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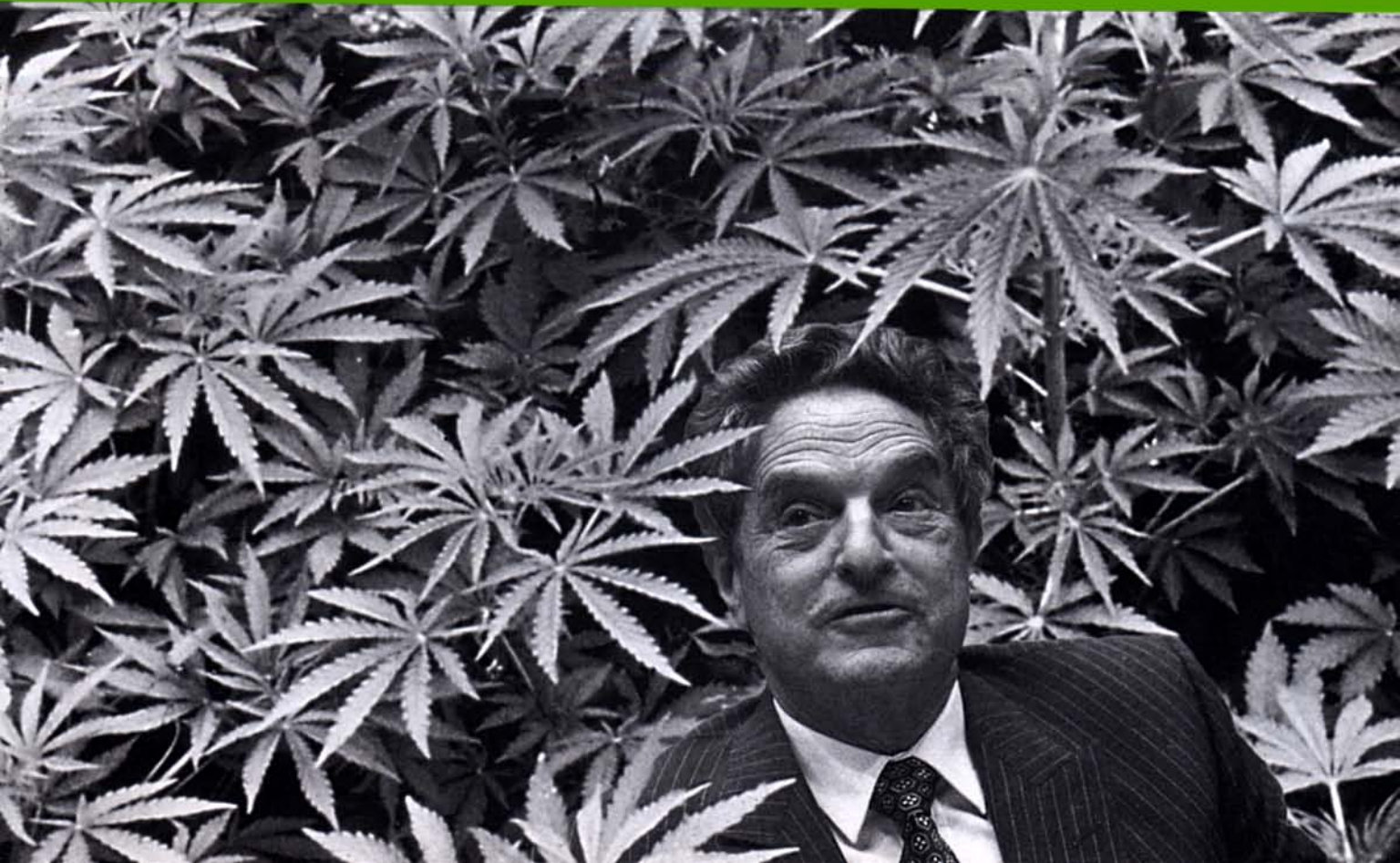
Executive Intelligence Review

August 29, 1997 • Vol. 24 No. 35

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The Transaqua plan to green Africa's deserts
 Hamas suicide bombers came from London
 Teamsters' UPS victory can be a turning point

**George Soros: drug
pusher for the Queen**



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EIR (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July, and the last week of December by EIR News Service Inc., 317 Pennsylvania Ave., S.E., 2nd Floor, Washington, DC 20003. (202) 544-7010. For subscriptions: (703) 777-9451. World Wide Web site: <http://www.larouchepub.com> e-mail: eirms@larouchepub.com

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Japan subscription sales: O.T.O. Research Corporation, Takeuchi Bldg., 1-34-12 Takatanobaba, Shinjuku-Ku, Tokyo 160. Tel: (03) 3208-7821.

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Postmaster: Send all address changes to *EIR*, P.O. Box 17390, Washington, D.C. 20041-0390.

From the Associate Editor

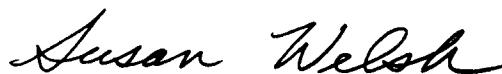
It may seem surprising that a man as rich, evil, and powerful as George Soros, should be so little known to the public. This is because he is one of the top operatives of Britain's "Invisible Empire"—the subject of a report in last week's issue. In our current cover story, we develop more fully the case of the "invisible" Soros's activities in support of the drug legalization lobby, and a few examples of his destruction of nation-states.

Soros and his minions are deployed in a worldwide Order of Battle, fighting for control over currencies, raw materials, and—probably most lucrative of all—drugs.

In October, Soros will visit what one Russian patriot described as the Union of Soros-Swindled Republics (U.S.S.R.). His visit to Russia will mark the tenth anniversary of the activities there of the Soros Fund. The opposition daily *Sovetskaya Rossiya* editorialized on Aug. 2, that Soros "always plays big but prefers to remain in the shadows. . . . Usually, it is after a while that the world learns, for example, that, before having tanks shell the Supreme Soviet, Yeltsin met with George Soros. . . . We are in for what might become the final stage of a national pillage—Sorosizing Russia." Another newspaper wrote that Soros was using hedge fund operations in New York to amass resources for the takeover of the Russian communications and energy sectors.

This is the man who launched the massive assault on the Italian currency in 1992, which is the subject of ongoing official legal investigations in Naples and Rome. In Croatia, the Ministry of Internal Affairs opened a criminal proceeding in December 1996, against Soros's Open Society Institute. In Brazil, Soros's Opportunity Asset Management Fund was part of the consortium that bought up the Companhia Vale do Rio Doce, the state-sector mining giant at the heart of Brazil's industry.

And in the United States, Soros, who demurely says that he doesn't think marijuana should be consumed by children, nevertheless spends millions financing the pro-legalization Drug Policy Foundation and the ballot initiatives backing the "medical use" of narcotics. Next time you hear of a young person who has died of a drug overdose, think of George Soros. And join *EIR* in defeating him and the British oligarchy that lurks behind him.



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World financial system 'at the boundary layer'

by William Engdahl

On Friday, Aug. 15, within a space of some minutes, the Dow Jones Index of 30 industrial companies lost 247 points, or 3.1%. It was the second worst one-day fall in the history of the New York Stock Exchange, exceeded only by the 508 point drop of Oct. 19, 1987 (a 23% drop). The following Monday, Aug. 18, stock markets across Europe sank between 2% and 3%.

Then, over the next three days of trade, markets in New York and Europe rebounded to new highs, as if nothing had happened.

Is this a sign of the resiliency of the longest and most astonishing stock market rise in world history, as Wall Street economists and stock salesmen from mutual funds argue to their clients? Or is it an ominous warning, much as there were such forewarnings in the weeks before the October 1929 crash, to get out now, before it's too late?

Commenting on the global financial volatility, Lyndon LaRouche stressed, "We are in a boundary layer between two points in time. The past 30 years has been leading up to this point, which has now produced a boundary layer, a layer of maximum turbulence and instability, from which the system will never come out alive."

LaRouche added that the escalating series of crises—from Asian countries like Thailand, to the volatility of stock markets of the United States and most of Europe, to the wild gyrations of the currencies of the world's major trading nations—all add up to a qualitatively new kind of crisis, the end of the postwar monetary and financial system created in 1944 at Bretton Woods, New Hampshire.

"This is not a financial crisis," LaRouche insisted, "or a monetary crisis, or a crisis in the business cycle. It is the accumulated effects of a failed change in policy, which was first formally introduced in the United States in the form of

a population policy perspective in 1966." At that juncture, President Lyndon Johnson made the decision to escalate the catastrophic war in Vietnam, reversing one of John Kennedy's last acts. At the same time, the United States began to slash spending for advanced R&D and technology of the NASA space effort, and opened the floodgates for what became a "post-industrial" era of financial deregulation, disinvestment in economic infrastructure, and short-term hot money flows.

'Crash territory'

There is ample evidence to back LaRouche's characterization of the recent turbulent events.

The temporary calm on major stock markets is just that. Commenting on the bloated asset inflation which has driven nominal values of all U.S. publicly traded stocks, so-called total market capitalization, above the incredible \$10 trillion level, Michael Murphy, a California-based fund manager, told *Barron's* financial weekly on Aug. 18, that a "2,000 point drop in the Dow" is imminent, cautioning investors to sell their stocks and hold cash. George Andersen, economist for a large European bank active in global financial trading, added, "This past Friday, Aug. 15, was just a dress rehearsal for what is about to come. We have entered into what I would characterize as 'crash territory.'"

"The developments on the Dow, and on European stock markets, in the dollar and in bond markets, all are moving in the direction where the slightest unexpected shock could trigger a major crash," Andersen explained. "It will take a couple more days like last Friday to really trigger the panic. It could come from some unexpected news. Compared with even two weeks ago, there has been a complete change in mood in the international financial markets for the negative."

The situation is further aggravated by the crises sweeping across Asian economies, which are beginning to have a global impact. The Basel central bankers' organization, the Bank for International Settlements (BIS), announced on Aug. 20 that it would give an immediate \$3.3 billion "bridging loan" to help calm the shaky Thai currency, the baht, which has been in free-fall since May. The BIS report came as the baht hit a record low of 32.6 to the dollar, a 26% fall since it floated free July 2. The Thai BIS loan is merely to get ready dollar cash into the hands of the Bank of Thailand immediately, until the International Monetary Fund can complete arrangements to transfer its part of what will be at least \$16 billion in a Mexico-style emergency rescue package for Thailand. This is an indication that central bankers regard the Thailand crisis as crucial for world financial stability.

The Asia trigger

While Thailand arguably had a speculation bubble in real estate and a mountain of worthless real estate loans, a huge balance of payments deficit, and falling exports, all which made the baht ripe for speculative attack, the crisis in Asia is spreading to economies large and small. On Aug. 13 the Bank of Indonesia, after spending more than \$1.5 billion of its valuable dollar reserves trying to keep the rupiah stable, admitted defeat and let the currency float. It forced short-term interest rates above 30%, triggering panic selling on the Jakarta Stock Exchange, over fears of severe economic recession. The Jakarta stock index fell 24% from its all-time high a month before the float.

Similarly, the Malaysian ringgit fell to a four-year low and the Singapore dollar, reputed one of the strongest currencies in Asia, was hit by massive selling pressure. On Aug. 15, the Hongkong dollar became a target of speculators, with the monetary authorities there forced to raise overnight rates sharply to hold the peg to the U.S. dollar. The result was a 3.9% fall in the HangSeng stock market on Aug. 19. Some Asian financial sources regard the attack on the Hongkong dollar as a prelude to an ultimate speculative attack on the currency of mainland China.

As the Thai, Philippine, Indonesian, and other Asian currencies have fallen against the dollar, making their exports to Europe and North America potentially more competitive, China's currency has risen against the dollar. At some point soon, currency traders believe the Bank of China will be forced to abandon its firm strong currency policy, part of an effort to attract huge foreign direct investment in modernizing its economy, and sharply devalue. That would potentially lead to a vicious round of Asian competitive devaluations, whose effect would be to flood the world markets with cheap manufactured goods, not unlike what took place in the early 1930s.

But not far in the background to the dramatic unwinding of the currencies and economies of Asia is the debacle in Japan. During the period of Japan's internal financial col-

lapse, after its stock market and real estate bubble collapsed in 1990-91, Japanese banks shifted their focus into other Asian economies, such as that of Thailand, to make a profit. The yen at that time was rising to new postwar highs against the dollar, making it ultra-profitable for Japanese banks and corporations to invest in Asia, while the domestic economy went into depression.

Japanese banks have been the largest lenders to Thai companies, as well as to most Asian growth economies, over the past decade. Those same Japanese banks, however, are still choking on an estimated \$1.2 trillion of worthless real estate and other loans they made in the late 1980s "bubble era," mainly to Japanese real estate and construction companies. On Aug. 19, Daito Kogyo, a mid-sized construction company, filed for bankruptcy, with \$1.3 billion of debts owed its bankers. In total, Japanese banks have more than \$270 billion of loans to such construction companies on their books. New rules from the Ministry of Finance which will police bank lending more closely after Sept. 30, have led to a credit freeze by Japanese banks to such smaller companies. That, in turn, is preventing any economic recovery in Japan which could allow the banks to write off more of their bad loans.

Japan's problems and Thailand's are perversely linked.

Of Thailand's estimated \$79 billion in foreign debt, most owed by private companies, some \$40 billion is owed to Japanese banks. The Thai Ministry of Finance reportedly is asking Japanese banks to roll over that \$40 billion, which cannot be paid back in present crisis conditions, as well as giving an added \$5 billion in new loans to Thai companies. So far, Japanese banks are refusing to jump in, calling on American and European banks to share the risks. To date, there have been few volunteers, however, and the Thai crisis is programmed to worsen in the autumn.

Germany, the Telecom suckers' market

The stock markets of Europe have generally continued to bound to record new highs, even as European unemployment soars to equally record highs. Since January, the Swiss stock market has risen more than 44%; the Dutch, by 44%; even the Italian stock market, once the sick man of Europe, by 36%. But by far the biggest gains since January have come in the German stock market, which has risen by 48% in the past six months, to all-time high levels.

This exemplifies the speculative fever sweeping Europe in recent months—the more so, as Germans had prided themselves on avoiding the "vulgar excesses" of Wall Street stock market speculation. Since 1891, when the collapse of Barings bank and of the Argentine bond market triggered a chain-reaction banking and financial crisis in Berlin banks, German law has made speculation by ordinary citizens in the stock market unattractive.

Until, that is, this past March. The government of Chancellor Helmut Kohl, under pressure to cut the deficit to meet the strict deficit limits for the new euro single currency,

launched a propaganda campaign to convince ordinary Germans that buying shares in the privatized German Telecom was where their savings should go.

Since March, the large German banks, led by Deutsche Bank and Dresdner, have pushed their customers to buy stocks, which, under German law, banks are allowed to sell. The result has been what one banker termed “a phenomenal jump” in the amount of money ordinary Germans place in stocks. It has been compared crudely to U.S. mutual funds. But the process has become self-feeding. As more savings find their way into stocks, stock prices rise, luring more sav- ings to follow suit.

In the first four months of 1997, more funds have poured into German stocks than in all 1996. On July 26, the daily *Frankfurter Allgemeine Zeitung* reviewed the situation: “For professionals in the stock exchange business, this is a clear warning signal, namely that stocks are going from strong hands into weak hands.” Traditionally, large German banks had been the major owners of company stocks. Private citizens put their savings into very conservative *Sparkassen* sav- ings accounts for future purchase of a house, or into state bonds. The shift into stocks means that naive investors, who have not the slightest idea of market risk, are propping up European stock markets, much as in the United States in re- cent years under 401K tax-deferred pension plans and other stock mutual funds.

Why October?

At this stage, all signs point to eruption of a major financial and monetary crisis sometime in the autumn. “Certainly by October,” LaRouche stressed, “we should expect a real, ma- jor blowout. October is the hot month, but this system is so unstable it could go any day.”

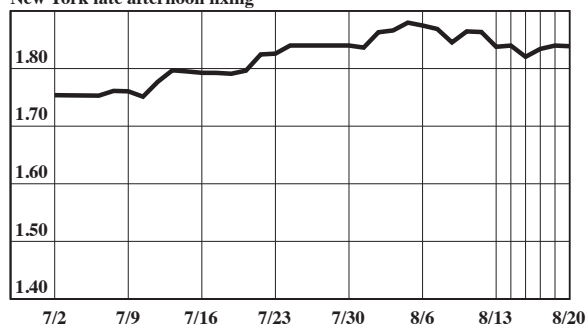
Arguing for such an October conjuncture is the growing pressures on the Federal Reserve to raise interest rates, as warning signs of inflation grow daily. The Federal Open Mar- ket Committee meets next on Sept. 30. That day is also the Japanese semi-annual fiscal year accounting deadline. By the first two weeks of October, Japanese banks and companies begin to report how bad their losses are. In October, the European Monetary Union could well erupt into a full crisis, as the critical issue of whether Italy joins the EMU in 1999 will be decided. The European Union Commission in early October is due to release its official deficit estimates for all 15 EU member states, part of determining which countries qualify to join EMU in 1999. Brussels insider reports are that Italy will not be in the first group. “If that’s true,” noted one European banker, “that will detonate a monetary, bond market, and stock market crisis which will cut across Europe.”

The pieces are coming rapidly into place defining LaRouche’s boundary layer. The question soon posed for governments will be, what system they intend to replace the bankrupt Bretton Woods system.

Currency Rates

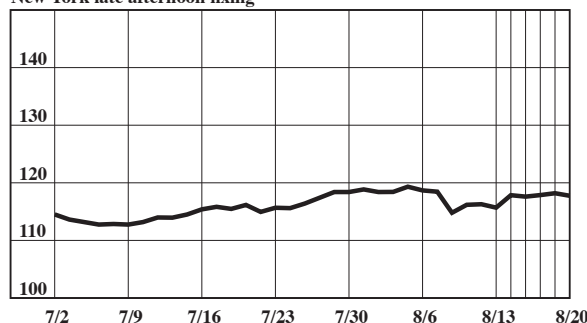
The dollar in deutschemarks

New York late afternoon fixing



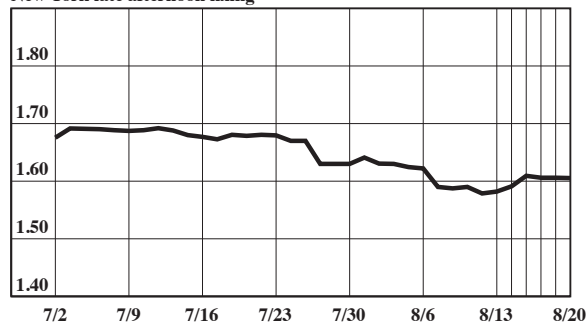
The dollar in yen

New York late afternoon fixing



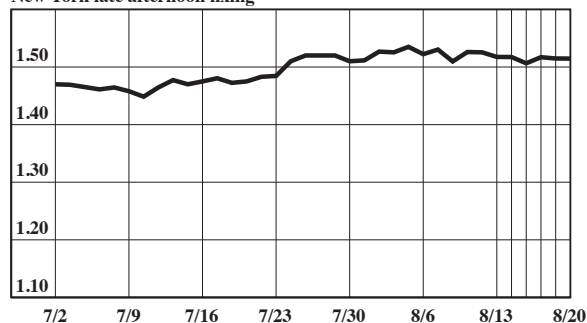
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



'Transaqua: An idea for the Sahel'

In 1992, an Italian firm published an ambitious program to green Africa's deserts, build infrastructure, and uplift its people. It is a project urgently needed. Muriel Mirak-Weissbach reports.

It is a tragic irony, that the Great Lakes region of Africa, which has been the theater of the most brutal genocide in modern history, could be the center of the greatest economic prosperity on the continent. A magnificent proposal exists, which could provide the basic energy and transportation infrastructure to transform one-fourth of the continent, into a flourishing economy, and lay the basis for integrating the entire continental economy for the first time in history. *EIR*, which has recently become acquainted with the proposal, is appending it to a forthcoming *Special Report* on the proceedings of the seminar on "Peace through Development in Africa's Great Lakes Region," held in Walluf, Germany on April 26-27, which we hope to circulate among key institutions in Africa, as well as elsewhere. *EIR's* intent, is to generate political support for the proposal, that, as action be mobilized to stop the genocidal onslaught of Laurent Desiré Kabila, Paul Kagame, Yoweri Museveni, and their British Commonwealth controllers, an alternative perspective for reconstruction and development, may be implemented.

The proposal is known by its Italian name, Transaqua, which means, literally, "trans-water." It is presented as the "Water Highway of Africa." The problem which the proposal seeks to solve, is the desertification process, which involves an area of 2,500 million acres. The Sahel belt represents 34% of this area, or about 1 billion acres, stretching from the Atlantic to the Red Sea. The Transaqua report notes, that attempts made to stave off this or that immediate catastrophe in any one part of the threatened area, have led to piecemeal projects which, however laudable, can come nowhere near solving the problems. These problems include the relationship of water to agriculture and livestock; the relationship of transportation to marketing of goods; and energy transformation. Thus, a conceptual approach is required, which will provide "solid, long-lasting and commercial infrastructures" either before or at the same time as "individual hydro-agricultural projects" are launched. The report defines actual development in terms of the following process:

"Creating opportunities to offset hunger and thirst, but at the same time to construct those large-scale support infrastructures which will guarantee supplies of raw materials and the marketing of the finished products, providing incen-

tives for regional trade, means laying the foundations necessary not only for the single projects to take off, but also for each one of them to bring forth an induced effect of multiplying initiatives and generating collateral activities; which complex process, with a simultaneous inner growth, can really be called development, that will be the more secure over the long term, the more opportunities it generates."

New sources of water must be created

The Transaqua project starts from the assumption that, to reestablish an ecological equilibrium in the Sahel, new sources of water must be created, so that "intensive agriculture," based on concentrated water availability, may gradually replace rainfed agriculture. For such agriculture to be beneficial, transport and marketing means must be made available, to maximize the amount of intra-African trade.

The basic concept of Transaqua is "to 'transfer' approximately 100,000 million cubic meters/year of fresh water from the basins of the River Zaire to the Sahelian area in Chad and Niger." This is based on the geographic reality of the area, "in which the Zaire-Chad watershed is a natural barrier separating two great catchment areas," the one in the north hit by drought, and the one in the south, often visited by too much water. The idea is to curtail by 5% the amount of water flowing from the River Zaire, which would provide 100,000 million cubic meters annually. The resulting discharge of 3,200 cubic meters per second, would be almost as great as the discharge of the Nile, downstream from the Aswan Dam.

The Transaqua project envisions the construction of a "broad navigable canal which, running along the eastern and northern crest of the Zaire catchment, could intercept the waters of the extreme northeastern edges of the basin and, after a course of about 2,400 km . . . would reach the Zaire-Chad watershed in Central African territory and discharge its entire flow at the head of the River Chari, a tributary of Lake Chad." From Chad, the water would be conveyed to the areas to the north which are in the process of being desertified. The Transaqua project estimates that "between 12 and 17 million acres could be brought under intensive- and semi-intensive-type irrigation development."

In addition, the 100,000 million cubic meters per year could be used for production of energy, through hydroelectric



(Left) In the Chari-Baguirmi area of Chad, north of the capital N'Djamena, well-water is the main source of water for animals and humans. This area would be a major beneficiary of the Transaqua project, bringing potable, irrigation, and industrial water. (Right) One of the water projects near Mendota, California, where the U.S. Bureau of Land Reclamation helped green the one-time desert in the San Joaquin Valley.

stations. Here, it is estimated that 30-35,000 million kwh, could be produced—which is equivalent to 15% of Italy's entire energy production.

But even this is not all that the marvellous project contemplates: In addition to water for agriculture and energy to generate economic activity, the link to transport infrastructure is also provided. The report foresees "the planned Lagos-Mombasa Trans-African Highway which will run for over 6,000 km and connect the Indian Ocean with the Atlantic, and the Lagos-Algiers Trans-Sahara Highway, practically already in operation and which, once it has been completed for its full length, will permit fast links between the Gulf of Guinea and the Mediterranean. It is also and above all in this context of big African international lines of communication that the Transaqua project should be considered: a huge 'river-way' able to connect up the markets of vast Central African 'enclaves' such as Rwanda, Burundi, the Kivu region, the whole extreme northeastern part of Zaire and of the other Central African Republic, with consumer centers of other Central African countries (Nigeria, Niger, Chad, Cameroon, Kenya, and Uganda) and with the two ocean ports of Lagos and Mombasa for trade flows outside of Africa."

In an artist's rendition (see *Documentation*), one can see what the international line of communication would look like: A river container port could be built at the point where the

canal crosses the highway. In addition, a "polyfunctional free trade zone" is envisioned, which would contain "agricultural and food plants, textile mills and woodworking units." Water, energy, and also food products could be transported thus cheaply to the Sahel.

The Transaqua project aims to trigger "a practical start of the post-colonial dream of economic integration." Immediately irrigated by the great waterway, would be about 50-70,000 square kilometers in the Sahel, on the territories of eight countries: Cape Verde, Gambia, Senegal, Mauritania, Mali, Upper Volta, Niger, and Chad. Ten countries would be beneficiaries of the transport system: Niger, Nigeria, Chad, Central African Republic, Cameroon, Zaire, Rwanda, Burundi, Uganda, and Kenya, which account for one-fourth of the land mass of the entire continent. Detailed plans have been elaborated by Transaqua, to show how the project will revolutionize the economies of Zaire and the Central Africa Republic.

The Transaqua project is unlike any commercial proposal made for infrastructure development of any part of Africa, for the simple reason, that the motivation behind the project is not monetary profit, but actual development. As the report notes, in reference to the financial dimensions of the investment, "The units of measurement of the investment costs are not only millions of dollars, but the absence of wars, millions

of human beings saved from starvation, social peace and an international conscience.”

It should come as no surprise that the inspiration for the project comes from Christian quarters. In fact, the industrial group involved in the project worked under the inspiration of the Vatican. It was Pope Paul VI, in the 1960s, who launched a drive for providing the means for the industrialization of the developing sector. Paul VI, author of the groundbreaking encyclical *Populorum Progressio*, spoke of his policy outlook, saying, “the new name for peace is development.”

The Bonifica group was sold to the Italian Institute for Industrial Reconstruction (IRI), the industrial holding for state industries, which was the vehicle for post-war reconstruction in Italy. The actual concept of Transaqua was the brainchild of Antonio Lessina, formerly a functionary of the European Community, and then a consultant for the Società Bonifica, after it had become part of the IRI-Italstat group, for the promotion of initiatives related to Africa. The idea was conceived, to be presented to the Foreign Ministry Department for Cooperation, and had received the approval both of Zaire’s then-President Mobutu Sese Seko and Chad’s President Hissan Habbe. In 1993, in an interview with the Italian press agency ANSA, the new Chadian President, Idriss Deby, reiterated his interest in the project.

A highly political question

Why the project did not materialize, is an open question, and highly political. According to Italian figures familiar with the project, it died in the wake of the “Tangentopoli” scandals, which targeted leaders of Italy’s state industry, including those groups behind the project. The “corruption” scandals succeeded in wiping out most of the industrial elite, responsible not only for Italy’s post-war development, but also for its several, successful infrastructure development projects throughout the developing sector.

In Africa itself, the period in which the Transaqua project was circulated and published (1991-92), coincides with the period in which the convulsions began, leading to the Museveni-led drive to take over Zaire. The hypothesis this raises is obvious: That the British, who orchestrated the genocidal sweep through the Great Lakes region, in order to seize control over raw materials, were fully cognizant of the potential and promise embedded in the Transaqua project.

Italian parliamentarian Publio Fiori called for the project to be relaunched, in the context of an inquiry he presented to Foreign Minister Lamberto Dini, in June 1997. Fiori, who is the deputy secretary of the National Alliance party and former minister of transportation under the Berlusconi government, demanded that the Italian government investigate the massacres in the Great Lakes region, and the political operation aimed at taking over raw materials. Fiori urged the Italian government to intervene, to stop the genocidal rampage of Kabila et al., and to initiate instead, a new era of development, with the Transaqua project.

Documentation

The Transaqua project

The following is reprinted from the 1992 report, “Transaqua: An Idea for the Sahel,” published in Italy by Bonifica, Iri-tecna, Gruppo IRI, in Rome; and from two 1991 reports, called “Transaqua,” published in 1991, also by Bonifica, Italstat, Gruppo IRI, in Rome. Subheads and emphasis are in the original. Not all the figures appear in this version, but will be printed in full in our Special Report “Peace through Development in Africa’s Great Lakes Region.”

The Sahel belt: an impending tragedy

1. In the last fifteen years the Sahel belt of countries has witnessed, impotently, a gradual process of desertification caused by the climatic upsets that have broken a centuries-long ecological balance represented by the scanty, precarious natural resources, by widespread subsistence agriculture and by pastoral nomadism. The fragile nature of the ecosystem has yielded before a sequence of years of drought and near-drought, and today its recovery appears very dubious.

Of the area of approximately 2,500 million acres, which—according to United Nations estimates—presents a *desertification risk throughout the African continent* (about 34% of the overall area), about 1,000 million acres lie along a *continuous belt 6,000 km in length*, situated between 10° and 20° North, stretching all the way from the Atlantic Ocean to the Red Sea.

A thousand million acres which represent a challenge to the technological capacity of our day and age, and where an immense ecological catastrophe is taking place. These are the countries of the Sahel region. The figures of this tragedy are by now known: tens of millions of persons with a per capita income of under \$200 a year, hundreds of thousands of head of livestock dying of thirst or starving, several thousand million dollars spent on generous, albeit complex, operations to save millions of human beings who every year risk starvation.

Prospects of recovery

2. One of the most disquieting areas of underdevelopment in the world, with perhaps the most gloomy prospects in the entire continent of Africa, it calls for courageous measures of a dimension and scope on a par with the drama that is being enacted in this poverty-stricken part of the planet due to the

natural inclemencies and to the scanty results obtained so far by the aid provided by the industrialized nations, massive as this has been.

Rangeland wells, irrigation districts, storage facilities for strategic foodstuffs, reforestation programs, agroindustrial projects — all measures suggested by a tragic situation capable of proposing above all immediate operations of quick effect and rapid impact on the local context, able in some way or other to exorcise scenarios of hunger and desolation that is repudiated by international civil consciences.

Such specific but piecemeal projects have their precise role and a clear political and social rationale, as they are able, through their localized short-term—and sometimes very short-term—effects, to involve the local rural populations, in this way amplifying the effect of the aid, and curtailing, at least in part, the dramatic social decline of the Sahelian region.

But no one can reasonably delude himself that these initiatives, praiseworthy and highly useful as they may be, can truly achieve any real and effective long-term solution, scattered as they are over such a vast area.

It cannot reasonably be conceived that, even if scores and scores of these projects were really implemented within a short period, they could radically change a “year 2000 scenario” which in any case would lose very little of its dramatic character, but would only perhaps be slightly mitigated in its aspects linked with mere survival. Even if these modest enough effects are not negligible, the chasm between the results achieved and the sheer mass of the problems to be faced would still be infinitely great.

Problems which are those since forever, proclaimed at every international conference on the emergent countries, and allotted top priority by every financing agency; problems which in the Sahelian context inordinately magnify the consequences of the failure to solve them:

- the water-agriculture-livestock combination
- the transport-marketing binomial
- the energy-transformation binomial.

Our over thirty years’ experience of the development of emerging nations — so miserably failing to meet the expectations of the beneficiaries — has amply demonstrated that any “piecemeal” project, however well implemented, is bound to prove an end in itself, or, worse still, will not even attain its economic and social take-off, unless closely tied into the regional and interregional context with solid, long-lasting transport and commercial infrastructures (often far more costly than the project itself).

Conceiving the creation of such transport facilities and such regional and interregional trading facilities of a permanent, efficient type, either preparatory to or contemporaneous with the individual hydro-agricultural projects, appears to be a more adequate approach to the complexity not only of existing problems, but also and above all of those which arise immediately after the single projects and the concomitant management operations.

Creating opportunities to offset hunger and thirst, but at the same time to construct those large-scale support infrastructures which will guarantee supplies of raw materials and the marketing of the finished products, providing incentives for regional trade, means laying the foundations necessary not only for the single projects to take off, but also for each one of them to bring forth an induced effect of multiplying initiatives and generating collateral activities; which complex process, with a simultaneous inner growth, can really be called development, that will be the more secure over the long term, the more opportunities it generates.

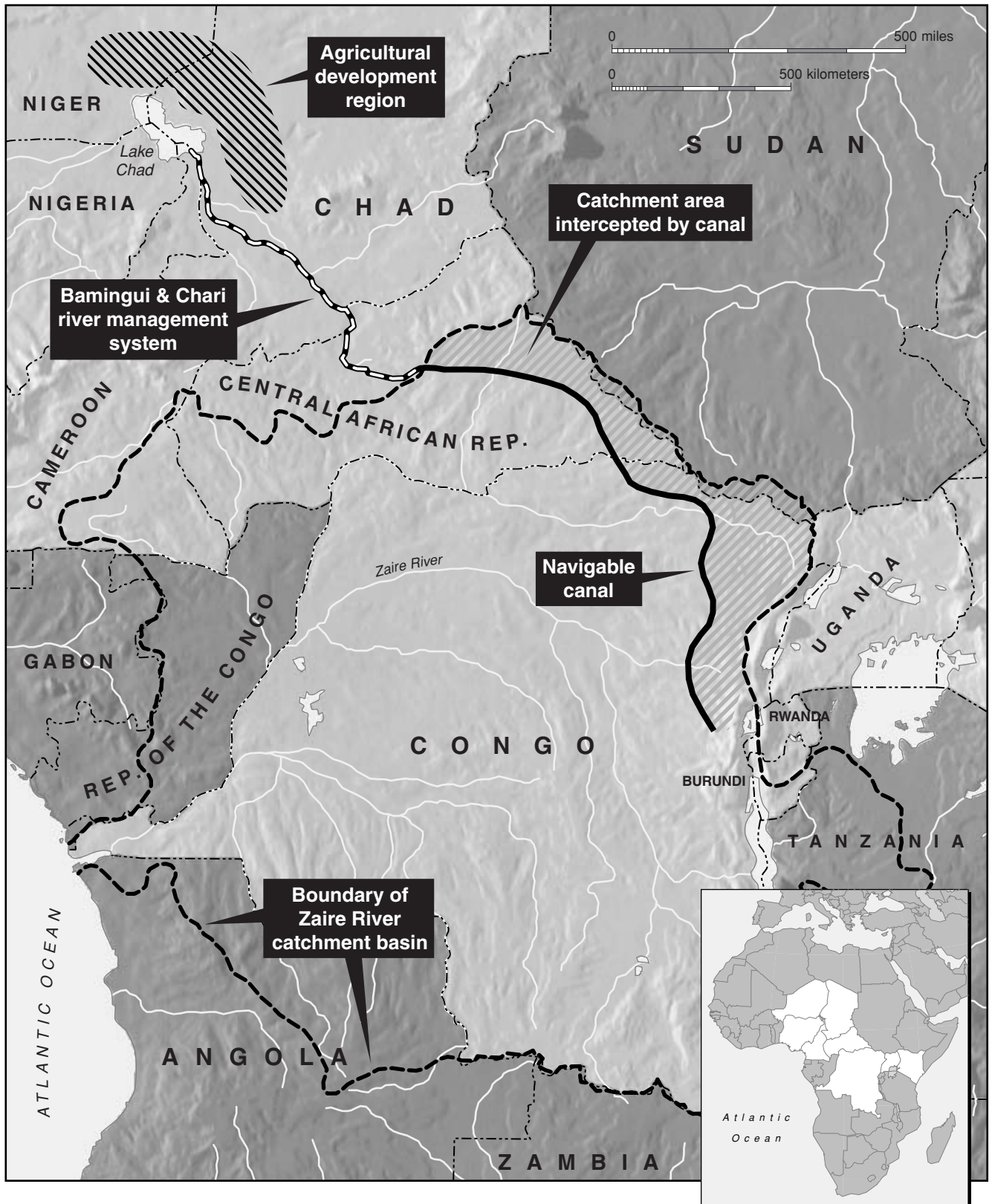
The presuppositions of the project idea

3. The Transaqua Project presented here at the level of a project idea, is based upon the following simple presuppositions:

- the underlying cause unleashing the ecological imbalance of the Sahel is the lack of water due to several years of drought and near-drought and to abnormal weather. It is therefore necessary to identify and to create new sources of water supply to substitute rainfall;
- the rebalancing by man of the upset rural activities of the populations can come about over the medium and long term only, in substance, through irrigated cultivation, lacking a natural return to more favorable climatic conditions;
- the recovery of the Sahel, therefore, must pass by way of new types of balance, deriving from the partial abandonment of extensive agriculture (based on well-spread and above all constant seasonal rainfall, even though of modest quantity) in favor of the gradual development of intensive agriculture (based on “concentrated” water availability not dependent upon the seasons);
- a new balance to be achieved, at least in part, on the basis of intensive agriculture, cannot leave out of account adequate transport and marketing facilities which are regarded as indispensable supports for any serious hope of success;
- the necessary initial transfer of inputs and technology must have as its objective the development of autochthonous African resources, the verticalizing of production processes through local value added, and the utmost amount of trading among African consumer markets, in such a way that the objectives to be accomplished can guarantee the maximum amount of operational and economic-financial autonomy, the sole condition that will assure irreversibility, and the only one capable of interrupting the massive flow of international capital necessarily needed for many years yet to come for purposes of subsistence pending the take off of autonomous developments.

The basic idea of the Transaqua Project is to “transfer” approximately 100,000 million cubic meters/year of fresh water from the basins of the River Zaire to the Sahelian area in Chad and Niger [Figure 1].

FIGURE 1
The Transaqua Project, as proposed by Bonifica



The support for this project idea is represented by the Central African geographical reality, in which the Zaire-Chad watershed is a natural barrier separating two great catchment areas; one to the north, where drought reaps victims because of the lack of water resources, and the other one to the south, where rainfall is so abundant that it creates extraordinarily lush environments that often experience—due to forest encroachment—the opposite sort of problems for the rational development of modern agricultural activities.

The mass of water of the River Zaire—the most important river in Africa, the second one of the planet, after the Amazon, in size of catchment area—calculated at its mouth to be around 1.9 million million cubic meters flowing out into the Atlantic every year, would be “curtailed” by barely about 5% of its discharge as a result of taking off the approximately 100,000 million cubic meters a year, to change the face of the desert a few hundred kilometers further north.

This “modest” off-take would represent a constant discharge of about 3,200 cubic meters a second, equal to almost double the discharge of the Nile downstream of Aswan.

The basin of this largest African river forms a vast natural amphitheater, consisting of a central area—at an elevation of under 500 meters above sea level—corresponding to the main course of the river and of its chief tributaries, surrounded to the south, east, and north by a plateau (situated between about 600 and 1,000 meters above sea level) which is shaped almost like a semicircular crown. The project idea could be a technically feasible proposition with the construction of a broad navigable canal, which, running along the eastern and northern crest of the Zaire catchment, could intercept the waters of the extreme northeastern edges of the basin and, after a course

of about 2,400 km [see **Figure 2**], would reach the Zaire-Chad watershed in Central African Republic territory and discharge its entire flow at the head of the River Chari, a tributary of Lake Chad.

In Chad, probably using in part the bed of the Chari itself, the waters could be conveyed to the areas of Chad and Niger north of Lake Chad which are in the process of becoming desertified. In these regions of the Sahel, it can be reckoned that between 12 and 17 million acres could be brought under intensive and semi-intensive type irrigation development (for purposes of comparison, it is pointed out that 40 million Egyptians live in an irrigated area of under 7 million acres, although cultivated very intensively).

The sector of the Zaire catchment area intercepted by the approximately 2,400 km of artificial canals would be located between about 2°S and 8°N, while the waters collected therefrom would be utilized right in the midst of the Sahel area, between 12° and 16°N.

In its drop down to Chad, this mass of 100,000 million cubic meters per year of water could, via a series of hydroelectric stations, produce energy to the extent of some 30-35,000 million kwh, equal to about 70% of Italy’s hydroelectric production and to about 15% of its entire production of energy (hydro, thermal, and nuclear). Such a quantity of energy could radically change the face of the present rural settlements and provide a strong boost for future agricultural developments, both in the foreseen area north of Lake Chad, and in the new development area along the navigable canal, by means of two high-tension electricity lines; one of them, distributing energy to Chad, about 1,300 km long, and the other, distributing energy along the navigable canal, about 2,400 km long.

The map on page 13, reproduced from the Transaqua report (Bonifica, 1991), summarizes certain key aspects of the planned hydrological impact of the proposed canal (depicted by the dark line). It shows the entire catchment area of the Zaire River system (bounded by the broken line). The Zaire River crosses the 0° latitude twice, then flows out into the Atlantic Ocean (on the far left).

The shaded area in the north (bounded by a dot-and-dash line), is the sub-basin of the Oubangui River (also spelled Ubangi) catchment area. Inside the boxes, are figures for the annual run-off volume (the left-hand figure, in thousand cubic meters), and the mean discharge rate (right-hand, cubic meters per second), for the point on the river indicated by the connecting arrow. The top figures are current; the lower figures, are projected, upon completion of the canal.

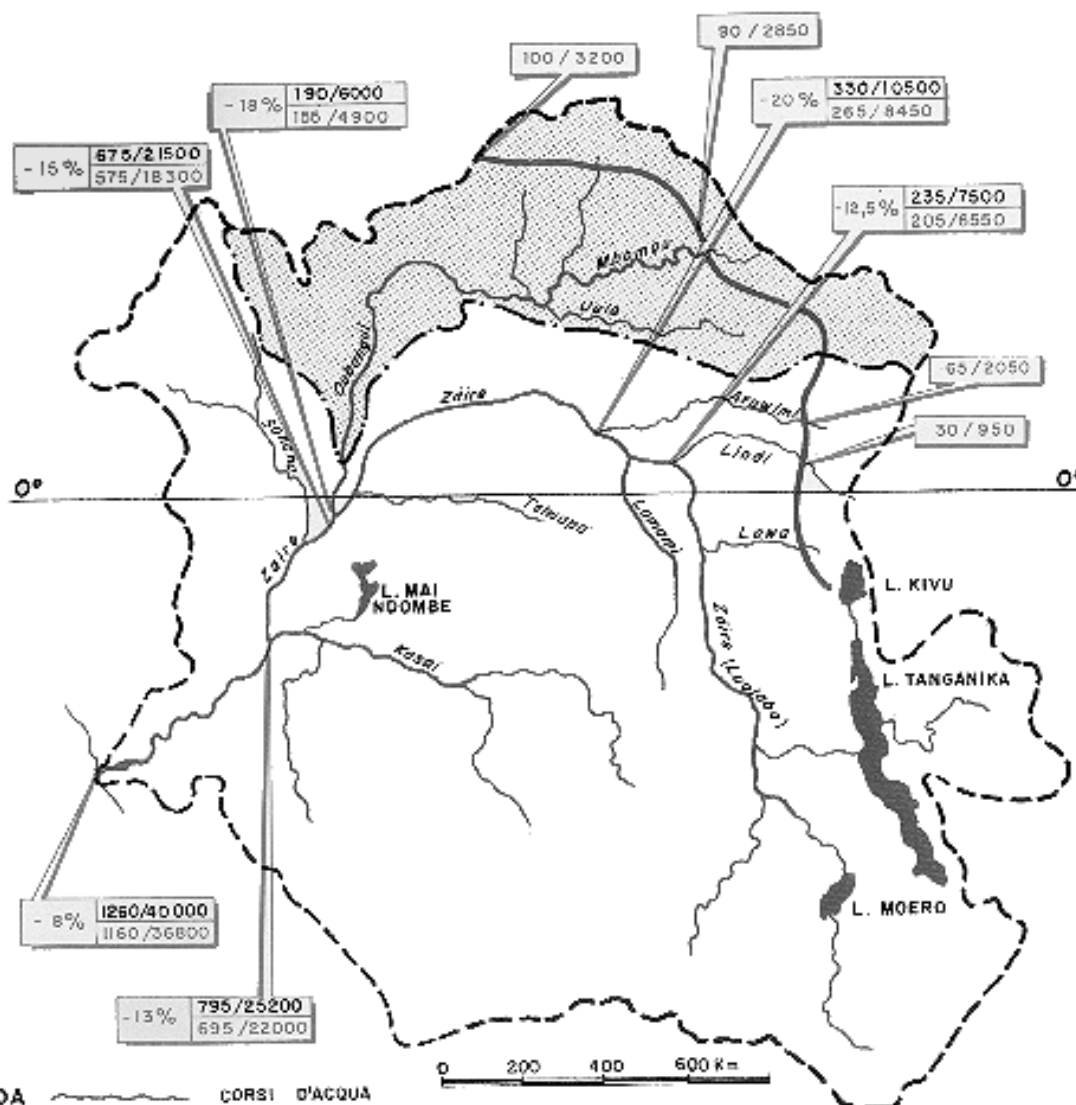
The percentage figure shows the expected change in mean discharge rates at the point on the river shown, wherever some of the upper watershed run-off is diverted into the proposed canal. Thus, the box in the northwestern quadrant,

showing a -15%, means that at that point, just downriver from where the Oubangui joins the Zaire (near Irebu), the Zaire River will have a mean discharge rate 15% lower when the canal is functioning, than now. This reflects a diminished flow in the Oubangui River, and the decrease to the Zaire of some of its other feeder rivers, as shown.

In the northeast quadrant of the map, the decrease in mean discharge rate is shown for the Aruwimi River (-20%), where it feeds into the Zaire, and for the Lindi River (-12.5%), where it joins the Zaire. These diminished flows into the middle course of the Zaire will mean a decrease in the swampy areas in the watershed. Given the high rainfall regime of this region, and the distribution of rainfall throughout the year (not seasonally concentrated), the diminution of the river flows means an improvement in the ecological state of the basin.

At the point (in the west) where the Zaire River discharges into the Atlantic Ocean, the overall decrease in its mean discharge rate would be an expected -8% compared to now—a small diminution.

FIGURE 2
 Hydrological features of the Zaire River basin



- LEGENDA**
- ~~~~~ CORSI D'ACQUA
 - LIMITE DEL BACINO DEL F. ZAIRE
 - LIMITE DEL SOTTOBACINO DEL F. OURANGUI
 - | |
|-------------|
| 330 / 10500 |
| 265 / 8450 |

 DEFUSSO ANNUO (m³·10⁹) / PORTATA MEDIA (m³/s) } NATURALE DI PROGETTO
- LEGEND**
- ~~~~~ WATERCOURSES
 - LIMIT OF R. ZAIRE CATCHMENT
 - LIMIT OF R. QUBANGUI SUBCATCHMENT
 - | |
|-------------|
| 330 / 10500 |
| 265 / 8450 |

 ANNUAL RUNOFF (m³·10⁹) / MEAN DISCHARGE (m³/s) } NATURAL DESIGN
- LEGENDE**
- ~~~~~ COURS D'EAU
 - LIMITE DU BASSIN VERSANT DU ZAIRE
 - LIMITE DU SOUS-BASSIN VERSANT DE L'OURANGUI
 - | |
|-------------|
| 330 / 10500 |
| 265 / 8450 |

 ECOULEMENT ANNUAL (m³·10⁹) / DEBIT MOYEN (m³/s) } NATUREL DE PROJET

The Project idea

Transport, processing, and commercial infrastructures; container port and industrial free trade zone:

5. But the idea of a “transfer of water” as an end in itself, even of a mass of water greater than the discharge of the Nile, however appealing against the grim background of the arid Sahel, would still only be partial and insufficient unless framed in the vaster African international transport system: the planned Lagos-Mombasa Trans-African Highway, which will run for over 6,000 km and connect the Indian Ocean with the Atlantic, and the Lagos-Algiers Trans-Sahara Highway, practically already in operation and which, once it has been completed for its full length, will permit fast links between the Gulf of Guinea and the Mediterranean. It is also and above all in this context of big African international lines of communication that the Transaqua Project should be considered: a huge “riverway” able to connect up the markets of vast Central African “enclaves” such as Rwanda, Burundi, the Kivu region, the whole extreme northeastern part of Zaire and of the Central African Republic, with consumer centers of other Central African countries (Nigeria, Niger, Chad, Cameroon, Kenya, and Uganda) and with the two ocean ports of Lagos and Mombasa for trade flows outside of Africa.

This international traffic link-up could take place at the crossing with the planned Lagos-Mombasa Trans-African Highway, where one can conceive the construction of a river container port with an adjoining industrial “free trade zone.”

If this node or “marshalling yard” for river- and road-borne goods were to be planned at or near the pass where the navigable canal crosses the Zaire-Chad watershed, there is no doubt that it could benefit from an enormous quantity of hydroelectric energy that could be produced on the spot, after the construction of a hydropower station at the head of the Chari catchment, which would be the first, from a topographical standpoint, of a series of such stations almost as far as N’Djamena. In this way a polyfunctional free trade zone could be established in Central African territory [see **Figure 3**] which, as well as functions of marshalling container-borne goods, could cater for the important economic and commercial task of product processing, by means of a series of agricultural and food plants, textile mills, and woodworking units, based on African agricultural, livestock, and forestry products from newly developed areas which would become available for productive agricultural activities precisely thanks to the new riverway and to the future Lagos-Mombasa Highway. In particular, the economic means of river transport represented by the 2,400 km of canal through Zaire and Central African territory would act as an agricultural produce marketing facility which, equipped with a series of small “moorings” or “berths,” would provide a stimulus for the agricultural development of a large number of river valleys upstream of the waterway and throughout its course.

Many areas of the Sahel could, in the long term, be sup-

plied not only with water and electricity, but also with cereals, meat, milk, etc., produced on African soil instead of having constantly to depend on costly and precarious imports from other continents.

Plausible prospects

Decisive water and energy supply for the Sahel; a practical start of the post-colonial dream of economic integration:

6. The Transaqua Project, viewed from the sole standpoint of transferring water resources to the semi-desert areas in the Chad-Niger border region, would lead to the creation of a series of irrigation areas in a region of some 50-70,000 km² (about the same size as southern Italy) in the heart of what is considered the “traditional Sahel, formed by eight countries (Cape Verde, Gambia, Senegal, Mauritania, Mali, Upper Volta, Niger, and Chad). The Transaqua Project is, from the water and energy point of view, aimed at the final and lasting solution, albeit over the long term, of the problems of hunger of over 50% of the Sahelian area, since the two countries that are the direct beneficiaries thereof account for about one-half of the total Sahel area and for about 30% of its entire population.

The Transaqua Project, viewed in the context of the ten Central African countries more or less directly concerned by the planned network of international river and overland transport (Niger, Nigeria, Chad, Central African Republic, Cameroon, Zaire, Rwanda, Burundi, Uganda, and Kenya [Figure 1], representing in terms of land area approximately one-quarter of all Africa), is undoubtedly a decisively propulsive element for the practical start-up, perhaps within the span of one generation, of the African post-colonial dream of the international economic and productive integration of the continent, an indispensable condition for true economic autonomy and political independence.

The time is ripe for a Transaqua Project.

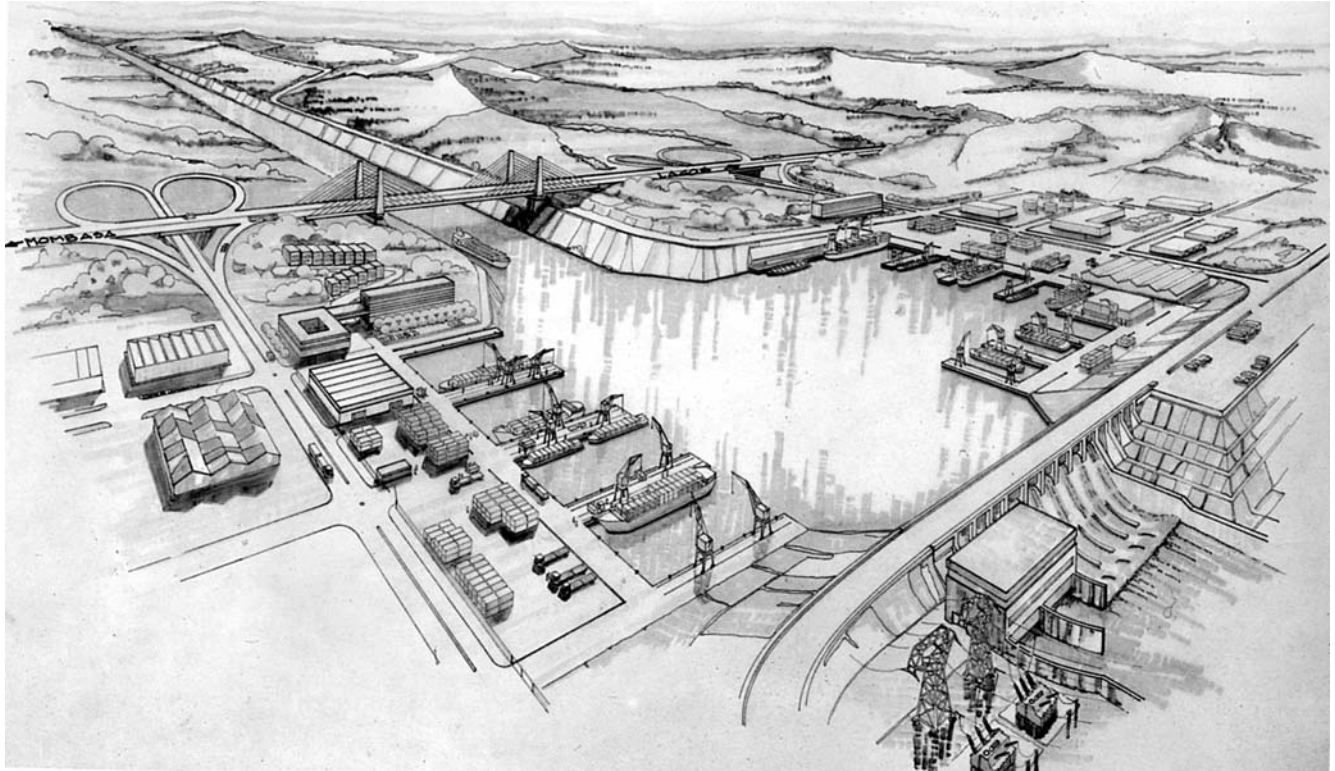
Russia has started work on the transfer of 60,000 million cubic meters per year of water which the continent’s relief today causes to flow into the Arctic Ocean, the final aim being to divert this flow to the dry regions of Kazakhstan and of Uzbekistan by means of a 2,200 km navigable canal (the envisaged cost of the hydraulic works alone is about \$18,000 million), which should transform these semi-desert areas into some of the most fertile lands of the CIS [Commonwealth of Independent States].

The direct and indirect benefits of the Transaqua Project deriving from the agricultural outputs obtainable, their processing and marketing, from the transport economy and energy production, enable us to foresee, despite the obvious present uncertainties regarding investment costs, a return on the operation that is interesting even from the economic and financial standpoint.

It is plain that, in view of the mass of investments required

FIGURE 3

Artist's rendition of integrated river port in Central African Republic



and the size and quantity of the foreseeable works along a stretch of 2,400 km, the project should be carried out in successive stages, each of them to be economically and socially justifiable. Such should undoubtedly be feasible assuming a start be made on constructing the canal at its downstream and, gradually extending it in an upstream direction to its point of origin. The technical means to construct such works do not constitute an insurmountable obstacle.

The units of measurement of the investment costs are not only millions of dollars, but the absence of wars, millions of human beings saved from starvation, social peace, and an international conscience.

Central African ‘Transaqua’: the ‘pivot’ role of the Central African Republic

1. The Transaqua Project, in its Central African Republic stretch, assuredly displays its most qualifying aspects, at both the technical and social and economic levels.

It is in the Central African Republic, in fact, that the project’s most demanding technical engineering problems have to be resolved, considering that in this stretch the waterway will have to cross the divide between the Zaire-Lake Chad catchment areas, will have to feed an artificial lake which will be the basic infrastructure for a river port for containers, and lastly, will have to link up with the country’s major road: the Lagos-Mombasa Trans-African Highway.

From the functional aspect, the Central African Republic area will host the vital center of the Transaqua Project and the system’s operational nucleus.

In point of fact, the complex of works made up of the incoming canal, the balancing basin, the dam with its hydroelectric station, and the link roads with the Lagos-Mombasa Trans-African Highway, will constitute the Inter-African Polyfunctional Trading Area (IPTA), provided with an industrial free port area and a container port.

The geographical position of the Central African Republic, penalized by the lack of ocean outlets, is instead—in the context of this Transaqua Project—privileged by its location straddling the Oubangui-Chad divide, enabling it to assume

the highly important role of pivot between these two catchment areas.

Some technical considerations

2. The canal in the Transaqua Project will flow through the territory of the Central African Republic for a length of approximately 800 km, in the northeastern part of the Zaire basin, drained by the Oubangui and its tributaries. The canal will run more or less parallel to the divide with the White Nile catchment area.

The canal alignment will then make a westward turn until it crosses the divide with the Chari catchment basin at the most favorable point, the canal then discharging into said basin.

In Central African territory the canal will intercept the upper Oubangui basin in the area of the highest catchments of its right-bank tributaries as well as the right-bank tributaries of the River Mbomou, in its turn the major tributary of the Oubangui and marking the northeastern border with the Republic of Zaire.

In its course the canal will drain an area of about 80,000 km² which will contribute some 20 billion cubic meters of water a year to the Transaqua canal, i.e., about 10% of its total discharge.

This off-take from the right-hand part of the upper basin of the Oubangui, together with the water diverted from the left-hand part of its upper basin in Zairean territory, estimated as a further 25 billion cubic meters a year, will mean a decrease of approximately 18% in the total discharge of the river at its confluence with the Zaire, currently 6,000 m³/second. About 60% of this total off-take will concern the Central African Republic, and some 40% Zaire. The off-takes resulting from the canal drainage through the Central African Republic will be concentrated during the months of heaviest rainfall, in this way contributing towards regularizing river flows and controlling floods, by means of a series of balancing basins constructed along the canal.

The canal runs from south to north, as follows:

- The southernmost stretch of the canal enters the Central Africa Republic at 27°E and approximately 5°N, intercepting the River Mbomou — which forms the border with Zaire — in an area between Obo and Bambouti. Then, running through the Upper Mbomou region at elevations of around 700 m above sea level, it receives the waters of the upper stretches of the Rivers Ouarra, Ngoangoa, Vovodo, and Chinko, in their turn all right-bank tributaries of the Mbomou.

The basins of these rivers receive a mean rainfall generally in excess of 1,500 mm a year, and their runoff coefficients appear to be between 20 and 30%. The contributions of these four basins are concentrated from the months of May-June to September-October, in which periods more than two-thirds of the annual rainfall occurs.

- The northern stretch of the canal continues with a broad sweep westwards through the entire region of the Upper Kotto

at elevations of under 700 m above sea level until it reaches the southern slope of the Bongo Massif north of Yangalia where the mountain chain separating the two basins is at its lowest point (about 600 m above sea level). In this last stretch, the canal intercepts the Kotto and its tributary the Bongou, the Kotto being in its turn a direct tributary of the Oubangui. The features of the drainage system of this region are not very dissimilar to those of the Upper Mbomou, although flows are smaller because of the lower rainfall (generally under 1,000 mm/year) and the longer dry period.

- The stretch of the canal affecting the Central African part of the Chad basin will start in a crossing area to be identified between the upper Bamingui basin and the upper basin of its tributary, the Koukourou, both of these rivers being tributaries of the Chari. Their river beds, duly conditioned, could receive Transaqua's flow of over 3,000 m³/second in addition to their own natural discharges. The flows of what will be in actual practice a new river will be conveyed along the whole western border of the Bamingui-Bangoran National Park, entering Chad at the northern boundary of the park. From the divide to the border with Chad, the Bamingui drops from about 600 to 300 m above sea level, meeting the Chari at the frontier between the Central African Republic and Chad.

Foreseeable environmental impact

3. The interception of the flows of the upper Oubangui basin and the off-take of a total of about 35 billion cubic meters annually (of which some two-thirds are in Zaire and one-third in the Central African Republic) will not only not have negative consequences but, on the contrary, will have considerably positive effects.

In fact, the drainage basins intercepted by the canal are generally characterized by a hydrological behavior differing through the course of the year; the southern basins have more than 1,500 mm of rain a year distributed over about six months; the northern basins instead have more modest rainfall (800-1,000 mm/year) concentrated in three to four rainy months alternating with eight to nine dry months.

In Central Africa, the canal crosses, in fact, a belt of wet tropical climate, in its southern stretch, and a zone of sub-Saharan type climate, with a long dry season, in its northern part.

The immediate effect of the canal will therefore be to control the floods and to convey the waters of the rivers intercepted in the south to the watercourses intercepted in the more northerly stretch, either by means of direct flow into the rivers or by creating special storage and balancing basins. This water compensation system will be able to guarantee longer annual periods of water use of even secondary rivers normally dry for several months.

From the climatological standpoint there can be no conse-

quences of any sort, since the canal does not form a concentrated water surface, as instead is the case when large artificial reservoirs are constructed.

The ecological effects on the natural environment, finally, will be comparable with those caused by making a large thoroughfare through a more or less virgin area. In view of the great abundance of ecological themes and the huge area concerned, the canal will produce only negligible consequences from this point of view.

‘Central Africa 2000’: political and economic prospects

4. The Central African Republic’s support for the Transaqua Project will bring in very great economic and political benefits to the country.

Being situated at the very economic center of the Transaqua system, indeed the country can expect the advantages deriving from the establishment of the Inter-African Poly-functional Trading Area (IPTA) which will be located in the Upper Bamingui Valley in an area between said river and its tributary, the Koukourou. These advantages can be summed up as follows:

- powerful development of commercial traffic due to the new waterway which could be connected, by means of two simple road links, with the Lagos-Mombasa Highway, and also with the river port of Bangui and, via this, by river, with Brazzaville and Kinshasa;

- the creation, for the first time in the heart of continental Africa, of a large river port equipped to handle containers, linked with the ocean ports of Lagos and Mombasa;

- the production of a very great amount of hydroelectric energy with the construction of a series of dams along the modified course of the Bamingui, the first and most important of which will be situated at the IPTA (the hydroelectric potential of the Transaqua in its drop to the Chad is estimated as some 30-35 billion kwh/year, two-thirds of it producible in the Central African Republic and one-third in Chad;

- the establishment, in the IPTA area, of a vast industrial zone specialized in the agro-food sector, capable of ensuring, with the setting up of agroindustries of adequate size, the processing of the agricultural and animal products from the newly developed agricultural areas. These areas will be created, both in the Central Africa Republic and in Zaire, along the alluvial valleys intercepted by the canal, and will be served by river landing stages;

- the upgrading and development of the mining region traversed by the canal, including Bakouma, Bria, Mouaka, and Ouadda;

- the recovery for production purposes of a region of about 100,000 km² today completely without any road network and which will be able to use the waterway link to the IPTA and, through this, to ensure the movement of agricul-

tural and animal products to be processed and the supply of production inputs, in their turn indispensable for the development of the new agricultural areas;

- a massive and unprecedented influx of capital and of international undertakings into the country, guaranteeing permanent employment for at least twenty years for the Central African populations.

There is no doubt that the socio-economic impact which the country will receive as a result of the Transaqua Project will be decisive and will condition the whole development of the Central African population in the short, medium, and long term. The Transaqua Project—with its direct effects and its induced and side effects—will provide a formidable boost to the country’s socio-economic development and will be projected into a productive dimension and a commercial logic anticipating development models which, in the coming twenty years, the African continent will have to adopt, exploiting the inestimable resources of its territory above all by means of exporting agricultural and food products, obtained with suitable and appropriate technologies, to adjoining countries and also to markets outside of Africa, increasing the dynamism of agroindustry, transport, and energy production.

Since the design logic foresees the start-up of canal construction at the northern end, then proceeding gradually with construction in successive stretches southwards, the Central African Republic will be the country that will “lay the foundation stone” of the Transaqua Project, the first worksite being opened along the Oubangui-Chad artery in the vicinity of a mountain “crossing” from which it will be possible to dominate, in a southerly direction, the equatorial water-donating areas and, northwards, the arid, desolate regions of the Sahel, the final recipients of said water. At this “crossing,” Africa will be able to show that the most viable North-South dialogue is one that can take place within the continent itself.

‘Transaqua’: Zaire’s priority and essential role

1. There is no doubt that, as the Transaqua Project is accepted and supported by the countries directly concerned (Zaire, the Central African Republic, Chad, and Niger), the partner among these countries which emerges to the greatest extent in the framework of international aid from future donors of funds will be the one supplying the project almost all of the water, namely Zaire.

Zaire, indeed, would supply the project about 90% of the water intended to feed the Sahel regions, while the remaining part would be taken from the navigable canal in Central African Republic territory.

It is foreseen that the water will be obtained by off-takes from the water courses in the extreme eastern belt of the Haut-Zaire and Kivu regions, in climatic areas where the average annual rainfall is around 1,800-2,000 mm and where the surface runoff feeds the four hydrographic systems of the Oubangui, the Aruwimi, the Lindi, and the Lowa, which in their turn are tributaries of the Zaire.

The numerous tributaries of the four abovementioned catchment areas could be intercepted in their upper basins by means of barrages which—guaranteeing continuity to the big navigable canal—would at the same time create large artificial reservoirs which would deliver part of their waters to the courses of the dammed rivers, thereby regulating their flow regime downstream of the barrages, especially during the peak flood periods.

Numerous alluvial valleys will become available along the courses of the rivers intercepted, upstream of the individual dams, and the reservoirs created by these structures could form lake areas ideal to accommodate a whole series of river ports, regular commercial “terminals” serving the new development areas for the export of agricultural products, and for the supply of the necessary means of production, with the low costs of transport characteristic of river routes.

At least 10 areas seem suitable for integrated agricultural and stockraising development already from this first “project idea”: those corresponding to the flood valleys of the rivers Dungu, Nzoro, Ituri, and Epulu, and the upper basins of the rivers Uere, Bomokandi, Nepoko, Lindi, Oso, and Lowa. Surface off-takes from these upper catchment areas would have no appreciable practical consequences in terms of discharges at the level of the four hydrographic systems mentioned; on the contrary, there would be certain advantages deriving from their partial control.

Some technical considerations

2. The canal in the Transaqua Project will run through Zaire territory for a length of approximately 1,600 km, along the western side of the divide between the Zaire basin and the Great Lakes region, at elevations of not more than 900-950 meters above sea level.

It will drain the upper basins of the right-bank tributaries of the Lualaba and the Oubangui for a total surface area of about 220,000 km², about 140,000 km² of which is in Zaire.

Proceeding from south to north:

- the southernmost stretch of the canal (running from the Kivu region towards Haut-Zaire) will be fed by the upper basins of the Lowa and the Lindi.

Both of these basins are situated in areas with rainfall of over 1,800 mm/year and a large part of them have rainfall of more than 2,200 mm/year. The runoff coefficients are always high, greater than 40% taking almost the whole of the upland contributions from the middle and lower courses of these

rivers will not lead to any negative effects, considering that the availability in these areas is overabundant, and that the rainfall/evapotranspiration balance is amply positive in every month of the year.

On the contrary, abstracting the contributions of the upper mountain basins by means of the canal will have a regulating action on the flood flows of the individual tributaries of the Lowa and of the Lindi.

The upper catchments of these two important right-bank tributaries of the middle course of the Zaire will, according to calculations, supply some 30 billion cubic meters a year, equal to an aggregate discharge of about 950 m³/second. At Kisangani therefore the average discharge of the Zaire River will be less than about 12.5% of the 7,500 m³/second that is the present discharge.

- the intermediate stretch of the canal, flowing through the Haut-Zaire region in a south-north direction, will be fed by the upper Aruwimi basin, with off-take works on the main tributaries, the Lenda, Ibina, Epulu, Dnuye, and Nepoko.

These basins, too, as the ones above, are characterized by considerable rainfall (averaging around 1,800 mm/year) and high runoff coefficients, and therefore, also in this stretch, removing flows from the upper mountain basins from the Aruwimi hydrological system will have no other consequence than that of regulating the discharges of the river system downstream of the canal during the periods of maximum rainfall.

The upper catchment of the Aruwimi will contribute about 35 billion cubic meters a year to the canal, equal to a discharge of about 1,100 m³/second. Downstream the confluence, at Basoko, the Zaire River will therefore have a decrease of about 20% in respect of the estimated average discharge of 10,500 m³/second.

- The most northerly stretch of the canal, running almost parallel to the Zaire-Sudan border and the Central African Republic-Sudan border, will intercept the tributaries of the Oubangui, namely the Uele and its tributaries, the Bomokandi, Nzoro, Dungu, Duru, Garamba, and the Uere.

The basins of these rivers receive rainfall of between 1,800 and 1,500 mm/year and their slopes gradually decrease towards the northwest. The runoff coefficients also tend to decrease in the same direction and average about 30-20%.

There is a portion of the upper catchment of the Oubangui in Central African Republic territory, where the upper basins of the Mbomou, the Quarra, the Ngoangoa, the Vovodo, the Chinko, the Kotto, and the Boungou also share in supplying the canal with water.

On the whole, the upper Oubangui basin will contribute about 35 billion more cubic meters of water to the canal, equal to an aggregate discharge removed from the Oubangui of

some 1,100 m³/second equal to 18% in respect of average discharge of 6,000 m³/second.

Of this discharge, it is estimated that about one-third will be taken off in Central African territory and about two-thirds in Zaire.

Due to this third decrease and to those made upstream the medium average discharge of the Zaire River, downstream the confluence of the Oubangui River near Irebu, will have an estimated total decrease of about 15%.

This corresponds to a decrease from 21,450 to 18,300 m³/second (equal to 680 billion m³/second and 575 billion m³/second, respectively).

The total of these three losses represents about 8% of the total discharge of the river Zaire, considered at its mouth.

Foreseeable environmental impact

3. From the hydrological standpoint, the removal of even considerable flows from the watercourses intercepted by the southern stretch of the canal cannot have any negative effect on the flows downstream of the canal, in view of the high rainfall regime and the distribution of the rains, spread over almost the whole of the year.

On the contrary, the reservoirs that will be created along the course of the canal at each watercourse intercepted will act as precious water “fly wheels” which will function effectively in routing flood discharges and for the possible regulation of flows in the watercourses intercepted by the most northerly stretch of the canal.

In fact, the catchments of these rivers are subject to a rainfall regime—and therefore to hydrological behavior—of a more differentiated nature (spring minimum and autumn maximum), and therefore the canal and the linked reservoirs can help to regulate their flows on an all-year basis, diminishing the flood discharges.

The possibility will also be studied of increasing the low-period flows of these rivers with waters from the more southerly basins, conveyed in the canal, using to advantage the fact that the relevant hydrographs are not in phase.

The tributaries of the Oubangui especially will be able to benefit from the canal as a means to regulate both floods and low flows.

Lastly, the regulation of the flood discharges of the rivers Lowa, Lindi, and Aruwimi, diminishing the flows in the middle course of the Zaire, will mean a decrease in the swampy areas of the “cuvette.”

From the climatological point of view, no appreciable consequences of any type are foreseen, in view of the fact that the canal does not create—as, on the contrary, is the case with large artificial lakes—sizable areas of water concentrated over a given stretch of territory.

The ecological effects will be the same as those caused by the construction of a large highway through an almost virgin area. In view of the great abundance of ecological

themes present throughout the area, the canal will produce only negligible consequences from this point of view.

‘Zaire 2000’: political and economic prospects

4. Zaire’s support of the Transaqua Project, apart from giving the country international prestige that would derive from being the promoter and sponsor of a continental-scale project, above all to make a truly resolute contribution to a vast area of the Sahel, would bring a series of direct and indirect benefits to the country which is difficult to identify in their totality.

Certainly the most evident direct advantages, apart from those of political prestige, are the following.

- a massive influx of international capital, without precedent in African territory;
- very large investments in the country following measures by large-scale international enterprises, continuing for about twenty years and therefore capable of permanently involving the professional activity of managerial, middle, and worker levels for a whole generation of Zaire citizens;
- the productive recovery of a region of some 200,000 km² today lacking in road connections with African centers of consumption and supply, which would be linked with an Inter-African Polyfunctional Trading Area provided with a free port, and via the IPTA container port, with Lagos and Mombasa by means of the Trans-African Highway, at present already at an advanced state of construction;
- the integrated intensive development of numerous areas having high agricultural and stock-raising potential connected with the IPTA by a navigation canal, and complete electrification of all the development areas using hydroelectric energy;
- commercial openings for agricultural and livestock products of the new areas of intensive development in eight African countries;
- possible transition of commercial traffic to and from Burundi and Rwanda.

While it is true that the essential basis of the “Transaqua” Project is the water of the river Zaire, it is no less true that the donor country of this water will be the one that will receive perhaps the major economic benefits, not only in the long term but also over the short and medium term.

In fact, the working hypothesis is, obviously, to start construction of the canal from its northern end and then gradually to make extensions southwards until it is completed. Therefore Zaire will be able, together with the Central African Republic, to make use of the economic, commercial, and social advantages stemming from the project right from its very earliest phases of implementation.

With the help of Transaqua, “Zaire 2000” will be able to contribute significantly to the image of Africa at the dawn of the coming century.

Business Briefs

Infrastructure

Build Rhine-Rhône Canal, says French politician

France's former Justice Minister Michel Vauzelle defended the Rhine-Rhône Canal, in an interview with the Paris daily *Le Figaro*, on Aug. 13. Vauzelle lamented the decision by the government of Prime Minister Lionel Jospin to halt the project, and recalled that every President of the Fifth Republic, whether conservative or socialist, had defended it.

The canal, Vauzelle said, "represented . . . a tremendous hope for regions from the Rhine to the Mediterranean Sea. It offered a tremendous perspective of opening up to the rivers and seas. It was considered something which represented the will of the nation to restore the balance toward the South." Beyond symbolic significance, he said, the project represented "a structure linking the Mediterranean Sea to the North Sea, to the Rhine, to the Danube, and which would open up Lyon, Marseille, and their regions."

Demographics

Russian population continues plunge

Russia's State Committee on Statistics (Goskomstat) has estimated the country's population as of June 1 to be 147.3 million, which is a decline of 227,000 since the beginning of 1997. The excess of deaths over births was even higher, but was partly compensated by net immigration. During January-May, there were 533,100 births and 888,100 deaths in Russia, for a natural decline of 355,000. Russia now has a birth rate nearly 40% below what is needed to keep the population level constant.

Prof. Leonid Rybakovsky, head of demography at the Russian Academy of Sciences, said in a recent interview, reported by InterPress Service on Aug. 8, that the natural loss of the Russian population (excess of deaths over births) totalled 3.5 million people in the past five years. This is a 2.5% decline, "a staggering figure in peacetime," he said.

Goskomstat reports that the number of marriages fell by 4,000 (1.4%) for January-May 1997, compared with the same months of 1996. Out of every 1,000 marriages, 768 fail. A study by Kester Kenn Klomegah, circulated by Gemini News in July, pointed out one more, related element of the decline of morale in Russia: The number of Russian women killed by their husbands has reached 15,000 per year, accounting for nearly half the murders in the country.

Petroleum

Chinese firm wins Kazakh oil tender

China National Petroleum Co. has won the tender for the Uzensk oil field in western Kazakhstan, Radio Free Europe reported on Aug. 5. The Uzensk field produces 2.7 million tons of oil per year, but the Chinese say that they can increase that figure to 7 million tons.

In order to secure the contract, the Chinese company must form a joint venture with Kazakhstan's Uzenmunaigaz, and help construct one pipeline from the field to China, and another south to Iran via Turkmenistan. The Kazakh government and China National Petroleum now have one month to agree to terms, otherwise negotiations can begin with the other participants in the tender, Amoco and the U.S.-Malaysian company Unocal-Petronas.

In early June, China National Petroleum Corp. also bought 60% of the Aktyubinsk-mai field and facilities in northwest Kazakhstan.

Finance

Russian-Islamic bank aids BAM zone renewal

In an effort to draw in Mideast oil funds, Russia has established the First Russian-Islamic bank, co-owned by investors from Saudi Arabia, Kuwait, Qatar, Sudan, and Egypt, and the Russian government, *Rossiyskiye Vesti* reported on July 22. The bank, which

is established on Islamic principles, does not extend interest-bearing credit, which in Islam is considered usury, but invests in projects in exchange for a percentage of future profits. One of the areas in which the bank intends to invest, is the impoverished region along the Baykal-Amur Mainline (BAM), the rail line in Russia's Far East.

Adalet Dzhabiyev, the bank's chairman, reports that the bank plans to invest up to \$60 million in various projects by the first quarter of 1998. "The highest priority in placing the investments of the Russian-Islamic Bank," he reported, "is given to the defense industry, space technology, shipbuilding, the processing sectors, industrial ecology, and environmental protection. We plan to allocate the most wide-scale investments in the project for developing BAM."

One of the bank's priority tasks is to develop infrastructure to service trade between Russia and the Near and Far East, and with Southeast Asia. Russia, the paper commented, "in addition to the fact that it is a major producer and supplier of weapons and a strategic partner of many Arab countries, can become a capacious market for investment of the capital of the countries of the Muslim world."

Health

Foodborne illnesses on rapid increase

The world's population is suffering from an explosive increase in foodborne illnesses, according to the World Health Organization. A recent WHO report warns that hundreds of millions of people suffer from foodborne diseases each year after eating food contaminated by salmonella, *E. coli* bacteria, and cholera, and millions of them die.

The report confirms warnings made by Lyndon LaRouche in the 1970s, of the biological holocaust that would result from the collapse of public health infrastructure. *EIR* has warned that a dramatic increase in the death toll would occur due to foodborne illnesses, resulting from the worldwide collapse of food refrigeration, a result of the ban on chlorofluorocarbons. The WHO report also underscores the urgent need for widespread use of food irradiation technology.

BULGARIA has the lowest birth-rate in Europe, half of what it had in the 1970s, the National Institute for Statistics reported on Aug. 11. Weighed down by the economic crisis, Bulgarians have a birthrate of 7.79 per 1,000 inhabitants; in 1970-75 it was 16.2. (The U.S. birthrate was 15.9 per 1,000 in 1990-95.)

RUSSIAN officials began talks with Iran on Aug. 13, on a \$1.5 billion joint venture to build a major port in the Volga River delta, 45 kilometers from the Caspian Sea coast. It would be designed to handle 10 million tons of freight per year. With rail and road connections, the project is estimated at \$360 million.

ARMENIA'S Energy Minister Gagik Martirosyan met with Iran's Ambassador to Armenia Hamid Reza Nik-Kar Esfahani, in Yerevan on Aug. 13, to review bilateral and regional cooperation in energy. Martirosyan expressed satisfaction with the creation of necessary conditions for the export of Iranian electricity to Armenia, and said the project could attract Georgia to regional cooperation.

FIVE SAHARAN nations, Libya, Niger, Chad, Mali, and Burkina Faso, agreed at a summit in Tripoli to set up an economic regional grouping. "The five heads of states have reached a decision favoring closer ties between their countries," Niger's Foreign Affairs Minister Ibrahim Assane Mayaki said on Aug. 16. Nigeria will be invited to join the group.

THAILAND and Myanmar celebrated completion of construction of the first bridge between the two nations, on Aug. 15. It will open to the public upon construction of a road linking the river border town of Myawadi to the capital, Yangon.

THE AUSTRALIAN government is studying the potential of "fresh air" futures, which have been pioneered on the Chicago futures market, to become tradable as "carbon credits," the Aug. 11 *Courier Mail* reported. The scheme is the latest in derivatives.

Worldwide, of the 1.5 billion children under five who suffer diarrhea each year, and the more than 3 million who die as a result, most cases had been thought to be due to waterborne diseases. But Fritz Kaferstein, director of WHO's program of food safety, states that "a significant proportion of the diarrhoeal disease cases are foodborne in origin."

Foodborne diseases are vastly under-reported, especially by developing countries, particularly by authorities who fear that publicizing an outbreak will damage tourism and trade. "It is estimated that the reported incidence of foodborne diseases represents less than 10%, or maybe even less than 1% of the real incidence," the report says. "Surveys in a few countries indicate that foodborne diseases may be 300-350 times more frequent than the reported cases tend to indicate."

Even industrialized nations are suffering from deadly outbreaks of foodborne illnesses. Two U.S. Department of Agriculture experts, Jean Buzby and Tanya Roberts, write that just seven foodborne pathogens cause 3.3 million to 12.3 million cases and 3,000 to 9,000 deaths each year. They calculate that just in the United States, the cost of foodborne illness is \$6.5-34.9 billion, if not much more.

Trade

Ukraine, Turkmenistan, Iran set up barter deal

Iran, Turkmenistan, and Ukraine have entered into a three-way barter deal, which centers on rail equipment. The deal is an example of how regional trade arrangements in the context of the Eurasian Land-Bridge, can provide markets for former Soviet industrial capacities, which otherwise are shriveling up.

According to Kiev Intelnews on Aug. 3, Ukraine's Resources, a state-run joint stock company, has been appointed by the government to run the barter deal for 1997-98, under which Ukraine will receive \$50 million worth of natural gas from Turkmenistan. (Iran and Turkmenistan are building a pipeline to bring Turkmen natural gas to Turkey, and westward.) Ukraine will ship to Iran \$50

million worth of industrial goods, free of the value-added tax and of any extra fees. The bulk of the order is for rail development: Ukraine is to supply 1,000 wheelsets and 600 axle boxes for freight cars, 100,000 tons of rails, 1,000 sets of switch points, and other metal products. Iran will deliver goods worth the same amount, to Turkmenistan.

Ukrainian construction of industrial facilities in Iran is also pending, including plants to produce aircraft, locomotives, paper, polyester thread, and sugar, and to install turbines and generators at two electric power plants.

Australia

Raw materials grab not hindered by 'land rights'

One hundred and twenty mining companies have committed \$64 billion for planned investment in mineral exploration and processing plants in Australia over the next three years, according to *Australian Commodities*, a report by the Australian Bureau of Agriculture Resource Economics, the *Canberra Times* reported on Aug. 14. This high volume of investment comes despite the ostensible uncertainty over indigenous land rights, which, it has been assumed, would hit the mining industry hardest.

The Australian High Court's 1992 "Mabo" decision, which found that "native title" or prior indigenous ownership of the land, exists, and its 1996 "Wik" decision, which found that native title was not extinguished by pastoral leases, have created a situation where the holders of pastoral and mining leases are forced to negotiate with any Aboriginal people who claim ownership of the land, thus tying up projects until negotiations are complete.

However, native title has not affected British mining giant Rio Tinto, one of the funders of Prince Philip's World Wide Fund for Nature, which created the indigenist movement. It has negotiated a number of major projects.

The investment figures indicate that land rights are not seen as a threat to the mining industry generally. Rather, the biggest threat from land rights is to farmers and infrastructure development projects.

George Soros: the Queen's drug pusher

by Jeffrey Steinberg

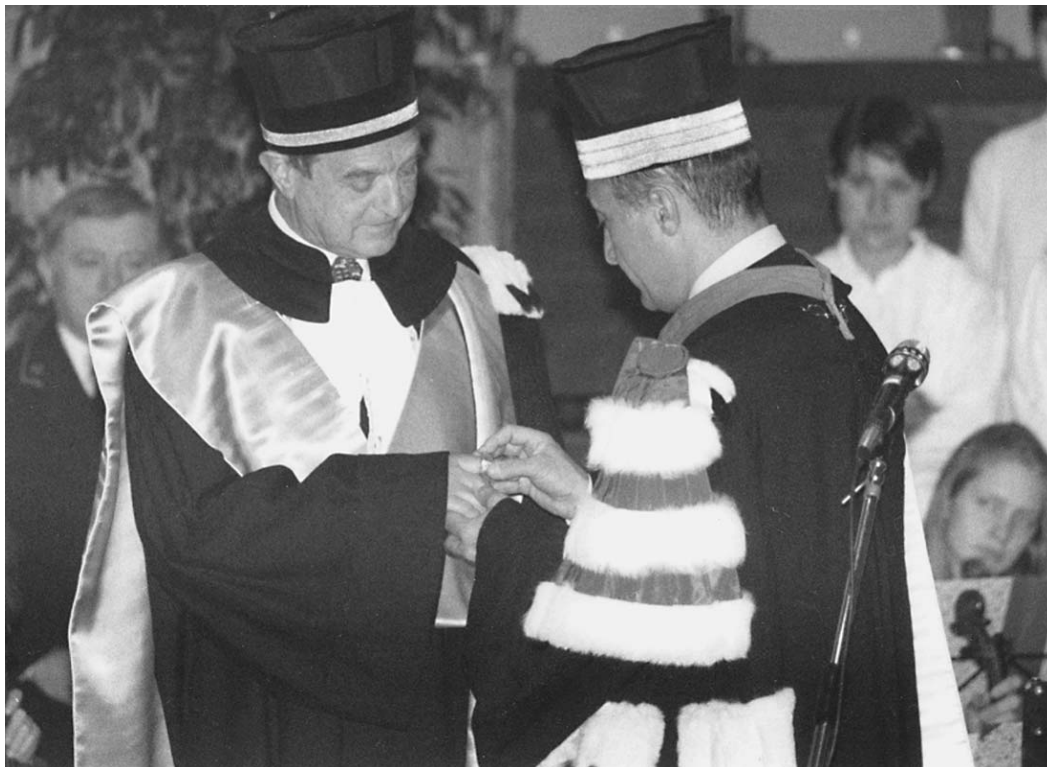
During his campaign for the 1984 Democratic Party Presidential nomination, Lyndon LaRouche was the target of a slander campaign, led by NBC-TV, accusing him of libelling the Queen of England as “a drug pusher.” For years after that broadcast, a typical feature of the myriad of slanders against LaRouche has been the ID-format line, “LaRouche accuses the Queen of England of pushing dope.”

In the initial NBC-TV interview, in response to a question about the British royals' role in the drug trade, LaRouche cited the 1979 book, *Dope, Inc.—Britain's Opium War Against America*, which proved that the British Crown, through its patronage of agencies like the British East India Company, the Hongkong and Shanghai Banking Corp., and the Jardine Matheson trading company, had a long, unbroken history of supporting the illegal drug trade. His remarks were heavily edited to appear foolish—as if he were accusing Queen Elizabeth of selling bags of heroin on the steps of Buckingham Palace.

A great deal of evidence has come to light in the 15 years since that initial NBC-TV slander, and since the publication of the first edition of *Dope, Inc.*, that, now, fully justifies labelling Queen Elizabeth II as one of the world's leading drug traffickers.

Today, officials of the British House of Lords, including members of the Queen's Privy Council, have come out openly advocating the legalization of drugs. The leading journals of the City of London, the *Economist* and the *London Times*, have repeatedly editorialized for the end of “prohibition” of narcotics. In 1996, the British House of Lords staged a debate, to denounce the Clinton administration for its decertification of Colombia, because of the Samper Pizano government's flagrant collusion with the Cali Cartel.

The historical archives, too, have been opened. Queen Elizabeth II's great-grandmother, Queen Victoria, it has now been publicly acknowledged in the City of London's press, was a drug addict for the last 20-odd years of her life; and, the records of her Royal Apothecary have been released to the public, revealing that



George Soros (left), Mr. Moneybags for the drug-legalization mafia and financial manager for Queen Elizabeth II, receives an honorary degree from Bologna University, October 1995.

the majority of members of the Victorian Royal Household spent their annual holidays at Balmoral Castle, looped on heroin and cocaine solutions.¹

Moreover, the Queen's personal speculator, George Soros, who manages an undisclosed, but sizable portion of the royal *fondi*, is leading a multimillion-dollar drive to legalize drug production and consumption throughout the Americas. In the United States, Soros has, in recent years, funneled at least \$15 million into the Drug Policy Foundation, a group devoted to the legalization of drugs; he has created his own drug legalization lobby, the Lindesmith Center, in the headquarters of his Open Society Institute in New York City, at an upfront cost of \$5 million; and, he has poured an undisclosed amount of his personal fortune into a number of state ballot initiatives, in an attempt to legalize "medical" use of narcotics, from marijuana, to LSD, heroin, and cocaine.

In Ibero-America, Soros is a pivotal figure in the British Club of the Isles' banking and raw materials grab (see *EIR*, Aug. 22, 1997, "Britain's 'Invisible' Empire Unleashes the Dogs of War"), and he is also a leading financier of the drive to legalize the production of cocaine, bankrolling a myriad of so-called "human rights" groups and associations of coca growers, who are peddling this criminal enterprise.

1. Ian Sutherland, "Menthol and Cocaine Lozenges—To Be Sucked Occasionally," *Leopard* magazine, Aug. 27, 1993; William Bowditch, "Royals Kept High in Highlands," *London Times*, Aug. 28, 1993; Dan Bindman, "Royal Drug Record Reveals Old Habits," *London Guardian*, Aug. 28, 1993.

Political corruption

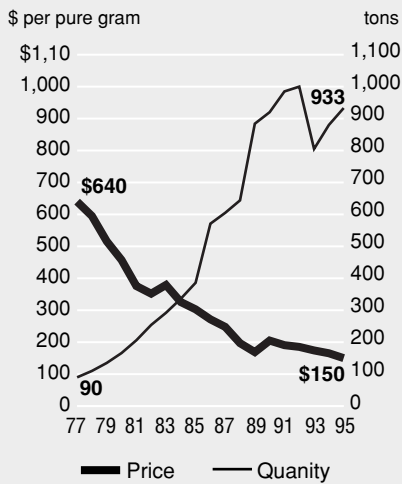
Given the widespread media coverage devoted to the most arcane details of the Whitewater real estate affair, and, more recently, to the 1996 Presidential campaign fundraising efforts of President Bill Clinton and the Democratic National Committee, one should ask: Why have the national media given zero coverage to the fact that Soros, an agent of a foreign power, Great Britain, through his network of tax-exempt organizations, foundations, and his personal largesse, has been buying off elected officials, police chiefs, judges, and news-media celebrities, by the dozen? Is this not political corruption of the highest order?

For example, for the past several years, Soros has been the "sugar daddy" of the Drug Policy Foundation. Each year, at its national convention, DPF gives awards to prominent politicians, doctors, police, and judges, who throw their lot in with the dope traffickers. Each award comes with a substantial cash payment. For example, Baltimore's Mayor Kurt Schmoke, a drug-lobby poster boy, was a recipient of the Richard Dennis Drugpeace Award, given annually by the DPF. He received a check for \$100,000. Recently, Soros announced that a branch office of his Open Society Institute is to open in Baltimore, where it will dispense \$25 million to an array of private social service agencies, largely focussed on the city's large and growing population of drug addicts.

In 1996, British agent Soros infuriated President Clinton, White House Drug Policy Adviser Gen. Barry McCaffrey (ret.), and other anti-drug activists, by bankrolling a slick,

FIGURE 1

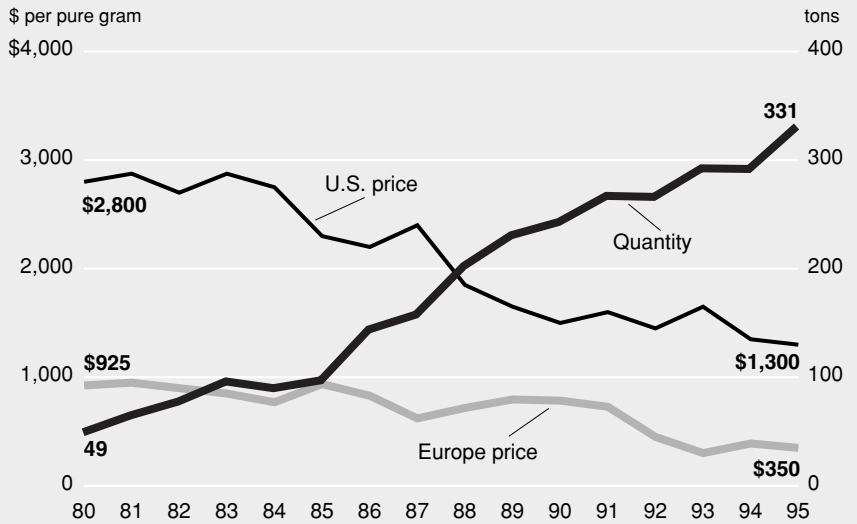
Cocaine: world price vs. quantity produced



Sources: NNICC; UN; OFECOD, Peru; Abt Associates; EIR.

FIGURE 2

Heroin price vs. quantity produced, United States and Europe



Sources: NNICC; INCSR; UN; Abt Associates; ANF, Pakistan; NALA; EIR.

Madison Avenue-style ad campaign, to gull California and Arizona voters into supporting ballot initiatives to legalize drugs. The “bait and switch” methods employed by Soros’s minions painted the pro-drug initiatives as “tough-on-crime” proposals, and as medical “reform” initiatives, aimed at getting medicine to the sick, with a minimum of red tape. Voters in both states, unfortunately, passed the propositions, and Soros is now bankrolling similar initiatives in Oregon, Washington State, and the District of Columbia.

In an interview with the Aug. 17 *New York Times*, Soros said that he kicked in \$1 million to the Arizona and California campaigns, alone. In Arizona, bipartisan majorities in both houses of the state legislature, with backing from President Clinton and McCaffrey, passed a law, which was signed by the governor, largely overturning the ballot proposition; there is still an ongoing fight over its status.

In the interview, triggered by Soros’s announcement that he was giving \$1 million to the San Francisco-based Tides Foundation to purchase hypodermic needles to be distributed, free, to heroin addicts, Soros denied that he advocates drug legalization. “I think marijuana should be kept away particularly from schoolchildren, from anybody who is learning something. . . . If that requires that marijuana generally be outlawed, I’m not opposed to that,” he said.

Nice words. But, Soros persistently puts his money into the pockets of people who aggressively advocate the legalization of all drugs, albeit, often, behind closed doors. Take the case of the Tenth International Conference on Drug Policy Reform, sponsored by the DPF in Washington, D.C. on Nov. 6-9, 1996. At the plenary sessions, which were video-taped, speakers carefully side-stepped the question of drug legaliza-

tion. However, at a session titled “A Hard Look at Hard Drugs: The Legalizers’ Achilles Heel,” DPF activist Eric Sterling, director of the Criminal Justice Policy Foundation in Washington, pronounced himself a 20-year veteran of the “drug legalization movement.” He chastized those in the audience who refused to go all out for the legalization of *all* drugs—including crack cocaine.

Nothing but lies

Sterling’s remarks are emblematic of the outlook of the entire Soros-bankrolled “reform” movement. Through subterfuge and disinformation, Soros and his London backers publicly protest that they are merely fostering debate on the pros and cons of various drug policy “reforms.” But, ultimately, all of their arguments boil down to a single phony refrain, devised by the highest echelons of Dope, Inc.: “Drug ‘prohibition,’ like alcohol prohibition before it, is a failure, which has led to an increase in drug-related violent crime. Legalize drugs, and the prices will fall, removing the ‘profit incentive,’ and reducing the violence.”

Right? No, dead wrong! The July 26, 1996 *EIR* cover story, “Britain’s Dope, Inc. Grows to a \$521 Billion Business,” provided an in-depth, statistical profile of the growth of the illegal narcotics trade over the past 20 years. One of the most important discoveries, was the fact that the drug cartels have systematically *driven down* the retail prices of cocaine and heroin, in order to vastly expand the size of the market, i.e., to expand the number of addicts hooked on these killer drugs. The case of crack cocaine, which opened up the impoverished inner-city neighborhoods of America to cheap cocaine, in a smokeable form, is but the most glaring example

of Dope, Inc.'s adoption of the "Sam Walton" model of mass marketing through reduced prices.

Figures 1 and 2, reprinted from that report, show the steep drop in retail price, and the meteoric rise in heroin and cocaine sales over the past 15 years. They give the lie to the Soros crowd's entire argument.

In the reports that follow, you will be given a tour of Her Majesty's Dope, Inc. empire, with detailed attention focussed upon the activities of Soros, against the populations of the United States and Australia, in particular.

George Soros: a golem made in Britain

by Scott Thompson

Despite the stupid statements that some furry creatures in the U.S. State Department have made recently, praising George Soros's works as an "American," Soros is emphatically not American. Rather, he is a "golem," bearing the stamp "Made in Britain." If he were not so filthy a creature, he would be making speeches from the steps of Buckingham Palace. Calling Soros American, because he resides in greater New York City, is like calling the British troops, who temporarily resided in Washington, D.C., while they burned the White House during the War of 1812, "American."

Where Soros keeps his real money, such as the multibillion-dollar Quantum Fund N.V., is in Caribbean islands like the Netherlands Antilles, that were formerly British or Dutch colonies. If you are from the United States, you cannot invest in any of George Soros's funds, or even receive a prospectus. Soros has, in the past, had financial "near-death" experiences with the U.S. Securities and Exchange Commission, and, apparently, has no desire to cross swords with any U.S. financial enforcement agencies. Yet, one of Soros's select group of investors is the world's wealthiest woman, and head of the British Empire, Her Majesty Queen Elizabeth II.

Once a Nazi . . .

Soros revealed the "secret to his success" on the Adam Smith Show, a financial community gossip hour, aired in 1993 on New York's PBS affiliate, WNET-TV. In that interview, Soros recounted that, during World War II, while he was a teenager, he helped the Nazis loot the country estates of wealthy, Hungarian Jews. Soros thus escaped the Holocaust that eventually led to the deaths of 500,000 Hungarian Jews. After World War II, however, because of his actions, he had to skeddadle from Hungary to escape retribution by the survivors.

Numbers of young people went through similar, traumatic wartime experiences, but few, if any others would later boast

of that wartime misery, as a profound learning experience and basis of later success.

Soros ended up at the London School of Economics, where he became a protégé of then-British Aristotelian Society leader Sir Karl Popper. It was from Popper's writings on *The Open Society* that Soros developed his smarmy, pluralistic hatred of the American republic and of what has been known since the days of Treasury Secretary Alexander Hamilton as the American System of political economy. Others helped train Soros in the depredations of the rentier-financier oligarchic British economic system, epitomized by the British East India Company, that he has followed to this day.

In an exchange of correspondence before his death, Popper, who claims that the authoritarianism of Reason in Plato's Academy was the origin of communism and fascism, lied that he had nothing to do with his "protégé," George Soros. However, news accounts subsequent to Popper's death reveal that he was the source of at least one of Soros's grand schemes, the destruction of Russian science through Soros's International Science Foundation. Sir Karl Popper may prove in history to be a greater "Nazi" than George Soros's former *capo di tutti capi*, Adolf Eichmann.

George Soros got his start in large rentier-financier deals through the intervention of the Rothschild family, which has been part of what has become known as the "Club of the Isles" surrounding the British Sovereign, from the days of Baron Nathan Meyer Rothschild and Napoleon I. After brief polishing in British financial houses, Soros moved to the United States in 1956, where he worked for a couple of years managing the portfolio of an old Hapsburg-linked firm, which managed large holdings of old European money.

With permission from this firm, Arnhold and S. Bleichroeder, Inc., Soros took some of these *fondi* (old family funds) and started Quantum Fund N.V. But, he would not have been nearly as successful had it not been for the intervention of financier George Karlweiss, who was then with Baron Edmond de Rothschild's Banque Privée. At about the same time, Karlweiss was busy launching the international business career of the "Detroit Kid," Robert Vesco, who, with Rothschild assistance, would soon take over the flight capital firm of Investors Overseas Services and milk it for a fortune. Before Vesco was jailed recently in Havana, Cuba, on other charges, this fugitive from U.S. justice had become involved in narcotics-trafficking in Ibero-America.

The Rothschild connection to George Soros continues to be represented in various ways. For example: 1) Nils Taube, an old crony of Soros, who is now on the board of Lord Jacob Rothschild's St. James Capital, continues to be a director of Quantum Fund, N.V.; 2) The recently deceased Sir James Goldsmith, a cousin of the Rothschilds, sold a controlling interest in the gold-mining firm, Newmont Mining, to George Soros (some 8.8%), while selling a smaller amount to Goldsmith's business sidekick, Lord Jacob Rothschild. This helped to position Soros for the British-inspired raw materials grab in precious, strategic, and base metals.

Is your local elected official on Dope, Inc.'s payroll?

by Jeffrey Steinberg

In February, Baltimore's three-term mayor, Kurt Schmoke, travelled to New York City, to dine with George Soros at the billionaire's home. As the result of that get-together, Soros recently announced that, in September, he will open an office of his Open Society Institute in Baltimore, and will cough up at least \$25 million for "social welfare" programs in Maryland's largest city. It's the first time that the Soros foundation has set up a program to deal exclusively with the problems of one city. And it's hardly good news for the citizens of Baltimore.

According to an Aug. 3, 1997 article in the *Baltimore Sun*, Soros was impressed with Mayor Schmoke's "enlightened" views on the drug epidemic. Schmoke openly favors decriminalization—i.e., legalization—of drugs, starting with marijuana.

Schmoke's "enlightened" views about drug legalization have apparently already turned the city into a haven for drug traffickers. A retired senior drug enforcement official, who recently worked in Baltimore, told *EIR* that nearly a billion dollars a year in heroin is sold on the city's streets—a phenomenal figure, when one considers that *EIR*'s own, conservative, estimate is that the annual worldwide proceeds of the entire illegal drug trade is \$521 billion.

Soros and Schmoke are not just casual acquaintances. Soros is the moneybags behind the most prominent of the dope lobby front-groups, the Drug Policy Foundation, and Schmoke has been on the group's advisory board since its inception in 1986. Further, in 1989, Schmoke was the recipient of the first Richard Dennis Drugpeace Award, a thinly veiled payoff to leading politicians, police chiefs, judges, media celebrities, and medical professionals who throw in their lot with the pro-dope apparatus. Schmoke received a \$100,000 "prize" along with the award. Each year, since 1989, the Drug Policy Foundation has handed out at least \$150,000 in public payoffs to the leading dope lobbyists, and the brightest new stars on the "anti-prohibition" horizon.

By the standards of Colombia's Cali cocaine cartel, \$150,000 a year in prize money is chicken feed. But the recipients of the money, by accepting the DPF payoffs, publicly signal that they have crossed the line, and are owned assets of Dope, Inc.

From superstars to grassroots operators

Before Her Majesty's personal speculator, Soros, publicly joined the ranks of the dope lobby, there was Chicago com-

modities speculator Richard Dennis. A self-described libertarian, Dennis is a director of both the Conservative Revolution's Cato Institute and the "New Left" Center for the Study of Democratic Institutions, and a protégé of world-federalist Robert Maynard Hutchins, the longtime chancellor of the University of Chicago and intimate of Lord Bertrand Russell.

Dennis put up the seed money for the Drug Policy Foundation in 1986, and, two years later, kicked in \$2 million, in part to establish the awards program. The Drug Policy Foundation, on its website, lists the recipients of the prizes, but no longer advertises the fact that there are cash payments, along with the commemorative plaques. There are now a total of seven prizes, covering the fields of "drug policy reform," "journalism," "law," "scholarship," "citizen action," "control and enforcement," and "medicine and treatment."

Two of the awards, the Gerald Le Dain Award for Law and the H.B. Spear Award for Control and Enforcement, were named after Canadian and British officials who, early on, pushed for drug legalization. Le Dain served from 1970-72 as the chairman of the Canadian Government's Commission of Inquiry into the Non-Medical Uses of Drugs, which advocated the decriminalization of marijuana, heroin, and other dangerous substances. He was rewarded with a seat on the Canadian Supreme Court. Spear served for years, as an inspector in the Drug Branch of the British Home Office, retiring as chief inspector in 1986. He revived the work of the 1926 Rollston Commission, which pushed decriminalization.

The list of U.S. recipients of the Drug Policy Foundation cash payoffs includes some well-known public figures, like Baltimore's Mayor Kurt Schmoke.

Among them are:

The Virginia blueblood law firm of **Steptoe and Johnson**, which sued the U.S. government in 1978 to establish the precedent for "medical" marijuana use.

Wesley A. Pomeroy, former associate administrator of the Law Enforcement Assistance Administration, special assistant to the Administrator of the Drug Enforcement Administration, associate director of the White House Office of Drug Abuse Policy, police chief of Berkeley, California, and chief of security at the 1969 Woodstock rock festival.

Dr. Milton Friedman, senior research fellow at the Hoover Institution, leading protégé of radical free-market economist, Mont Pelerin Society founder Friedrich von Hayek, and

Popper's Open Society: Crush the nation-state

George Soros loves to boast that he is the protégé of Oxford's Aristotelian Society head, Sir Karl Popper, even naming his Open Society Institutes after Popper's infamous 1942 book, The Open Society and Its Enemies (New York: Harper Torch Books/The Academy Library, 1963), from which we excerpt here. Popper assailed the very notion of man in the living image of God, and savaged Plato for daring to suggest that man could craft republican institutions, wedding the best interests of the individual citizen with those of the state. It should come as no surprise that Soros's operations throughout the world are aimed at destroying the pillars of national institutions.

The attempt to find some "natural" boundaries for states, and accordingly, to look upon the state as a "natural unit," leads to the principle of the national state and to the romantic fictions of nationalism, racialism, and tribalism. But this principle is not "natural." . . . Here, if anywhere, we should learn from history; for since the dawn of history, men have been continually mixed, unified, broken up and mixed again; and this cannot be undone, even if it were desirable.

. . . The complete renunciation of the principle of the nation-state (a principle which owes its popularity solely to the fact that it appeals to tribal instincts and that it is the cheapest and surest method by which a politician who has nothing better to offer can make his way), and the recognition of the necessarily conventional demarcation of all states, together with the further insight that human individuals and not states or nations must be the ultimate concern even of international organizations, will help us to realize clearly, and to get over, the difficulties arising from the breakdown of our fundamental analogy. . . .

It seems to me that the remark that human individuals must be recognized to be the ultimate concern not only of international organizations, but of all politics, international as well as "national" or parochial, has important applications. We must realize that we can treat individuals fairly, even if we decide to break up the power-organization of an aggressive state or "nation" to which these individuals belong. It is a widely held prejudice that the destruction and control of the military, political and even of the economic power of a state or "nation" implies misery or subjugation for its individual citizens. But this prejudice is as unwarranted as it is dangerous.

It is unwarranted provided that an international organization protects the citizens of the thus-weakened state against exploitation of their political and military weakness.

longtime public advocate of total legalization of harmful drugs. In a Nov. 17, 1991 interview with the *Washington Times*, Friedman stated: "There's overwhelming evidence the war on drugs is doing more harm than good." The anti-drug war has been a "failure because it's a socialist enterprise," and should be "eliminated." The government, Friedman added, "has no business telling me what to ingest."

U.S. District Court Judge **Robert Sweet**, a New York federal judge who, in December 1989, came out publicly advocating the total legalization of possession and sales of all illegal drugs.

Dr. Thomas Szasz, like Soros, a protégé of Oxford University's Sir Karl Popper, a practicing psychiatrist, and the self-help guru of the libertarian right-wing.

Nicholas Pastore, police chief of New Haven, Connecticut, who launched some of the earliest needle exchange programs in the country—dispatching police to hand out hypodermic needles to known heroin addicts—and publicly pushed for drug legalization.

R. Keith Stroup, one of the earliest lobbyists for dope legalization, founder of the National Organization for the Reform of Marijuana Laws.

Michael Michaelson, an attorney with the prestigious Washington law firm, Covington and Burling, who also pushed for "medical marijuana" to be accepted by the courts.

Ethan Nadelmann, former Princeton University professor, now the director of Soros's Lindesmith Center, longtime legalization advocate. Former Secretary of State George Shultz identified Nadelmann as the person who recruited him to the dope legalization crusade.

Joseph D. McNamara, now with the Hoover Institution, former police chief of Kansas City, Missouri and San Jose, California.

Hugh Downs, television news anchor, host of the ABC News broadcast "20/20," and a long-standing peddler of drug legalization.

Thomas Frazier, commissioner of the Baltimore Police Department, under Mayor Kurt Schmoke.

Frank Jordan, ex-San Francisco mayor, and a 34-year veteran of the San Francisco Police Department.

James P. Gray, Orange County, California judge and open advocate of government-regulated legalized drugs.

Herbert M. Klein, Associate Chief Judge of the Eleventh Judicial Circuit Court in Dade County (Miami), Florida.

Robert G. Newman, president of Beth Israel Medical Center in New York, and a leading advocate of the private dispensing of methadone to heroin addicts.

Dennis Peron, founder of the San Francisco Cannabis Buyers Club, which illegally provides marijuana to an estimated 6,000 San Franciscans, and a leading figure in the Soros-funded 1996 California ballot initiative Prop. 215, to legalize “medical marijuana.”

The Cali Cartel gets in on the act

In addition to the Americans, a number of international dope activists have been given the DPF cash awards, including leading soft-on-drugs prosecutors and law-makers from Canada, the Netherlands, Britain, Australia, and Germany. Perhaps the most flagrant instance of the DPF prize money being used to reward a prominent fixture in the drug cartels was the 1994 presentation of the \$100,000 Richard Dennis Drugpeace Award to Gustavo de Greiff, then the Prosecutor General of Colombia, and a notorious ally of the Cali Cartel. In a 1994 speech he delivered at a Drug Policy Foundation event hosted in Baltimore by Kurt Schmoke, de Greiff came out calling for drug legalization, lying that, “The profits are so large that it is a delusion to think killing or jailing major traffickers will make a dent in the drug trade. . . . In the end, the only solution is legalization, with regulations to control the market.”

In early 1996, in the midst of the battle over whether the Clinton administration would withhold certification from the Colombian narco-regime of President Ernesto Samper Pizano, himself a leading figure in the international dope legalization lobby from the mid-1970s, *EIR* had the following to say about De Greiff:

“One week after Samper’s inauguration, outgoing Prosecutor General Gustavo de Greiff ruled that there was no evidence to warrant an investigation of President Samper in connection with the ‘narco-cassette’ revelations. De Greiff’s daughter, Monica de Greiff, had been a treasurer for the Samper Presidential campaign in its early days, and was herself later discovered to have ties with the Cali Cartel. Gustavo de Greiff, like Samper, an ardent advocate of legalized drugs, was named Colombian ambassador to Mexico. In August 1995, it emerged that de Greiff had been a business partner with the Cali Cartel’s Gilberto Rodríguez Orejuela in El Dorado Airlines, in 1980, when Rodríguez was already identified as a drug trafficker. The former Prosecutor General is also being sought for questioning by the United States for his possible role in obstruction of justice, in a case involving a Cali Cartel hit man.”

Isn’t it time for the Internal Revenue Service, the Federal Election Commission and the Justice Department to each take a closer look at the so-called “charitable” tax-exempt activities of Soros, Dennis, and the Drug Policy Foundation? It might very well lead to one of the most fruitful racketeering probes in recent memory.

Drug legalization gets boost in U.S.

by Scott Thompson

Numerous of George Soros’s drug-legalizing minions have informed *EIR* and other journalists, that right now the billionaire speculator is reaching for his personal checkbook, to fund a new round of drug-legalizing referenda in the United States. According to Ty Trippit, one of Soros’s Open Society Institute cronies, Soros will finance the drug legalization ballot initiatives out of his own pocket, so as not to jeopardize the 501(c)3 tax-exempt status of his multitude of foundations, by having them engage directly in politics. Trippit also confirmed that as many as 24 ballot initiatives to legalize Schedule I drugs may be put before voters in the November 1997 elections, and already, initiatives are well under way in Washington, D.C., Washington State, Oregon, and Arizona (again).

David Fratello, a spokesman for Americans for Medical Rights, a Soros-funded organization whose affiliate, Californians for Medical Rights, led the fight for a November 1996 initiative for “medical use of marijuana” which was more than one-third funded out of Soros’s pocket, confirmed that there are numerous ballot initiatives waiting to go, if Soros provides the funds. However, Fratello refused to reveal what states were targeted until the ballot initiatives are well under way.

In November 1996, Americans were shocked to discover that voters in California and Arizona had passed Propositions 215 and 200, respectively. These initiatives said that a doctor could prescribe Schedule I (i.e., extremely dangerous) drugs to anyone, including children, for “medicinal purposes.” While the California initiative limited prescriptions to marijuana, the Arizona referendum permitted the prescription of Schedule I drugs ranging from heroin to crack cocaine to LSD. Although the Clinton administration attempted to counter the Soros-funded propaganda blitz in the last two weeks of the campaign, up until that point, Washington, D.C. was caught napping. White House Drug Policy Adviser Gen. Barry McCaffrey (ret.) has made it clear that his office does not intend to allow that to happen again.

ACT-UP targets Washington, D.C.

Now, with the active support of Soros’s Open Society Institute’s Lindsmith Center, the nation’s capital has been targeted for pro-drug propaganda. In a July 22 article in the *Washington Times*, entitled “Does Marijuana Really Cure?” Manon McKinnon, a policy analyst with Jack Kemp and William Bennett at Empower America, wrote:

“A signature petition is being circulated to generate a ballot initiative legalizing marijuana for medical use in the

McCaffrey denounces drug legalization drive

White House Drug Policy Adviser Gen. Barry McCaffrey (ret.), in a July 22 news release, announced that the Clinton administration will strongly oppose the Washington, D.C. ballot initiative to legalize the so-called medical use of marijuana. McCaffrey described the initiative, which is backed by George Soros, and organized by the homosexual activist group ACT-UP, as “the latest effort to undermine sensible drug-control policies designed to keep marijuana, cocaine, heroin, methamphetamines, and other dangerous substances away from the nation’s children.”

McCaffrey elaborated his opposition to Initiative 57, the “Legalization of Marijuana for Medical Treatment Initiative of 1997,” in a letter to U.S. Rep. Eleanor Holmes Norton (D-D.C.), Financial Control Board Chairman Andrew Brimmer, Board of Education CEO Lt. Gen. Julius Becton, Mayor Marion Barry, and Acting City Council Chairman Linda Cropp. McCaffrey pointed out that the U.S. government demands strict standards of scientific analysis, before permitting any drug to be legally prescribed as a treatment for disease. “The weight of scientific evidence to date demonstrates marijuana is not a benign

drug. . . . Research shows that smoked marijuana damages the brain, heart, lungs, and immune system. It impairs learning, and interferes with memory, perception, and judgment. . . . Last month, the National Institute of Drug Abuse released two studies confirming that marijuana’s addictive mechanism acts on the brain in a manner similar to that of cocaine and heroin.” McCaffrey called on all District officials to join with the Clinton administration in mobilizing to defeat the referendum.

Even the Dutch government, which legalized marijuana and its retail sale at bistros, has acknowledged that the argument that marijuana is a “medicine,” is a fraud. Recently, Dr. Lousberg, the Dutch Health Ministry’s chief inspector for pharmacy and medical technology, forbade the prescribing of marijuana, in an open letter to doctors and pharmacists in the Netherlands. He said that there is “no scientific proof for the therapeutic application of hemp.” Earlier this year, the Dutch Health Council urged the health minister to ban the medical use of marijuana because of a lack of evidence of its medical benefits.

When one of the world’s most irresponsible nations, with respect to drug policy, comes out firmly opposing the idea of “medical marijuana,” the message ought to be clear: The “medical pot” issue is a hoax; it is a foot in the door for the latest round of drug-legalization treachery.

—Jeffrey Steinberg

nation’s capital. The sponsor of the petition, Steve Michael, is founder of the AIDS Coalition to Unleash Power (ACT-UP), and that group is currently gathering signatures to put the initiative on the next city-wide ballot—perhaps as early as December. . . .

“The phenomenal irony! Mexico and Colombia must be splitting their sides. Surely if those countries’ combined drug cartels were to devise a one-step plan to turn America’s National Drug Control Policy into a global laughing stock, they could hardly do better than this. The initiative, so clearly in opposition to the Clinton administration’s announced drug control plan, is brewing in the front yard of the drug czar, the Congress, and the President.”

The provisions in ACT-UP’s “Legalization of Marijuana for Medical Treatment Initiative of 1997,” include:

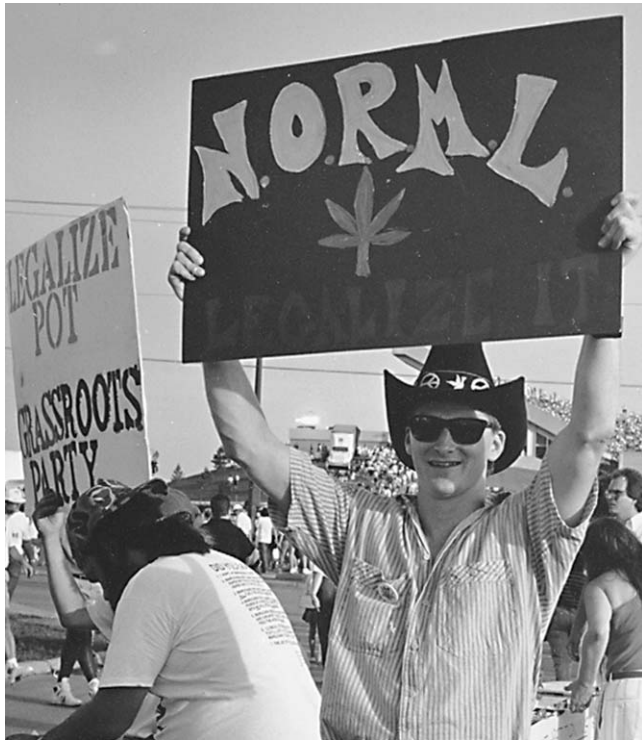
- “Legalize, for medical purposes, possession, use, cultivation and distribution of marijuana.”
- “Require the Commissioner of Public Health to propose to the D.C. Council a plan providing for distribution of marijuana to qualified patients enrolled in approved programs.”
- “Allow marijuana to aid in treatment of HIV/AIDS, glaucoma, muscle spasms, cancer therapy, and other serious illnesses.”

According to ACT-UP head Steven Michael, this homosexual AIDS activist group has been in negotiations with Soros to get funding for the initiative.

Already, ACT-UP has the support of Soros’s local drug-legalizing front groups, including the Marijuana Policy Project (MPP). Despite its work with Federal and state legislators ostensibly on more limited “medicinal use of marijuana” legislation, this group is also working hand-in-glove with ACT-UP, which some experts have called “the Weathermen of the AIDS activist movement.” A leader of MPP admitted that it had received almost all its funding from a grant from the Drug Policy Foundation, which has received some \$15 million from Soros, including all of the DPF’s grant money.

Soros likes to talk about an “Open Society.” Ironically, a trained psychologist diagnosed Michael as suffering from a paranoid personality disorder, when he refused to say through whom he was negotiating for funds with Soros, how many petitioners ACT-UP had, and whether allegations were true that ACT-UP was buying signatures from people in homeless shelters. All Michael would admit to, is that they had gathered one-quarter to one-third of the signatures they need.

ACT-UP’s activity also involves other prominent political figures. On Aug. 7, Charlie Rose revealed in the *Washington Times* that some very strange bedfellows are gathering



Activists from the National Organization for the Reform of Marijuana Laws (NORML) raise the flag for legal dope in Des Moines, Iowa, 1990.

around the “Get LaRouche” task force leader, former Massachusetts Gov. William Weld (R), to help win him confirmation as U.S. ambassador to Mexico. According to the *Washington Times*, Weld is getting the backing of ACT-UP, which is pushing for Weld because of his support for legalized marijuana when he was governor of Massachusetts.

Arizona, all over again

Arizona’s Proposition 200, passed by a duped electorate in November 1996, was run by a group of Libertarians centered around the Goldwater Institute in Phoenix. Under the nominal leadership of Goldwater Institute then-Chairman John Norton, Goldwater Institute board member Sam Vagenas ran the show. And, Republican conservative stalwart Barry Goldwater applauded from the sidelines.

However, this is only half the story. Of the \$449,000 raised for the Arizona initiative, according to filings with the secretary of state, \$440,000 came from Soros’s pocket. Vagenas, who acts as a Soros hatchetman, was in regular contact throughout the ballot initiative with Soros’s hand-picked head of the Lindesmith Center, Ethan Nadelmann, who was a board member of the DPF, which also contributed polling fees.

After Arizona Proposition 200 passed, the Arizona state legislature reversed the decision that would have allowed two doctors to prescribe any Schedule I drug for “medicinal purposes.” Another Soros-associated front, the National Organization for the Reform of Marijuana Laws, then argued before

a Federal judge that the tax stamps for illegal drug sales that the state legislature had also enacted, meant that even recreational drugs have now been legalized. Meanwhile, Vagenas, who claims that he had nothing to do with the NORML initiative, has gotten the Proposition 200 initiative put on the ballot again. In addition, he has gotten a second initiative put on the ballot, which states that the Arizona legislature had no right to reverse Proposition 200, if it were to be approved by the electorate a second time. This has created a stay in the Arizona state legislature ban until 1988.

Vagenas is also working with Tim Killian in Washington State, where sufficient signatures were recently filed to qualify a version of Proposition 200 for the ballot. The only difference from Proposition 200, according to Vagenas’s former boss, John Sperling, head of the University of Phoenix, is that instead of doctors being free to “prescribe” all Schedule I drugs, they could “recommend” their usage. Killian said that this wording is designed to find a loophole in the Federal law against such prescription. While negotiations for contributions are under way with Soros, one large contribution, from Sperling, has already come in. Sperling had been the second largest contributor to the campaign for Proposition 215.

According to Soros’s Lindesmith Center, petitioning is under way in Oregon for the Campaign for Restoration and Reformation of Hemp (CRRH), which is a multi-purpose referendum. Jim Better of CRRH explained to a journalist that the referendum would not only permit the production of highly potent marijuana for “medicinal purposes,” but it would also allow for the massive production of low potency hemp (marijuana) plants for a variety of purposes, ranging from fiber production, to use in diesel oil, to inclusion in a protein-based food supplement. Better claimed that hemp production is one of the greatest cash crops for farmers in the United States today, but that most of the fiber must be thrown away, because the crop is grown for illegal recreational use. He claimed that application was going to be made to Soros for funding for the referendum.

Already, members of the European Union, such as France, subsidize the growing of hemp for industrial use. And, the Home Office in the United Kingdom has begun licensing the growing of hemp, under the personal imprimatur of Queen Elizabeth II. In an article in the *Sunday Telegraph* on July 23, 1995, entitled “Opening the Stable Door to Grass That Is Greener,” the author wrote, “Hemp is a wonderful crop. Anyone could grow it. It’s almost addictive to watch it grow, three inches a day. It’s like a Triffid.” The article read in part:

“This is probably the most discreet world exclusive in the history of newspapers. The company involved would like to keep it low key indeed. Nevertheless, I can now reveal that for the last two weeks, as a trial only, horses in the Royal Mews at Buckingham Palace have been going to sleep every night on bedding made entirely of cannabis.”

The article reports that hemp is going to be used as an export crop, largely to the United States.

Currency war aimed at the nation-state

by Richard Freeman

On July 28, Malaysia's Foreign Minister Abdullah Badawi, addressing the foreign ministers conference at the annual ministerial meeting of the Association of Southeast Asian Nations in Malaysia, called George Soros's multibillion-dollar speculative attacks on Southeast Asian currencies, "the height of international criminality. . . . It is time that we recognize these actions for what they really are, namely, villainous acts of sabotage." Badawi was responding to the fact that financial terrorist Soros had spent July attempting to destroy the Malaysian currency, the ringgit. Starting in February, gathering force in June and July, Soros has been hammering at the Thai currency, the baht, through speculative shorting operations. According to Thailand's finance minister, Thailand's central bank spent—and lost—\$19 billion from its hard-earned official reserves defending the baht. Unofficial figures show that the amount spent from Thai reserves may have actually been \$30 billion.

While Soros destroys populations through his pushing of drugs, he also crushes nation-states, through his main occupation, running a high-leverage hedge fund that speculates against currencies. Soros and his Quantum Fund are a hired gun for the Club of the Isles oligarchy to conduct warfare against the nation-state. In these currency raids, Soros employs a large amount of money that is not his, but rather, leverage—borrowed money—lent to him by a group of London-centered banks. It is these bankers, and the British Privy Council, that Soros works for.

Once a country is targetted, Soros and his allies in other hedge funds will pour billions of dollars, using a 20:1 leverage, into the fight to break a nation. Once weakened, a nation will be subjected to such unsavory alternatives, as was Thailand, as having to borrow from the International Monetary Fund, and then being subject to the IMF's dictates. While some Southeast Asian nations are encountering Soros's wrath for the first time, his track record goes back to 1992.

Destroying the European Monetary System

In July 1992, Soros set out to break apart the European Monetary System (EMS), as a stable arrangement of European currencies, by taking on the weak-link, the British pound sterling. After several assaults, the pound slipped below the floor of the EMS in August. On Sept. 4, Britain began borrowing on an emergency \$14.5 billion credit line from Germany

and other European nations to defend the pound. Ultimately, despite the efforts of the Bank of England and the German Bundesbank, in which they lost several billion dollars, the pound sterling withdrew from the EMS.

At the same time, Soros turned his guns against the Italian lira. Over several months, the Banca d'Italia spent—and lost—\$48 billion in its effort to prop up the lira, which kept plunging: Between September and November 1992, it fell by 28% against the German mark. Soros had a dual purpose here: On June 2, a secretive meeting of top British financial sharks, including the Barings Bank crowd and S.G. Warburg, met off the coast of Italy on Queen Elizabeth II's royal yacht *Britannia*, with the anti-state group inside Italian government and business, to plan out the thorough privatization of the state sector. The Soros raid against the lira meant that the government's resistance to privatization would be weakened, and the valuable Italian state sector could be bought up for a song.

The key to Soros's operation is his use of leverage. A Nov. 9, 1992 *Forbes* article reported that Soros and other speculators would usually be able to borrow on a margin of 5%, so that for every \$50 million he put up, he could borrow \$1 billion from London and Wall Street banks. This allows him to make 20 times the normal profit from currency speculation. For example, take Soros's speculation against the lira. Between September and November 1992, it fell from 765 to the deutschemark, to 980, a drop of 28%. But with a 20:1 leverage, Soros would have made 20 times 28%, or 560%. If he put up \$100 million in speculative short operations, he would make \$560 million. Indeed, in September 1992, between his speculation on the pound and the lira, Soros and the clients of his four Netherlands Antilles-based pools, netted \$1.5 billion. Also during 1992, Soros speculated against the French franc, and in 1993, he trained his guns at the deutschemark.

Conducting warfare against Soros

The tables can be turned on Soros: On Oct. 27, 1995, Paolo Raimondi, president of Italy's International Civil Rights Movement Solidarity, collaborators of Lyndon LaRouche in Italy, presented a legal brief to the Italian state prosecutor in Milan, requesting he open an investigation into Soros's 1992 speculation against the lira. The legal action has become the focus of major national press and media coverage on several occasions. The main Italian dailies, such as *Corriere della Sera*, *Il Tempo*, and *La Stampa*, plus the main economic and political weeklies, have given detailed accounts under such headlines as, "Speculation: Soros under Investigation," "Soros, the Vulture of the Lira," and "Soros Denounced."

Raimondi's legal brief documents, blow by blow, the "criminality" and "villainous acts of sabotage," which Malaysian Foreign Minister Badawi has denounced for his part of the world.

British Lords mount drug legalization offensive

by Mark Burdman

During the month of August, the British establishment, through the agency of members of the House of Lords and the main media representatives of the City of London, has radically escalated its campaign for the legalization of drugs, worldwide. The propaganda for drug legalization has been massive in Great Britain itself, while it has also been picking up steam in key Commonwealth countries, including Canada, Australia, and New Zealand.

Not surprisingly, one finds, at the center of such efforts, leading collaborators of George Soros. These individuals make no secret of the fact, that their policy is aimed, strategically, at forging a Europe-wide pro-drugs bloc against the United States, and against the Clinton administration's aggressive "War on Drugs" approach.

Huxley, Mill, and Mandeville

The propaganda barrage of the drug legalizers began to go into high gear on Aug. 9-10. Over that weekend, a five-year-old child was killed by drug gangs, in the English constituency of Bolton Southeast. The emotions unleashed by that tragic killing were cynically exploited by the drug lobby, to blame the child's death on the fact that drugs are illegal. Were this "prohibitionist" approach to end, crime would diminish, so the argument went.

On Aug. 10, the parliamentarian for the district in which the killing occurred, Brian Iddon, was interviewed on the U.K.'s "World This Weekend" television show. He argued for the creation of a Royal Commission on drug policy, and for the launching of a national debate on the subject. Iddon's appeal received extensive media coverage over the next couple of days.

Joining him on that show was Arnold Trebach, head of the Drug Policy Foundation in Washington, D.C. Trebach denounced the work of White House drug policy adviser Gen. Barry McCaffrey, as a failure, and advised Britain's Tony Blair government not to carry through on its Election Manifesto promise, to appoint a drug tsar for Britain.

There was more to those comments, than met the eye. The Drug Policy Foundation is financed by Soros, as one of many pro-drug projects that Soros is bankrolling in the United States. On Dec. 2 of last year, General McCaffrey had joined with a number of leading individuals in the U.S. "War on Drugs" effort, in testimony before a U.S. Senate committee, to denounce Soros for his role in financing referenda in Cali-

fornia and Arizona, favoring the decriminalization of drugs.

The promotion of Trebach on British TV was consistent with another pattern. In August, the London *Economist* and *Financial Times* have been going to great lengths, to defend Soros's speculation activities, against criticism of him by Malaysian Prime Minister Mahathir Mohamad and other Southeast Asian leaders, who are concerned with protecting their currencies against the havoc being wrought by Soros and other speculators. The pro-Soros advocacy was kicked off by an editorial in the *Economist* on Aug. 2, demanding a halt to attacks on "rogue speculators" by Mahathir and others.

The *Economist* is the principal mouthpiece for the drug legalization lobby, a function it has played for years. (See, for example, Mark Burdman, "Queen Knights Head of Pro-Drug 'Economist,'" *EIR*, Feb. 3, 1989.) Indeed, in its Aug. 16 edition, in a news article profiling the growth of drug-linked crime in Britain, the British magazine called once again for legalization of drugs.

As for the *Financial Times*, its pro-Soros efforts reached a crescendo, with an editorial entitled, "In Praise of Speculation." During July-August, the newspaper has published a series of commentaries by "libertarian/free market" fanatic Martin Wolf, arguing in favor of drug legalization.

On July 29, Wolf began the first part of his series, by quoting the late Aldous Huxley, author of *Brave New World*, and an enthusiastic user of hallucinogenic drugs, in favor of his argument: "Most men and women lead lives at the worst so painful, at the best so monotonous, poor and limited, that the urge to escape, the longing to transcend themselves, if only for a few minutes, is, and always has been one of the principal appetites of the soul." Wolf also quoted from the 1859 essay "On Liberty," by British East India Company propagandist John Stuart Mill, to back up his case.

Wolf followed up two weeks later, with a piece insisting that *all* drugs, and not just the "soft" ones like cannabis, should be legalized, because "vices must be tolerated." In private discussion, Wolf acknowledges that his argument derives, in significant part, from that 18th-century Anglo-Dutch pervert Bernard Mandeville, who promoted that "private vices" must be tolerated, since they necessarily lead to "public virtues."

The *Economist* and *Financial Times* pieces have been complemented by letters to the editor, news articles, etc., in such liberal papers as the *Guardian* and *Independent*, promoting the drug legalization agenda.

Lords for drugs

A major push for legalization is emanating from the House of Lords. The key figure in this, is one Lord Nicholas Rae, a medical practitioner. Two of his collaborators in the House of Lords are Lord Moyne, a scion of the influential Guinness family (drinks, financial operations); and Lord Mancroft, a reformed drug addict, who has recently been in the middle of a controversy surrounding the collapse of a “cyberspace bank” in Antigua, the which was being used for money laundering by Russian mobsters.

These men are backed by a cluster of Lords who stepped forward last year, to “robustly” protest the Clinton administration’s decisive action against Colombia’s cartel-run government of Ernesto Samper Pizano. Taking the lead in urging Her Majesty’s Government to “make representations” to the Clinton administration over its pressure upon the Samper government, with which Britain has such “excellent relations,” was Viscount Montgomery of Alamein (son of the late Field Marshal Montgomery), and Baron Pearson of Rannoch.

These *Samperista* Lords were also eager, at that time, to get the House of Lords to “debate” the value of legalizing drugs, while pushing the legalizers’ familiar line that it is the United States that is *the cause* of the global narcotics trade, with the lie that, as Viscount Montgomery lisped, “demand is what is causing the whole drug problem . . . and the biggest demand is something that exists in the U.S. *It comes from* the U.S., which is the world’s largest area of consumption. So, you only have supply because there is demand; it’s not the other way around.”

Two organizations

Lord Rae is involved with two organizations promoting the drug legalization offensive. One is the Drug Policy Review Group, composed of police officers, doctors, lawyers, judges, economists, clergy, and academics. For the past ten years, the DPRG has worked, on a confidential basis, drawing up reports for the European Commission and performing other functions. It has now decided to go public. It is headed by Dr. John Marks, a consulting psychiatrist. Marks is quite well known in Britain, for having pioneered a program in needle exchanges and free distribution of heroin in Liverpool. The DPRG wants to change Britain’s laws on drugs.

The other group that Rae is patronizing, based in Bristol, is called Transform, and draws upon the work of various lawyers, psychiatrists, and businessmen.

The drug legalizers are counting on support, inside the Blair government, from Clare Short, minister for overseas development, who has gone on record supporting “drug decriminalization.” In the Conservative Party opposition, they are counting on support from Alan Duncan, the chief adviser to the recently elected head of the Conservative Party, Margaret Thatcher protégé William Hague. Duncan is a pro-free trade maniac, who, in his former incarnation, worked for wheeler-and-dealer Marc Rich, the fugitive from U.S. justice.



An addict in Frankfurt, Germany. While human lives are ruined by the drug scourge, British oligarchs call for a “more relaxed” treatment of narcotics by the authorities.

‘The British view has always been different from the American’

As per the referenced House of Lords’ diatribe against American policy in Colombia, the following Aug. 15 comments, from a leading British proponent of the legalization of drugs, should be highlighted:

“American policy has always been the driving force behind prohibition of drugs, arguably since the beginning of this century. The beginning of the prohibition of heroin and other dangerous drugs was the treaty agreement in Shanghai, just before World War I, with the United States. Until that time, drugs were legalized, and that approach was supported by the British Empire. After all, we had fought two Opium Wars, to allow the export of opium from India, into China.”

This individual stressed: “British policy has always been much more relaxed than the American policy. Opium was very widely consumed in Britain, in the late nineteenth-early twentieth century, and not least by the upper classes. . . . The whole general attitude to drugs in British society, and among the British elites, has been quite remarkably *relaxed*. It only changed, here in Britain, in the 1980s, and that was partly due to the influence of the United States. There is a very widespread view, in Britain and *other* European countries, that the American model of prohibition, with the tendency toward violent invasions of other countries, military-style actions, police raids, etc., is *very destabilizing*. The historical British view has always been very different from the American, and my estimate, is that it will diverge even more now. I suspect this new government here, will probably be more open to changes in policy, and will take a much more relaxed approach.”

The Crown's agents plot to drug a nation: the case of Australia

by Allen Douglas

On July 31, after five years of debate, the Health and Police ministers of Australia's eight states and territories approved, by a 5-3 majority, a trial program to prescribe heroin to 40 addicts in the Australian Capital Territory (A.C.T.), the area surrounding Canberra, Australia's capital. The trial was to be loosely modelled upon a similar one in Berne, Switzerland, where shooting galleries were set up by the government, which then supplied several daily "fixes" to addicts. Under the Australian plan, a housewife could drop off her children at a local daycare center, get her fix, and, after composing herself, pick up her kids and be on her way. After a trial period in Canberra, the program was to expand to other states.

Australians greeted the ministers' decision with outrage, as reflected in blistering statements from the churches and the Salvation Army, in particular, and by Queensland Health Minister Mike Horan, who said, "It's a backdoor way of trying to legalize heroin. This is really about drug addicts being offered the drug of their choice, and when we're fighting to keep young people off the drug scene, it is just running up the white flag and giving the worst possible message."

After sniffing the political winds, Prime Minister John Howard suddenly reversed his government's approval of the trial, including its pledges to fund it and to change Federal laws to enable the importation of \$150 million in heroin. On Aug. 19, Howard announced that, "after a very intense discussion, the Cabinet has decided that the Federal government cannot support the heroin trial in the A.C.T., and we've indicated to the A.C.T. chief minister that we are withdrawing all cooperation as a Federal government." The program, for the moment, is dead.

This was a stinging, personal defeat for George Soros, in his global war for drugs: The architect and chief lobbyist for the heroin trial, who had proposed it already back in 1991, was his main agent in Australia, Member of the Canberra Legislative Assembly Michael Moore. Through their aggressive attempts to legalize drugs in Australia over the last two years, Soros and his drug-pushing pals have exposed themselves, and their methods. They are thus vulnerable, and must be hit hard.

So, we pick up the trail downunder, of Soros, his sponsors

in the Rothschild family, and some of that family's Australian business associates, such as the much-investigated friend of the Queen, Kerry Packer.

Drugs and free trade against the nation-state

In late July, Malaysian Prime Minister Dr. Mahathir Mohamad attacked Soros, by name, for speculating against Malaysia's currency, and "undoing all the hard work we have done" to build the nation. Asked if he regarded Soros as a criminal, Mahathir chose his answer carefully. "Well," he said, "as much as people who produce and distribute drugs are criminals, because they destroy nations, the people who undermine the economies of poor nations are, too."

Dope and free trade, including unrestrained speculation, are the historic weapons of the British Empire. Throughout the second half of the nineteenth century, as even schoolchildren once knew, these were the two legs on which that Empire strode the globe, as best exemplified by its Opium Wars against China, to secure the "free trade" right to poison the Chinese people. The British still use these methods today, albeit in a more sophisticated form than when John Bull's gunboats rained their shells upon his victims. To understand them, some history is essential.

Following President Abraham Lincoln's victory over Britain's puppet Confederacy in the Civil War, the growing economic and military power of the United States demonstrated the "American System" of dirigism and protectionism to be a unique guarantor of national sovereignty, in the face of British or other imperial onslaughts. Under America's sponsorship and protective umbrella, a new group of nation-states, including Russia, Germany, and Japan, adopted these policies. To British consternation, Australia, where the Empire had once dumped its political prisoners, soon did, also, to the point that its Labor Party, founded in the 1890s, took the American, as opposed to the British spelling ("Labour") of its name. A horrified Colonial Office in London rewrote the constitution by which Australia was founded as a nation in 1901, to eliminate what it called "American tendencies." In 1911, under the leadership of American immigrant King O'Malley, who proclaimed himself to be "the Alexander

Hamilton of Australia,” the Labor Party founded a national bank, the Commonwealth Bank, modelled on U.S. Treasury Secretary Alexander Hamilton’s prescriptions. This new bank funded great infrastructure projects, such as the first Australian transcontinental railway, and spurred national development. Under these conditions, Australia enjoyed one of the world’s highest living standards, and called itself “the Lucky Country,”

The British bitterly opposed the Commonwealth Bank, but had to allow some economic development, to prepare Australia as a British ally in World War I, just as they had to tolerate such development in other nations, at other times, in preparation for war, as when Churchill’s “Iron Curtain” doctrine proclaimed America’s former wartime ally, the Soviet Union, to be the new enemy. As Lyndon LaRouche has emphasized, in the “détente” which followed the Cuban missiles crisis and the assassination of John F. Kennedy, the British dismissed such economic development as unnecessary, and unleashed their old weapons against the nation-state: dope and free trade, the former via the rock-drug-sex counter-culture and its environmentalist offspring, and the latter in its modern incarnations of “deregulation,” “privatization,” “level playing fields,” and so on.

A chief coordinator of this assault was the Mont Pelerin Society, founded in 1947 to combat the methods of dirigism unleashed by War II. Mont Pelerin was a project of the Crown: Its major financier throughout the 1950s, as partially admitted even in the standard history of the Society, *Thinking the Unthinkable: Think-Tanks and the Economic Counter-Revolution, 1931-1983*, was City of London magnate Harley Drayton. Though little-known outside the City of London’s square mile, Drayton managed the fortunes of both the Church of England, and of the Crown.

By the early 1970s, Mont Pelerin had set up hundreds of think-tanks worldwide, including several in Australia, which are today Soros’s staunchest allies on the continent. As LaRouche’s Australian associates in the Citizens Electoral Council have documented in their newspaper, the *New Citizen*, these Australian Mont Pelerin Society fronts brainwashed both major Australian political parties, Labor and Liberal, into adopting the British agenda of “free trade,” under all its labels. And, befitting their sponsorship by the Crown, these Mont Pelerin progeny have become ever more strident in advocating legalized drugs.

Figure 1 (adapted from the *New Citizen*) shows how this works. On the left-hand side, are the Mont Pelerin Society and its spawn. Typical of the lot, is the loud-mouthed newspaper columnist Padraic P. McGuinness, of the Center for Independent Studies. Said McGuinness to the *Weekend Australian* of March 18-19, 1996, “The truth about heroin is that in a pure form, taken correctly, it does very little harm to most people. Moreover, it is quite cheap to produce. When it is taken intravenously, it can be hopelessly addictive—but only in rare cases is this addiction incapacitating. Many addicts have led

normal lives, in good health. The problem is not the heroin itself, but the illegality and the cost of it.”

The right-hand side begins with N.M. Rothschild and Sons, Ltd., private bankers to the Crown since the nineteenth century. Once again, it is the old story of dope and free trade: Since becoming the chief advisers for the Thatcher government’s “reforms,” the Rothschilds have led the charge worldwide for the privatization (looting) of state assets, while they simultaneously sponsored Soros’s crusade to legalize drugs. Drugs are part of the family business, as documented by *EIR* in the bestseller, *Dope, Inc.* It is no surprise, therefore, that the main Australian institution leading the charge for legal dope downunder, the Australian Drug Foundation (ADF), is a bunch of Mont Pelerin privatizers funded by the Rothschilds. The longtime chief fundraiser and president of the ADF was Sir Peter Derham, the chairman of Rothschilds, Australia. During the first half of 1997, in which this crowd was hell-bent to legalize heroin, they also negotiated the privatization of some \$12 billion of Australia’s extensive, American System-derived state sector—a record unmatched in the world for that period.

Nor is it surprising that the other main adviser in the Australian privatization process, CS First Boston, is also up to its eyeballs in dope. Crédit Suisse—the “CS” of CS First Boston—was caught red-handed on Feb. 7, 1985 in a multibillion-dollar drug-money-laundering scheme. The case was later covered up by corrupt U.S. Attorney William Weld, whose family investment bank, White Weld, had a business partnership with CS First Boston.

Soros’s errand boy in Australia

Michael Moore, the chief lobbyist for the Canberra heroin trial, has been an independent member of Canberra’s Legislative Assembly (state parliament), and is a Councillor to the Mont Pelerin Society’s Institute of Public Affairs—at least when he is not running errands for Soros, whose Drug Policy Foundation has given him at least \$25,000, and awarded him its 1994 Justice Gerald Le Dain Award for Law. Moore is the founder-president of the Australian Drug Law Reform Foundation, the originator of the Australian Charter for Drug Law Reform, which calls for an end to “prohibition” of drugs and which he has brainwashed 100 Australian MPs to sign, and the convenor of the Parliamentary Group for Drug Law Reform. He is also associated with the Friends and Family of Drug Law Reform, another Soros-linked group, which parades victims of the drug plague before the public to call for legalizing drugs. Like Soros, Moore is a passionate advocate of euthanasia, and was the chairman of the A.C.T.’s Select Committee on Euthanasia in 1993. He is also a member of the UN Association of Australia, and of Prince Philip’s Australian Conservation Foundation, which the dirty Duke of Edinburgh founded in 1963 as a branch of his World Wildlife Fund, to assault Australia’s agriculture and industry through “aboriginal land rights” and radical environmentalism.

FIGURE 1

Legalized drugs policy

From the British

Crown to you!



Mont Pelerin Society (MPS)
 Est. 1947; Headquarters: London;
 500 members worldwide
 Founder: Friedrich von Hayek, dubbed
 "Companion of Honor" by Queen
 Elizabeth II (one of only 60 worldwide)
 Chief financier: Harley Drayton (dec.), personal
 investment manager for Queen Elizabeth II
 Chief spokesman: Milton Friedman
 Australian members: Padraic P. McGuinness,
 Gary Sturgess

N.M. Rothschild & Sons Ltd.
 Private bankers to the Crown since the 19th
 century; gave \$40 million in start-up capital
 to George Soros

George Soros's Quantum Fund N.V.
 Nils Taube: Director, Member of Executive
 Ctte.; Managing Director, Lord Jacob
 Rothschild's St. James Place Capital
 Richard Katz: Director, Member of Executive
 Ctte.; Managing Director, Rothschild Italia
 SpA; Board Member, N.M. Rothschild &
 Sons Ltd.
 Major Investor: Queen Elizabeth II

Fascist policies
 Unionbusting, slave labor
 Privatization
 (chief advisers worldwide—N.M. Rothschild & Sons)
 Legalized drugs
 Euthanasia

**Drug Policy
 Foundation (DPF)**
 Founder:
 Milton Friedman
 Chief financier:
 George Soros

Lindesmith Center
 ("Research institute"
 on drug policy)
 Chairman:
 George Soros
 President:
 Ethan Nadelman

Australian Branches of MPS

**Center for Independent
 Studies (CIS)**
 • Padraic P. McGuinness
 • Gary Sturgess

Institute of Public Affairs (IPA)
 • Prof. David Penington
 • Michael Moore
 • Sir Arvi Parbo

Australian Drug Foundation
 Chief financier: Sir Peter Derham, Chairman,
 Rothschild Australia
 Ltd. (dubbed "Knight Bachelor" by Queen
 Elizabeth II)
 Advisory Board: Ethan Nadelman
 Sir Arvi Parbo
 Prof. Greg Whelan
 Prof. Margaret Hamilton

**Wood Royal
 Commission**
 (on police corruption in
 New South Wales)
 Recommended legalized
 heroin "shooting
 galleries" in 1997.
 Wood Commission set
 up following the
 Independent
 Commission Against
 Corruption, founded by
 heroin legalization
 fanatic and CIS
 member,
 Gary Sturgess

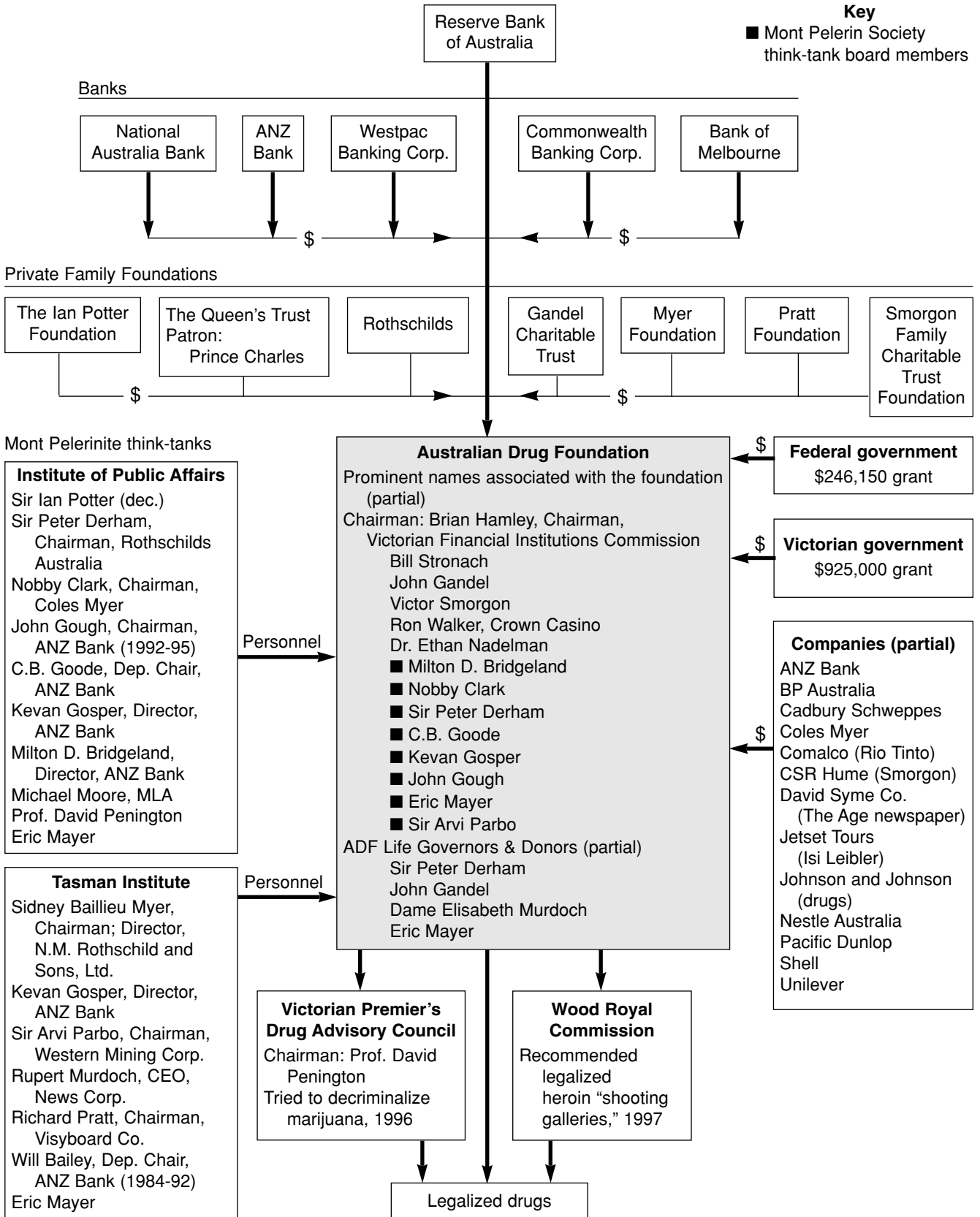
**Victorian Premier's Drug
 Advisory Council (DAC)**
 Chairman: Prof. David
 Penington
 Prof. Greg Whelan
 Prof. Margaret Hamilton
 The DAC led the drive to
 decriminalize marijuana in
 Victoria in 1996, which
 was stopped by
 LaRouche's associates in
 the CEC

**Australian Advocates of Drug
 Decriminalization**
 Michael Moore, MLA: Founder, Parliamentary
 Group for Drug Law Reform; architect of
 ACT (Canberra) legalized heroin trial
 (given \$25,000 by Soros's DPF)
 Dr. Alex Wodak
 Dr. Nick Heather

Legalized drugs

FIGURE 2

Australia's pro-dope mafia



The mad drive to legalize drugs

Australia's two most populous states, Victoria and New South Wales, both switched their votes from last year, to approve Moore's heroin trial. In both cases, they did so under the influence of British assets in the Mont Pelerin Society.

Victorian Premier Jeff Kennett is the protégé of a bigwig in the Institute of Public Affairs (IPA), John Gough, a former chairman of the ANZ Bank. The IPA and its sister Mont Pelerin front, the Tasman Institute, wrote the script for Kennett's government, "Project Victoria," under which he has privatized \$15 billion in state assets since 1992 (far more than any other state in Australia), privatizations whose resulting unemployment have devastated entire areas of his state. He has also ruined the state's once-proud health system by closing six hospitals; Victorian residents now die in parking lots, or at home, because they cannot get access to medical care, while ambulances race from hospital to hospital, seeking, often in vain, for an open bed.

As befits a Mont Pelerin poster boy, Kennett has also led the crusade in his state for legal dope. An alleged "conservative," he shocked many people in 1996, when he reversed his previous stance against loosening drug laws, to furiously campaign for the decriminalization of marijuana. When he appointed a Drug Advisory Council (DAC) to "study" the issue, Victorian parliamentarians from his party charged that the DAC, chaired by IPA Councillor Prof. David Penington and stacked with others from the ADF, was rigged from the outset, because all the members of this "impartial commission" were already pro-legalization. The DAC not only recommended that pot be decriminalized, but that heroin be legalized as well. Despite Kennett's efforts, his bill to decriminalize marijuana was defeated by a mobilization led by Lyndon LaRouche's associates in the Citizens Electoral Council.

New South Wales also switched its vote to approve the heroin trial, following a sustained pro-heroin-legalization campaign in which a key role was played by Center for Independent Studies member Gary Sturgess. As *EIR* has documented (July 25, 1997), Mont Pelerin fanatics often raise the banner of "anti-corruption" as a pretense to attack institutions they want to restructure, or eliminate. Sturgess was the architect of N.S.W.'s Independent Commission Against Corruption, which helped pave the way for a two-year, \$75 million Royal Commission into police corruption by Justice James Wood. As scandals broke in the N.S.W. parliament and elsewhere, about pedophilia at the highest levels of society, Wood was assigned to investigate that, as well. Though he found few, if any, pedophiles, Wood determined that the N.S.W. police force was rife with corruption, and that the major source of that corruption was drug money, to which he recommended a two-part solution: 1) to disband the N.S.W. anti-drug squad, which even he had to acknowledge had been "highly effective," but which, he claimed, had fallen victim to a "culture of corruption," and 2) to set up

legalized heroin shooting-galleries, to "take the money out of illegal drugs."

Wood's chief ally in both efforts was the newly appointed N.S.W. Police Commissioner, Peter Ryan. Ryan, a recent import from Britain, was not your average copper: He had been the national director of Britain's Police Training College, and was formerly the chief constable of Norfolk. The latter job, the June 2, 1996 *Sun-Herald* noted, was very sensitive, because it involved "an area that includes Sandringham, the Queen's country retreat, and would have meant that Mr. Ryan would have been in contact with senior intelligence officers, the Royal Protection Squad and the Home Office in London." As part of his war on the N.S.W. police, Ryan sacked 200 officers, and advertised in the British press to find replacements for many of N.S.W.'s top police officials. N.S.W. parliamentarian Peter Collins charged that Ryan was once again trying to make N.S.W.—Britain's first colony on the continent—into a "colonial outpost."

The Australian Drug Foundation

Soros's official institutional collaborator in Australia is the Melbourne-based Australian Drug Foundation, on whose board sits Dr. Ethan Nadelmann, of the Lindesmith Center "drug research" organization which Soros chairs. The ADF's board (see **Figure 2**) is populated with Mont Pelerin fanatics drawn from the Institute of Public Affairs and the Tasman Institute. It is shamelessly financed by Australia's "big four" commercial banks (and the smaller Bank of Melbourne), and by Australia's central bank, the Reserve Bank.

Australia's private banks, on whose boards sit the cream of the country's Anglophile establishment, have long been a chief vehicle of British control downunder. In 1911, when the Labor Party founded the Commonwealth Bank as a national bank, the Australian private banking oligarchy squealed. It squealed even more at the outset of World War II, when Labor Prime Minister John Curtin broke with the British, who intended to turn Australia over to the Japanese, in favor of an alliance with President Franklin Roosevelt and Gen. Douglas MacArthur, which won the war in the Pacific and secured Australia's freedom. Curtin died in 1945, and was replaced as Labor's prime minister by Ben Chifley. The government had dirigistically directed credit during the war, by which it had created an impressive industrial base almost from scratch. Chifley intended to continue that deployment of credit for the national good, in order to economically develop the continent. Toward this end, his government passed a bill through Parliament in 1945, to nationalize the banks. The private banks led a near-civil war campaign against the proposed nationalizations, which were finally overturned by the Queen's Privy Council in London. A central bank was set up instead, under British agent H.G. "Nugget" Coombs, who was later to become known as the "father of aboriginal land rights," for his work on behalf of this pretext to stop the economic development of the continent.

It was these private bankers, and associated wealthy families, who founded the Australian Drug Foundation (Figure 2). For the first decade or so of its life, the ADF used to meet in the boardroom of the most British of Australia's banks, the Australia and New Zealand Bank, which was originally based in London, and about which a leading Australian counter-terrorism investigator told *EIR*, "Wherever we have been doing investigations, you'll find ANZ Nominees [which owns the bank] in there somewhere."

Kerry Packer: where the gutter meets Her Majesty

Responding to the July 31 ministerial vote which approved the Canberra heroin trial, Salvation Army Maj. Brian Watters, a noted anti-drug fighter, commented, "The ministers have responded to a carefully crafted pressure campaign of disinformation."

Indeed, the decision had been preceded by a non-stop barrage in Australia's print and electronic media about how the "war on drugs had failed," that "new solutions were needed," and so on. The man who spearheaded that disinformation campaign was Kerry Packer, whose *Bulletin* magazine, for instance, featured the cover story, "Drugs, Why Fight a War We Can't Win?" No account of Soros's drive to legalize dope downunder is complete, without an account of Packer and his friends.

Who is Kerry Packer to be proclaiming defeat in the war on drugs? Besides owning major chunks of Australia's print and electronic media, he is a business partner of the Rothschild family, who teamed up with Lord Jacob Rothschild some years ago to mount a \$25 billion takeover attempt against British American Tobacco. Packer's own fortune is estimated at \$4.1 billion. In Australia, however, Packer is notorious for other reasons.

Back in the early 1980s, a Royal Commission chaired by Queen's Counsel Frank Costigan was charged to investigate criminal activities involving the Federated Ship Painters and Dockers Union. By 1983, Costigan had zeroed in on a man whom he believed to be one of the kingpins of organized crime in Australia, whom he code-named the "Goanna," after an Australian lizard, and whom he believed to be involved in loansharking, tax evasion, pornography, drugs, and murder. The Goanna, it soon emerged, was Kerry Packer.

Packer fought Costigan's investigation. He denied Costigan's charges, though he could not deny that he did have relations with some of the sleazy characters whom Costigan had named as his associates. Crucial documents which Costigan subpoenaed mysteriously disappeared. Such measures, combined with legal delaying tactics, stalled the investigation until a new government under Labor Prime Minister Bob Hawke took power. Hawke, who opened up Australia to privatization and free trade, and who now works for Packer, proclaimed Packer to be a "great Australian," and shut down the investigation.

No charges were ever brought against Packer. But if he were a drug kingpin, the structure of his business would be particularly well-suited for the job, because it is mainly cash. In 1991, a team from the *Sunday Age* travelled all over the world, looking into his empire. On Sept. 8 of that year, they reported that the single biggest trading item of Packer's empire, "is money itself. Documents . . . show the company bought and sold currency to the value of \$5.2 billion during a six-month period in 1986-87."

"Packer's empire is a massive cash box, with vast sums of readily available funds flowing between companies," the *Age* continued. "Cash is also harder to track and trace. Kerry Packer is a master of minimizing his tax bill. Conspress [a Packer company] uses a variety of tax havens, but principally channels money to the Bahamas-based Consolidated Press International Holdings. The directors are Packer, his man in Hongkong, Chris Mackenzie, and James Wolfensohn."

For over a hundred years, Hongkong was the British Empire's center for laundering drug money, principally through the Hongkong and Shanghai Bank, and such old British Far East shipping and trading companies as Jardine Matheson. Curiously, a former managing director of Jardine Matheson is now Packer's right-hand man, while, as of 1991, at least, a director of HongShang sat on Consolidated Press' board. Since the *Sunday Age* investigation, Packer has bought 10% of the world's largest casino, the recently opened Crown Casino in Melbourne. He had planned to buy 10% of the Sydney Harbour Casino as well, of which George Soros owns 4.5%, but pulled out of the deal in an attempt to take over still more of Australia's media. His business partner in Crown is the treasurer of the ruling Liberal Party, Ron Walker, while the Liberal prime minister, John Howard, and other members of Howard's Mont Pelerin-dominated government, have stated that they are in favor of changing Australia's Broadcasting Act, to enable Packer to buy control of the single biggest media chain in the country, which includes the *Sydney Morning Herald*, the *Age* in Melbourne, and the *Australian Financial Review*, of which he owns only a portion now.

Packer's political clout extends well beyond Australia, as his Rothschild links indicate. For years, he has made no major business decision without consulting his longtime partner, Sir James Wolfensohn, who is now head of the World Bank, while his other major business partner, Maurice Strong, a director of Packer's CP International Holdings, is the de facto ruler of the United Nations, as "adviser" to UN Secretary General Kofi Annan. An Australian law enforcement official summed up how things have changed since the Costigan Commission: "Packer is now untouchable."

Befitting his new status, Packer is now seen in the Queen's box at the Ascot races, enjoying their mutual passion for horses. And, perchance, for other things, as well.

Canada opens war for legal dope trade

by Gretchen Small

The government of Canada, whose sovereign is the Queen of England, launched a drive this summer, to organize an anti-U.S. bloc of nations in the Americas, united around a program to legalize consumption and trafficking of narcotics. Canada proposes, in fact, that governments get out of the business of stopping drugs, and into that of assuring that addicts and other users get “the highest quality product possible”!

The opening shot of this campaign was fired with the publication, in both English and French, of a tract called *Hemispheric Addiction: Canada and Drug Trafficking in the Americas*, by the Canadian Foundation for the Americas (FOCAL), a Canadian government dependency. FOCAL mailed 5,000 copies out to any Canadians dealing with hemispheric matters, and to inter-American organizations. Canada’s Embassy in Mexico secured publicity for the legalization report in a major daily, *Reforma*.

Hemispheric Addiction reads like a piece of gutter legalization trash: There are only two options, “prohibition, using repression,” or legalization. Since it is “undeniable” that the war on drugs has failed, does not affect consumption seriously, and leads to violence, and since anti-drug legislation “causes more harm to the individual and society than the drugs themselves,” the time has come for “the legalization of the drug trade.” But “isolated legalization” will not suffice. FOCAL argues that “the government will have to control, for example, the quality of the products in circulation. . . . The beneficial effect of a coherent legalization program is to transform the drug problem from a moral issue, to a strictly medical question. The individual would be left to manage his own consumption, by supplying him with the highest quality product possible.”

The FOCAL report defends the drug cartels’ killer armies, too, as long as they are “political.” There is a difference, they claim, between narco-terrorists (“armed groups . . . using violence to preserve their share of the market”), and narco-guerrillas (“first and foremost motivated by political convictions . . . they want to overthrow the system in place; their aspiration generally is to redistribute the state revenues more equitably”). FOCAL cites Colombia’s M-19 and Peru’s bloody Shining Path as examples of narco-guerrillas, who sometimes “protect” the population from traffickers and law enforcement.

The report could have been lifted from a speech by the Cali Cartel-controlled President of Colombia, Ernesto Samper Pizano. To hear them tell it, the nations of the Ameri-

cas would all have already adopted this hemispheric dope program, were it not for the United States’ insistence on imposing “its norms” on others. They maintain that only pressure from Washington has “forced” Canada to participate in the war on drugs.

FOCAL is clear about one thing: Without getting the United States to capitulate to legalization, their dope program cannot advance. FOCAL proposes that Canada make itself the “interlocutor” between the U.S. and those Ibero-American countries that have adopted the dope program, and tell the U.S. it must “compromise.”

Straight from the Privy

FOCAL is not the private outfit it claims to be. It was set up in 1990 by the Brian Mulroney government, when Canada entered the Organization of American States (OAS) as a full member. Its assigned mission is to insinuate the British Crown into the center of hemispheric policymaking, selling Canada to the naive as an “anti-imperialist” friend of Ibero-America. A key person here is Richard Gorham, Mulroney’s roving ambassador to Latin America and permanent observer at the OAS, who is FOCAL’s secretary.

Funded almost exclusively by the Canadian government, FOCAL operates as an extension of the Department of Foreign Affairs and International Trade (DFAIT). When the DFAIT requested it in 1995, for example, FOCAL organized dozens of “student interns” to “conduct special market studies on the mining equipment, telecommunications, and oil and gas sectors in Brazil, Chile, and Colombia.”

The director of FOCAL’s Governance and Security Project, Hal Klepak, who co-authored the drug study, also works in DFAIT, and teaches at the Royal Military College of Canada. The lead author of the study, Denis Berthiaume, formerly served in the Policy and Communication division of the Defense Ministry. The senior member of FOCAL’s Board of Directors is Mitchell Sharp, an adviser to Prime Minister Jean Chretien. Sharp has been a member of the Queen’s Privy Council since 1963, serving as its president in 1974-76.

FOCAL is part of the Queen’s policy structure that runs the government of Canada, and its global anti-nation-state operations. FOCAL was set up under the North-South Institute, which paid FOCAL’s salaries, rent, and administration. The president of the North-South Institute, Maureen O’Neil, was appointed president of FOCAL in 1995. The North-South Institute sits at the heart of the Canadian Crown establishment: Its Board of Directors is dominated by Privy Council members and leaders of Canada’s major dope banks and corporations (the Bank of Montreal, Canadian Imperial Bank of Commerce, Royal Bank of Canada, Bank of Nova Scotia, Hollinger Corp., and Weston Food, among others).

Research for this article was also provided by Raynald Rouleau, a writer for Nouvelle Solidarité. Quotes from the report were translated from the French edition.

Soros's role in the drug takeover of Colombia

by Valerie Rush

Mention the South American country of Colombia to most Americans today, and what unhappily springs to mind are the twin scourges of drugs and terrorism—and rightly so. But how many Americans are aware that it is George Soros, and the London-centered financial apparatus he represents, that are *directly behind* this criminal takeover of Colombia? Not only has Soros moved into some of the premier drug-money-laundering institutions of the continent, including Colombian banks, but his own funds are being directly deployed in defense of Colombia's murderous narco-terrorist armies, the same terrorists serving as plantation guards for the country's narcotics crops and laboratories.

Worse, Soros and the Colombian cocaine cartels are in the process of a major market "diversification" effort—into heroin. According to Thomas Constantine, the director of the U.S. Drug Enforcement Administration (DEA), just back from a trip to Colombia, "About 63% of all heroin we seize in the United States now comes from Colombia." In fact, Colombian national police chief Gen. Rosso José Serrano recently predicted that heroin will "replace cocaine" as Colombia's main drug export.

U.S. law enforcement sources are also reporting that Colombian heroin being seized on U.S. streets is now as much as 90-95% pure! Compare this to slightly over a decade ago, when the purity of heroin from all sources—Southeast Asian, South West Asian, and Mexican—was approximately 7% at the street level. By 1995, retail purity levels had already risen dramatically, to 39.7%, of which Colombian heroin was averaging an unprecedented 56.4% purity. Today, police and the DEA are consistently seizing Colombian heroin that is 70-95% pure.

As law enforcement officials are quick to point out, such purity means that heroin can be smoked or inhaled, instead of being injected directly into the bloodstream. The result is that American teenagers, including many from the middle class, are turning to heroin in record numbers, no longer having to contend with the terror of contracting AIDS, or the stigma of the heroin junkie with needle tracks up and down his arms. Officials estimate that heroin use in the United States grew by 20%, from 500,000 to more than 600,000 users, in just the past three years.

American youth are being driven down the road to hell

through Dope, Inc.'s employment of a classic marketing technique, one which might well have been taken from a Harvard Business School text: Cut prices, increase sales. In just the past few years, the price of heroin has been slashed, as the chemical purity dramatically increased. The result? A significant increase in sales, as also indicated by the rise in users cited above. A January 1997 DEA report notes that Colombian heroin was selling wholesale in some cities for \$2,800 to \$5,000 an ounce, while Southeast Asian heroin went for \$5,500 to \$8,000 an ounce.

The drug cartels are not newcomers to this marketing strategy, having used the identical approach with cocaine over the past 15 years, in order to hook the U.S. population on cocaine and crack cocaine. As readers of this magazine know, it was Sir George Bush (the crack cocaine kingpin) and his Contra support networks who were responsible for this holocaust. Now, an even worse threat looms. According to President Clinton's national drug policy director, Gen. Barry McCaffrey, "Colombian heroin is a global threat of growing proportions. Colombians have gone from zero to producing 6.5 metric tons in five years, and are now using an incredibly aggressive marketing strategy."

The saturation of American youth with heroin is especially terrifying in light of expert opinion, by doctors and others, that the heroin addict is not as *physically* decimated by his habit as the cocaine addict, and thus is a guaranteed "consumer" for many decades longer than the typical cocaine user. Dope, Inc. knows just what it's doing—and so does George Soros.

Financing the invasion

While the Colombian cocaine cartels retool for this heroin invasion of the United States, George Soros readies his own troops. According to Bogotá's *Semana* magazine of April 28, Soros is financing an Oct. 8-9 meeting in the Colombian city of Medellín, notorious as the birthplace of the Medellín cocaine cartel, and will fly in academics and other delegations from around the world to push drug legalization, and for an end to the war on drugs. According to Dr. Ethan Nadelman, director of Soros's Lindesmith Center, the Soros-bankrolled Drug Policy Foundation—the leading legalization lobby in the United States—will be addressing the Medellín event.

As *Semana* warned, Soros's "obsession is now precisely drug legalization. With the conviction that it is the only answer, Soros has set his sights on Colombia."

It should surprise no one that Soros would find a congenial atmosphere in drug cartel-ruled Colombia. He has already made significant inroads in the country's drug-financing networks, both in his own name and through allies in the banking community. In 1994, the Gilinski family in Colombia—closely identified with Soros's financial interests—used leverage from their Banco Andino to take control of Colombia's second-largest bank, Banco de Colombia, when the government privatized it in that year. Both of those banks were iden-

tified by Fabio Castillo, author of *The Cocaine Horsemen*, as drug-money laundries for the Cali Cartel, with officials in their main branches virtually functioning as employees of that cartel.

Castillo also put Colombia's largest bank, the Banco Ganadero, in the same category. Forty percent of the Banco Ganadero was bought in 1996 by Spain's Banco Bilbao Vizcaya (BBV), which also teamed up with Soros's Quantum Fund to buy up 40% of neighboring Venezuela's number one bank, Banco Provincial, that same year. Thirty percent of the Gilinskis' Banco de Colombia, meanwhile, was sold to another of Spain's leading banks, the Banco Central Hispano (BCH). BCH and BBV are both linked to British financial interests, including the Queen's own drug bank, the Hongkong and Shanghai Banking Corp.

Human Rights Watch: the Soros hit squad

While no one is quite sure where Soros's financial assets begin and end in Colombia, he has left no doubt that his money is being used politically to protect the drug trade and the narco-terrorists.

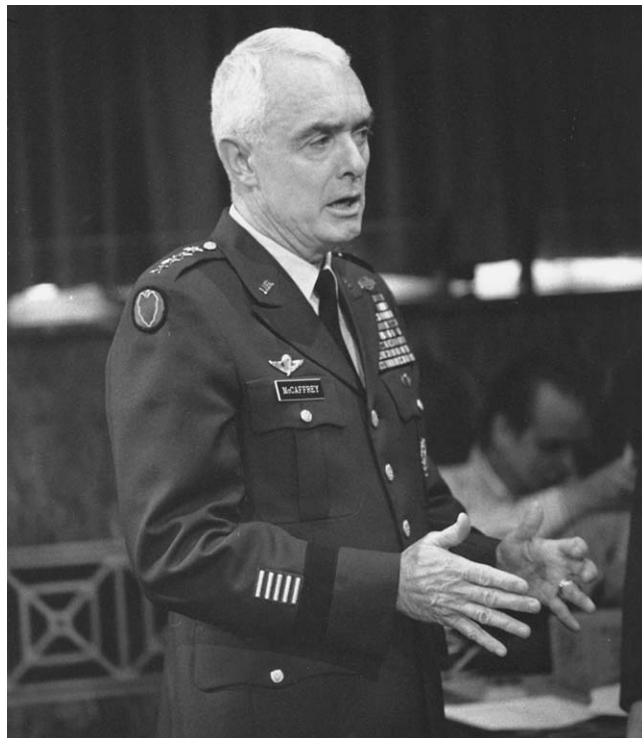
For this, Soros's flagship operation is the non-governmental organization Human Rights Watch/Americas. Soros gave HRW/A its start-up capital, and he has continued to pour in his largesse over the years. The group's 1995-96 annual report lists Soros and his wife as among their largest donors, those who provided \$100,000 or more.

In Ibero-America, Human Rights Watch specializes in attacking those national forces deployed against the drug cartels—especially the armed forces—most typically accusing them of “human rights violations.” For example, in November 1996, they issued a report called “Colombia's Killer Networks,” which concluded: “The [Colombian] military has not only created paramilitary groups but allows virtually all of them to carry out political killings when it serves a common purpose, ridding the country of perceived guerrilla support.” The “perceived guerrillas” that HRW is referring to are the FARC and ELN narco-terrorists, who today control about half the country's municipalities, and form a drug cartel in their own right, which is rapidly taking over the entire nation.

Human Rights Watch's 1996 report cited confidential defense documents, to charge that U.S. military advisers had fuelled these purported “death squad” activities against the well-meaning guerrillas, and then echoed the calls by London-based Amnesty International a month earlier, demanding the immediate suspension of all U.S. and European military aid and arms sales to Colombia, until human rights violations were curbed.

Needless to say, the FARC and ELN—and their cartel allies—fully concur.

What is actually behind this “human rights” facade, came to light in a revealing incident a few years ago. On Nov. 8, 1990, the heads of Colombia's Medellín Cartel, in the midst of their most violent killing spree, in an effort to stop any plan



White House Drug Policy Adviser Gen. Barry McCaffrey (ret.): “Colombian heroin is a global threat of growing proportions. Colombians have gone from zero to producing 6.5 metric tons in five years, and are now using an incredibly aggressive marketing strategy.”

to extradite them to the United States, sent an open letter, which they signed as “The Extraditables,” to a leading politician in the country. In the letter, they promised to free a number of Colombian journalists held as hostages, if the government met one condition: that it publish and circulate widely a report issued in October of that year by Soros's Americas Watch division of Human Rights Watch. That report denounced the government's anti-drug actions as violations of the cartel's “human rights.”

The Extraditables demanded that “all the communications media of the country . . . provide space to the human rights organizations, so that they can denounce all the violations of these rights. We wish that this opportunity be given, very particularly, to Americas Watch,” the narco-trafficker butchers said.

Six days later, Juan Méndez, who wrote the Americas Watch report, gave an interview to the Colombian daily *Espectador*, calling for “the most total disarmament possible” of Colombia—even as the Extraditables were bombing and murdering almost at will. Méndez claimed that HRW did not call for the outright abolition of national Armed Forces, but said, “We do celebrate the decision of Costa Rica in 1948 to dissolve its Armed Forces.”

Such are the legions of George Soros.

Myanmar: a front-line state in George Soros's 'opium war'

by Michael and Gail Billington

During the late-July meetings of the Association of Southeast Asian Nations (ASEAN), Malaysian Prime Minister Dr. Mahathir Mohamad accused George Soros of mounting a speculative attack on the region's currencies, based on his "political agenda" of opposition to the induction of Myanmar into the regional association. To our knowledge, *EIR* is the only other agency that has zeroed in on Soros's political agenda when it comes to his attacks on Southeast Asia, and Myanmar, in particular. In the Oct. 25, 1996 *EIR*, we situated that agenda squarely in the context of Britain's historic use of "Opium War" geopolitics against Asia, aimed, principally, at containment of China, and preventing the coalescing of an alliance of nations stretching from the Indian subcontinent to China, and including the continental and archipelagic nations of Southeast Asia. Today, such an alliance for regional economic development is emerging in the effort being spearheaded by China, known as the Eurasian Land-Bridge. That October 1996 article also indicated the collusion between the Soros-funded operations against Myanmar and those run predominantly by the George Bush networks, through offspring of the National Endowment for Democracy in the United States.

As far as Asia is concerned, Soros serves in a long tradition of British Crown agents, although silly U.S. State Department spokesmen leapt to Soros's defense at the ASEAN meetings, contrary to the expressed views of the White House and its Office of Drug Policy. The Soros-funded Open Society Institute's "Burma Project," which aims to replace the current military government in Myanmar with a more malleable "democratic" regime, led by Nobel Peace Prize-winner Aung San Suu Kyi, head of the National League for Democracy, varies only in the technologies used, from British Foreign Office policy since 1947, when Lord Mountbatten deigned to concede independence to colonial Burma: to maintain the status quo in the opium fields of the Golden Triangle area of north and northeast Myanmar.

The British, then, as now, have two reasons for wanting control over this region, preferably covert rather than overt, due to the nature of the business at hand: first, control over the two southern routes of the Land-Bridge, linking the Indian subcontinent to China and Southeast Asia; and, second, con-

trol of the world's largest supply of high-grade opium and heroin, introduced by the British from their Indian plantations in the nineteenth century to finance the Empire and to bring China to heel, economically, politically, and culturally.

Today, Soros, the world's leading funder of the drive to legalize drugs, is also a partner with the British Commonwealth in attempting to undermine the military government, the State Law and Order Restoration Council (SLORC), in Yangon, the capital of Myanmar, which over the past eight years has nearly succeeded in asserting centralized control over the integral territory of the nation, including the Golden Triangle, for the first time since the British colonized the area in the nineteenth century.

British policy since 1947

Newly declassified material on the 1947 murder of Burmese independence leader Gen. Aung San, father of Aung San Suu Kyi, underscores the British method for running the Golden Triangle through covert, rather than direct means. As reported by Fergal Keane in the July 19 London *Guardian*, the same British Lords who commissioned the murder of Prime Minister Aung San, also set up the British covert support apparatus among the ethnic hill tribes of the Golden Triangle, to set into motion civil war against the very government to which it was simultaneously granting independence.

As Aung San was concluding independence agreements with London in February 1947, an organization called Friends of the Burma Hill Peoples was created by Sir Reginald Dorman-Smith, the Conservative Party's wartime British governor of Burma, who ruled through his close friend, wartime Prime Minister U Saw. When Aung San was murdered five months later, U Saw, who had been promised the prime ministership in exchange for his part in the murder, became the expendable fall guy, and was hanged. A British officer, Capt. David Vivian, was charged and convicted of supplying the weapons for the assassination, but was soon "liberated" from jail by ethnic Karen secessionists, and joined forces with the hill tribe rebel armies. Sir Reginald's Friends of the Burma Hill Peoples and similar foreign-connected organizations have used several ethnic groups in the unmarked border areas to control Golden Triangle drug production until the 1990s,

when the SLORC either defeated or pacified 15 of the 16 ethnic insurgent armies that had been at war with the center in Yangon since shortly after independence. The one holdout remains the Christian Karen National Union, operating along Myanmar's eastern border with Thailand. The KNU camps serve as the forward command and training center of the armed insurgents and the "democratic" opposition, and enjoy the active support of the likes of Privy Councillor Lady Caroline Cox's Christian Solidarity International and George Bush's cousin, Elsie Walker.

Soros's 'get SLORC' project

The current manifestation of this historic British subversion of Myanmar is run, principally, through three interconnected networks: directly British or British Commonwealth (especially Canada); the National Endowment for Democracy (NED) in the United States; and, keeping in mind Soros's impeccable British credentials, the Soros-funded Burma Project, which interfaces and facilitates activities of the other two. For our purposes here, we shall focus on Soros's Burma Project, and its incestuous relationship with the NED, which deserves special treatment in a future report.

"Open society" is Soros's agenda. As stated elsewhere in this report, Soros lifted it directly from his mentor Sir Karl Popper's passionate hatred of the sovereign nation-state. According to the Open Society Institute's Burma Project director, Maureen Aung-Thwin, Soros has funded pro-"democracy" efforts in Myanmar for almost ten years, largely through his Human Rights Watch-Asia. Aung-Thwin, who also sits on the board of HRW-Asia, was hired in late 1993 by Soros's Open Society Institute (OSI) as a consultant to map out an "open society" campaign for Myanmar. Aung-Thwin is the daughter of a minister in the cabinet of 1950s-era Prime Minister U Nu, who was ousted from power in 1962 by Gen. Ne Win.

She reports that in 1994, its first year of operation, the Burma Project awarded \$1.2 million in grants and scholarships. In 1996, that figure rose to \$1,843,153. Not included are recipients of the more than \$27 million in "Chair's Grants" and "Presidential Grants" given in 1996, the single largest component of the OSI's funding. Two beneficiaries of such grants, active in the anti-Myanmar campaign, are the Lawyers Committee for Human Rights, and Article 19, a London-based publisher and non-governmental organization (NGO). The Burma Project helped set up the Burma Donors Forum, which coordinates funders of programs targetting Myanmar worldwide. The Burma Donors Secretariat chooses those targets, stressing the ethnicity of Myanmar's 140-odd "races."

Activities directly funded by the Burma Project include:

- Democratic Voice of Burma, a Burmese-language radio station broadcasting from Norway into Myanmar;
- a bi-monthly magazine, *Burma Debate*, edited by Mary Pack, a board member of Refugees International;

- educational grants to place Burmese student activists in universities in Australia, Britain, Canada, India, the Philippines, Thailand, and the United States, where they have played a key role in setting up Burma Action Groups and Burma Information committees on campus, in support of economic boycott campaigns and lobby groups pressing for sanctions;

- an internship program for Burmese students in the United States, including tasking them to offices of members of the U.S. House of Representatives and Senate, private foundations, human rights and labor organizations, and NGOs;

- M.A. fellowship programs for Burmese students in U.S. and European universities, including, since 1991, a fellowship at Soros's pet project, the Central European University, in Budapest, Hungary.

Central to the Burma Project's operations is its internet home page, recently revamped, which functions as a central clearinghouse of information on who's doing what, where in the world, as part of the "get SLORC" global campaign. This is a very closely knit network, scratching each others' backs, reporting each others' lies, and serving as the main "informed source" of information for the media "of record" in the Western world. The Burma Project's New York headquarters is proud of its documentation resource center, set up to exploit every medium available.

A particular saw-horse of the global "Burma" offensive has been to accuse the SLORC of complicity in drug-trafficking. Secretary of State Madeleine Albright was apoplectic on this subject at the ASEAN meetings, but the best case that Burma Project Director Aung-Thwin can muster is, "Though the SLORC's direct participation in the drug trade is difficult to prove, there is credible evidence that the generals and their associates profit from it, according to a recent U.S. government report." One such report grudgingly acknowledged that the principal opium-growing areas remain *outside* Yangon's control. Curiously, neither the NCGUB "government in exile," nor Aung San Suu Kyi's NLD have *any* policy on drugs, nor any policy to speak of, except a fuzzy commitment to "multiethnic democracy."

On the "activist" front, Soros's Open Society Institute funds the Free Burma Coalition, which serves as a resource center for "how to" organizing by campus and community groups in support of the boycott and sanctions lobbying campaigns, provides media contact lists, and a speakers' list, including Burmese expatriates, many of them disgruntled ethnic royalty and offspring of former government officials, exiled students dependent on the Burma Project, and academics-journalists, many of whom are "old Burma hands," who have been actively involved in profiling the country, especially the hill tribes, for decades.

The economic and financial warfare components of the Burma Project's operations, through support for economic

sanctions and boycotting firms doing business in Myanmar, particularly energy-related infrastructure projects and railroads, are further evidence of the Open Society Institute's hostility to state-sponsored economic development, very much in line with the policy enunciated by Britain's Sir Leon Brittan at an April 1996 conference in Beijing on the Land-Bridge project. "Private enterprise" shall dictate investment priorities, intoned Sir Leon. Judging by Soros's snapping up key privatized state-sector firms, especially those involved in mining strategic raw materials in Russia and Ibero-America, surely George has ulterior motives in his targetting of mineral-rich Myanmar. For these and similar reasons, Soros has been *persona non grata* in China since 1989.

The "soros.org" home page is a window onto the incestuous working relationship between Soros's Burma Project and the Washington, D.C.-based nexus of the National Endowment for Democracy, and the latter's "sister" foundations in Canada, Holland, France, and Great Britain.

Agents of empire and dumb 'Yanks'

The National Endowment for Democracy was set up by act of the U.S. Congress in 1983, explicitly as a private entity receiving government funds, "to strengthen democratic institutions around the world through non-governmental efforts." Its chairman, former U.S. Senator John Brademas, states in his introduction to the 1996 annual report, that the NED "does not operate under the constraints of federal institutions that must (and should) serve U.S. diplomatic interests." NED funding is deployed through four surrogate "quasi autonomous non-governmental organizations," or "quangos," the "free market" Center for International Enterprise, the Free Trade Union Institute for Labor, and two organizations linked to U.S. political parties, the International Republican Institute and the National Democratic Institute for International Affairs.

Since approximately 1994, the NED has shared its grant database with four international foundations: the International Centre for Human Rights and Democratic Development (Ichrdd), in Montreal, Canada; the Fondation Jean Jaurés in Paris; the Alfred Mozer Foundation in the Netherlands; and the Westminster Foundation for Democracy, in London. The Canadian, French, and Dutch organizations are all offspring of the international Social Democracy, while the Westminster Foundation was launched by Margaret Thatcher's Conservatives, much as the NED was the brainchild of the George Bush networks in the Reagan administration.

For Myanmar, the NED and the Montreal-based Ichrdd are the most important. Between 1992 and 1996, for example, the two organizations gave over a half-million dollars to the National Coalition Government of the Union of Burma (NCGUB), the "government in exile" run by Aung San Suu Kyi's cousin, Sein Win, and the NCGUB's primary

Canadian support organization, Associates to Develop Democratic Burma (ADDB), approximately splitting the burden between the American and the Commonwealth providers. In 1996, the NED pumped \$1.3 million into a dozen organizations that dovetail precisely with Soros's Burma Project funding. It is safe to say that the Norway-based Democratic Voice of Burma is a shared asset of the NED and Soros, for instance.

But the Ichrdd is no ordinary institution. It is a Crown Corporation, created by an Act of the Canadian Privy Council, and voted up by Parliament in 1988. And, while its pattern of "Burma" funding is a Canadian version of Soros's funding, the emphasis is more radically in support of ethnicity and indigenous movements, not unlike Sir Dorman-Smith's Friends of the Burma Hill Tribes. Ichrdd is a major supporter of the Zapatista terrorists in Chiapas, Mexico, as well as funder of Lord Avebury's TAPOL organization, targetting Indonesia over East Timor.

It is Ichrdd that has direct links to the London-based Burma Action Group (BAG), headed jointly by Lady Gore-Booth and Evelyn Aris. Lady Gore-Booth is the widow of the late Lord Paul Gore-Booth, former head of the British Diplomatic Service and longtime British ambassador to India. Lady and Lord Gore-Booth befriended Aung San Suu Kyi's mother when she was Burma's ambassador to India in the 1950s, and sponsored Aung San Suu Kyi during her years at Oxford. The Gore-Booth's sons are prominent British Foreign Service officers in their own right: Hugh is currently High Commissioner to India, and David was deputy foreign secretary during Bush's bloody war on Iraq. BAG's co-chairperson, Evelyn Aris, is mother of Suu Kyi's husband, Michael Aris, an Oxford Don whose areas of expertise include Nepal and Bhutan, and whose mentor was Britain's longtime senior diplomat in Tibet, Sir Hugh Richardson.

The "BAG ladies," their links to the Crown Corporation Ichrdd, and the NED's "Bush-whackers" in the International Republican Institute bring us back to the historical line of disgruntled "Burma hands," who were quite put out at the uppityness of Gen. Aung San and his Group of 30 Comrades.

In February of this year, Soros unleashed his first round of speculative attacks on the highly vulnerable Thai economy and its currency, the baht, the same week that the Thai government closed the border to armed Karen insurgents, making it possible to quell the last of the British insurgencies, the Karen National Union. In June, Soros's Quantum Fund mounted a \$5 billion offensive to break the Thai economy, on the eve of Prime Minister Chavalit Yongchaiyudh's historic state visit to Yangon and days before ASEAN's foreign ministers were to announce their decision on Myanmar's entry into the association.

The legacy of Capt. David Vivian lives on in the global "Free Burma" movement, but the technology of warfare has changed.

LaRouche's 15-point plan for a war on drugs

Advocates of drug legalization claim that the war on drugs has failed; in fact, a serious war has yet to be waged. On March 13, 1985, Lyndon LaRouche sent a message to a Mexico City conference on the drug traffic, laying out a 15-point "war plan." Here are excerpts.

1. What we are fighting, is not only the effects of the use of these drugs on their victims. The international drug traffic has become an evil and powerful government in its own right. It represents today a financial, political, and military power greater than that of entire nations within the Americas. It is a government which is making war against civilized nations, a government upon which we must declare war, a war which we must fight with the weapons of war, and a war which we must win in the same spirit the United States fought for the unconditional defeat of Nazism between 1941 and 1945.

2. Law-enforcement methods must support the military side of the War on Drugs. The mandate given to law-enforcement forces deployed in support of this war, must be the principle that collaboration with the drug traffic or with the financier or political forces of the international drug traffickers, is treason in time of war.

a) Any person caught in trafficking of drugs, is to be classed as either a traitor in time of war, or as the foreign spy of an enemy power.

b) Any person purchasing unlawful substances, or advocating the legalization of traffic in such substances, or advocating leniency in anti-drug military or law-enforcement policy toward the production or trafficking in drugs, is guilty of the crime of giving aid and comfort to the enemy in time of war.

3. A treaty of alliance for conduct of war, should be established between the United States and the governments of Ibero-American states which join the War on Drugs alliance to which the President of Mexico has subscribed. Other states should be encouraged to join that military alliance.

4. Under the auspices of this treaty, provisions for actions of a joint military command should be elaborated. These provisions should define principles of common action, to the effect that necessary forms of joint military and law-enforcement action do not subvert the national sovereignty of any of the allied nations on whose territory

military operations are conducted. These provisions should include the following:

a) The establishment of bilateral military task-forces, pairwise, among the allied nations;

b) The establishment of a Common Command, assigned to provide specified classes of assistance, as such may be requested by designated agencies of either of any of the member states, or of the bilateral command of any two states;

c) Under the Common Command, there should be established a central anti-drug intelligence agency, operating in the mode of the intelligence and planning function of a military general staff, and providing the functions of a combat war-room;

d) Rules governing the activities of foreign nationals assigned to provide technical advice and services on the sovereign territory of members of the alliance.

5. In general, insofar as each member nation has the means to do so, military and related actions of warfare against targets of the War on Drugs, should be conducted by assigned forces of the nation on whose territory the action occurs. It were preferred, where practicable, to provide the member nation essential supplementary equipment and support personnel, rather than have foreign technical-assistance personnel engaged in combat-functions. Insofar as possible:

a) Combat military-type functions of foreign personnel supplied should be restricted to operation of detection systems, and to operation of certain types of aircraft and anti-aircraft systems provided to supplement the capabilities of national forces; and

b) Reasonable extension of intelligence technical advice and services supplied as allied personnel to appropriate elements of field operations.

6. Technologies appropriate to detection and confirmation of growing, processing, and transport of drugs, including satellite-based and aircraft-based systems of detection, should be supplied with assistance of the United States. As soon as the growing of a relevant crop is confirmed for any area, military airborne assault should be deployed immediately for the destruction of that crop, and military ground-forces with close air-support deployed to inspect the same area and to conduct such supplementary operations as may be required. The object is to eliminate every field of marijuana, opium, and cocaine, in the Americas, excepting those fields properly licensed by governments.

7. With aid of the same technologies, processing-centers must be detected and confirmed, and each destroyed promptly in the same manner as fields growing relevant crops.

8. Borders among the allied nations, and borders with

other nations, must be virtually hermetically sealed against drug traffic across borders. All unlogged aircraft flying across borders or across the Caribbean waters, which fail to land according to instructions, are to be shot down by military action. A thorough search of all sea, truck, rail, and other transport, including inbound container traffic, is to be effected at all borders and other points of customs-inspection. Massive concentration with aid of military forces must be made in border-crossing areas, and along relevant arteries of internal highway and water-borne transport.

9. A system of total regulation of financial institutions, to the effect of detecting deposits, outbound transfers, and inbound transfer of funds, which might be reasonably suspected of being funds secured from drug trafficking, must be established and maintained.

10. All real estate, business enterprises, financial institutions, and personal funds, shown to be employed in the growing, processing, transport, or sale of unlawful drugs, should be taken into military custody immediately, and confiscated in the manner of military actions in time of war. All business and ownership records of entities used by the drug traffickers, and all persons associated with operations and ownership of such entities, should be classed either as suspects or material witnesses.

11. The primary objective of the War on Drugs, is military in nature: to destroy the enemy quasi-state, the international drug trafficking interest, by destroying or confiscating that quasi-state's economic and financial resources, by disbanding business and political associations associated with the drug trafficking interest, by confiscating the wealth accumulated through complicity with the drug traffickers' operations, and by detaining, as "prisoners of war" or as traitors or spies, all persons aiding the drug trafficking interest.

12. Special attention should be concentrated on those banks, insurance enterprises, and other business institutions which are in fact elements of an international financial cartel coordinating the flow of hundreds of billions annually of revenues from the international drug traffic. Such entities should be classed as outlaws according to the "crimes against humanity" doctrine elaborated at the postwar Nuremberg Tribunal, and all business relations with such entities should be prohibited according to the terms of prohibition against trading with the enemy in time of war.

13. The conduct of the War on Drugs within the Americas has two general phases. The first object is to eradicate all unlicensed growing of marijuana, opium, and cocaine within the Americas, and to destroy at the same time all principal conduits within the Hemisphere for import and distribution of drugs from major drug-producing regions

of other parts of the world. These other areas are, in present order of rank:

a) The Southeast Asia Golden Triangle, still the major and growing source of opium and its derivatives;

b) The Golden Crescent, which is a much smaller producer than the Golden Triangle, but which has growing importance as a channel for conduiting Golden Triangle opium into the Mediterranean drug-conduits;

c) The recently rapid revival of opium production in India and Sri Lanka, a revival of the old British East India Company opium production;

d) The increase of production of drugs in parts of Africa.

Once all significant production of drugs in the Americas is exterminated, the War on Drugs enters a second phase, in which the war concentrates on combatting the conduiting of drugs from sources outside the Hemisphere.

14. One of the worst problems we continue to face in combatting drug trafficking, especially since political developments of the 1977-81 period, is the increasing corruption of governmental agencies and personnel, as well as influential political factions, by politically powerful financial interests associated with either the drug trafficking as such, or powerful financial and business interests associated with conduiting the revenues of the drug trafficking. For this and related reasons, ordinary law-enforcement methods of combatting the drug traffic fail. In addition to corruption of governmental agencies, the drug traffickers are protected by the growth of powerful groups which advocate either legalization of the drug traffic, or which campaign more or less efficiently to prevent effective forms of enforcement of laws against the usage and trafficking in drugs. Investigation has shown that the associations engaged in such advocacy are political arms of the financial interests associated with the conduiting of revenues from the drug traffic, and that they are therefore to be treated in the manner Nazi-sympathizer operations were treated in the United States during World War II.

15. The War on Drugs should include agreed provisions for allotment of confiscated billions of dollars of assets of the drug trafficking interests to beneficial purposes of economic development, in basic economic infrastructure, agriculture, and goods-producing industry. These measures should apply the right of sovereign states to taking title of the foreign as well as domestic holdings of their nationals, respecting the lawful obligations of those nationals to the state. The fact that ill-gotten gains are transferred to accounts in foreign banks, or real estate holdings in foreign nations, does not place those holdings beyond reach of recovery by the state of that national.

British Empire maneuvers to grab control in Bosnia

by Umberto Pascali

The dramatic events currently taking place in Bosnia's Republika Srpska are finally breaking the dictatorial, terroristic power of Radovan Karadzic and his Greater Serbians. Despite the genocide these war criminals have committed, despite the Dayton peace accords, despite the threats, the promises, and the rhetoric, the war criminal Karadzic and his gangsters have kept their power in Republika Srpska until now. But now, the situation seems to be changing; the mafia-police apparatus is shaking violently, and apparently the circle is closing around Karadzic himself. The media are full of details of this test of strength between Karadzic and the NATO Stabilization Force (SFOR), i.e., apparently, between the Serbian "Il Duce" and the rest of the world.

The elimination of that nazi apparatus will be indeed a great, though belated, victory for humanity; but the NATO-Karadzic confrontation is only the superficial level of the underground war that has been raging in the Balkans since the collapse of the Berlin Wall in 1989. The main reason for the Balkan earthquake has been the fear on the part of the British "Invisible Empire," that it will lose its influence in the area. It was London that gave the green light to the bloody Greater Serbia adventure. It was London, Paris, and their U.S. vassals—like Henry Kissinger and George Bush—that refused to allow any real intervention against Serbian dictator Slobodan Milosevic, Karadzic, and Bosnian Serb commander Gen. Ratko Mladic.

After the failure of a few European forces to prevent Britain and François Mitterrand's France from sponsoring the Greater Serbia project, the responsibility to do something to stop the genocide fell on the post-Bush United States. And the United States of Clinton, after a period of confusion and inactivity, tried to intervene. This magazine has covered the secret war that the British waged against the United States in Bosnia, a war that culminated in the order given by Britain's

Gen. Sir Michael Rose to his Special Air Services, not to supply the U.S. Air Force with the coordinates necessary to bomb the Serbian paramilitary forces assaulting Muslim civilian refugees trapped in the so-called UN Protected Areas.

This constant sabotage of any efforts aimed at stopping the Greater Serbians was successful for a long time. Inside the United States, the will verbally expressed by the White House to stop the genocide found the opposition of a Congress dominated by the Conservative Revolutionaries of Speaker of the House Newt Gingrich, who made an adequate U.S. intervention more and more difficult, while demagogically screaming about American impotence. The British also boasted regularly, through their media outlets, about their influence over the U.S. Pentagon.

The offensive of '95

In the summer of 1995, the Clinton administration felt confident it could force through a military intervention against the aggressors. It was the only moment in which the "West" deployed its military (Air Force) capabilities, for a short time. The "invincible" Karadzic's gangsters were, de facto, smashed. If those U.S.-NATO attacks—which hit only the Serbian Command, communications and logistic structures—had continued for 24 hours more, the problem of Karadzic's nazi apparatus would have been eliminated. But there were protests, above all from the British, and the offensive was called off.

After that, Serbian strong-man Milosevic accepted a U.S. role of mediation that led to the Dayton Peace Accords, putting an end to the hot phase of the genocide. Milosevic became the guarantor for Republika Srpska's respect of the accords. That meant, first of all, that Karadzic—who, at least officially, was to be delivered to the International Crimes Tribunal at The Hague—was supposed to disappear from public view.

That did not happen. At the same time, a bureaucratic apparatus of peacekeeper “professionals” took over Bosnia, under the leadership of the so-called International Representative, Sweden’s Carl Bildt.

In Republika Srpska, Karadzic continued to consolidate his power, unchallenged; in the other Bosnian entity, the Muslim-Croatian Federation, Bildt was acting as the local satrap for the World Bank and the International Monetary Fund, often starting provocations against the Muslims and President Alija Izetbegovic. Nobody touched the war criminals who had been indicted by The Hague Tribunal. The UN Protection Forces (Unprofor) became the NATO Stabilization Forces (SFOR), but there was no return of refugees; the infrastructure destroyed by the war was not repaired or rebuilt. The main concern of the International Representative was that the debts of former Yugoslavia, which Bosnia had been forced by the World Bank to recognize, be paid.

In the meantime, the U.S. Congress, as a factional move to embarrass President Clinton, requested that the limit for the presence of U.S. troops in Bosnia was to be fixed, publicly and irrevocably, at June 1998. All the elements for a new war were there.

‘We should try to save Dayton’

On July 10, a team from the British Special Air Services (SAS), supported logistically by the United States, was deployed in a NATO SFOR mission to capture two war criminals in the Srpska town of Prijedor. Milan Kovacevic, the former major of the town, was arrested and immediately extradited to The Hague. Simo Drljiaca, the former police chief, was killed, reportedly after having used his gun against the SAS team. It was the first time there was any attempt by NATO forces to “proactively” try to arrest any war criminal.

There was much speculation concerning that SAS operation. After all, the SAS had been caught red-handed in 1993, in central Bosnia, actively provoking a war between Muslims and Croatian gangs that they themselves had set up and trained. Drljiaca, who was the boss of the local mafia, had received funds from Britain up to the last moment (“for reconstruction”) through one of the pillars of the “Empire” abroad, Britain’s Department for International Development, successor of the Overseas Development Administration. In other words, he was financed by the British. Sources in Bosnia told *EIR* that “besides any other consideration, most probably someone tried to get rid of the evidence.” Those sources connected that event with the sudden death, during the same period, of Mate Boban, the founder of the fascist, nominally Croatian, Herzeg-Bosna.

However, despite the fact that that operation was run by the British military (the area of Banja Luka is under British NATO jurisdiction), the initiative to intervene came from the U.S. administration. When asked by the media about that intervention in Prijedor, President Clinton, who was flying from Hungary to Copenhagen, explained: “It would be fair

for you to conclude that we have decided to save Dayton. And to save Dayton, all the elements must be implemented. . . . I think it would be a fair conclusion for you to draw that we made that commitment . . . that every element should be given greater attention . . . including . . . helping rebuild the infrastructure, and economic development.”

Cook’s ‘transparency’

All the media reported about the close cooperation between British Prime Minister Tony Blair and Clinton over Bosnia. The reality is quite different. When, at the end of July, British Foreign Secretary Robin Cook visited Bosnia, he presented himself as a sort of envoy of Clinton, in the context of a common Anglo-American strategy. He expressed his opinion on everything, but he had a focus: a direct personal attack against President Izetbegovic and the Bosnian Muslims. However, he was more sophisticated than Gen. Sir Michael Rose. He accused Izetbegovic and his government of . . . corruption! And he threatened that the donor countries, thus speaking for the United States as well, would withdraw their financial aid, if there were not total “transparency.” Cook was using the new weapon of choice of the Empire: “anti-corruption.” In particular Cook targetted the Bosnian intelligence service, the BAID, screaming that any and all sources of funding for the agency must be made public. BAID is far from perfect as an institution—it included officials from the old regime, and it was created by nonprofessionals, in the midst of the Serbian aggression. But apparently, the British did not succeed in controlling or neutralizing it, and given the conditions in which it was created, it contain also nationalist elements who apparently understand the British problem.

Izetbegovic’s answer was immediate (some say there were trans-Atlantic consultations), pointing his finger at the British directly: “Foreign enemies are waging some kind of special personal war against the Bosnian leadership, in order to prove that there was no aggression, that it was a civil war, and that all sides are the same.” Izetbegovic called for the creation of a committee to investigate the allegations. “If accusations of corruption prove to be based on facts, the responsible persons will be arrested and brought to court without delay. But if the allegations proved false, we will ask that the foreigners spreading those lies leave the country immediately.” The Bosnian daily *Dnevni Azaz* revealed (in an article entitled “A Diplomat Cook or a ‘Captain Cook?’”) that the source for Cook’s allegations was British Ambassador Charles Crawford, whose name probably was in the list of the people who will have to leave Bosnia.

Interestingly enough, on Aug. 4, the U.S. State Department deputy spokesman issued a statement concerning the British “Charges of Corruption.” It said that “the U.S. welcomes President Izetbegovic’s call to set up a commission to investigate corruption. . . . The U.S. assistance to Bosnia is carefully monitored and we are confident that no U.S. assistance has been misappropriated.”

North Korean famine worsens, as appeals for relief grow

by Kathy Wolfe

Australian Member of Parliament Pauline Hanson on Aug. 14 issued a second, dramatic appeal for urgent food shipments to alleviate North Korea's horrific famine, while Clinton administration UN Ambassador Bill Richardson and Sen. Joseph Biden (D-Del.) voiced concern about the crisis.

In her press release, titled "North Korean Men, Women and Children Are Starving to Death—Send Australian Food Now," Hanson said, "this is a full-blown crisis. Unicef director Carol Bellamy reported on Aug. 9, after leaving North Korea, that 800,000 children, or 38% of children under the age of five, are suffering malnutrition, and of these, 80,000 are severely malnourished and in danger of dying from starvation."

'Not since Ethiopia'

Hanson continued, "People are dying—humanitarian needs can't wait. Hubertus Rüffer of the German aid organization Deutsche Welthungerhilfe reported on Aug. 6 that in his recent tour of North Korea he saw 'pictures, that were not to be seen since Ethiopia.'

"Dramatically compounding the problem is the disastrous confirmation by the World Food Program that most of the current crop has been lost due to drought, including 70% of the maize crop.

"There are 24 million North Koreans who are at immediate risk due to this crisis. This is purely a humanitarian crisis, and should be responded to accordingly, immediately, and adequately."

U.S. Ambassador Richardson's assessment of the North Korean famine is similar. "We think the situation is getting worse," he told reporters in Tokyo on Aug. 15. "We're ready to entertain other requests . . . based on humanitarian needs." He would not confirm reports by the House Select Committee on Intelligence on Aug. 12 that food is being diverted to the North's military. "We can't verify" those reports, Richardson said. He insisted that food aid sent by the United States via the UN thus far is intended for children and "we believe it is getting to them."

Assistance, versus the IMF

In a speech on the Senate floor on July 31, Joseph Biden spoke passionately about the need for American aid to North Korea. "The United States has a long tradition of responding generously to people in need," Biden said. But to date, "our response has been cautious and inadequate," and so "the

world, following our restrained lead, has been slow to meet the genuine emergency needs of the North Korean people."

Biden blasted the idea that North Korea's people must be held to ransom to force their government to implement International Monetary Fund (IMF)-style "reforms," such as the "shock therapy" which has destroyed Russia and other nations. "It is not ethically permissible to use starvation as a weapon to force the North Korean dictatorship to undertake essential economic reforms," he said.

Indeed, the IMF announced on Aug. 18 that it will send a "fact-finding mission" to North Korea in August, to "brief North Korean officials on IMF requirements" for membership, in what is seen as direct pressure on Pyongyang to open the country for looting.

A bipartisan delegation of seven members of the U.S. House Permanent Select Committee on Intelligence, led by Porter Goss (R-Fla.), meanwhile, issued a statement on Aug. 12, after four days in North Korea, indicating that the group had demanded IMF-style shock therapy "reforms" as a conditionality for food. "The North Koreans stated their refusal to abandon their centralized political and economic systems," they complained.

Senator Biden warned that such demands to "starve them out," would result in "panic, massive population migrations, and instability," a dangerous threat to the 37,000 U.S. troops on the tense Demilitarized Zone between North and South Korea. Massive relief, he concluded, would be the "smart thing to do . . . the noble thing to do," and "an expression of all that is best about America, that cannot help but resonate in the hearts of the North Korean people."

Program for peace

There was a sign of hope, however, in this "Dark Ages" scenario for the Korean peninsula, with the ground-breaking on Aug. 19 in Kumho, North Korea, for two 1,000-megawatt nuclear power reactors, which a consortium organized by President Clinton has begun to build—part of a peace plan that would ultimately reunite North and South Korea. The two nuclear power reactors are being built by the Korean Energy Development Organization (KEDO), founded by the United States, South Korea, and Japan in 1994. A symbolic gunpowder blast was set off to start the construction, in a ceremony conducted by U.S. Ambassador Paul Cleveland, and attended by 200 international KEDO officials represent-

ing nine nations, including Australia and European nations, which have joined the consortium this year.

President Bill Clinton praised the event as “a major new milestone” which “will contribute significantly to the peace and stability of the Korean peninsula.”

“This historic undertaking will require much hard work,” Clinton said, in a statement read by Cleveland. “But with a cooperative spirit, we can together help overcome decades of tension and hostility on the peninsula.” The KEDO effort is “at the top of the United States’ foreign policy agenda,” he said.

The KEDO program could revitalize all of Korea’s economy, and bring thousands of South Korean engineers and workers into contact with their countrymen in the North. It is valued at \$4.5 to \$5 billion, and is mostly financed by South Korea and Japan.

Adding additional hope for maintaining peace and stability on the peninsula, was the announcement on Aug. 19 that China views North Korea’s Tumen River development zone as a major target for cooperative international industrialization projects, part of Beijing’s Eurasian Land-Bridge policy. The mouth of the Tumen River, where North Korea and Russia meet the Sea of Japan, and which is also close to China, could grow to a “metropolis along the lines of Hongkong,” Ye Shunzan, an official of the Chinese Academy of Sciences, told a meeting of the Northeast Asia Economic Forum in Ulan Bator, Mongolia.

In addition to China, North Korea, and Russia, Japan, Mongolia, and South Korea are also cooperating to build up the river mouth area, in a planned \$30 billion rail, port, and industrial project.

South Korean currency hit by new instability

South Korea’s currency, the won, collapsed to an all-time low of 901 to the dollar on Aug. 18, joining the Southeast Asian nations in currency free-fall. Traders said the won was hit with a “snowball” effect, after the mid-August crash of the Thai, Malaysian, Indonesian, and Filipino currencies. Dozens of Korean companies, fearing the won would be next, dumped the won in a desperate scramble to buy U.S. dollars. Major Korean banks, such as Korea First Bank, the nation’s largest, are also feared to be on the edge of bankruptcy.

South Korea’s postwar “economic miracle” has been destroyed over the last decade, by International Monetary Fund financial deregulation.

“Fears that the Korean won could fall under speculators’ attack have prompted domestic firms to sell won and buy dollars,” Steve Marvin, head of research at Ssangyong Investment Securities, said on Aug. 19. The won fell 8.2% against the dollar last year and has fallen a further 5.9% so far this year.

The won crash is an indicator of the bankruptcy of the Korean banking system, said one trader. “The won’s steep fall against the dollar has raised concerns about the nation’s whole financial market,” said Lee Young-won, at Daewoo Securities in Seoul. “Financial institutions and corporations are competitively securing dollars on expectations of further financial troubles at local companies and banks.”

The central bank was forced to intervene twice on Aug. 18, to buy up billions of won in an attempt at price support. “The Bank of Korea sent out a strong warning to speculators,” said one trader, who was desperate to try to prevent further depreciation of the won.

The banking crisis

The South Korean banking system is also facing the possibility of a run. The Seoul Finance Ministry on Aug. 18 was forced to issue a statement vowing to bail out the country’s illiquid banks, amid fears that South Korea’s top four banks are about to blow; they hold about \$20 billion in bad debt from industrial companies which have gone bust this year.

The Finance Ministry said that it is setting up a “bad loan bank,” similar to those created by the United States in the savings and loan debacle, and Japan in its banking crisis last year, to bail out the banks, if possible. A ministry statement said the state-run Korea Asset Management Corp. (KAMC) would extend aid by “buying some assets held by ailing financial institutions to help ease their credit restraints.”

The ministry statement said that the KAMC would now massively increase its borrowings on the public markets, from about \$1 billion to a much higher, undetermined amount, to raise the funds to bail out the banks. KAMC collects overdue loans, sells off real estate on behalf of financial institutions, and arranges auctions of bank property. The statement said the government needed to supply “minimum supports” to stop the banks from crashing.

Korea First Bank could be the first to beg for a bailout. Earlier this year, Korea First asked for over \$2 billion in special loans from the central bank. The Finance Ministry statement said the government and the central bank had agreed in principle, that Korea First would be the first financial institution to receive money from the KAMC. Korea First Bank was hit by a chain of corporate defaults including the collapse of Hanbo Steel and Sammi Steel. It is now facing another big blow because of the collapse of the Kia Group, which was put under Chapter 11 bankruptcy in July. — *Kathy Wolfe*

Rokhlin builds Russian opposition movement

by Konstantin George

Gen. Lev Rokhlin, chairman of the Defense Committee of the Russian State Duma (parliament), has created a new movement to support the Armed Forces and the defense industry, in the face of the regime's monetarist policies which are in the process of demolishing both national institutions. The extent of institutional breakdown has become so grave that, as Rokhlin and others have been pointing out during the spring and summer, it is threatening to endanger the very existence of the Russian state.

The Russian Armed Forces, with the partial exception of the strategic nuclear forces, are in a shambles. Starting with the issue that usually makes the headlines in the Western media: The average arrears in back wages owed to soldiers and officers is running at five months. This alone, given its debilitating and demoralizing effect on troops of all ranks, would define a crisis of the first degree in the Armed Forces. Added to this, is the cumulative (since the imposition of International Monetary Fund policies in 1992) vast underfunding of every other vital category of military expenditure. Because of this, even if all back wages were to be paid during September, as the regime has promised, the Armed Forces would still be in a shambles.

In a statement on Aug. 11, Rokhlin said that his movement will join with other opposition parties to "lead the people out into the streets and stay there until the President and the government resign." The demand is doubly notable, because Rokhlin is a member of the Duma faction of the Prime Minister Viktor Chernomyrdin government's "Our Home is Russia" party. In his statement, Rokhlin said he would discuss cooperation with the factions in the Duma of the Communist Party (CPRF, led by Gennadi Zyuganov and in the Duma by Gennadi Seleznyov), Yabloko (led by Grigori Yavlinsky), and Liberal Democratic Party of Russia (Vladimir Zhirinovsky).

During July and August, Rokhlin has been on tour throughout Russia, building the new movement. In his Aug. 11 statement, he said that the new movement already has 35 regional branches, and he set a goal to form 35 more by September.

Rokhlin launched his campaign in June against the regime's policies toward the Armed Forces. He delivered a

blistering, and accurate, attack on President Boris Yeltsin personally, and on the government for its austerity fiscal policies. The final straw for Rokhlin was the May purge of Defense Minister Gen. Igor Rodionov and General Staff head General Samsonov. Both had repeatedly gone on record opposing the so-called "reform," or massive planned downsizing of the Armed Forces. The outcome of that purge revealed the depths of officer corps rage against regime policies. President Yeltsin was forced to go outside the ranks of Ground Forces (Army) generals to find a successor to Rodionov; he chose Gen. Col. Igor Sergeyev as the new defense minister. Sergeyev had been commander-in-chief of the Strategic Rocket Forces, and, in contrast to previous heads of the Strategic Rocket Forces, had spent his entire military career in that branch of the Armed Forces. Sergeyev, out of pure parochialism, has tended to support the so-called "reforms," because despite the cuts, the Strategic Rocket Forces have been relatively better maintained, at the expense of the other four branches—Ground Forces, Air Force, Air Defense, and Navy.

'No other recourse'

Rokhlin's decision to create the new movement came after months of incessant efforts on his part, and that of others, to try and talk sense to the President and government, to go through channels to arrive at a mutually agreed-upon solution that would rectify the glaring threat to national security. It was all to no avail. This process, which led to no recourse but open opposition, is graphically stated in the text of Rokhlin's "Army Support Movement Appeal," as printed in *Sovetskaya Rossiya* on Aug. 14:

"The reason for my first famous appeal to the supreme commander-in-chief [Yeltsin] and servicemen, and for the decision to create a movement, was the impasse in which I found myself when trying to tackle the country's defense and security problems. During our 18 months' work on the State Duma Defense Committee, we, the members of the committee, repeatedly arranged for issues concerning the state of the Army and the country's security to be considered at parliamentary hearings, to which we invited the country's leaders and famous scientists and designers. With their help we evolved proposals to solve the Army's problems and submitted them to the government and to the President. Unfortunately, nobody made use of our proposals. Indeed, they pretended not to notice them.

"A year ago, in June 1996, we asked the government for a short- and long-term forecast of the country's economic development to enable us to evolve a blueprint for the country's security on the basis of a realistic assessment of the economic and financial conditions in which military reform will have to take place, and of what we can expect. To this day, we have not received a reply. Meanwhile, the situation has been developing as follows: The only forces which now

guarantee our country's security—the strategic nuclear forces—have followed all the other forces and begun to collapse. Our current missiles and their support systems are nearing the end of their warranty period. Their wholesale decommissioning will start in 2005 and be completed by 2009-10. But the missile rearmament program is three years behind schedule, and the chances of implementing it are decreasing by the day.”

Rokhlin said that he and the Defense Committee had gotten the support of Federation Council Chairman Yegor Stroyev and State Duma Chairman Gennadi Seleznyov, to sign a joint “appeal to the President, proposing to conduct parliamentary hearings on this highly important problem of the country's security. The President made no response to the Speakers' appeal. And this was the last straw, which convinced us of the executive's unwillingness to consider highly important state problems.” It was at this point, Rokhlin said, that “we started to create our movement. The power of public opinion is the only remaining source of support to which we can turn. And we have already found such support. More than 60 national organizations have responded to our initiative and declared that they were joining the movement. Only two weeks later, 300 of their representatives gathered for a conference and set up the organizing committee. Then, the members of the organizing committee began to tour the country to acquire a more detailed knowledge of the situation in the provinces and to set up regional branches of the movement.”

A ‘parallel structure’

Writing in the daily *Segodnya* on Aug. 12, military analyst Pavel Felgengauer stated that Rokhlin's movement was designed as a “nationwide parallel system of control” for Russia's military, in case existing command structures lost control during a crisis. He warned of “mass disobedience” in the Armed Forces, if the government fails to pay wage arrears by Sept. 1, as repeatedly promised. Putting off the wage payments any further indeed threatens unpredictable eruptions within the military. Regime acknowledgement of this danger was reflected in the tour during the second week of August of the Far East Military District by Defense Minister Sergeyev. The defense minister visited units and bases and promised early payment of back wages and overdue benefits for officers and their families. The Far East district is one of many hotbeds of discontent. Its soldiers and officers are at least five months behind in payment of wages and “benefits,” i.e., reimbursement for moving and setting up new family quarters are as much as three years behind.

In the Aug. 11-17 issue of the weekly *St. Petersburg Times*, Felgengauer spelled out the so-called “best possible scenario” for the Armed Forces, under existing monetarist policies. His conclusion: “The recent successful privatization auctions may have provided enough money to fulfill Yeltsin's

main promise—to pay wage arrears on the military's basic pay” by Sept. 1, but “all other announced ‘reforms’ have meant in effect a re-allocation of resources to maintain the strategic missile nuclear forces at the expense of the other services.”

‘Zaire-ization’ of the Armed Forces

Whether the back wages are paid (and, because of the comprador regime's “fire brigade” policy of paying off just moments before social eruptions occur, wages may in fact be paid in September), the demolition of the Armed Forces will continue. In a discussion with *EIR* on Aug. 13, Felgengauer said that the Russian Army is going through a process of “Zaire-ization,” and will soon lack the capability to field more than 200,000-500,000 men, if current policy trends continue. His term “Zaire-ization” is more than apt. For years now, Russians have been bitterly speaking about the “Africanization” of their economy and society, and “Africanization” has now caught up with the military.

Felgengauer cited a warning issued the day before by Gen. Pyotr Deinekin, commander-in-chief of the Air Force, that only one-half of Russian military aircraft are capable of flying. Under current trends, Russia will be lucky if it can field 300 combat aircraft by the year 2000. Felgengauer said, “The whole situation is a terrible mess. We are spending the equivalent of one-third of the British defense budget, for a military of 1.2 million men. . . . What you buy is what you get, and if we keep spending at this level, we should, by the logic of things, cut the Armed Forces to 200,000 men, or at most a half-million.”

He added that, just as “the Zairean Army began to disintegrate before Kabila came along,” the Russian Army is going through the same process. The Army is “getting weaker all the time,” and there is a growing danger of a “privatized” and “feudalized” Army, with “private armies and groups” sprouting up across the country. Disintegration is the lawful outcome of years of triage, of non-funding or vast underfunding of training, maneuvers, operations and maintenance, and of military procurement. Rokhlin is in a race against time to have an alternative, “all-Russian command structure in place, that could take over the military . . . if the Army goes into revolt and the General Staff loses control,” Felgengauer said.

Anyone in the West who is sanguine or happy about the collapse of the Russian Army, is living in a world of very dangerous delusions. It is imperative for the West that the Russian Army's disintegration process be stopped and the military be rebuilt, in an orderly fashion. The alternative will be a “post-disintegration” revival, under the cultural axioms of across-the-board rage against “Western” colonialist dictates, by an anti-Western officer corps. Out of that process could arise something which now doesn't exist: a renewed Russian security threat to the West.

Hamas suicide bombers came from London

by Dean Andromidas

Earlier in August, Ami Ayalon, chief of Israel's Shin Bet internal security service, flew to London to investigate British links to the two suicide bombers who blew themselves up in a Jerusalem market last July, killing 18. The move by Ayalon, who met with his British counterpart at MI-6, once again confirms *EIR's* extensively documented reports pointing to London as the center for international terrorism. The tremendous pressure which the Israeli intelligence services must be putting on Britain was underscored by the fact that Ayalon's mission to London was reported in Britain's *Sunday Telegraph*, which admitted that London "has acquired a reputation as an international center for Islamic extremists."

Although the bombings have been widely attributed to Hamas, the militant Palestinian organization, Israeli authorities are investigating the fact that the two suicide bombers originated from Britain and carried British passports. It is believed that the bombing was planned in Britain and that the terrorists received training and financial support in Europe. The terrorists are said to have had large amounts of cash in the form of Jordanian dinars in their pockets. The fact that the bombers were wearing dark business suits (with the brand-names torn out), and were carrying briefcases, as if they were tourists or businessmen, is viewed as totally out of step with other suicide bombings, and suggests that the bombers came directly from the airport.

This new British lead has brought Israeli authorities to reinterrogate an Arab who lost both his legs in a Jerusalem hotel room when a bomb he was constructing blew up. He, too, had entered Israel with a British passport, although he came via Switzerland.

Israeli sources report that these allegations are being taken extremely seriously, and that Israeli, American, and British intelligence officials have been conferring on this case quite extensively. Moreover, these sources report that the Clinton administration is viewing with great consternation the fact that European nations, and Britain in particular, have become centers for international terrorism, and that very little is being done about it.

Britain, terrorism's 'home sweet home'

In our April 4, 1997 issue, *EIR* published a feature story, "Levy Sanctions on Britain for Harboring Terrorists!" on the role of Britain as a center of international terrorism. Among

the more than a dozen major international terrorist organizations with headquarters in London, are such groups as the notorious Islamic Jihad, and so-called Islamic groups which operate in Egypt; the Armed Islamic Group, which operates as a countergang to the legitimate oppositionist Islamic Salvation Front in Algeria; and various anti-Saudi groups. Several Palestinian extremist organizations are based in London, including factions often linked to Hamas, but which operate independently of the leadership of that large and highly factionalized organization.

One senior British intelligence source admitted that the report of a British role in the Jerusalem bombing as reported in the *Sunday Telegraph*, was "substantially right." When asked to elaborate, he told *EIR*, "It's the Nelson's blind-eye principle. . . . It's when someone turns a blind eye, to what's going on." To find out who's turning a blind eye, he confided, "Look in the direction of the Foreign Office, especially the Arab hands there, and you will get the idea. More than that, I can't say on the telephone."

In a related development, on Aug. 11, a trial began in Cairo, Egypt, of 84 members of the Egyptian Islamic Jihad group on charges relating to the bombing of the Khan Alkhalili bazaar, in the center of Cairo, and the assassination of government officials. On trial is the leader of the ring, Akram Abdul Aziz Sharif, a naturalized British subject of Egyptian origin, who returned to Egypt in 1995 under orders, with financial support from the Islamic Jihad's base in London. He was the key liaison with the London-based leaders, Ahmed Al-Nagar and Adel Abdelmajid Abdelbari. The latter, although remaining safe from extradition in London, was tried *in absentia* and sentenced to death for an assassination attempt against a former Egyptian prime minister.

Targetting the Mideast peace process

The reference to the British Foreign Office "turning a blind eye," ironically brings into focus who is ultimately responsible for these bombings. Not only did the bombings occur on the eve of a major U.S. initiative to restart the Palestinian-Israeli peace talks (see *EIR*, Aug. 22), but they occur at a point when Israeli Prime Minister Benjamin Netanyahu is facing tremendous opposition across the political spectrum, including from within his own party. The bombings also serve Netanyahu's determination to bury the Israeli-Palestinian Oslo Accords, and Great Britain's determination to destroy any attempt by President Bill Clinton to change the political map of the Middle East through the peace process.

Not surprisingly, Netanyahu's press spokesman, David Bar Illan, former editor of the Hollinger Corp.'s *Jerusalem Post*, responded to the charges of Britain's role in the bombing by continuing to put the blame on Palestinian President Yasser Arafat. "It makes absolutely no difference whether they arrived with British or other foreign passports," Bar Illan said. He attacked the United States, not Britain, as the base for Palestinian extremists.



Former Israeli prime ministers Shimon Peres (left) and Yitzhak Shamir. While they have been political foes over the Oslo Accords, they are now working together in an effort to oust Prime Minister Benjamin Netanyahu, a madman driving the Mideast toward war.

Opposition to Netanyahu has manifested itself from all quarters, which see Netanyahu as an instrument of extreme right-wing Zionist circles based in London, New York, and France. Even among certain members of his Likud party, these foreign Zionist circles are not seen as having Israeli national interests as their priority. On July 24, only a few days before the suicide bombings, a bipartisan group held its first meeting in the Israeli Knesset (parliament), which dedicated itself to bringing down Netanyahu as prime minister. It brought together such Knesset members as former Labor Prime Minister Shimon Peres, the architect of the Oslo Accords, and former Likud Prime Minister Yitzhak Shamir, who opposed the Oslo Accords. It is widely believed that the first government crisis this autumn, could see an early demise of Netanyahu's fortunes.

A more aggressive campaign

The Israeli Labor Party, in particular, is in the process of consolidating itself in preparation for a much more aggressive campaign. Its new leader, Ehud Barak, a former Army Chief of Staff who had been foreign minister in the last Labor government, has been touring Europe.

In an interview with the Aug. 19 Swiss financial newspaper *Neue Zürcher Zeitung*, Barak denounced Netanyahu's handling of the current crisis and negotiations with the Palestinians. "As long as bodies were lying in the market, it was not appropriate to attack the government; grief and national unity were required. But I made clear later that I did not agree with the government," he said.

Although Barak gave critical support to Netanyahu when he closed the Palestinian territories, Barak denounced Netanyahu's "tricks, like disruption of the Palestinian Radio

broadcasts, the issuing of an arrest warrant for the Palestinian chief of police, and finally, the confiscation of tax proceeds which were earmarked for the Palestinians." He denounced the last measure as "doing more harm than good," because these are the funds used to pay the Palestinian police.

In contrast to Netanyahu's consistent sabotage of the peace process, Barak declared that, as an opposition figure, he will "cultivate open and trustful relations" with Jordan's King Hussein, with Egypt's President Hosni Mubarak, and with Arafat. "It is an absolute precondition for the solution of the complex Middle East problem that at least the principal leaders understand one another. . . . As prime minister, I could seize the initiative and try to talk to the Arab leaders, to avoid misunderstandings. Trust has also to do with a willingness to fulfill agreements," Barak asserted.

Barak denounced Netanyahu's anti-Palestinian policies: "Israel cannot and should not rule another people. It has less security if it attempts to rule over 2.5 million Palestinians, who cannot be transplanted. We cannot afford an apartheid state or a situation like in Bosnia. With the present government we have both."

He also declared his opposition to new Jewish settlements and the expansion of old ones, and said that Israelis and Palestinians should continue to live in separate areas. He added that the completion of a final peace accord with the Palestinians will be based on compromise. "I believe Israel will maintain control over a unified Jerusalem and over the majority of settlers — which is not the same as the majority of the settlements," he said.

Barak even went so far as to attack Netanyahu's radical free trade policies, calling his economic policy "Social Darwinistic."

International Intelligence

Malnutrition stalks Hutu refugees in Burundi

Tens of thousands of Burundians, living in camps inside the country, do not have access to adequate basic food sources to stave off malnutrition and life-threatening diseases, the UN World Food Program has warned. WFP said in an Aug. 15 statement, that teams assessing regroupment and displaced persons camps, have reported that disorders from protein deficiency and undernourishment—kwashiorkor, marasmus, and edema—have become prevalent over the last few months. An estimated 600,000 Burundian Hutus live away from their homes in some 250 camp settlements throughout the country. More than half of them are living in “regroupment” camps, which the Ugandan-allied Burundian dictatorship of Pierre Buyoya refers to as “protected settlements.”

WFP says that malnutrition rates are believed to be most acute in the provinces of Karuzi, Babanza, and Kayanza: “In the highly insecure province of Babanza, hundreds of people have been streaming into clinics in search of medical assistance and nutritional support after spending months in the forest. Some are so weak from malnourishment, they can barely stand. Thousands more are believed still to be in hiding.”

Mexicans jam concerts to exonerate LaRouche

Between Aug. 5-8, as many as 2,800 people attended three Classical concerts by Mexico's Schola Cantorum Boys Choir, dedicated to the exoneration of Lyndon LaRouche. The Schola Cantorum, directed by Maestro Alfredo Mendoza, was founded a decade ago to provide some of the poorest of Mexico's children with the ability to create beauty, through *bel canto* singing of Classical European and Ibero-American choral works. The Schola performed songs by Bach, Mozart, Schubert, Schumann, and Mexican composers.

The concerts were performed in Baja California, in the capital of Mexicali, the

port city of Ensenada, and the “den of iniquity,” Tijuana. They were co-sponsored by the Schiller Institute and the state government.

Some 1,400 people filled the State Theater in Mexicali, and 300 people were turned away at the door. Blanca García of the Schiller Institute greeted the audience on behalf of the institute's founder, Helga Zepp LaRouche, whom she described as “a tenacious fighter on behalf of the urgent need to rescue universal values and to save civilization.” She stressed that the institute in Baja California was participating in the fight “to obtain the exoneration of her husband, Lyndon LaRouche, whose passion for truth, beauty, and justice, we share.” In his introductory remarks, Maestro Mendoza also emphasized the necessity to stop the holocaust in Africa.

Seven hundred people jammed each of the concerts in Ensenada and Tijuana, both of which also had to turn overflow crowds away at the door.

Inkatha right-winger defects to ANC

Walter Felgate, one of the right-wing strategists of Mangosothu Buthelezi's Inkatha Freedom Party, has defected to the African National Congress (ANC), according to South African news reports in mid-August. A former Central Committee member of Inkatha, Felgate cited as reasons for his departure, Inkatha's withdrawal from the KwaZulu-Natal provincial peace talks with the ANC, and the lack of democracy within the IFP.

However, it should be noted that Felgate strongly opposed the peace process between ANC and Inkatha that was forged in July 1996, and the two parties began talking, only after marginalizing Felgate and IFP party adviser Mario Ambrosini. South African *EIR* sources had often noted the seemingly insurmountable power grip that the two white advisers had over Buthelezi and his party. Felgate and Ambrosini took over the senior posts within the IFP after the 1994 elections, and were thought to hold the posts because of Buthelezi's friendship with British multi-

millionaires Sir James Goldsmith and John Aspinall.

In what way Felgate's departure is connected to the recent breakdown in the Inkatha-ANC talks is not immediately apparent. It is likely, however, that Felgate's major role within the ANC will be to manipulate a more permanent rupture between the two sides, in traditional British geopolitical style.

German, Polish armies in bilateral exercises

The cooperation between Germany and Poland's armies during the flooding of the Oder River along their common border is continuing into the defense sphere, a Bundeswehr source told *EIR*. The senior officer said that his Dresden-based tank brigade would be holding a joint field exercise with a Polish tank battalion from the nearby Zagan military district. The Aug. 18-25 exercise, at the Nochten firing range, featured Polish officers firing charges from a German Leopard II main battle tank, and German officers firing from the Polish T-72 main battle tank.

The exercise is strictly bilateral, rather than taking place within the structure of the Partnership for Peace. This is indicative of growing German-Polish cooperation, which has been boosted by the battle jointly waged by their militaries against the floods last month, he said. The deployment of German military helicopters and reconnaissance aircraft to monitor and photograph the state of the water-logged dikes, in late July, also illustrates the high level of cooperation. Polish and German military units now have almost weekly contact, with officers making reciprocal visits.

India disinvites Queen from Amritsar visit

The Indian government has asked Queen Elizabeth to bypass visiting the Punjab city of Amritsar during her official visit in October, because of the British massacre of Indian colonials which took place there in 1919. Prime Minister Inder Kumar Gujral revealed the request in an interview with the

London *Observer* on Aug. 17. The Queen is making her visit as part of the year-long celebrations of 50 years since Indian independence from Britain, whose actual anniversary was on Aug. 15.

Gujral said that India was anxious to avoid bitterness over the Jallianwala Bagh Massacre, in which hundreds of Indian civilians were mowed down by British troops. The Queen had been due to visit Amritsar's Sikh Golden Temple, but Gujral said: "We have suggested as a government to the British a few days back that it would be much better if she doesn't visit Amritsar. It is a goodwill visit and we would not like to add anything historically that would cause bitterness. . . . Sometimes some shadow is cast by indiscreet speeches. I do hope in the interest of building better psychological relations, policymakers in London will be slightly more careful and respectful of our sentiments."

Ranariddh blames U.S. for blocking Khmer Rouge

Nate Thayer, the *Far Eastern Economic Review* correspondent who had tearfully taped the fraudulent trial of Khmer Rouge leader Pol Pot two weeks earlier, was given ample space in the Aug. 15 *Washington Post* to present the gripes of Cambodia's Prince Ranariddh against the Clinton administration. Clearly, the White House does not buy Ranariddh's tall tale, which he told Thayer in an interview in Bangkok, that "the Khmer Rouge are coming back, but they are coming back as nationalists, as patriots, not as killers."

Ranariddh is particularly incensed that the White House has not yet released an FBI report on the March grenade attack on a political rally led by Ranariddh ally Sam Rainsy, against the "corrupt judiciary." The FBI was called in to investigate the attack because American Ron Abney, a case officer with the International Republican Institute at its Phnom Penh regional office, was wounded in the attack. Ranariddh accused the Clinton administration of hiding evidence that his factional opponent, Hun Sen, is a terrorist, and should be brought to trial.

As for Nate Thayer, sources tell *EIR* that his life dream is to be the official biographer of the Khmer Rouge and Pol Pot. He was livid when Hun Sen successfully negotiated the surrender of 18,000 Khmer Rouge militias last year, which action shut down the KR's lucrative gem and timber businesses.

Coptic Christians rebuff CSI meddling in Egypt

The Coptic Christian community in Egypt has denounced Christian Solidarity International-led efforts on behalf of a U.S. Congressional bill, which would authorize boycotts by companies that deal with countries whose governments pursue anti-Christian policies. Among the countries allegedly persecuting Christians, is Egypt, which the CSI, headed by Deputy Speaker of the House of Lords Baroness Caroline Cox, denounces as a Muslim fundamentalist regime.

A spokesman for Pope Shanudah III, head of the Coptic Orthodox Church, told the government weekly *Al Ahram*, that "whatever problems the Copts of Egypt are suffering from, will be solved within a domestic framework, and through purely Egyptian channels." Another Coptic Christian said: "We don't need anybody to claim they are defending the rights of Copts. The U.S. should never call us an Egyptian minority, because we are part and parcel of the national fabric." He further noted, "The draft law before Congress sounds like an old colonial pretext to interfere in Egypt's internal affairs."

A 30-page report on "Religious Persecution," compiled by Sen. Joe Lieberman (D-Conn.) of the Subcommittee on Middle East Affairs, claims that Christians are the target of persecution in Egypt, Sudan, and Saudi Arabia. Lieberman is close to the Anti-Defamation League of B'nai B'rith, and has been working hand-in-glove with Cox's CSI, whose board includes Anglophile conservatives Rep. Frank Wolf (R-Va.) and Chris Smith (R-N.J.). Lieberman's CSI-influenced report asserts: "The persecution of Christians and others who refuse to convert to a fanatical brand of Islam is on the increase in these countries."

THE CORSICAN National Liberation Front hosted a mid-August meeting of some of Britain's favorite European separatist outfits, including the Basque ETA, its legal front Herri Batasuna, and separatist gangs from Sardinia (Italy), Brittany (France), and the Jura (Switzerland).

THE ANTI-DEFAMATION League of B'nai B'rith opened an East European operations center in Vienna, Austria at the end of August. Ceremonies featured former U.S. Ambassador Ronald Lauder, heir to the cosmetics fortune, whose Lauder Foundation donated \$80 million for the project, which includes fighting "anti-Semitism" in Hungary, the Czech Republic, Romania, Bulgaria, Croatia, Bosnia-Herzegovina, and Serbia.

NIGERIA'S defense chief, Maj. Gen. Abdulsalam Abubakar, visited China and North Korea, according to the *Wall Street Journal-Europe*. He reported that Nigeria plans soon to host delegations from both countries' defense establishments.

QIAN QICHEN, China's foreign minister, told visiting Vietnamese Deputy Foreign Minister Vu Khoan that disputes over common land and maritime borders can be settled soon, the *People's Daily* reported on Aug. 16. "Settling boundary issues between China and Vietnam is in the fundamental interest of the people of the two countries and is the wish of the leaders and the peoples of both countries," he said.

MARK THATCHER'S South African home was raided by police in early August, after allegations that the former British prime minister's son had illegally hired armed policemen to protect him. Thatcher, 43, fled from his home in Dallas, Texas, 18 months ago, after reports that tax officials were investigating how he had made his fortune, much of which derived from arms deals.

Teamsters' UPS victory can be a turning point

by Edward Spannaus

"Our fight for good jobs in America marks an historic turning point for working people in this country," said International Brotherhood of Teamsters President Ron Carey, shortly after the settlement in the strike against United Parcel Service was announced, early in the morning of Aug. 19. Carey recalled what had happened in 1982, when the strike of the traffic controllers union, PATCO, was broken, and that union was wiped out. "For 15 years after that, employers all across the country cut jobs, cut pensions, cut health coverage, and stepped on workers' rights," Carey said. "Working people were on the run. . . . This strike marks a new era. . . . This victory sends a signal that American workers are on the move again. After 15 years of taking it on the chin, working families are telling big companies that we will fight for the American dream. This is not just a Teamster victory, this is a victory for all working people."

By all accounts, the settlement between United Parcel Service (UPS) and the International Brotherhood of Teamsters (IBT) was a clear-cut victory for the union. Teamsters President Carey said that the final settlement was very close to the union's final proposal to UPS, made just prior to the strike. The major concession made by the union is that the contract will run for five years, instead of the three originally proposed.

According to Carey (and not disputed by the company), the major features of the settlement are that the pension plan remains under union control, as opposed to the UPS demand that UPS workers be under a separate UPS pension plan; that UPS will create 10,000 new full-time jobs by combining part-time jobs over the five-year contract period; wage increases will be granted to both full-time and part-time workers, and there will be increases in benefits from the pension plan, and the health and welfare plan; there will be additional safety protection for workers who handle heavy packages; and sub-

contracting out of work is to end, except for during the Christmas season.

LaRouche points to 'chiseling'

Lyndon LaRouche, the American statesman and economist who has declared his intention to run for President in 2000, was somewhat more qualified in his assessment of the victory, calling it a "turning point, or a potential turning point," and saying that "we have good reason to be happy about it."

Focussing on the issue of part-time jobs, a central theme of the Teamsters' strike, LaRouche said that the use of part-time workers is "simply a way of chiseling, to turn the suffering of families who are often working two and three part-time jobs to survive, and turning their suffering into leveragable profits on Wall Street."

LaRouche pointed out that these questions of low-wage, part-time jobs, and the lack of adequate benefits, had been taken up by Sens. Tom Daschle (D-S.D.), Jeff Bingaman (D-N.M.), and Edward Kennedy (D-Mass.), Rep. Richard Gephardt (D-Mo.), and other leading Democrats in the Congress in the first half of 1996. This was something "which I supported rather strongly," LaRouche said, adding: "It got lost, about the time that the President decided not to veto the welfare bill. Now it's come back to haunt those who wouldn't pay attention."

"We've got to have a society which is based on the principle that his nation exists for the benefit of all of its people and their posterity. It does not exist for the purpose of making people rich, without regard to the costs and suffering by the population as a whole. If people want to do business with, or in the United States, they ought to be willing, or *forced* to meet the standard of compensation for our working people and our population, in terms of tax payments, and contribu-

tions, things like that, which are necessary for this country to meet its constitutional responsibility to the general welfare of each and all of our citizens and our posterity, and that's what this strike is really about. It's a fight to try to reverse a trend toward barbarism which has taken over this country increasingly in the past 25 years."

An optimistic perspective

The initial results of the UPS strike, the largest U.S. labor action in 25 years, are likely to be an increase in optimism within the labor movement, especially in the United States, but also with international spillovers. While no major new actions are on the agenda, the determination to stand up for the dignity of labor, in a situation where competition for low-wage jobs remains fierce, is a critical starting point.

The question called by the UPS strike drives at the heart of what kind of economy the United States is going to have. A prosperous industrial economy, as has not been seen in the United States for approximately 30 years, depends upon long-term investment in labor skills, education, and physical infrastructure. This is the very antithesis of the quick-buck economy which has built up over this 30-year period, as reflected not only in the gambling fever on the markets, but also on the disinvestment in infrastructure and the workforce.

A reading of the U.S. business press indicates that those who have counted on submission to the low-wage, globalized regime of the last 25 years, are well aware of the threat the UPS strike victory represents. Papers such as the *Wall Street Journal* and the *New York Times* argued that it will take a lot more to reverse the rout of labor, and reminded their readers of the success of the policy of suppressing wages in the name of "controlling inflation," a policy the Federal Reserve Board, for one, has continually insisted upon.

In fact, it will take a broad political fight by labor, along with others, in order to reverse the dramatic economic decline in living standards which has gone along with the post-industrial regime of usury. This will become increasingly obvious as the bankrupt global financial system writhes violently in its death agony. In this context, the degree of support for the financial reorganization and economic reconstruction ideas put forward by economist LaRouche, will be a major determinant of whether labor's current victory, can be expanded, and secured.

Support for the Teamsters' strike

The Teamster strike against UPS enjoyed widespread public support, with the union making the issue of low-wage, part-time jobs a central issue.

During television interviews on the Sunday talk shows on Aug. 17, UPS Chairman Joseph Kelly was particularly upset about the Teamsters' call for a Day of Action for Thursday, Aug. 21, calling it "almost irresponsible," among other things. There were at least 300 events planned nationwide for the

Day of Action, many of which did occur despite the settlement of the strike.

One of the first things IBT President Carey did, in his first press conference announcing the strike settlement, was to say that the Day of Action would go ahead, but with a somewhat different focus. "People will be celebrating our victory over corporate greed," Carey said, "but more than that, people will be showing their support for other workers, for standing up for the great American dream. Non-union workers will be talking about how this victory has inspired them to fight for the future, just as UPS workers did."

Carey said that it was no accident that workers from Federal Express had joined picket lines with the Teamsters in Indianapolis, New York, Philadelphia, and other places. "The FedEx workers know our fight is their fight. If your company comes to you and says they want to shift your job to part time, temporary, or subcontract it to a low-wage firm overseas, you have to be organized, you have to have leverage in order to do something about it."

Also highly significant was the organizing which the Teamsters and the AFL-CIO were doing in Europe around the strike. Already last May, Teamster representatives had held meetings with European unions, and then organized a Day of Action with events in Germany, Italy, Belgium, and other countries. During the recent strike, Teamsters officials were travelling around Europe to organize support. Before the strike was settled, union officials from throughout Europe were scheduled to meet on Aug. 21 in Brussels to discuss possible actions against UPS, including job actions where they are legal, said Andy Banks, a Teamsters international affairs representative. AFL-CIO Secretary-Treasurer Richard Trumka was planning to be in Brussels, with European labor leaders from both the International Transport Workers Federation and the International Confederation of Free Trade Unions.

"UPS is part of the new economy, a modern high-tech money-making machine with global reach," Trumka said. "I think what workers are saying is, if the best we can expect in this new economy is part-time jobs, we're in big trouble."

NAFTA throw-away jobs and workers

Speaking after the settlement, IBT President Carey also pointed to the importance of the Congressional debate over fast-track authority for the North American Free Trade Agreement coming up. "It's all the same fight because what NAFTA really does is help corporations subcontract, not just to other countries, but to other companies as well," he said.

"It's all a part of the same throw-away worker concept: Throw away the jobs of American workers," Carey said. "Exploit workers in countries like Mexico for \$4 a day, and then, if they start to get organized, move from one place to another. It's got to stop, and stopping fast track will be the kind of thing we need to do and the things in terms of unity for working people that they have showed during the past two weeks."

Black officials host African dignitaries

Rep. Harold James, chairman of the Pennsylvania Legislative Black Caucus (PLBC), issued a statement on Aug. 19, hailing the success of the community forum on U.S. policy toward Africa, held on Aug. 9 at the Ayinde Cultural Arts Center in Philadelphia. The forum was sponsored by PLBC and the Pennsylvania Black Elected Officials, on behalf of the National Black Caucus of State Legislators/National Conference of State Legislatures Philadelphia '97. The event was part of a week-long tribute to the late state Rep. David P. Richardson, Jr.

"Over 100 of our community leaders and elected officials, including state legislators from around the country, heard the truth about Africa directly from three very important African statesmen," James said. "The people agreed that we should hold such an event again, and maybe have forums like this on a regular basis."

Introductory remarks were given by Elaine Richardson, mother of David Richardson. Addressing the forum were:

- His Excellency Ambassador Mahdi Ibrahim Mohamed, Sudanese Ambassador to the United States;
- His Excellency Adogah Onah, Minister and Deputy Chief of Mission, Embassy of the Federal Republic of Nigeria to the United States; and
- Honorable Godfrey Binaisa, former President of Uganda, and provisional chairman of the African Civil Rights Movement.

"I learned first-hand how the mass media can put out false information about Africa," James said, "in order to justify destructive actions like sanctions, designed to destabilize and fragment targeted African nations like Sudan or Nigeria. I visited Sudan in February of this year, and found that the negative accusations against that nation had no basis in reality. That's why it is so important for the people to meet and hear these African leaders face-to-face."

James pointed out that Ambassador Mohamed had publicly invited U.S. Sen. Arlen Specter (R-Pa.) to visit Sudan. Specter is the prime sponsor of S. 772, a bill that would impose sanctions on Sudan and other nations for alleged "religious persecution."

"I am willing to go with Senator Specter to Sudan, to assist him in any way I can to learn the truth about the situation there," James said. "I hope that he will accept the ambassador's generous proposal."

James said he plans to help organize a coalition of Pennsylvanians concerned about social and economic justice for Africa. "I believe that this type of link between Africa and

African-Americans could be one of the most powerful means of positive change in the world today," James said.

Representative James urged persons interested in working to develop such a coalition to call his district office at 215-462-3308.

The African Civil Rights Movement

Dr. Binaisa has been extremely active in attempting to educate Americans and Canadians on the current British genocidal gameplan in Africa. On June 30, he was the guest of Massachusetts state Rep. Ben Swan, at an event held at the legislature. Dr. Binaisa has also travelled several times to Canada, for well-attended meetings sponsored by the Schiller Institute.

Dr. Binaisa issued his call for an African Civil Rights Movement in April 1995, and he has declared his intention to hold a founding conference later this year. In his call, he says:

"Recognizing the right for development as the inalienable right of man, we call for a policy of rapid development of the physical economy of our continent. This means the large-scale development of continent-wide infrastructure (railways, roads, waterways, energy, education, and health), it means a perspective of rapid buildup of modern agriculture and industry, so that we will feed ourselves and manufacture from our raw materials. We demand that the existing foreign debt structure be frozen and any payments postponed until such a time as we have economically recovered and have separated out the legitimate from the illegitimate debt. We reject any of the IMF's [International Monetary Fund] SAPs [Structural Adjustment Programs] and privatization policies, and instead join forces with those in Ibero-America, in Russia and Ukraine, who demand a general bankruptcy reorganization of the collapsing world economy, and a 'New, Just World Economic Order.'

"We, the people of Africa, must finally throw off the yoke of the new colonialism and exercise our sovereignty by choosing '20th-century methods' for the most rapid economic development, which will enable 'all the men in all the lands of Africa to live out their lives in freedom from fear and want.' Thus, we lay the basis for lasting peace on our continent. Because, as Pope Paul VI said, 'Development is the new name for peace.'"

Shaking them up

The former Ugandan President, now a senior statesman, does not hold back in excoriating his audiences for their lack of concern for what is happening in Africa.

"Why don't you make a fuss," over the genocide in Africa? he asked his Aug. 9 audience. "You are brainwashed! Let's face it. You look at us like the world looked at Hitler. . . . You say it's not your problem. . . . You try to make excuses; you have to attend a wedding, or a funeral. Soon you will attend your own funeral without having done anything for Africa."

'Defector' Hashemi imprisoned in London

by Edward Spannaus

Formal criminal charges have now been filed in Great Britain against Jamshid Hashemi, the high-level defector from the George Bush-Henry Kissinger circles, whose revelations were featured in the Aug. 8 issue of *EIR*. Should the case ever go to trial, Hashemi is expected to attempt to issue subpoenas for court testimony to prominent British officials, including Baroness Margaret Thatcher, former Home Secretary Leon Brittan, former Foreign Secretary Geoffrey Howe, and ex-Tory Member of Parliament Sir Dennis Walters.

The charges, while not unexpected, are more comprehensive than had been anticipated by some persons familiar with the proceedings against Hashemi in London, which have been pending for a year. Because of strict laws in Britain regarding pre-trial comments by defendants and lawyers in criminal cases, the effect of the lodging of charges may be to prevent Hashemi from discussing what he knows about the Thatcher government's involvement in supplying arms to both Iraq and Iran in the 1980s.

Although the investigation in London grew out of a *civil* case in the United States, involving a U.S. defense contractor, Octagon, Inc., and was being run in London by an attorney from the Criminal Division of the U.S. Department of Justice, it has now apparently expanded to include a multiplicity of alleged offenses dating back to 1987; Hashemi's former lawyer, Michael J. Palmer, has been formally charged as a co-defendant with Hashemi in the "Statement of Offence" filed on Aug. 19.

Kissinger-Bush actions against LaRouche

During June and July, Hashemi disclosed information concerning the planning of actions to be taken against this magazine's founder, Lyndon LaRouche, during the early 1980s. Hashemi's account included a description of a dinner meeting in London in 1984 with former U.S. Secretary of State Henry Kissinger and former U.S. Justice Department official Stanley Pottinger, in which Kissinger and Pottinger plotted out operations targetting LaRouche, whom they both blamed for their own legal problems and the publicity that exposed their dirty operations. Neither Kissinger nor Pottinger (the latter a self-proclaimed friend of George Bush) had any government position at the time, yet they discussed how to get the FBI and Justice Department to go after LaRouche to "shut him down."

Kissinger's efforts to instigate U.S. government actions against LaRouche first came to light in early 1985, when this news service obtained FBI documents showing correspondence between Kissinger and FBI Director William Webster during the latter part of 1982, and then Kissinger's successful efforts to get the President's Foreign Intelligence Advisory Board to trigger FBI action against LaRouche in January 1983.

Hashemi and Thatcher

According to journalistic sources and published accounts, Hashemi had four personal meetings with Margaret Thatcher. One such meeting was at Sir Geoffrey Howe's official residence; another included Sir Leon Brittan at the Carlton Club in London.

Leon Brittan, then Home Secretary, signed the papers giving Hashemi asylum in the United Kingdom in 1984, after Hashemi had been whisked out of the United States by CIA officers, one step ahead of FBI and Customs agents who were about to arrest him for illegal military shipments to Iran. His brother Cyrus Hashemi was also a fugitive, and died mysteriously in London in 1986, after a sudden hospitalization.

After leaving the United States, Jamshid Hashemi was picked up by Britain's MI-6 foreign intelligence service, and arranged shipments of weapons during the Iran-Iraq War, as well as carrying messages back and forth between Iran and the U.K. "I used to pass messages between the ruling regime in Iran and the British government, and then out of the blue I am charged with fraud," Hashemi said. "Every deal I did since I arrived in Britain in 1984, the British authorities knew about." That Hashemi and his lawyer are now being charged with fraud around a number of these deals, is likely to provoke some fierce behind-the-scenes battles in London.

Hashemi was first arrested in August 1996 on what is called in Britain a "holding charge"—that is, there was no formal charge and no evidence presented, and he was jailed for about four weeks at that time. He was released on bail, after a prison doctor warned that there was a risk of his suffering a heart attack "leading to sudden death," if he remained in custody.

In need of a second coronary bypass operation, he asked for permission to travel to the United States to have the surgery performed by the same medical team which had operated on him the first time in 1988. Permission to travel was repeatedly denied, and, as his medical condition worsened in July, Hashemi reportedly attempted to travel to the United States without permission. He was detained, and temporarily released, and suffered a mild heart attack a few hours later, necessitating early surgery. Shortly after having the second by-pass operation, he was sent to prison again, despite warnings from a prison doctor that the prison hospital staff could not deal with a cardiac surgery patient so soon after surgery. Hashemi is now being held in the hospital wing of Her Majesty's Prison Brixton, in metropolitan London.

Leading black weekly blasts Paula Jones suit

The Call And Post, a black weekly in Cleveland editorialized that Paula Jones's sexual harassment suit against President Clinton was "An Assault on the President," and insisted, "Enough is enough!" *The Call and Post* editorialized that "the Jones case is now becoming a circus that could damage not only President Clinton, but weaken the Presidency itself. Paula Jones and her attorneys are entitled to their day in court. However, we can see no compelling argument that convinces us that Ms. Jones's rights would be somehow compromised if that day in court occurred sometime after the President leaves office in the year 2001."

President Clinton's attorneys filed a motion on Aug. 15 asking the Federal court in Little Rock to dismiss Jones's suit which accuses Clinton of sexual harassment, and which the President had adamantly denied in a July 3 pleading.

AFL-CIO launches media ads in organizing drive

AFL-CIO President John Sweeney on Aug. 11 announced the beginning of a new ad campaign to "bring the faces and voices of today's union members into today's living rooms." The campaign includes four TV ads featuring union members talking about how proud they are of their work and how important the union is in improving job skills and giving workers a voice in workplace safety and health benefits. The message is aimed at non-union workers who are undecided or uninformed about unions. Sweeney said the ads will run as a pilot project in five cities, Baltimore, Milwaukee, San Antonio, Seattle, and St. Louis, accompanied by community outreach.

Meanwhile, the United Auto Workers (UAW) Local 599, whose members make auto parts in Flint, Michigan, took out a full-page advertisement attacking environmen-

talism, in the Aug. 11 *Wall Street Journal*. Entitled "Clearing the Air," the union argued, "Poverty is more dangerous to our children than the current low levels of air pollution. Congress must stop the EPA's [Environmental Protection Agency] new, unhealthy barriers to economic growth."

The ad makes the salient point, that the new proposed clean air standards will "have the effect of devastating many minority communities which have just begun to have new hope. . . . If factories are forced to close by the EPA, millions of children will be in danger of growing up without health care, in poverty-stricken—and sometimes dangerous—neighborhoods."

Berger suggests open dialogue with Iran

National Security Adviser Sandy Berger said that the United States is willing to have an "unconditional" dialogue with Iran, in which nothing is excluded, speaking on the "Evans and Novak" program on CNN on Aug. 16. Berger was asked if the United States "will change its policy in any way as a result of the election in Iran and the fact that the new cabinet clearly reflects a more moderate policy?"

Berger responded that President Clinton "has described the election as hopeful, but he's skeptical. I think that's a pretty good three-word posture. That is, obviously [Iranian President Mohammed] Khatami is someone who, at least from the perspective of daily life in Iran, reflected a less repressive view. But the real question is, are they going to do anything about their sponsorship of terrorism? Are they going to do anything about their development of weapons of mass destruction? Are they going to do anything about their violent subversion of the Middle East peace process? And that's the real test of whether our relationship will change."

Correspondent Ralph Begleiter then said that the real question for the United States is, "why not engage in an unconditional dialogue" with Iran? Berger answered that the United States has said for years "that we would engage with the Iranians." He contin-

ued, "We'll have a conversation. They can talk about what they want to talk about. But you cannot have, it seems to me, a sensible conversation with Iran that doesn't deal, from the Americans' perspective, with their sponsorship of terrorism. That is a serious problem for us. We're prepared to have an unconditional conversation with the Iranians. Unconditional means nothing is excluded."

No criminal indictments in Ruby Ridge murders

After a two-year investigation, directed by Philadelphia U.S. Attorney Michael Stiles, the Department of Justice announced on Aug. 15, in a carefully worded eight-page press release, that there will be no criminal indictments against four senior FBI officials, including FBI Deputy Director Larry Potts, for their handling of the Ruby Ridge incident, in which the wife and son of Randy Weaver, and a Weaver family friend, were killed by government sharpshooters in late 1992. The four officials have been on paid leave of absence for the past two years.

Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) and committee member Charles Grassley (R-Iowa) blasted the DOJ decision, vowing to convene new Ruby Ridge hearings as soon as the Senate reconvenes after Labor Day. Specter said that the committee would demand that the DOJ turn over all of the investigative files from the two-year probe, including a 92-page report that was delivered to Attorney General Janet Reno, largely focusing on the role of Potts and one of his chief deputies. The DOJ is saying that the files cannot be released to the Senate yet, because they have been turned over to the DOJ's Office of Professional Responsibility, which will decide whether administrative sanctions should be levied against any of the four. Specter attacked this move, denouncing the OPR as untrustworthy.

While it can be expected that the Republicans, especially Specter, will tend to spin the DOJ decision in an anti-Clinton direction, the revival of the Ruby Ridge scandal,

THE AMERICAN BAR Association reversed its decade-long opposition to Nazi euthanasia, adopting the Supreme Court's amoral stance of allowing states to determine the legalization of physician-assisted suicide. The ABA only urges the states to include monitoring systems ostensibly to protect vulnerable patients.

FOOD IRRADIATION was termed "the fourth leg" of a table for ensuring public health, by Minnesota state epidemiologist Dr. Michael Osterholm. The other three legs are pasteurization, chlorination, and immunization. In the *New England Journal of Medicine*, Osterholm wrote: "Irradiation provides the greatest likelihood of substantially reducing bacterial and parasitic causes of food-borne disease."

THE PRISON SYSTEM expanded 41% between 1990 and 1995, with the inmate population in Federal and state prisons growing by 43%, according to a new Justice Department report. As of mid-1995, there were 1,500 such institutions with a capacity of 976,000 beds. The inmate population rose from 716,000 to 1,024,000 (this doesn't count municipal jails) in the same time period.

NANCY SPANNAUS, the LaRouche Democrat who is running for Congress in Virginia against incumbent Frank Wolf (R), appointed Dr. W. Ferguson Reid as an adviser for her campaign, on Aug. 18. Dr. Reid was "the first African-American to serve in the Virginia House of Delegates in the post-Reconstruction period, [serving] . . . between 1967 and 1973, [and] was also the founder of the Richmond Crusade for Voters, an organization which did a heroic job to bring African-Americans into the political process in Virginia."

SECRETARY OF STATE Madeleine Albright granted Sinn Fein leader Gerry Adams a visa to come to the United States in early September. Accompanying Adams will be Sinn Fein officials Martin McGuinness and Caoimhghin O'Caolain.

which was covered up by both the FBI and the permanent bureaucracy at the DOJ, will reopen the issue of this central feature of DOJ corruption—the most egregious case of which is the railroad of Lyndon LaRouche.

Rep. Oberstar criticizes U.S. infrastructure

Rep. James Oberstar (D-Minn.) attacked the recent budget agreement because it shortchanges long-term infrastructure projects upon which the economy depends. He wrote in the *Minneapolis Star Tribune* in July. The transportation program scheduled to be reauthorized by Sept. 30, was provided \$124 billion over five years, which is no increase over the previous five years, while the overall infrastructure requirement of the nation is in excess of \$300 billion, he said. (*EIR* puts the estimate at over \$5 trillion.)

"But our system is national. Our economy is national. . . . Transportation costs account for 17% of the costs of goods and services in the United States," he said. "Imagine our economic nightmare if costs skyrocket because our aging roads, bridges, and transit systems fall apart beneath us."

Oberstar visited China, Japan, and Hongkong in April, with the delegation of House Transportation Committee Chairman Bud Shuster (R-Pa.). In the Aug. 1-14 issue of *Asian Pages*, Oberstar provided a breathtaking account of what the Chinese are doing. "In seven days, we saw the massive infrastructure projects fueling the region's economic growth. . . . The realities of this experience ranged from enlightening to mind-boggling." He described projects including the Three Gorges Dam, and the five-year plan to expand 35 airports in 35 cities. "Seventeen percent of the world's construction cranes are in use on building projects in Shanghai," he said. "More than 22,000 sites have broken ground." In Hongkong, "ten major infrastructure projects being worked on simultaneously . . . represent \$20 billion of infrastructure investment, including rail lines and road projects," he said. "While we fight here in the U.S. to fund the Airport Im-

provement Program at a mere \$1 billion nationally, Japan and Hongkong move forward with single projects of \$10 and \$20 billion."

Such efforts in the Pacific rim economies offer vast opportunities for U.S. companies to expand their sales, he said. But to remain competitive, the U.S. will have to increase investment in highways and railroads that serve our ports, and we need to dredge our ports to world-class depths to accommodate the new generation of larger and deeper draft ships, and new technologies to speed the movement of cargoes.

Brit charismatics send 'missionaries' to U.S.

A feature in the Aug. 16 *Houston Chronicle* gives a detailed description of the British effort to subvert religion in the United States, focussing on a "long-haired evangelist from South Africa," named Rodney Howard-Browne. At one Fort Worth church, "a woman laughed uncontrollably. A man leapt from a front pew of the church and began spasmodically jerking, his arms flying up and down. 'In the name of Jesus, let it bubble up. Let it bubble up out of your belly,' encouraged Rodney Howard-Browne . . . who calls himself 'the Holy Ghost bartender.'"

In an Internet advertisement for his Revival Ministries International, Howard-Browne writes that "the Lord had told him in a world of prophecy. . . . 'As America has sown missionaries over the past 200 years, I am going to raise up people from other nations to come to the United States of America.'"

According to the London *Guardian*, a Las Vegas entrepreneur named Daxx Edder plans to build a virtual reality religious theme park, complete with a 33-story statue of Jesus. The virtual religion will include a holographic Hell, and Bible scenes including the parting of the Red Sea and Noah's Ark. Edder, head of Quorum International, and his Canadian partner, Stephen Veczel, want to build on a site in Mesquite, Nevada, because it is an old Native American holy ground, and the desert area, says Edder, has the "feel" of Israel.

What it will take, to save the world

We are heading into a turbulent autumn, in which, most likely, the future of the human race for years to come, will be determined. Regular readers of *EIR* are by now familiar with Lyndon LaRouche's "triple curve" schematic of a collapse function: the hyperbolic growth of financial and monetary aggregates, and the corresponding decline of physical production. This "triple curve" is now coming to life before our eyes; we are moving inexorably to the point at which an inelastic boundary condition will be met, and the world's governments will either move swiftly to implement LaRouche's reform program, or we shall plunge into a Dark Age.

This is not a scenario for Armageddon. If we can find within ourselves the emotional and intellectual resources required for courage and leadership, we can leap from the old, bankrupt system, to a new creative hypothesis, a new order.

LaRouche addressed this matter very forcefully, in an Aug. 15 memorandum to his close associates. It is of such universal importance, that we quote portions of that message here.

"In the behavior of both individual persons," he wrote, "and of large components of entire populations, or, also, entire populations, the relation between the emotions and judgment is crucial. However, this is a matter as much misunderstood, as it is important. During upcoming developments, this will be the crucial issue, which determines, in large degree, whether or not the planet as a whole plunges into a 'New Dark Age.'

"The immediate issue is the following:

"The world at large, which, curiously, includes the state of virtual reality known as the minds of the U.S. population, has entered a 'boundary layer,' a kind of 'transonic' region which separates the preceding 30 years from that entirely new order of things, for better, or for much worse, which lies beyond what we shall experience as the increasing turbulence within this boundary layer."

LaRouche stressed that the crucial political effects produced by this boundary layer are scarcely recognized at all by leading strata of the population: that is, the

processes which govern sudden, traumatically induced, "cultural-paradigm shifts."

"Summarily, therefore:

"Given: a large array of possible choices among sets of axiomatic principles of belief (e.g., such as the dimensions of a Riemannian form of n-dimensional manifold), the way in which the emotions controlling the individual's mind select some of those principles, and avoid others, will determine the way in which opinions and actions are selected by that individual mind.

"Thus, a sufficiently powerful trauma, such as the manifest collapse of the international monetary-financial system, is capable of inducing extremely radical transformations in the set of axiomatic assumptions underlying the formation of individual belief. This could be produced as a by-product of the suppression of some axioms and the activation of others which had been, so to say, 'slumbering.' It is also the case, that, under such circumstances, a new axiom (e.g., transforming the manifold of axioms available from n to n+1) may be introduced.

"Generally, the way in which the selection from the n+1 array will be formed, will be based upon the relative optimism, or pessimism prevailing. The factor of optimism is aroused by confidence in the new belief-system as either the basis for generating useful theorems of belief for action, or a conditional confidence, conditional upon some available leadership for formulating and directing appropriate forms of action."

Without addressing the sudden disposition for extremely radical changes in axiomatics underlying the opinion of populations, LaRouche wrote, anything said about strategy and tactics for this period would be thoroughly incompetent.

Such changes are what LaRouche has often described as the "Pearl Harbor effect," by which the American people were transformed, overnight, after the news of the Japanese bombing of Pearl Harbor was transmitted over the radio. We can draw courage from that example, as we mobilize now to achieve a breakthrough of equally historic proportions.

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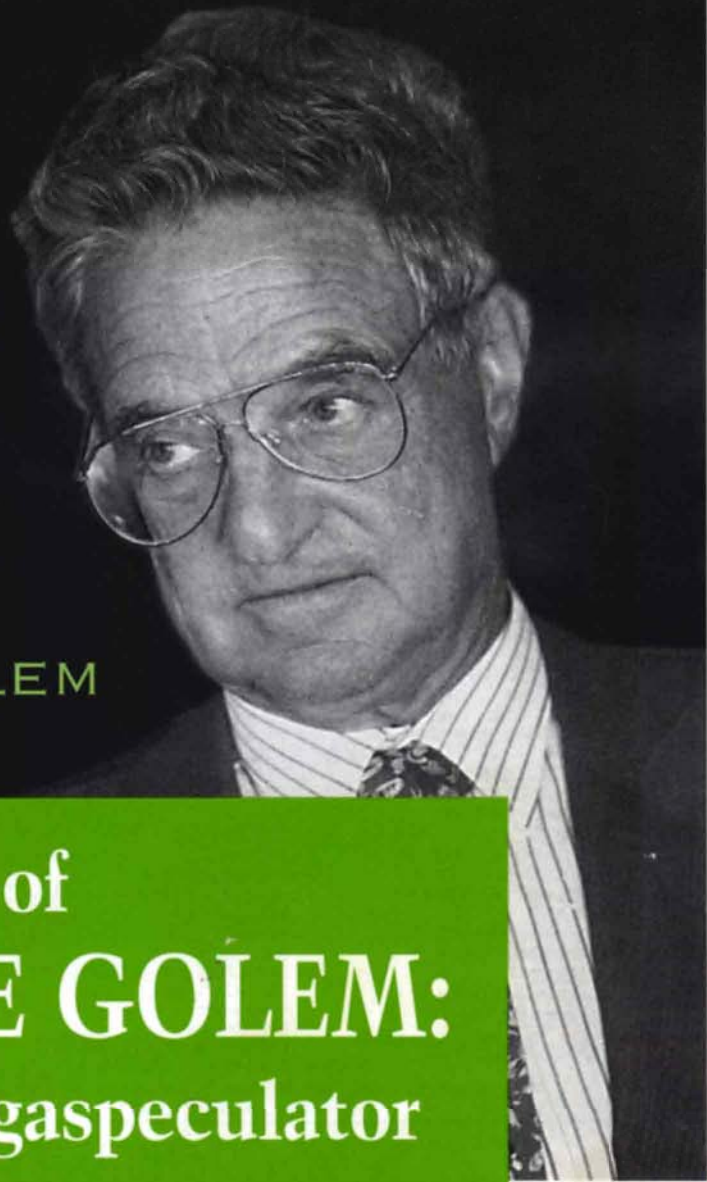
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