were a Senate-passed resolution supporting the air campaign, and a bill, sponsored by Reps. Bill Goodling (R-Pa.) and Tillie Fowler (R-Fla.), prohibiting the introduction into combat of U.S. ground troops without Congressional approval. Only the Goodling-Fowler bill passed.

Ratner took up this issue, saying, "I never had a situation where Congress voted not to authorize war." He said that this was the first time that Congress took a stand since the passage of the War Powers Act in 1974. However, on the negative side, the Congressional vote was completely ignored by President Clinton, and the President went beyond the 62-day clock of the War Powers Act, which, Ratner said, is "now a dead letter." This takes us back to pre-Vietnam-War days and "stands the Constitution on its head," because "it lets the President do what he wants."

Spinney added that neither the U.S. Congress nor the parliaments of other NATO member-countries knew about Annex B before the war started. Kucinich added, "We did get it, after the war."

Kucinich then shifted the discussion to the war's impact on the democratic opposition inside Serbia. Stojan Cerovic said that prior to NATO's bombing campaign, the democratic opposition was making progress inside Serbia. It had won almost all of the local elections. However, after the war began, "I was supposed to be happy because Milosevic is such a bad character." In reality, "none of us" in the opposition "were happy," because "it was clear that you couldn't get a change of government from air strikes." The fact that NATO did not succeed in driving Milosevic from power, combined with the indictment of Milosevic issued by the International War Crimes Tribunal at The Hague, means that "he's sentenced to be President as long as possible."

Cerovic was somewhat defensive about general Serb attitudes toward Milosevic's policies in Kosovo, but he ad-

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mitted that the situation was serious before NATO's bombing campaign. He noted that the Kosovo Liberation Army was "not negligible," and that a low-level war had been going on for a year before NATO's war. However, the opposition is in a far more difficult situation now than before the war. "Milosevic can't afford honest elections. He will do anything to stay in power," he said.

Nowhere to go but downhill

The most blood-curdling remarks, however, came from Spinney. Kucinich asked him to comment on the continuing violence since the cessation of NATO's bombing campaign. "It would seem," Kucinich said, "that NATO's mission has not worked." Spinney said that because of the intensity of the hatred between Albanians and Serbs, the conditions for democracy simply do not exist, and therefore, democracy is not an option. He suggested that one possibility is a *de jure* partition of Kosovo province, but said that that could end up in a situation similar to the Palestinian refugee camps in Gaza and Lebanon. An alternative is what he called "expurgation," a population exchange, and to describe how this would work, he invoked images of the mass population exchanges that took place between India and Pakistan in 1947. He also warned of a situation like that of Somalia

after the United States pulled out in 1993, a possibility given that NATO is starting to become exhausted, and some NATO member-states are refusing to send additional troops to Kosovo. "If NATO pulls out," he said, "someone will finish the job." In other words, either the Albanians will kill off the Serbs remaining in the province (estimated to be anywhere from 17,000 to 70,000), or an undefeated Serb Army will come in and do the same to the Albanians.

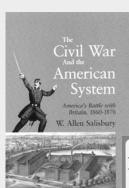
Before opening the floor for questions, Kucinich noted that the Rambouillet process "seemed designed to give an ultimatum that could only be refused." Spinney drew a parallel between Rambouillet, and the diktat issued to Serbia by the Austro-Hungarian Empire after the assassination of the Archduke Ferdinand in 1914—except that Annex B was a far greater intervention than that contemplated by the Austro-Hungarians. Carpenter added that it is correct that the United States and its allies—and here he singled out the Clinton administration and Britain's Tony Blair governmentwanted a bombing demonstration with Serbia as the target. These governments see Milosevic as a "dangerous trend," and wanted to make an example of him. Ratner's closing comment was probably the most telling: "We have an obligation to exhaust all peaceful means before bombing. We didn't do that in this case."

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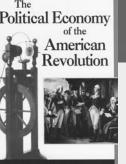
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Bush backer W.L. Berman linked to Connecticut RICO conspiracy case

by Scott Thompson

Wayne L. Berman, one of Texas Gov. George "Dubya" Bush's biggest financial angels, is currently the subject of a Federal Racketeering Influenced and Corrupt Organization (RICO) investigation in Connecticut. Berman has been identified by the *Washington Post* and the *Hartford Courant*, as one of those associated with the \$500 million Connecticut state pension fund scam, pulled off by former Connecticut State Treasurer Paul J. Silvester.

Berman was an Assistant Secretary of Commerce in President George Bush's administration, a "Team 100" member (having raised \$100,000 or more) during President Bush's failed 1992 re-election bid), and was, until recently, a Republican lobbyist in Washington, D.C.

Berman's associate Paul Silvester pleaded guilty on Sept. 23, 1999 to an array of charges, including being part of a RICO conspiracy. After that, Berman suspended his membership in Dubya's "Pioneers," pending the outcome of the criminal investigation. The Pioneers are a group of several hundred GOP deep-pockets who have raised over \$100,000 each for Dubya's Presidential campaign.

According to a statement issued by the Connecticut U.S. Attorney and an "Information" document containing the formal charges against Silvester and others in his RICO conspiracy "enterprise," this is an ongoing case, despite the fact that Silvester "waived indictment and pleaded guilty to charges in an ongoing multimillion-dollar corruption probe involving charges of racketeering, bribery, and money laundering."

The lobbying firm of Park Strategies L.L.C., which was formed recently by Berman and former Sen. Alfonse D'Amato (R-N.Y.), has had its records, on the alleged distribution of \$160 million of Connecticut state pension funds provided by Silvester, subpoenaed by the Federal Bureau of Investigation. FBI Special Agent in Charge Michael Wolf is looking into further dimensions of the case, along with Internal Revenue Service Criminal Investigation Division Chief Gregory Szczeszek. The cornerstone "Bush League" merchant bank, the Carlyle Group, which reputedly has several other Bush Pioneers on board, in addition to its consultant Berman, has also reportedly had its records pertaining to the Connecticut state pension funds subpoenaed by the FBI.

'Associate D'

According to Jon Lender and Mike McIntire, writing in

the Oct. 9, 1999 *Hartford Courant*, sources close to the investigation identified Berman as the "Associate D" mentioned in the preliminary "Information" issued by the U.S. Attorney for Connecticut.

Of the five unnamed funds in the "Information," one involves "Associate D," who is being investigated in connection with Silvester's violation of a criminal statute of the State of Connecticut, which states the following: "A public servant or person selected to be a public servant is guilty of receiving a bribe if he solicits, accepts or agrees to accept from another person any benefit for, because of, or as a consideration for his decision, opinion, recommendation or vote."

The "Information" continues on the subject of "Racketeering Act #5," under the sub-category of "Bribery and Fund #4":

"44. From approximately November 1998 and January 6, 1999, defendant Paul J. Silvester committed an act of bribery, that is corruptly solicited, demanded, accepted, and agreed to accept a thing of value, present and prospective, that is employment, intending to be influenced and rewarded in the business, transaction or series of transactions of the Connecticut State Treasurer's office, that is the investment of Connecticut Pension Funds.

"45. After the November 3, 1998 election, an associate known to the United States Attorney (hereinafter referred to as Associate D), talked with defendant Paul J. Silvester about an investment of Connecticut Pension money with an investment fund, known to the United States Attorney (hereinafter referred to as Fund #4). Associate D had an interest in the investment and emphasized to defendant Paul J. Silvester that it was important that the investment be made.

"46. During the same period, Associate D discussed with the defendant, Paul J. Silvester, employment opportunities.

"47. Defendant Paul J. Silvester understood that his employment opportunity and/or substantial salary was contingent on his investing Connecticut State Pension money in Fund #4.

"48. Therefore, defendant Paul J. Silvester committed a substantial amount of Pension Funds with Fund #4."

According to Lender et al. of the *Hartford Courant*, what this charge means, is that Berman solicited investment in the Carlyle Group from Silvester. The group is run by a "troika" of former Bush Secretary of State and White House Chief of Staff James Baker III, former Reagan/Bush Secretary of

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Defense Frank Carlucci, and former Bush director of the Office of Management and Budget Richard Darman.

One of Silvester's investments in the Carlyle Group's Europe Partners, according to Lender et al., was for \$100 million, and Berman received a \$1 million "finder's fee" for lining up the investment from Silvester from the \$18 billion Connecticut state pension fund. One of the consultants to the Carlyle Group's Europe Partners is former British Prime Minister John Major. Another investment solicited by Berman from Silvester to The Carlyle Group was for \$60 million to its Asia Partners Fund, which employs former President Bush as its "senior adviser."

According to the U.S. Attorney's "Information," most of Silvester's investment in firms that were clients of Berman including, allegedly, a large investment in Paine Webberoccurred between the Nov. 3, 1998 election (which Republican Silvester lost to Democrat Denise Nappier) and his departure from office on Jan. 6, 1999. At that time, Berman offered Silvester a job at lucrative pay with his new firm of Park Strategies L.L.C., which, according to the "Information," was the reason that Silvester invested the money in the Carlyle Group to begin with. As noted, Berman not only received a sizable "finder's fee" from the Carlyle Group for lining up Silvester's investment, but the investment itself is being viewed as a bribe for the job, using the pension fund money for which Silvester had fiduciary responsibility. Silvester subsequently left Park Strategies L.L.C., when the investigation heated up.

But, Silvester was taking no chances on landing a job when he was swept out of office. According to a Jan. 26, 2000 Associated Press article, entitled "Report: \$3 Million in Fees Paid to Carlyle Group Subsidiary," Silvester also had the Connecticut Treasurer's office pay \$2,971,945 to Carlyle Europe Partners for "consultant fees."

Berman, the Carlyle Group, the Bush dynasty

The Carlyle Group is run by some of the leading lights of the former Bush administration, as noted above; but the Bush dynasty's involvement with it does not stop there. Former President Bush has given frequent speeches to events sponsored by the Carlyle Group, for which he received lucrative honoraria. He invested these funds, along with his pay for being a "senior adviser" to Carlyle Asia Partners, back into the firm.

President Bush reportedly advised Carlyle's Asia Partners on where the best pickings are on the corpse of the "Asian Tigers," while opening doors to Asian leaders for the Carlyle troika of Baker, Darman, and Carlucci. (Ironically, the demise of the "Asian Tiger" nations was brought about by hedge fund operative George Soros, who had earlier been a business partner in Harken Energy with Dubya Bush, after Soros bailed out an otherwise bankrupt firm, Spectrum 7, for which Dubya was the managing director. Soros led a massive hedge fund attack against the "Asian Tiger" curren-

cies and stock market valuations, starting with the Thai baht in October 1997.)

As Assistant Secretary of Commerce in President Bush's administration, Berman was the official U.S. government liaison to all foreign business groups. His other political positions have included that of deputy director and executive producer of the 1992 Republican National Convention; senior staff and director of Congressional relations, Bush campaign (1988); and, deputy director of the Reagan/Bush transition team (1981). Berman is now a senior fellow at the Center for Strategic and International Studies in Washington, D.C.

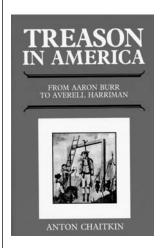
As for G.W. Bush, he was on the board of a Carlyle subsidiary called Caterair (an airline catering service) from the time that Carlyle took over the firm in 1989, until 1994, when Dubya was elected Texas Governor.

Berman held many of the early fundraising events that launched Dubya's campaign for the GOP Presidential nomination. He did the same thing as well for Dubya's younger brother, Jeb Bush, who made a successful run in the 1998 elections for Florida Governor.

Berman refused to answer *EIR*'s questions about his alleged involvement in the RICO conspiracy, and had his staff direct calls to his attorney Fred Fielding, who was one of the lawyers representing President Richard Nixon in the Watergate affair. Fielding did not return *EIR*'s calls either.

Treason in America

From Aaron Burr To Averell Harriman



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Congressional Closeup by Carl Osgood

House passes GOP minimum wage increase

Using what President Clinton called "legislative sleight of hand," on March 9 the House GOP engineered passage of bills that combined \$112 billion in tax cuts with an increase in the minimum wage spread out over three years. Also included were new categories of workers to be exempted from the wage and hour provisions of the Fair Labor Standards Act. The tax cuts passed by a vote of 257-169, and the minimum wage increase 282-143.

In remarks at the White House the day before, Clinton accused the GOP of using the minimum wage "as a vehicle to repeal worker protections and pass irresponsible tax cuts that would threaten our fiscal discipline and jeopardize our ability to save Social Security and Medicare and pay the debt down by 2013." He threatened to veto the GOP bill.

The House GOP proceeded anyway. After a procedural vote of 214-211, the House moved to the tax-cut bill, which generated angry debate. Ways and Means Committee Chairman Bill Archer (R-Tex.) touted the bill as designed to help small businesses which, he said, have created two-thirds of all new jobs since 1970. It includes provisions related to pension portability, health care insurance for the self-employed, and a reduction in the estate tax rate.

Democrats were not pleased with the bill. Charles Rangel (D-N.Y.), the ranking member on the Ways and Means Committee, demanded to know how the GOP planned to explain that three-quarters of the tax cuts in the bill are "not going to the small business man, not going to the small farmer? Is this their way to kill a bill by having the President veto it and then wait until their whole legislative process collapses...?"

Senate Minority Leader Tom Daschle (D-S.D.) told reporters the day after the vote, "I think the President was right to threaten a veto and I think we will sustain a veto."

Two Federal judges confirmed by Senate

On March 9, the Senate finally confirmed two judicial nominations to the Federal Court of Appeals for the Ninth Circuit. Richard Paez had been on hold for four years, and attorney Marsha Berzon had been waiting for more than two years to be confirmed.

In remarks on the Senate floor two days before the vote, Orrin Hatch (R-Utah) denied any untoward motivation in delaying the nominations for so long, saying such accusations are "grounded in nothing more than sinister, crass politics." Hatch said that after a thorough review, "I have become convinced that questions regarding Judge Paez's record have, by and large, been answered." He said, "I am convinced that Judge Paez will be a credit to the Ninth Circuit Court of Appeals."

This endorsement, however, did not prevent some of the most conservative members of the Senate from trying to stop the vote. Jeff Sessions (R-Ala.), a former prosecutor, sought to delay the vote on the grounds that more time was needed to investigate Judge Paez's role in the cases of former Democratic fundraisers John Huang and Maria Hsia (Hsia was recently convicted of tax evasion in Washington, D.C. in a case arising out of the 1996 Clinton-Gore fundraising scandals). "Oddly," Sessions said, "this judge, who was a nominee of the President of the United States, somehow got these cases and presided over them. I think there is a real question whether he should have taken the cases."

Also trying to prevent a vote was Bob Smith (R-N.H.), who took up issues relating to the Ninth Circuit itself, which many conservatives view as a "renegade" circuit because of the high rate of reversals by the Supreme Court of its cases. Smith said that the Ninth Circuit "is notorious for its anti-law-enforcement record, its frequent creation of new rights for criminals and defendants." He said that he was sure the two nominees would maintain that record.

Judge Paez was approved by a vote of 59-39, and Berzon by a vote of 64-34.

AIDS in Africa taken up by House Banking panel

On March 8, the House Banking Committee held a hearing on a bill to facilitate the establishment of a World Bank trust fund, to combat AIDS in Africa. The bill authorizes a \$100 million annual U.S. contribution to such a trust fund through 2005.

The bill, introduced on Jan. 24 by committee chairman James Leach (R-Iowa), was endorsed by five committee members present, including John LaFalce (D-N.Y.) and Barney Frank (D-Mass.). All those who spoke called on the United States to lead a much greater effort to address the crisis in Sub-Saharan Africa, where 6,000 people per day are dying of HIV/AIDS. They decried the small size of the effort so far, with only \$300 million being spent worldwide, half of that in Africa. "We have the capacity to go to the aid of these people," Frank said, urging a humanitarian effort on moral grounds. He rejected the neo-conservative ideology which demands arbitrary budget caps on government

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spending, on the assumption that all government spending is bad.

Supporting the bill were administration witnesses UN Ambassador Richard Holbrooke, Director of the White House Office of National AIDS Policy Sandra Thurman, and Treasury Undersecretary for International Affairs Timothy Geithner. Though no representatives of the World Bank were on the witness list, remarks of the committee members indicated that World Bank President James Wolfensohn is backing the legislation.

Adm. Blair opposes Taiwan Security Enhancement Act

Testimony by Commander of the U.S. Pacific Command Adm. Dennis Blair on March 7 undercut the atmosphere of "political poison" that is being built in Congress by an anti-China faction in Congress that calls itself the "Blue Team." In an unusually blunt intervention for a serving military officer, Admiral Blair recommended against the Taiwan Security Enhancement Act, during a hearing of the Senate Armed Services Committee. In response to a question, he said that the bill "doesn't give me the ability to do my job any better than I can today," and, in fact, "would move us away from peaceful resolution" of the Taiwan-China issue.

Blair's statement bolsters the position of President Clinton, who opposes the bill, and says that he would veto the measure. Committee Democrats echoed the White House opposition. "This act would not be helpful," said Carl Levin (D-Mich.), the ranking member on the panel, who added that Blair's statement would have "a major impact around here."

Blair repeated his remarks the following day at a hearing of the House Asia and the Pacific subcommittee. He said that the bill "raises the degree of tension," and "does not advance us as far as a peaceful solution." Don Manzullo (R-III.) commented that even though he voted for the bill, he has since come to a similar conclusion. "Basically, it becomes a political decision" not "to raise the level of tension for a bill that essentially doesn't do anything," he said. Earl Pomeroy (D-N.D.) said, "I think the Admiral's comments are extremely important and need to be considered on this topic and on other topics."

Blair reported that during his recent visit to Beijing, he was told that the Taiwan bill could lead to an accelerated military buildup by the Chinese, but he added that he did not see much chance for a near-term conflict between China and Taiwan. "At the current time," he said, "the rhetoric is more heated than the military moves."

Budget war heats up between GOP, Clinton

On March 10, Congressional Republican leaders released an outline of a \$596.5 billion spending plan that includes \$150-200 billion in tax cuts over the next five years, a \$16 billion boost in defense spending, and the GOP's proposal for \$40 billion in prescription drug benefits for Medicare recipients. House Budget Committee Chairman John Kasich (R-Ohio) said that the plan "is something that will allow us to get our work done, the appropriators to be able to carry out their job, yet showing fiscal restraint."

While the plan is \$10.5 billion higher than last year's discretionary budget, it is below the \$625 billion budget submitted by the Clinton administration in February. That fact alone ensures a fight with the Democrats, but some conservative Republi-

cans are also unhappy with the plan. Sen. Phil Gramm (R-Tex.) said, "If this budget is adopted, we will have found a sure-fire way to stop the Democrats from spending the surplus: Have Republicans spend it first."

In a letter to Kasich, President Clinton warned that the GOP's budget is based on the assumption that "essential funding for domestic priorities," including health care, the environment, science and technology, and law enforcement, would be cut by \$24 billion. Because such cuts are unlikely to materialize, Clinton warned, "your insistence on such a damaging and unrealistic budget would only increase the risk of dipping into the Social Security surplus and make it virtually impossible to strengthen Social Security and Medicare and pay off the debt by 2013."

Tangled up in the budget fight is the debate over providing prescription drug benefits as part of Medicare. On March 13, the House GOP announced a plan that Republican Conference Chairman J.C. Watts (Okla.) said would offer senior citizens "a plan to get prescription drugs to them while, at the same time, preparing Medicare for the next generation of retirees." GOP sources told the Washington Post that what the leadership wants to create is "a competitive, market-based approach" to drug coverage, rather than having the government administer the program. They are considering targetted tax credits, but are said to be unenthusiastic about block grants, which othere GOPers favor.

The same day, during an address in Cleveland, President Clinton said that block grants would not help middle-income senior citizens, and a tax deduction for so-called "medigap" plans "would benefit the wealthiest seniors without providing any help to the low- and middle-income seniors."

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National News

Gore and Bush: the view from Europe

Al Gore and George W. Bush are the two worst "leading candidates" imaginable, said a well-connected source of French origin, in a discussion on March 8. He added that the candidacy of Lyndon H. LaRouche, Jr. is all the more important, in view of the March 7 "Super Tuesday" outcome.

"The two candidates, Gore and Bush, are as bad as possible," he stressed. "Bush, in my view, is a kind of criminal, while Gore is corrupt." This source said that the U.S. leadership situation is all the more disconcerting, because the instability in the world financial system is worsening, as typified by the recent weeks' fall of the Dow Jones index and the rise in oil prices, with a complete vacuum of leadership available to deal with it

"It's a *very dangerous* situation. There is nobody to lead, no more leadership in the Group of Seven countries. There is no authority, as all those who have authority, have disappeared. So, if a major financial crisis arises, which seems more and more likely every day, there is no captain on the ship."

From this standpoint, he said that it is very important that "the campaign of Lyndon LaRouche has produced some effects, that he has represented truth in this campaign. I think Mr. LaRouche's ideas will progress, in the time ahead."

Religious leaders seek halt to executions

Several Jewish and Christian leaders called on President Clinton on March 9 to impose a moratorium on Federal executions, the Religious Action Center of Reform Judaism reported in a press release. The leaders, who joined Sen. Russ Feingold (D-Wisc.) in a press conference on Capitol Hill, were The Most Rev. Ricardo Ramirez, bishop of Las Cruces, New Mexico; The Rev. J. Philip Wogaman, Sr., minister, Foundry United Methodist Church, Washington, D.C.; The

Rev. Archie LeMone, associate director, Public Policy Office, National Council of Churches of Christ, U.S.A.; and Rabbi Eric Yoffie, president, Union of American Hebrew Congregations.

In an especially polemical statement, Rabbi Yoffie told President Clinton, "We urge you to rise above the cheap-shot politicians who pander to public wrath. We urge you by your example to rebuke the opportunistic demagogues who offer quick-fix solutions to the problems of crime, and are even prepared to accept wrongful executions.... Until justice and fairness in our criminal justice system are ensured, human decency and Biblical values require that we put an end to this grisly march of legalized death."

Bishop Ramirez noted that the Catholic Church opposes capital punishment "primarily because of what it does to us as a society: It perpetuates a terrible cycle of violence and the notion that we can settle our most intractable problems by resorting to violence."

Reverend LeMone pointed out the irony that: "The church is concerned first and foremost with the question of justice. However, when issues such as the death penalty arise, it is 'just us' in the minority community who pay an imbalanced price in the courts of law and on the modern 'gallows.'"

Ferraro attacks Bush for anti-Catholicism

The Italian daily *Corriere della Sera* on March 10 ran an interview with Geraldine Ferraro, the Democratic Party's 1984 vice-presidential nominee, who denounced George W. Bush as an enemy of Catholicism, and said that Bush must be defeated. "Catholics Will Beat George" is the headline of the interview, which will be read closely by Vatican officials, among others.

"America's 70 million Catholics," said Ferraro, "are sick and tired of the mud-slinging campaign against them, and are getting ready to play a very major role in the November Presidential elections. . . . We have had it with Bush's visit to Bob Jones University, where Catholicism is called a 'Satanic cult'. . . . In New York, besides [Mayor Rudolf]

Giuliani and [Gov. George] Pataki, Bush can thank the spokesman of the Archdiocese, Joseph Zwillig, who supported him against McCain. If I were [New York Archdiocese] Cardinal O'Connor, I would punish him." Ferraro called George W.'s candidacy the "revenge" of the senior Bush's White House, and said that Dubya is "unprepared for the job."

Clinton sends China legislation to Congress

President Clinton sent legislation to Congress on March 8, which calls for China to be given Permanent Normal Trade Relations (PNTR) status. To underline the importance of this measure, the President gave a speech at the Paul Nitze School for Advanced International Studies on the same day, making a strong case for passage of the legislation. At the same time, he urged China's membership in the World Trade Organization (WTO)—a concession to the "free trade" mafia which will, as *EIR* has pointed out, benefit neither China nor the United States.

"Through all the changes in China and the changes in our perceptions of China, there has been one constant," Clinton said. "We understand that America has a profound stake in what happens in China and how China relates to the rest of the world. That's why, for 30 years, every President, without regard to party, has worked for a China that contributes to the stability of Asia, that is open to the world, that upholds the rule of law at home and abroad.

"Of course, the path that China takes to the future is a choice China will make. We cannot control that choice; we can only influence it. But we must recognize that we do have complete control over what we do. We can work to pull China in the right direction, or we can turn our backs and almost certainly push it in the wrong direction."

He underlined that passage of PNTR "is the equivalent of a one-way street. It requires China to open its markets—with a fifth of the world's population, potentially the biggest markets in the world—to both our products and services, in unprecedented new ways. All we do is to agree to maintain the present

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access which China enjoys."

Clinton also warned that, in all the debate about China in the United States, "it's easy to forget that the Chinese leaders and their people are also engaged in a debate about us, there. And many of them believe that we honestly don't want their country to assume a respected place in the world. If China joins the WTO but we turn our backs on them, it will confirm their fears. All I can say to you is that everything I have learned about China as President and before, and everything I have learned about human nature in over a half-century of living, now convinces me that we have a far greater chance of having a positive influence on China's actions if we welcome China into the world community instead of shutting it out.

"And we will continue to reject the use of force as a means to resolve the Taiwan question, making absolutely clear that the issues between Beijing and Taiwan must be resolved peacefully and with the assent of the people of Taiwan. There must be a shift from threats, to dialogue across the Taiwan Strait. And we will continue to encourage both sides to seize this opportunity after the Taiwan election."

Gore's record on KKK, civil rights under fire

Al Gore, whose fraudulent claims to a pristine record on civil rights issues have been exposed by *EIR* (e.g., Feb. 25, p. 56), is now coming under more widespread fire for his stand on racial matters in his home state, Tennessee, birthplace of the Ku Klux Klan.

A New York Post commentary on March 1, "Confederate in Al's Attic," attacked Gore's silence on Nathan Bedford Forrest, founder of the KKK and slave trader, whose troops massacred 300 black Union soldiers who had surrendered in 1864. Tennessee has a state park named after Forrest with a monument; black prisoners were used to clear land for the statue of Forrest. All of this has been the focus of controversy and protests from the National Association for the Advancement of Colored People since 1988; Gore has said nothing.

Philip Christenson wrote in the Wash-

ington Times on March 2, "It takes no particular guts to go to a black church in Harlem and give a speech attacking the Confederate flag flying over the South Carolina State Capitol. . . . [But,] from the number of streets, parks, schools, and other monuments that Tennessee Democrat state legislators and local officials have named after him, one can only conclude that Forrest is the official hero of the Tennessee Democratic Party."

Christenson writes that Gore did not object in 1978 when the Democrats in Tennessee's legislature placed a bust of Forrest in the State Capitol. Gore was then a Congressman with a powerful position, but he said nothing. The Tennessee legislature is now still controlled by Gore's Democrats.

Commenting on this column, a letter to the editor by James V. DeLong, published on March 7, asked, "What about Woodrow Wilson, that proud racist and re-segregator of the civil service?" and "I greatly honor Lyndon Johnson for his actions in the 1960s, but a higher percentage of Republicans than Democrats voted for the Civil Rights Act of 1964."

Soros front pushes 'shooting galleries'

The New York City-based Lindesmith Center, a front for financial speculator George Soros and leading advocate of the decriminalization of narcotics, is peddling the idea that the Canadian government should create "North America's first sanctioned site for the safe injection of illegal drugs," according to a press release by the center.

The release cites the health officer for British Columbia province, Dr. Perry Kendall, who called for the creation of government-run "shooting galleries," after a study revealed that 90% of "injection drug users in B.C. are infected with hepatitis C."

An estimated 5,000-7,000 IV drug users live on Vancouver's East Side. Dr. Kendall is pushing for the Canadian government to issue prescriptions for heroin to drug addicts, and provide safe locations where they can take the drugs, a practice already being tested in several European cities.

Briefly

NEW HAMPSHIRE'S Republican-controlled House of Representatives voted on March 9 to abolish the death penalty. This is the first state body, since the U.S. Supreme Court reintroduced the death penalty in 1976, to pass a bill to abolish it. The bill now heads to the State Senate.

CALIFORNIA voters on March 7 approved Proposition 21, which requires that prosecutors try juveniles 14 years of age or older, who are charged with committing certain types of murder or a serious sex offense, as adults. Since 1993, at least 43 states have passed laws making it easier for children to be tried as adults, but this is the stiffest to date.

PRESIDENT CLINTON affirmed, in a letter to Congress, that economic sanctions against Iran will continue, AFP reported on March 13. "The actions and policies of the government of Iran," he wrote, "including support for international terrorism, its efforts to undermine the Middle East [peace] process, and its acquisition of weapons of mass destruction and the means to deliver them, continue to threaten the national security, foreign policy, and economy of the United States."

LEONARD WOODCOCK, the former president of the United Auto Workers union and former Ambassador to China, criticized "organized labor's vociferous negative reaction" to improving trade relations with China. In an interview with the *Washington Post* published on March 8, he said, "I think our labor leaders have got it wrong." He pointed out that progress in human rights in the United States took place gradually, "and I doubt if lectures or threats from foreigners would have moved things faster."

U.S. SPECIAL ENVOY to North Korea Charles Kartman and North Korean Vice Foreign Minister Kim Gye Gwan began talks in New York on March 8 to prepare for the firstever visit of a high-level North Korean official to the United States.

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Editorial

Caesar, beware!

Think of William Shakespeare's "Julius Caesar." How did that play begin? Did it begin with Julius Caesar and his entourage passing along a Roman street, and meeting a soothsayer, who said, "Caesar, beware the Ides of March." Most people think so.

But, it didn't begin there; it began a little earlier. The reason most people forget the opening scene of that play, is that somehow, they missed its relevance to the subsequent action. "Julius Caesar" actually begins with the Roman rabble, the Roman proletariat, running riot in the streets, across the stage.

Why? What does it mean? It means that the force that ultimately determined the outcome of Rome's civil wars, was not Caesar, Brutus, or the other leaders, but the ever-more corrupt and degenerate Roman mob. If that mob could not be weaned from their brainless minute-to-minute pursuit of handouts, and of disgusting sorts of "pleasure," weaned from what today we call "entertainment values," then no decent leadership or policy would ever triumph in Rome. And none did; Shakespeare's "Julius Caesar," and his "Antony and Cleopatra," simply lay bare the actual cause of the reallife tragedy, which was the decline and decay of Mediterranean-based civilization, into a thousand-year Dark Age of brutish misery.

Now, instead of watching television or spectator sports, put yourself up on the stage—on today's version of the stage of Shakespeare's "Julius Caesar."

Since February, all sorts of leading European institutions have been repeating almost-daily dire warnings, directed especially at Washington and the United States, that the present financial bubble is unsustainable in the short-term, and is on the point of rupturing, to unleash the worst global financial crisis of recent centuries. The Europeans go further, to point out that the collapse will shut down the workings of the banking system.

This a polite way of saying, as Lyndon LaRouche has said less politely, that the financial system will vaporize. Your bank will stop answering its telephone. When you go into your supermarket to buy food, your credit card will not be accepted, *if* you still have it. Your check will not be accepted, *if* you still have one. If you still have any cash, most probably, your cash will not be accepted either, just as was the case in Weimar Ger-

many in the summer of 1923.

The first fruits of Germany's all-destructive hyperinflation of 1923 are already with us today, in the recent tripling of oil prices. And oil is not the only commodity whose price is skyrocketting—there are others. The same tendency is visible in some real-estate and other titles. Only fools look for "market factors" and "production shortfalls" as explanations of these sudden price leaps. This has nothing to do with markets or production. This is the Weimar, 1923, effect.

But meanwhile, where have you been, while all these European friends have been trying to warn you? After all, it is your job, your home, and your savings which will be wiped out—not those of any bigwig bankers.

Now, the fact is that the Constitutional power of the U.S. Presidency, is fully capable of solving such a crisis. But this will only happen if we have a President who is willing, prepared, and able to do it, as Franklin Roosevelt was in 1932-33. Not the evil utopian fanatic Al Gore, nor the rage-filled puppet George W. Bush. Of all potential candidates, only Lyndon LaRouche has these qualifications. But even LaRouche, as a leader, can become President, and save this nation, only on the condition that the American people themselves understand this as necessary.

That brings us back to the rising chorus of European warnings, and to Shakespeare's "Julius Caesar." Have you been listening to these warnings? If not, why not? As LaRouche said recently, "Today's typical Americans, expecially those between the ages of thirtyfive and fifty-five, have achieved the reputation of having the smoothest brains in all of globally extended European civilization." If you insist on ignoring these warnings, then see yourself for a moment, as the arrogant, brainless, but muscular rabble, which these Europeans and others see when they look at you, even if they don't say it out loud. The suburbanite Baby Boomer with his video-games and his Internet pornography, is nothing but today's version of the Roman proletarian cheering the slaughter of the Christians in the Colosseum.

The leadership exists which could save you. But the acquired moral character of the population, delimits what even the best leadership can do. Beware, indeed!

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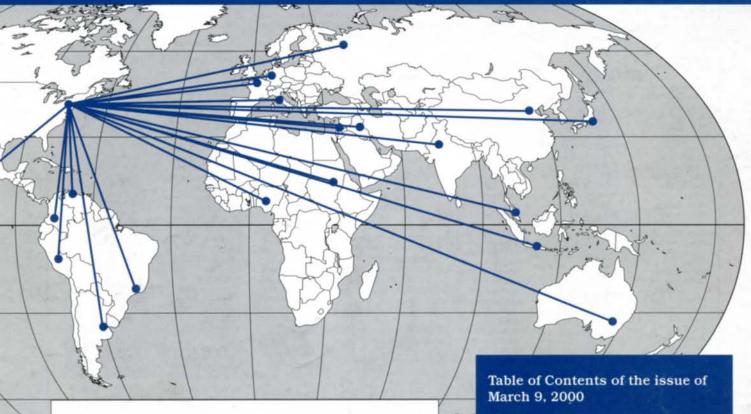
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