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Will Al Gore be impeached?

U.S. should join Eurasian Land-Bridge effort

Clinton's enemies ready new strikes against Iraq

**Brazil's financial meltdown:
time for a New Bretton Woods**



The issue of individual human freedom, is not the issue of "democracy." The essence of freedom, is the right to define oneself as a world-historical individual—to be a resident of the simultaneity of eternity—rather than some self-debased libertarian fool.

—LYNDON H. LAROCHE, JR.
May 28, 1998

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From the Associate Editor

The financial earthquake that Lyndon H. LaRouche, Jr. forecast in *EIR* on Dec. 18, 1998, in his article on “When Economics Becomes Science,” is now occurring on schedule, radiating out from the epicenter in Brazil. As one financial analyst put it on Jan. 14, “The firewall has been breached.”

Here, in part, is what LaRouche wrote: “Some relatively few weeks ahead, Federal Reserve Chairman Alan Greenspan’s Weimar-hyperinflation style, financial bubble, will burst. Unless the President of the U.S.A., by then, accepts my guidance in dealing with this crisis, the existing nations of western Europe, and the U.S.A., will be plunged suddenly into the worst existential crisis since no less than the past six centuries of modern European history. Then, *not much later than some weeks into 1999*, today’s orgy of desperate delusions will come to an end, buried under history’s greatest trashing of paper fool’s gold” (emphasis added).

How can the embattled President be helped to act in the way world history now requires? The key is *LaRouche’s personal role* in directing the attacks against the treasonous concert of forces behind the coup attempt by Al Gore—the subject of a report in our *National* section. If all efforts are focussed on this strategic flank, the enemies of the nation can be dealt a death blow.

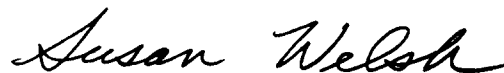
The spirit of how we can win this crucial battle, was conveyed in the following letter to President Clinton, from a supporter in the Australian bush, which came to my attention:

“Dear Mr President,

“Your situation reminds me somewhat of the big buck kangaroo with a pack of dingoes after him—if he can outrun them to a waterhole where he can stand in the water and the dingoes have to swim he will grab them one at a time and hold them under and drown them, generally the leaders first.

“Your dingoes are of the two-legged variety, and you have to relegate them to the crevasses of history—post haste—and you will go down in history as the greatest President the U.S.A. and the world has seen.

“Come on Mr President, put the whip on them, for goodness sake.”



EIR Contents

Interviews

45 Martin Palmer

Prince Philip's religious adviser discusses how the major religions can be made to help promote pagan ecologism, and Al Gore's interest in the project.

Departments

24 From New Delhi

Trade pact will boost regional ties.

25 Australia Dossier

Murder by budget cuts.

64 Editorial

The British face of evil.

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Book Reviews

38 Phony exposé of Diana's death sheds some light—despite authors' intentions

Enquête sur la mort de Diana (Inquiry into the Death of Diana), by Jean-Marie Pontaut and Jérôme Dupuis.

Economics



President Bill Clinton and Brazilian President Fernando Henrique Cardoso, at the White House in April 1995.

4 The day that was: Brazil debt crisis triggers global panic

Lyndon LaRouche warned that Brazil could be the Achilles' heel of the world financial system; now, it's time to heed his warnings, and implement his proposals for a New Bretton Woods system.

6 Dr. Carneiro calls for New Bretton Woods

A letter by former Presidential candidate Dr. Enéas Ferreira Carneiro to Itamar Franco, governor of the state of Minas Gerais, in support of the state's debt moratorium.

8 The LaRouches told you so

9 EIR warned that IMF bailout couldn't work

11 Russia prioritizes credit for recovery

13 China seeks U.S. role in Eurasian Land-Bridge

A shopping list for a strategic partnership.

14 Depleted railroads weaken Pakistan's participation in Eurasian Land-Bridge

18 How Egypt could link Africa to the Eurasian Land-Bridge

A report on a visit by *EIR* representatives to Egypt, including a presentation on the Eurasian Land-Bridge and its extension into Africa through Egypt, to a seminar sponsored by the Center for Asian Studies and the Center for African Studies, at the University of Cairo.

23 Germany kills nuclear power for next century

On top of the government's attacks on the nuclear industry, a plan has been put forward to "Europeanize" the power grid, i.e., buy the cheapest power available, which will cripple investment in any power production capacity.

26 Business Briefs

International

28 Clinton's enemies poised for renewed strikes against Iraq

Whether British and American planes will resume their strikes against Iraq, will depend on whether Vice President Al Gore's political coup d'état attempt against the U.S. Presidency will be stopped.

29 Al Gore, Bush, and the Zionist war lobby

31 London's warlords on the march in Africa

33 Africa in flames

A strategic map.

34 'Blair wars' escalate in United Kingdom as Robin gets cooked

Calls are mounting for the resignation of British Foreign Secretary Robin Cook.

35 Blair greeted by riots in South Africa

Was this a major security bungle, or a "warning," if not an assassination attempt?

37 MI6 spreads more lies in Diana murder probe

The chief French investigator of the crash which killed Princess Diana rebuffs lying British press reports that the probe is over.

43 Prince Philip's 'cat's-paw' Al Gore, Jr. would usher in a New Dark Age

Vice President Gore has been collaborating for a long time with Prince Philip, one of the most implacable foes of the nation-state.

48 International Intelligence

National

50 Will Al Gore be impeached?

The Vice President's "high crimes and misdemeanors" implicate a group of Wall Street and foreign financiers, other members of the Clinton administration's "Principals Committee," former Russian Prime Minister Viktor Chernomyrdin, former Clinton campaign misadviser Dick Morris, and some of the leading Conservative Revolution zealots in the GOP.

54 LaRouche defines policy for year 2000 campaign

57 A profile of the Principals Committee

59 Impeachment trial launched, but Starr is pulling the strings

Despite the fact that the Constitution assigns the responsibility for the impeachment and removal of a President solely to the Congress, Independent Inquisitor Kenneth Starr is the real prosecutor in the Senate trial.

60 Clinton's lawyers warn of threat to Constitution

62 National News

The day that was: Brazil debt crisis triggers global panic

by Dennis Small and Lorenzo Carrasco

It was “Friday the 13th,” two days early.

On Wednesday, Jan. 13, exactly two months to the day after Brazil and the International Monetary Fund (IMF) announced their agreement on the terms of a \$42 billion bailout package, Brazil’s debt bomb exploded, the world financial system began to blow apart, and those who foolishly thought they could ignore Lyndon LaRouche’s warnings and “crisis manage” their way out of the mess, were again scrambling hysterically.

On Jan. 6, Itamar Franco, the newly inaugurated governor of Brazil’s second most important state, Minas Gerais, had imposed a 90-day debt moratorium on payments to the federal government; the economic and political tinderbox that had built up in Brazil began to ignite.

At 9 a.m. on Jan. 13, the Fernando Henrique Cardoso government of Brazil made two announcements: First, that the current head of the Central Bank, Gustavo Franco, had resigned, replaced by Francisco (“Chico”) Lopes, the Central Bank’s erstwhile director of monetary policy. And second, that the Central Bank was lowering the trading band in which Brazil’s currency, the real, is allowed to float by 9%. The real immediately fell by nearly 9% against the dollar.

World markets plummeted, as the news went around the world. The Dow Jones index dropped by more than 200 points at its opening. The São Paulo stock market was shut down briefly by “circuit breakers,” after plunging 10%.

At 12:40 p.m. Brazil time (10:40 a.m. Eastern Daylight Time), President Bill Clinton made a short statement from the White House, announcing that he had received a briefing from Treasury Secretary Robert Rubin and his economic team “on the situation in Brazil, and on the developments in the world markets. We are monitoring the developments closely, especially what is going on in Brazil,” President Clinton reported. Deputy Treasury Secretary Lawrence Summers cancelled a planned trip to New York City, in order to work on the crisis,

hands-on, from Washington.

By the end of the day, more than a billion dollars had fled Brazil.

The next day, Thursday, even more capital fled Brazil (upwards of \$1.5 billion, according to some accounts), bringing capital flight for January up to \$5 billion, and reducing reserves to just over \$30 billion; stock-market and exchange-rate instability began to spread across Ibero-America; and government and financial leaders around the world urgently consulted on what to do.

Then, on Friday morning, all hell broke loose.

At the 9 a.m. opening of markets, the Brazilian Central Bank set the new floor for the real at 1.40 to the dollar—down from its Thursday close of 1.32. But within a half-hour, the stampede to buy dollars and flee the Brazilian financial system was so great, that the government had to announce that it was allowing a free float of the real—the floor’s the limit.

Within two hours, at 11 a.m. local time, the real had dropped to 1.51 to the dollar—an additional 14% devaluation vis-à-vis the dollar. By the end of trading on Friday, the real settled back to 1.45, a 20% drop over two days.

By noon, Finance Minister Pedro Malan and Central Bank director Lopes were on a plane to New York City—to work out with Wall Street and London bankers what comes next, and how to handle things when markets reopen on Monday morning.

‘A breach in the firewall’

Earlier in the week, at a Tuesday breakfast meeting at Blair House in Washington, during a two-day state visit by Argentine President Carlos Menem, he conferred with U.S. Treasury Secretary Rubin, IMF Managing Director Michel Camdessus, World Bank head James Wolfensohn, Argentine Finance Minister Roque Fernández, and others in what the Argentine media called a “prayer session” to come up with a



Brazilian President Fernando Enrique Cardoso is faced with fighting an uphill battle on behalf of Brazil's predatory international creditors, against his own nation.

solution to the Brazil crisis.

Governments and media around the world were equally hysterical. "Red alert . . . to avoid a Russia-style financial meltdown," warned the British wire service Reuters. "The much-feared Hell: Brazil devalues," wailed an Argentine daily. "It's a breach in the firewall that we spent months building around Brazil," protested a top economic adviser to President Clinton.

Counterpose this hysteria to the unambiguous forecast issued by Lyndon LaRouche in his year-end strategic study "When Economics Becomes Science" (*EIR*, Dec. 18, 1998), in which he warned precisely about the nature and timing of the next, ratchet-phase of the global financial disintegration process, hitting sometime very soon after the New Year. As LaRouche warned in that paper, the heads of state of the major governments of the world—including President Clinton, most emphatically—must follow LaRouche's lead by implementing the New Bretton Woods and Eurasian Land-Bridge policies, or the world plunges, this year, into a New Dark Age.

As for the Brazil IMF package specifically, LaRouche wrote on Oct. 30:

"For Brazil, as was the case for Indonesia, the conditions associated with the IMF's demands, are comparable to, or worse than the effects imposed by the Nazi looting of war-time occupied territories. In none of these cases, such as the recently announced G-7 agreement, have any of the governments duly considered the fact, that what the IMF did to Indonesia, and what the G-7 now proposes for both Russia and

Brazil, among other nations, was called 'crimes against humanity' in the post-war Nuremberg Trials of the Nazis."

LaRouche there, as in numerous other writings, singled out the crises in Brazil, Japan, and Russia as among the leading "Achilles' heels" of the world financial system.

In fact, while the eyes of the world were rivetted on Brazil during the second week in January, the Russian time bomb ticked closer and closer to explosion. The government of Prime Minister Yevgeni Primakov has publicly stated that it can only pay \$5 billion on its debt for all of 1999. However, the Russian debt obligations for the year, including the Soviet-era debt, is approximately \$17.5 billion—three and a half times what the Russians say they will pay.

LaRouche's response to the latest Brazil blow-out was prompt, and unambiguous: "There is only one short-term measure which could bring the chain-reaction factor—capital-flight factor!—under control. That is the immediate institution of capital and exchange controls, followed by steps toward establishing a new monetary order modelled upon the pre-1958 phase of the Bretton Woods system."

Important political forces in Brazil agree with that view of LaRouche's. For example, former Presidential candidate Dr. Enéas Carneiro—who last August hosted a historic visit to Brazil by Helga Zepp-LaRouche, who warned Brazilians about the looming global crisis and what to do about it—has issued an open letter to Gov. Itamar Franco, supporting his debt moratorium action. But Dr. Carneiro went further: Brazil must declare capital and exchange controls and break with the IMF, he argued, and then call on the U.S. government to convoke a conference to establish a New Bretton Woods monetary system (see box).

Meltdown

The events of the second week in January in Brazil were a meltdown waiting to happen, merely triggered by the Minas Gerais debt moratorium. The fragility of the world financial system is revealed in the devastating effect produced by the moratorium on a mere 80 million reals (less than \$70 million) in monthly interest payments that Minas Gerais will not be making for the next three months.

President Cardoso has, predictably, tried to blame the entire crisis on one "lone governor." But trying to blame Itamar Franco for the world crisis, wrote one journalist in the daily *O Globo*, is like blaming the Japanese man "who set off a rocket at the same instant that the atomic bomb was exploded over Hiroshima."

What really worries Cardoso—and Brazil's creditors whose interests he has slavishly defended—is that the action taken by Itamar Franco, who was President of Brazil during 1992-94, has *politically* ignited the country. It could trigger similar sovereign measures by a half-dozen other governors (especially those of the opposition parties), and thousands of mayors, all of whom find themselves in equally desperate situations with regard to interest payments on their respective debts to the federal government. The state debts to the federal

government, in combination, represent more than \$100 billion, which is one-fourth of Brazil's entire public debt.

As a shaken Merrill Lynch broker told the Brazilian press: "What the markets want to know is, how many Itamar Francos are there in Brazil."

In his official announcement of the moratorium, which he proclaimed within days of his inauguration as governor, Franco had stated: "From the moment that we became aware of the chaos that had taken over mainly the financial administration of the state of Minas Gerais, we defined for our secretariat emergency measures of adjustment of public expenditures, and we will not back down from this decision. I therefore reaffirm that Minas Gerais is in a state of moratorium for 90 days, beginning Jan. 1, and that, because of an absolute lack of money, we will not honor financial agreements made by the previous government."

The former head of state added forcefully: "The threats of retaliation by the federal government do not intimidate us, nor do they worry us. . . . If they are concretized, we will know how to act; we will study the available measures to make sure that social chaos, like financial chaos, does not establish itself in Minas."

Days later, speaking to representatives of 26 unions representing public employees, Franco explained his action: "In simple terms, if I borrow 100 reals from a usurer, I owe the usurer. But if my son gets sick, I'm going to spend the 100 reals for my son, and I'll tell the usurer, 'I don't have any money now, you'll have to wait for a bit.'"

Franco's move has begun to catalyze the widespread nationwide discontent against the economic policies of the federal government. Exemplary is the statement of Celio de Castro, mayor of Belo Horizonte, capital of Minas Gerais, who said: "The courageous attitude of Dr. Itamar Franco places him in the leadership of the governors, and also of the mayors." De Castro announced he was going to call a meeting of mayors from throughout the country to be present on Jan. 18, when the meeting of a half-dozen opposition governors was scheduled to be held in the state capital. He also called for the country's mayors to march on the nation's capital Brasilia, on March 31, to force the federal government to renegotiate state and city debts, and warned that a wider moratorium might be declared.

Another significant statement of support for Itamar Franco came from Ambassador Rubens Ricupero, currently Secretary General of the UN Conference on Trade and Development (UNCTAD), who has criticized the policy of President Cardoso and has called attention to China's successful economic policies, as opposed to the failed system of globalization.

Cardoso's threats are a risky strategy

The knee-jerk reaction by Cardoso, and his international financial controllers, has been to come down like a ton of bricks on Itamar Franco and anyone who supports him. For

Dr. Carneiro calls for New Bretton Woods

The following letter was issued on Jan. 14, 1999 by Dr. Enéas Ferreira Carneiro to Brazil's former President Itamar Franco, who is now Governor of the state of Minas Gerais. Dr. Ferreira Carneiro is the national president of the Party for the Rebuilding of the National Order (PRONA), and ran as its Presidential candidate in the 1998 elections. He was one of the individuals who invited Mrs. Helga Zepp-LaRouche to visit Brazil in August 1998, as we reported in our Aug. 28, 1998 issue.

January 14, 1999

Rio de Janeiro

His Excellency Dr. Itamar Franco

Governor of the State of Minas Gerais

The position which Your Excellency has adopted, by deciding to stop, for some time, the payment of interest to the creditors of Minas Gerais reflects, at the very least, a position of absolute and uncontestable *courage*.

This, because Your Excellency made public, without hypocrisy, the impossibility of the State of Minas Gerais to continue feeding the voraciousness of the speculative process which is destroying national life.

example, Cardoso's first pronouncement was: "I am the authority of the Republic, who was elected and who obeys the law . . . and who doesn't allow that the law be broken by anyone, no matter who he is. . . . Everyone will obey the law, no matter what it costs."

Similarly, representatives of the world financial oligarchy, such as former Argentine Finance Minister Domingo Cavallo, have demanded an "iron fist" against Itamar Franco. And bankers ranging from BankBoston's President Geraldo Carbone, to officials of Spain's Banco Santander, have issued public warnings that the Brazilian government must not make any concessions to Franco's demands for debt renegotiation.

Franco responded to the Presidential threats: "He should do what he thinks is best, but nobody is obligated to do the impossible." He added: "The emperor has no clothes. . . . What I am doing is defending the interests of Minas. I must first avoid social chaos in Minas. I can't pay the accounts of the state and stop paying the suppliers of food to the state's prisons, the wages of officials and of the military police. This is demanded by the constitution I am sworn to uphold."

But, President Cardoso is bent on playing with fire. Heavy-handed repression against Franco and Minas Gerais,

We had already warned in an earlier meeting — when Your Excellency served as President of the Republic — of the approaching financial cataclysm, were the interest rates on the payment of the Public Debt to be maintained.

At such a grave and delicate moment for our national life, it is necessary to encourage the movement which Your Excellency began, so that Brazil can, finally, find its way to economic independence and development.

Considering the astronomical level of public indebtedness (on the order of a half-trillion dollars), which monthly drains more than half the National Income in interest payments, with the resulting progressive destruction of national industrial and agricultural activity, we suggest that Brazil, faced with the absolute impossibility of continuing this persistent bleeding of its people, immediately impose a set of measures, consisting of: exchange controls, reducing imports to only the indispensable minimum, a drastic reduction in interest rates, the restoration of credit — for *national* productive activity — through the Banco do Brasil, and freezing for some time, *along the lines of Your Excellency's fearless example*, any cash payments to the creditors of our Internal and Foreign Debts.

In the state of already unsustainable crisis in which the country finds itself, it is inconceivable to take on loans from the IMF or similar institutions. This is not the solution to our problem. It is the cause of it. It is time that we rely on our own resources.

It is of fundamental importance that Brazil, shielded

by its unique geopolitical situation — a gigantic territory, unimaginable wealth of raw materials, energy and agricultural potential, a world leader in potable water — direct an explicit call to the United States of America for that country to convoke, under its leadership, a new Bretton Woods agreement in which sane regulations are defined for the existence and functioning of the International Financial System, putting an end to the current speculative process which, like an insatiable cancer, is eating away at the insides of sovereign Nation-States, decimating their populations.

The participants in this Emergency Meeting should include the great world powers which have, in one form or another, opposed the current dictates of the International Financial System. I refer to China, India, Russia, and our Brazil.

Your Excellency has sparked a process which has every possibility of becoming irreversible. Reason and a minimum of civic spirit aimed at national salvation, point to the adoption of the measures I have suggested.

Anything other than this, maintaining the status quo, would mean plunging into a New Dark Age, the first signs of which already appear on the horizon.

Sincerely,

Dr. Enéas Ferreira Carneiro
National President of PRONA
Former Presidential candidate

is likely to only set off a social explosion around the country, and would unleash a major constitutional crisis as well, which has long been brewing.

The issue resides in the fact that Brazil is governed by a *federated* system — that is, the states are federated into a national union, but historically have retained important economic and political power. No federal government in the 100-year republican history of Brazil has been able to challenge that arrangement . . . and survive.

In today's crisis, that translates into the fact that the economic policy dictated to Brazil by the IMF and World Bank, and blindly carried out by the Cardoso government, deliberately demands the concentration of a tyrannical centralized economic power within the federal government, while destroying the capacity of the states to administer their own economies. In fact, the recent reorganization of the states' debts was done with this in mind, and as a result the states have been asphyxiated by interest payments and forced to privatize and otherwise dismantle nearly all of the state and municipal companies, including their traditional banking and credit systems.

This whole process, if allowed to continue, will culminate

in the destruction of the Brazilian federated system, followed by the establishment of a British colonial-style currency board. That would put an end to the country's monetary and credit-generating sovereignty, and turn it into a colony of the world financial oligarchy.

If Franco sticks to his guns and succeeds in unifying a patriotic insurgency in defense of the country's sovereign development, Cardoso and the IMF will be in a bind. The only road that would then be open to them, would be to undertake a federal intervention against the states, which would require the backing of the Brazilian Armed Forces. But there is also substantial ferment within the military against Cardoso's policies of handing sovereignty over to foreign financial interests, and there is no guarantee that they would carry out such a mission.

As one experienced Brazilian politician, a former cabinet minister, told this magazine: "Since the period of the [Portuguese] Empire, there has never been a government that can sustain itself against the opposition of Minas Gerais, São Paulo, and Rio de Janeiro. Remember that the 1930 Revolution involved the states of Rio Grande do Sul and Minas Gerais, which overturned the Old Republic."

The LaRouches told you so

Lyndon LaRouche warned repeatedly throughout the fall and winter of 1998, that all attempts to patch up the world financial system through “crisis management,” including such foolishness as the International Monetary Fund-Group of Seven attempted bailout of Brazil, would fail. In his Nov. 23 paper, “When Economics Becomes Science” (EIR, Dec. 18, 1998), LaRouche forewarned world leaders of not just the events, but the precise time frame of the likely financial unravelling—as he had for the October 1987 U.S. stock market crash, and the October 1997 Asia financial disintegration. Here are excerpts from that paper:

Unfortunately, during early October 1998, even after twelve months’ consistent proof of my forecast, the G-7 governments had foolishly rejected my warnings. These supposedly leading nations of North America, western Europe, and Japan, had chosen exactly what I had forewarned them against doing. They had launched a hyperinflationary pump-priming operation, a parody of the hyperinflationary spiral which Weimar Germany had unleashed upon itself during the years 1921-1923.

Since this past October, until the day this is written, those governments, central bankers, and most of the mass media of those nations, have been obsessed by their professed delusion, that their hyperinflationary bubble-pumping, led by U.S. Federal Reserve Chairman Alan Greenspan and other doomed ducks of central banking, had brought to an end the financial crises experienced over the year from mid-October 1997 through September 1998. . . .

The central bankers’ latest bookkeeping swindle, the attempt to hide the trade-collapse figures for no more than a couple of months, at most, marks the end of the line—the time when, as the giggling kindergarten children once said it, “all fall down, go boom!”

Some relatively few weeks ahead, Federal Reserve Chairman Alan Greenspan’s Weimar-hyperinflation style, financial bubble, will burst. Unless the President of the U.S.A., by then, accepts my guidance in dealing with this crisis, the existing nations of western Europe, and the U.S.A., will be plunged suddenly into the worst existential crisis since no less than the past six centuries of modern European history. Then, not much later than some weeks into 1999, today’s orgy of desperate delusions will come to an end, buried under history’s greatest trashing of paper fool’s gold. . . .

Helga Zepp-LaRouche’s visit to Brazil

Lyndon LaRouche’s warnings were well-known in Brazil. The Brazilian daily Monitor Mercantil, on Aug. 18, 1998, published an interview with Helga Zepp-LaRouche, during her Aug. 8-14 visit to Brazil, in which she warned that Brazil would be attacked. Here are excerpts from Monitor Mercantil’s coverage:

. . . The outbreak of the crisis didn’t surprise German economist Helga Zepp-LaRouche, who was in Brazil last week and told *Monitor Mercantil* that the IMF and G-7 bailout packages barely postponed [Russia’s] default. . . .

Zepp-LaRouche . . . underscored that a speculative attack on Brazil’s currency hasn’t yet occurred, only because of a political decision on the part of the international monetary system to ensure FH’s [President Fernando Henrique Cardoso] reelection.

Should FH be reelected, Brazil, according to the economist, will be the target of an attack. The purpose would be to obtain as many concessions as possible: greater opening of the banking system (including privatizing state banks), sale of the remaining state companies, and even the imposition of a currency board. . . .

Helga was in Rio de Janeiro and São Paulo last week to present the book *The Science of Christian Economy*, written by her husband Lyndon LaRouche, the American economist who has harshly criticized the financial system. Helga has no doubt that the world is entering its most serious economic crisis since the 1929 depression, caused by the collapse of the international financial system, and she sees only one alternative—change the entire system:

“Only a new correlation of nations, led by the most populous nations, primarily China and India, can pressure the governments of the United States and the other G-7 countries, to confront the problem, and change the current situation,” she affirmed.

Coverage of LaRouche’s proposals

The eight-point action plan outlined in Lyndon LaRouche’s Sept. 27, 1998 paper, “Emergency World Reorganization: What Each Among All Nations Must Do Now,” was published in at least three Brazilian national and regional newspapers in October. In one case, the plan was published in Jornal do Commercio, a daily with a circulation of 100,000, whose readership is primarily businessmen throughout the country, as an editorial commentary on the existential crisis facing nations around the world. It was signed by Air Force Col. Aldo Alvim. “The American economist Lyndon LaRouche, who has been warning about these deviations in world finances for years, gives the following prescription for how to overcome the crisis,” Alvim wrote, before concluding with LaRouche’s full eight points.

In November 1998, as the new IMF conditionalities sent shockwaves through the country, LaRouche’s associates in

the Ibero-American Solidarity Movement published 10,000 copies of a pamphlet entitled "People First! Bankers and Speculators Can Wait," which warned that the attempt to impose such measures would provoke a crisis of the federal pact upon which the Constitution is founded. The centerpiece of that pamphlet, copies of which have circulated from hand-to-hand among nationalist networks throughout the country, was LaRouche's "What Each Among All Nations Must Do Now." It warned:

1. In general, it must be recognized that this is not only the most explosive and dangerous financial and monetary emergency in modern history, but an immediate, and unavoidable threat. Only pre-emptive and immediate actions could prevent the present situation from bringing about the virtually immediate collapse of civilization world-wide. . . .

2. Each nation must assert the principle, that there exists no higher political authority on this planet, than a perfectly sovereign nation-state republic. . . .

4. Under present circumstances, this requires immediate measures of capital controls, exchange controls, international regulation of financial and monetary affairs, and terms of trade, by each and all individual sovereign nation-states. This must include the setting of protected prices for essential commodities of domestic consumption and export-import trade. In many cases, it will be necessary, at least temporarily, to introduce rationing of essentials of household consumption and production, to ensure the protection of the continuity of such essential trade in defiance of price-speculation against actual or perceived scarcities. It is by parallel and cooperative use of these methods, that national economies shall be defended against an already inevitable, early, sudden, and rapid collapse of fictitious financial instruments.

5. Each sovereign state must place its financial, monetary, and economic affairs under general financial reorganization, as in general bankruptcy. . . . The essentials of basic economic infrastructure, agriculture, manufacturing, international hard-commodity trade, and general social welfare, must be defended. Other financial claims are either nullified, or converted into long-term frozen assets at lowest interest-rates. . . .

6. In general, the practice of issuance of international financial loans shall be terminated, "for the duration of the period of the continuing state of crisis." Instead, state-backed credit shall be issued, chiefly long-term credit for basic economic infrastructure, agriculture, manufacturing, and world trade, at low discounts (below 1-2% per annum). This credit shall be issued by methods of national banking, using private "industrial-style" banking as the customary medium for issuance and supervision of state-backed credit issued as long-term and other loans. . . . It is to be acknowledged, that large-scale basic economic infrastructure investments funded largely by state-issued credit, will serve as the principal means for reaching break-even during an initial, medium-term period, and beyond.

EIR warned that IMF bailout couldn't work

In mid-November 1998, EIR released a video entitled "Economic Shocks: Why the World Needs Lyndon LaRouche as President Clinton's Economic Adviser." In it, EIR Ibero-American editor Dennis Small gave the following report on the Brazil debt crisis:

As you can see from **Figure 1**, Brazil's real foreign debt will be approximately \$481 billion by the end of 1998. That is the largest foreign debt of any so-called "emerging nation" in the world. It is two and a half times larger than the Russian real foreign debt.

Now, in addition to that, U.S. banks are far more exposed in Brazil than they are in the situation in Russia. U.S. banks have about \$35 billion in direct exposure in Brazil. And that compares to their Russian exposure of about \$7.7 billion. So their exposure in Brazil is four times larger (see **Figure 2**).

So, with a real foreign debt two and a half times larger than Russia's, and exposure for the U.S. banks four times larger, when Brazil goes, the shock wave of that debt explosion is going to have about 10 times the direct impact on

FIGURE 1
Brazil: real foreign debt

(billions of \$)

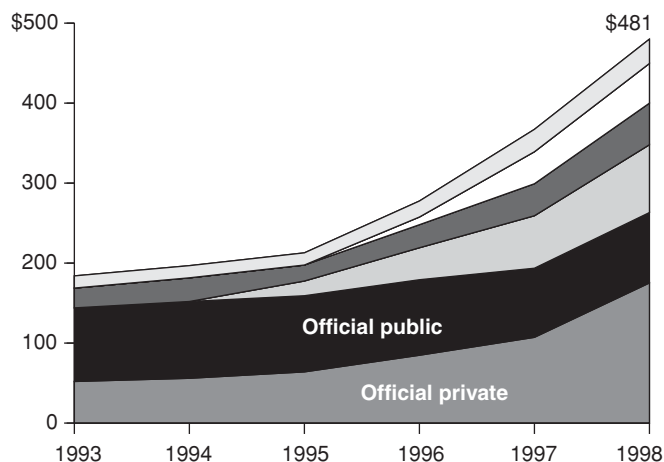


FIGURE 2
U.S. bank exposure

(billions \$)

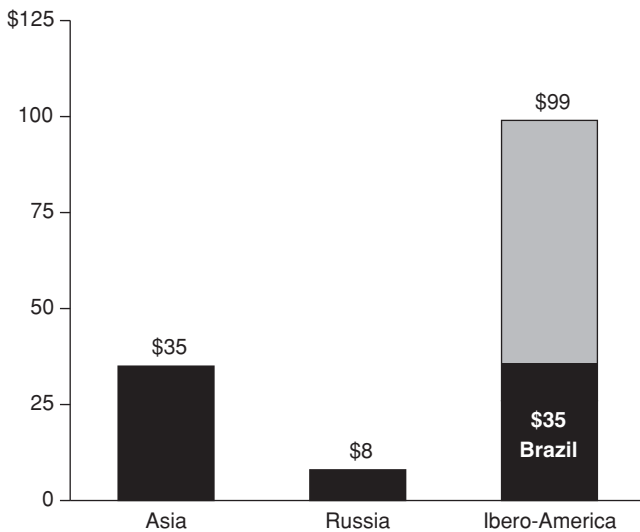
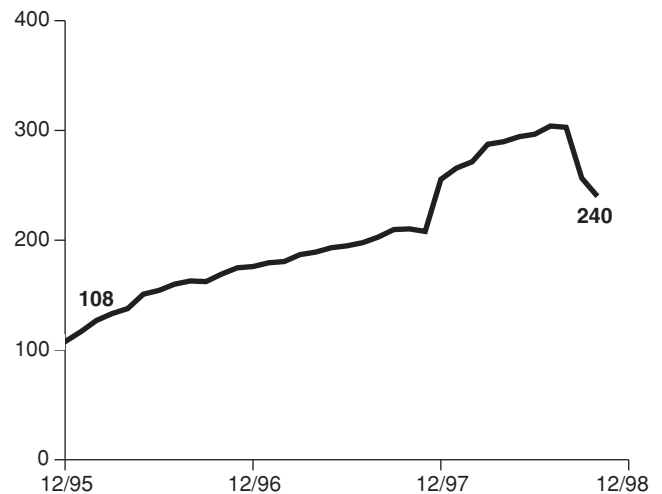


FIGURE 3
Brazil: treasury bonds

(billions of reais)



U.S. banks as the Russian debt bomb explosion.

In addition to the problem of the foreign debt, there is the broader issue of the public debt of the government of Brazil, both foreign and domestic. That debt has grown astronomically: It was growing at the rate of 40% per year until late 1997 (see **Figure 3**). But over the first half of 1998, it grew by about 100% per year, up until the month of September, when they were hit by the effect of the Russian debt moratorium, of Aug. 17, 1998—that date which is burned in the memory of bankers around the world. When, on that date, the Russians declared a partial debt moratorium, neither the Brazilians nor any other government in the world were able to roll over any of the debt that the bankers were holding. And therefore, the Brazilian public debt outstanding plummeted—it had to be paid off. It fell by more than 40 billion reais, or about \$35 billion, in the month of September alone.

Over the coming month of November 1998, another \$40 billion or more in government debt comes due, and it is quite likely that that will not be able to be rolled over, either. Much of the money is fleeing the country in the form of capital flight: reais converted into dollars, and simply leaving the country. In fact, over the months of August and September, \$25-30 billion out of Brazil's reserves of \$75 billion fled the country in panic.

The bailout package

In the face of this, the International Monetary Fund (IMF) and various Group of Seven governments, are putting together

a package of some \$30 billion [it ultimately turned out to be \$42 billion], which is supposedly going to save Brazil, or rather save Brazil's creditor banks, in the face of this type of speculative assault. Except, it's not going to work, for two reasons.

First of all, it's not enough money. Brazil would need 10 times as much money, \$300 billion or more, as back-up to face the kind of speculative debt assault that they will be seeing.

Second, politically, President Fernando Henrique Cardoso will not be able to implement the IMF austerity package inside the country. Although Cardoso, unlike Prime Minister Yevgeni Primakov in Russia, has agreed to go full-steam ahead with IMF policies and total austerity, major political forces in the country do not agree with him.

For example, a typical quote is that of the head of the São Paulo industrialists federation, the largest and most important business federation in the country, who said: "President Cardoso is gambling, double or nothing, on a bet he has already lost." In fact, after the announcement of the big \$30 billion-plus bailout package, capital has continued to flee Brazil at the rate of some \$1 billion per day. Brazil's foreign reserves will not stand up to this for very long, and it is a very good likelihood that the Brazilian debt bubble will blow out in the few remaining weeks and months in 1998.

When that happens, the rest of Ibero-America—Mexico, Argentina, and other countries—will follow shortly down the path of disintegration. And when all of that occurs, it will be a shock heard around the world.

Russia prioritizes credit for recovery

by Rachel Douglas

Along with the financial explosion in Brazil, the New Year brought renewed anxiety about Russia's ability to service a foreign debt of \$150 billion. Its sheer unpayability, given the devastation of the Russian economy by the policies of the International Monetary Fund (IMF), is compounded—to the chagrin of a global financial oligarchy that thrives on speculation and brute-force collection—by the Primakov government's determination not to sacrifice the population and the national security of Russia on the altar of the debt.

Interest and principal due on Russia's debt in 1999, including state-to-state (Paris Club) and commercial (London Club) debt inherited from the Soviet Union, is \$17.5 billion. The 1999 federal budget law, currently in the process of approval by the State Duma, provides less than \$5 billion direct funding for debt service. To reach a level of \$9.5 billion in debt service spending, which government officials last year suggested could be managed if the Soviet-era debt categories were restructured, Russia would have to count on new loans from abroad. But, those are by no means guaranteed to be forthcoming.

In several year-end statements, Prime Minister Yevgeni Primakov reiterated the position of his government: The debt obligations of the state will be honored, but Russia cannot pay just at the moment. Visiting Kazakstan on Dec. 23, Primakov said, "Russia will not declare default. Russia will pay all debts, both internal and external. Russia is interested in debt restructuring." Addressing the State Duma during the Dec. 24 budget debate, he clarified "the fundamental difference between the present government and our predecessors," namely that the latter had addicted Russia to foreign borrowing, as if to a narcotic, borrowing money to plug holes in the budget (more and more of which was then consumed by debt service).

"We have departed from this for reasons of principle," Primakov said, but "we do need relations with international financial organizations." He stated that Russia's payments to the IMF should certainly be made on time, but said that would require the IMF to issue a loan tranche to Russia. He noted that bilateral loans from Japan, as well as potential restructuring of the London Club and Paris Club debt, were contingent on agreement with the IMF for the release of such funds.

Payments missed

Russia did make several multi-hundred-million-dollar interest payments on its Eurobonds, which are recent dollar-denominated borrowings by post-Soviet Russia, in the last days of December. Other types of debt are in limbo.

London Club debt. On Dec. 29, the grace period expired on a \$362 million interest payment on PRINs, the restructured bond form of the ex-Soviet debt. The state-owned Vneshekonombank had offered London Club creditors new IANs (Interest Arrears Notes) in lieu of cash, to which 72% of the creditors agreed. Jan. 19 is the date given by the lead London Club creditor, Bank of America, for official determination of whether or not Russia is "in default" on PRINs. The Russian Ministry of Finance, in a Jan. 9 statement, said there was no basis to declare default or to seize Russian assets abroad, as Moscow press had rumored. On Jan. 14, Fitch IBCA downgraded the total outstanding PRINs debt, which is \$22.4 billion, to DD, a default rating.

Restructured GKO. Not officially part of the foreign debt, the ruble-denominated GKO/OFZ state bond pyramid collapsed in August. On Jan. 18, according to a Russian Finance Ministry official speaking at the beginning of the month, the government intends to resume talks with the representatives of foreign holders of the GKO/OFZ bonds.

IMF loans. An International Monetary Fund delegation is due in Moscow on Jan. 20, after failure to come to terms with Russia at the end of last year. On Jan. 14, the Fund's Moscow representative Martin Gilman was quoted by Interfax, saying that the long-delayed next tranche of last summer's \$22.6 billion IMF-led package is now a dead letter, and that any new monies will be a new program. (How the first \$4.8 billion tranche was spent—to save whose investments—is now one of the subjects of a criminal investigation of former Central Bank chief Sergei Dubinin and others.) First Deputy Prime Minister Yuri Maslyukov met with IMF officials, during a short visit to the United States Jan. 13-14.

The Russian financial oligarchs' banks. On Jan. 9, Interfax news agency circulated a wire, reporting that five out of Russia's ten largest banks are insolvent, unable to meet their debts to creditors, or to service customers. The five named by Interfax are Inkombank, SBS-Agro, Oneksimbank, Rossiysky Kredit, and Menatep. These five have been on various "dead duck" lists, repeatedly, after the Aug. 17, 1998 financial breakdown. The Russian banks were among the biggest players in the GKO pyramid scheme; they functioned less as normal lending institutions, than as vehicles for that speculation. They do, however, have obligations abroad, so their ongoing demise can have an impact on the global debt crisis. There have already been cases of London authorities freezing the foreign assets of some of these banks, in an attempt to force honoring of foreign currency forward contracts and other obligations. As of Nov. 16, Itar-TASS

reported that Menatep, Alfa Bank, SBS-Agro, and Promstroibank were in negotiations with foreign creditors over unfulfilled forward contracts.

A budget for real investment

The 1999 federal budget was passed by the State Duma in the first reading (out of four reviews), on Dec. 24. Minister of Economics Andrei Shapovalyants addressed the Duma on its policy content, asserting that the government is confident it can achieve a turnaround to economic growth, including the growth of industrial output, by the second half of 1999. He provided detailed projected schedules for major industries.

“What makes us confident that we will achieve the results that I have presented?” asked Shapovalyants. Four factors: “tax policy, improvement of finances in the real sector, targeted financing, and organizing the investment process.” Factors three and four will be the functional area of Russia’s new Development Bank.

Shapovalyants said, “The focus of attention in 1999 will be on targeted financing of the real sector. In the conditions in the economy after August 1998, targeted financing may enable us to fill the niches formed in the domestic market in the food and light industry markets, in the forestry complex, metal-working and chemistry. In connection with this problem and the related problem of building up investments in the Russian economy the government has separated, within the federal budget, the current expenditure and investment expenditure. In other words, as part of the 1999 budget it has isolated a Development Budget. This includes all the investment resources, including military conversion programs and financing of high efficiency projects. This would make it possible next year not only to patch up holes, but to start building up an investment and industrial policy.”

A development bank

“A key element of infrastructure to ensure effective crediting of projects similar to the ones referred to above, will be the Russian Development Bank. Its analyses and the priorities of government industrial policy will provide the basis for the final choice of investment projects, monitoring the returns on investments, including returns that go into the federal budget.”

The creation of the Development Bank brings a national banking component into Russian policy, while the government is also attempting to unwind the mess surrounding the defunct mega-speculator banks.

In November, the Central Bank revealed its plan to segregate banks into four categories: 1) 600 banks, representing 15% of bank assets, which could survive without assistance; 2) 190 stable regional banks, with 10.5% of bank assets, which need help to develop; 3) eighteen banks with 41% of bank assets, considered important in social and economic terms, which need help to survive; 4) banks that will not survive.

There are ongoing deliberations, over which banks should come into the third group—how much of the failed investments of the oligarchs’ banks the state should assume.

Moscow Mayor Yuri Luzhkov, for instance, said in October, “I do not think that the oligarchic banks can be restored as commercial structures,” but he added that “banks . . . for instance, such a bank as SBS-Agro, should not be liquidated. It would be inadmissible for the state to liquidate SBS-Agro.” SBS-Agro and Most Bank, after the state-owned Savings Bank (Sberbank), have the largest percentage of citizens’ savings deposits in Russia. SBS-Agro has an extensive network of branches.

Central Bank Chairman Viktor Gerashchenko has also spoken about SBS-Agro as a “system-forming” bank that needs to be supported. First Deputy Prime Minister Yuri Maslyukov said in November, “Only a small number of banks can be nationalized and not until the potential of all the other instruments has been exhausted. The Central Bank’s program will help put the banking system on its feet. It will ensure a differentiated approach to banks depending on their financial status and it includes nationalization of a few structurally important banks. So far, I can name only one such bank—SBS-Agro.”

The plan for a new “development bank,” incorporating elements of the post-war German Kreditanstalt für Wiederaufbau and comparable Japanese institutions, was broached by Maslyukov, shortly after formation of the Primakov government last autumn. On Dec. 29, Itar-Tass reported that Maslyukov will preside over a working group to draft a medium-term program of Russia’s social and economic development. Its members include Shapovalyants, First Deputy Minister of State Property Aleksandr Braverman, Chairman of the Federal Commission for Securities Dmitri Vasilyev, Deputy Finance Minister Oleg Vyugin—and, two strong advocates of state-directed incentives for investment in the real economy, Director of the Russian Academy of Sciences Institute of Economics Academician Leonid Abalkin, and chief of the Information-Analytical Agency of the staff of the Federation Council (upper house of Parliament) Dr. Sergei Glazyev.

Policies are also changing at the Russian Central Bank, which on Jan. 11 announced new rules for managing export earnings, requiring any Russian exporter to repatriate 75% of foreign currency revenues, instead of the previous level of 50%. That is, the exporters must bring that portion of their foreign currency earnings back to Russia and exchange them for rubles. The conversion must be effected within seven working days, as opposed to the previous 14-day limit.

On Jan. 4, Primakov signed a resolution, restricting exports of some commodities by means of a 10% export tariff. The tax is imposed on the export of copper, nickel, aluminum, lead, zinc, cobalt, and titanium, and several agricultural products.

China seeks U.S. role in Eurasian Land-Bridge

At a time when China, Russia, and India have formed a “strategic triangle” for infrastructure development, and when China is forging ahead to build the Eurasian Land-Bridge, Chinese officials have offered the United States a role in this great project of the 21st century. In December 1998, Chinese

officials came to Washington with a “shopping list” of *trillions of dollars* in capital goods that they would like to buy from the United States or other countries, and which would create hundreds of thousands of new American jobs in the productive sector.

The Land-Bridge, as *EIR* has emphasized, is essential to the recovery of the bankrupt economies of the world. Coupled with a New Bretton Woods financial reorganization and the adoption of Hamiltonian methods of national credit-creation, the project will put an end to the cancer of the “post-industrial society,” uplifting the lives of people all around the world, who are currently sunk in poverty and misery.

At a press conference in Washington on Dec. 22, Yu Shuning, Chinese Minister-Counselor for Press Affairs, said

that “the Chinese delegation provided the U.S. side with three lists of major projects to provide opportunities for the U.S. business community to compete on the Chinese market.

“The first two lists comprise 28 projects in infrastructure and 10 technical renovation projects, which will be undertaken this year and in 1999. The amount of these 38 projects is about \$20 billion.

“Secondly, the third list comprises 25 sectors, areas for cooperation between the two sides in the period from 1998 through 2005. The value of these projects is estimated at U.S.\$600 billion.

“And finally, we told the U.S. side that in this period, from 1998 through 2005, China will import equipments, technologies, and products worth U.S.\$1.5 trillion.

“So, there are plenty of opportunities for the U.S. corporations to compete on the Chinese market on a fair basis. We say to address the issue, joint efforts are necessary.”

The lists contain a wide variety of manufacturing and hard infrastructure projects in which the United States can participate. A few of the projects are shown in **Figure 1**.

EIR's economics staff is currently preparing a detailed report, for publication in a forthcoming issue, on exactly what China needs, how the United States can help, and what the specific benefits would be for the failing U.S. economy.

FIGURE 1
China invites U.S. companies to bid on building power projects



Source: Chinese Ministry for Press Affairs.

Depleted railroads weaken Pakistan's participation in Eurasian Land-Bridge

by Ramtanu Maitra and Susan B. Maitra

One of the key elements to the future success of the southern leg of the Eurasian Land-Bridge, which would link Singapore to Iran and beyond through the Indian subcontinent, is Pakistan's railroads. Consecutive administrations in Islamabad, however, have virtually trashed the railroads and seem to be hell-bent on destroying a major future developmental potential for Pakistan.

It is surprising, that at a time when Asian nations, China and Iran in particular, are expanding and modernizing their railroads to enhance their trade with developed nations in Europe, and to open up the Central Asian nations for development, Pakistan, an oil-importing nation, has instead decided to invest in motorways to link its major cities. For Pakistan, a nation full of poor and illiterate people, adoption of such a policy is not only bizarre, but also highly dangerous.

It is not difficult to see what has gone wrong with Pakistan and why this error has made the overall situation worse and the country ungovernable. During the 50 years since Pakistan came into being as an independent nation, a handful of Pakistani elite have adopted policies that led to greater disparity within the population. This eventually produced social chaos, and brought about Pakistan's dependence on foreign countries, particularly economically. As a result, Pakistan's economic and financial policies are now virtually dictated by the Washington Consensus—an unholy alliance of the International Monetary Fund-World Bank, Wall Street, and the U.S. State Department; illiteracy continues to rise; violence within the country has reached a dangerous level; more people are now under the poverty line than 30 years ago; and a large number of the country's institutions have been fully criminalized.

Anti-poor policies

On-the-ground realities indicate that Pakistan, once a wheat-surplus nation, is steadily becoming a net importer of wheat, because Islamabad over the years did precious little to enhance water supply to the farmlands, and thus became more and more dependent on rainfall. Pakistan's railways, built by the colonial British to ferry soldiers from the Gangetic plains to Afghanistan to guard the difficult terrain around the Khyber

Pass, has turned into a heap of junk, and are now ready to be sold off to private operators for a song. When a senior official of Pakistan Railways was asked recently who runs the railways, he replied: "Allah is running Pakistan Railways."

If Allah is credited, or blamed, for running a railway system in which nothing much functions, Prime Minister Nawaz Sharif seems not the least concerned. He is busy gloating over his success in building high-capital-cost toll highways of international standard. It is another matter that, in a country where more than 80% of its 120 million people cannot afford a car, the highways are of dubious value in enhancing mobility and trade. Whereas billions of dollars of this poor country have been plowed into the highway projects connecting some of the major cities of Pakistan, the railways have been deprived of funding and allowed to die.

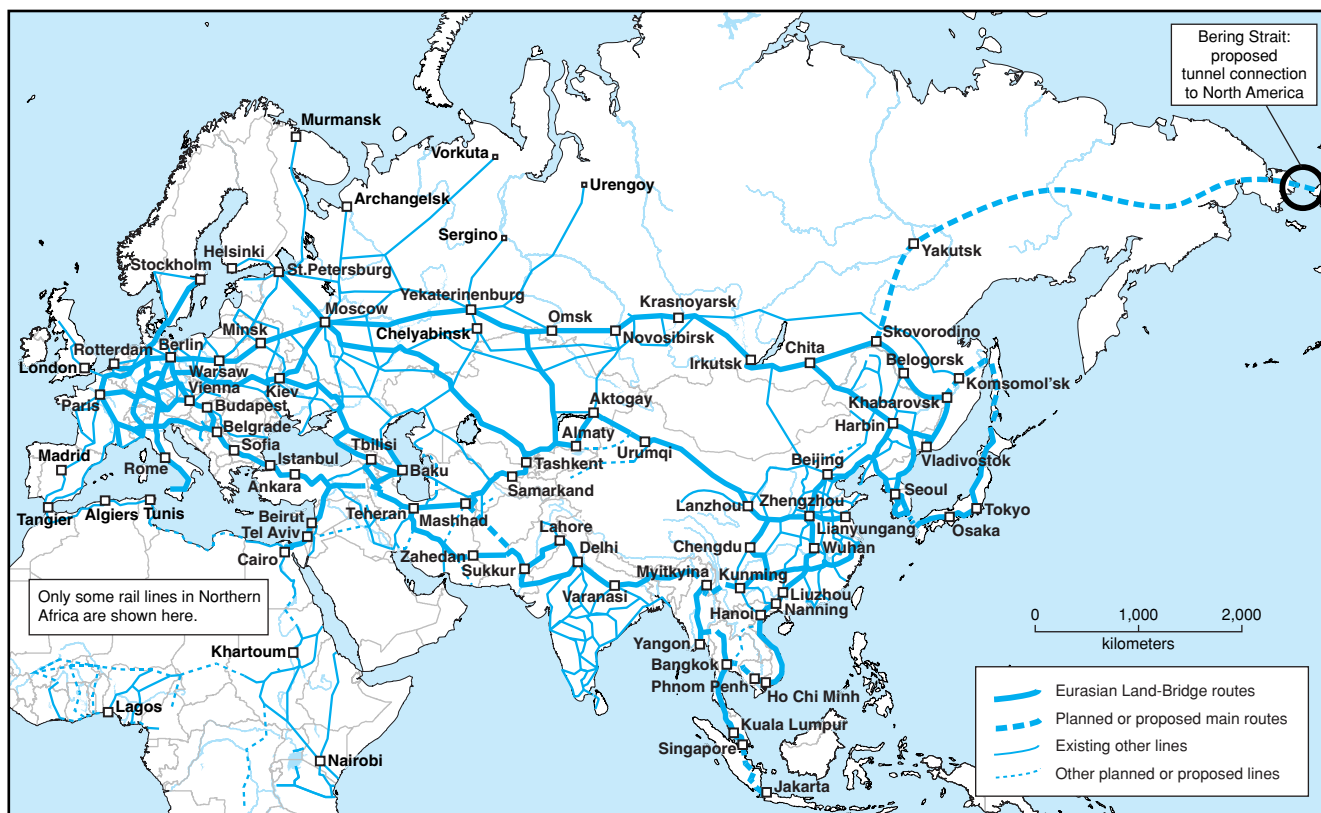
Pakistan has a total of 8,163 kilometers of railroads, of which 7,718 km is broad gauge (1.676 meter) and about 1,040 km double-tracked. A very small stretch (293 km) of broad gauge is electrified. Pakistan Railways also has 445 km of meter-gauge line. In contrast, the country has 228,206 km of multi-lane roadways.

Most of Pakistan's railroads were built between 1900-20, during British rule. While the railroads in the province of Punjab, and those connecting Punjab to the cities of Sindh, were broad gauge, the narrow-gauge railroads were built by the British Raj to facilitate troop movement to military cantonments on the borders of the North West Frontier Province (N.W.F.P.) and Baluchistan with Afghanistan.

At the time that the subcontinent was partitioned in 1947, both the railroads and the agriculture on the Pakistan side were considered superior to what existed in India. The balance began to shift in favor of the Indian side of the Punjab in the early 1960s, when Pakistan went for provincialization of Pakistan Railways, which at the time was making substantial profit. By 1980, Pakistan Railways had lost its profitability and had become a political football. Every railway project was opposed by Pakistani bureaucrats already under the influence of the budget-cutting International Monetary Fund officials. Politicians, on the other hand, blustered to keep up their facade of helping the poor, while in reality, allowing

FIGURE 1

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



themselves to be dragged along by their nose by the IMF-influenced bureaucrats.

Trashing the railroads

In 1985, Pakistan's then-Finance Minister, who was also an international bureaucrat, obviously influenced by the World Bank, suggested that Pakistan Railways should draw up its own budget. He also stated that Pakistan Railways must try to find ways and means to raise funds and not depend on government subsidy. The honorable minister pointed out, as did the IMF, that such action would reduce the country's recurring annual revenue deficit. Railway authorities countered that the railroad is basically a public utility service, which is known to incur loss, because it provides a vital service to the people in general, in order to enhance mobility of goods and people and generate new income.

The policy, however, led to a dual failure. Having curbed its growth potential by trashing the existing physical infrastructure, Pakistan walked into a long-term debt trap, and Pakistan's railways became moribund, ready to be sold off as scrap.

It has been pointed out by many observant Pakistani columnists that the neglect of the country's railroads began to

show up in the 1960s. Since 1960, the Railway's share in freight traffic has declined drastically, from 57% in 1960-61 to 49% in 1971-72; it dropped to 26.6% in 1985, and is less than 20% now. By allowing investment to be directed into the highways, and by taking a conscious decision not to modernize and expand the railroads, Islamabad put the final nails in Pakistan Railways' coffin. Whatever is left of the railways after such a myopic approach is a pitiable sight and, naturally, immensely unprofitable. Predictably, in the 1990s, many appeared on the scene in Pakistan demanding that the loss-making railroads be privatized and that unprofitable routes be shut down.

Islamabad has now set up a Railways Regulatory Authority (RRA) in order to privatize the entire rail network. Besides preparing the groundwork for setting up RRA, the Privatization Commission is also working on the corporatization of Pakistan Railways. The commission has hired two foreign firms, Hiklings of Canada and CIE Consult of Ireland, to work out the necessary modalities. Islamabad had planned to fully divest Pakistan Railways by the end of 1998.

Despite a distinct anti-railroads (read: anti-poor and anti-development) bias that has influenced the decisions of consecutive governments, the fact remains that a locomotive

FIGURE 2

Proposed upgrades to Pakistan's rail system



carrying a 2,000-ton payload in Pakistan today does not cost more than \$2 million. By contrast, a road vehicle capable of hauling only a 20-ton payload costs at least \$80,000; that amounts to a road-to-rail capital-cost-ratio of 4:1 for the same hauling capacity. Moreover, Pakistan is an oil-importing nation. It shells out every year close to \$2 billion for crude oil. In choosing to carry bulk material by road, and to abandon railroads, the government is raising the import cost higher. Pakistan has little in foreign exchange reserves to take care of its necessary imports, and a large foreign debt which is growing by the hour. It will be again “up to Allah” to see how Pakistan copes with things if, and when, the oil price shoots up once more.

In addition, those who promote highways over the railroads as a more appropriate means of carrying bulk material in Pakistan will soon find out that the tolls raised by the newly built motorways may not be even 50% of what has been projected. This will mean that a new set of subsidies will have to be worked out to keep the private entrepreneurs interested in the job, or else the toll collectors will walk away, leaving the highways toll free.

Requirements for a national transport system

The coming century, as China and Russia have clearly indicated, will depend heavily on what the nations of East Asia, South Asia, Southeast Asia, Central Asia, the Middle East, and Russia, can do to exploit the growth potential that exists in the form of manpower and resources in this vast area. The Eurasian Land-Bridge, connecting the southern- and eastern-most parts of Asia to Europe, opens up the possibility over a long period of time of a new and abundant growth phase (**Figure 1**).

However, the Eurasian Land-Bridge will never be built unless its full potential is clearly understood. Pakistan’s ally China has already grasped the fact that rail transport must play the central role in the development of the Eurasian infrastructure corridors. For freight transport between fixed points, rail transport requires much less energy and less labor per ton-kilometer and value-ton-kilometer transported, than transport by truck. The railroad carries more bulk and moves at a much higher speed than trucks.

The following observations, therefore, are natural (see **Figure 2**):

- For freight transport between Sindh-Rajasthan (India) borders and the Baluchistan-Iran borders—a distance of almost 950 km as the crow flies—a high-speed railroad of 150 km per hour is required. Passenger traffic shall have rail transport at 300 km per hour, comparable to the French TGV. This will require computerization and advanced electronic signalling.

This east-west corridor will pass through such major towns as Karachi, Hyderabad, Mirpur Khas, Nawabshah, Sukkur, Shikarpur, Jacobabad, Sibi, Quetta to Qila Safed,

near Fort Sandak.

This corridor will help develop trade with India as well, feeding into India’s major industrialized provinces of Gujarat and Maharashtra.

- Another east-west corridor originating in Lahore must join the southern feeder at Sukkur. This east-west high-speed railroad corridor will connect Lahore, Sahiwal, Multan, Bahawalpur, and Rahimyar Khan to Sukkur.

This feeder will be linked to Amritsar, in the Indian state of Punjab, which will serve as the feeder point for a vast part of India’s northern and eastern Gangetic plains, including the capital of New Delhi and its neighboring areas.

- Since Pakistan is really a north-south country enriched by the fertile valleys of the Indus, Chenub, and Sutlej rivers, a number of north-south feeders are necessary. For instance, a feeder must originate in Abbottabad, linking Islamabad, Rawalpindi, Jhelum, Gujrat, Gujranwal, Sargodha, Faisalabad, and Jhang Sadar to Multan.

A second one must originate in Mardan and traverse the Indus, linking Nowshera, Peshawar, Campbellpore, Mianwali, Liaquatabad, Dera Ismail Khan, and Dera Ghazi Khan to Shikarpur.

In addition to these major railway arteries, Pakistan needs to develop its inland water transportation, since the Indus, Chenub, and Jhelum rivers all flow north to south. A barge transport system operating between Port Qasim and Sukkur to Kalabagh would cut down transport costs considerably and enhance the carrying capacity of the north-south corridors significantly. The route between Port Qasim and Sukkur, where a dam is located, poses some navigational problems, but they can be overcome by building some feeder canals with locks.

There is no question that low-cost bulk commodities such as wheat, rice, cotton, sugarcane, edible oil, cement, salt, fertilizer, and construction materials, which are now being transported by road at high cost, are ideally suited for water transport. According to available estimates, transport by slow-moving barges is about 50% cheaper than rail freight.

- The rail requirements discussed here can be best understood if one considers the historical impact of railroads throughout the world in settling population and developing industrial bases. The advantage of rail corridors is the concentration of population, which presupposes a high level of economic activity. Any point within a 100-km-wide development corridor can easily be reached by short-haul trucking.

- One other advantage of railroad transport in the context of the Indian subcontinent, is that it may be the transport system that is least affected by climate and weather. The monsoon which inundates highways and roadways during the six or seven weeks of downpour, has much less impact on the railroads. But, to make use of this advantage, the railroads of Pakistan have to be modernized and should be embedded in concrete in areas that are flood-prone.

How Egypt could link Africa to the Eurasian Land-Bridge

by Muriel Mirak-Weissbach

Throughout the millennia of its history, Egypt has been the fertile ground for the cultivation of ideas, originating in various parts of the world, and generating the development of civilization. From the earliest times, Egypt was one center of the sea-faring culture of the Peoples of the Sea, the founder of Sumerian culture. From the sea-faring culture, it developed a riparian culture, utilizing the vast resources of the great Nile River, to build up a civilization, throughout the area including modern-day Sudan (Eir Sudan), which was a culture known for its advanced astronomical knowledge. Under the impulse of the colonization of Alexander the Great, Egypt became the center of Greek Classical culture, epitomized in the institution of research and learning which was the Bibliotheca Alexandrina, founded on Alexander's orders. From this cultural center in the third century B.C., Egyptian colonizers explored and settled vast areas of Polynesia, as well as the Americas (see Lyndon H. LaRouche, Jr., "Scrapping the Usual Academic Frauds: 'Go with the Flow': Why Scholars Lied About Ulysses' Transatlantic Crossing," *EIR*, Nov. 20, 1998). In the modern era, Christianity arrived on the continent through Egypt, through the Coptic Church, and, later, was a beachhead for the Arabs who introduced Islam from the seventh century.

In the 21st century, Egypt's function will be to provide the bridge between the civilization of the Orient and that of Africa. It is as a bridge between the great Eurasian continent and the vast, undeveloped potential of the African continent, that Egypt is destined to fulfill its promise.

This concept was the theme of a lively exchange of views, during a seminar held at the University of Cairo in December. Sponsored by the Center for Asian Studies and the Center for African Studies, of the Faculty of Economics and Political Science, the seminar heard a presentation by *EIR* representatives on the Eurasian Land-Bridge, and its extension into Africa through Egypt. Jacques Cheminade, president of the Solidarity and Progress political party in France, joined in to present the proposals elaborated by the LaRouche movement, for the rapid industrialization of the African economy. Cheminade contrasted the projects envisioned by the British, for depopulation of Africa through the ravages of wars and famine, to the extraordinarily rapid expansion of urban centers

hosting populations at a high living standard and technology, made possible by the establishment of continental grids of basic infrastructure: This includes a north-south, east-west railway system, with branches into all nations of the continent. It includes as well, a series of projects in water management, like the Transaqua project (see "Transaqua: An Idea for the Sahel," *EIR*, Aug. 29, 1997), the Qattara Depression, and the second Nile.

The idea of the Eurasian Land-Bridge, as a project not only promoted by the LaRouche movement, but actively being implemented by the government of the People's Republic of China, in cooperation with other states, first came to the attention of the Center for Asian Studies a year earlier, when the director of the institute, Prof. Selim Mohammad, attended a seminar on Central Asian development in Ashgabat, Turkmenistan. There, as Professor Selim noted in his introductory remarks at the Cairo seminar, he had heard a presentation by *EIR* on the Eurasian Land-Bridge perspective, as the driving force for world economic recovery. Following that, scholars at the Cairo institute started studying the project, he said, and focussed, in particular, on the role which Egypt could play, in becoming the bridge into Africa.

The idea since then had generated considerable interest, as became evident in the discussion at the seminar. The central issue which emerged in the debate, was the impact the Land-Bridge would have on the Suez Canal, which provides transit for ocean-going vessels between Europe and Africa, Africa, and Asia. The concern expressed by representatives of the Suez Canal Authority from Ismailia, present at the seminar, was that the land route would compete with the ship traffic, negatively affecting the canal's activities and revenues. The argument was also put forth, that sea lanes offered cheaper and more efficient means of transportation.

In the ensuing debate, the apparent paradox was solved, by elaboration of the actual economic impact the Land-Bridge would have not only on Egypt, but on the continent as a whole. Here, by vastly upgrading the technological levels of the economic process, through advanced rail infrastructure and modern inland waterways, as well as extensive application of nuclear energy for urban agro-industrial development, the levels



Egyptian President Hosni Mubarak points out the extent of the Toshka Project to create a new Nile delta in Upper Egypt, on a scale-model of the project, which he inaugurated on Jan. 9, 1997. Like the “New Cities” project, the Toshka Project aims to bring people, industry, and agriculture out of the narrow band defined by the Nile River.

of energy throughput in the whole economy would be so raised, as to generate the need for more, not less, trade overall, thus generating more, not less, demand for the Suez Canal. More broadly, the point was made, that if the Land-Bridge is not implemented, the world economic depression, already in progress, will wipe out trade, thus rendering passages like the Suez Canal, obsolete. Finally, if the world economy is conceptualized as one process, then the various forms of transportation systems of goods and persons, must be considered as parts of an integrated system. This, in fact, is the case of the projected Eurasian Land-Bridge in *EIR*'s elaboration; it is also the case of the Transaqua project, which foresees integrated container traffic via water and road/rail lines.

The deeper question underlying such concerns has to do with the reality factor: insofar as the world financial, monetary, and economic crises are not seen to be “real” in Egypt, because no dramatic collapse in the fledgling stock market or national currency has yet hit the country, to that extent the urgent need for alternative structures and a motor for world economic recovery, is not perceived as immediate and desirable. This perception is destined to change in the short term, as world events, including the dramatic dynamic toward war and chaos in the region, will deal a reality shock.

Beyond the Nile

While the debate about the Eurasian Land-Bridge continues to rage—and it is a real debate, which involves serious work of the Center for Asian Studies as well as the Suez Canal Authority, to develop feasibility studies—the country is already engaged in a series of projects which are coherent with the Eurasian Land-Bridge approach. The most energeti-

cally pursued project, is the government plan to create a large number of new cities. The basic concept, is that in order to alleviate the population pressures on Cairo, it is necessary to create new urban centers outside the capital, which offer all the advantages of major cities. If the project succeeds, it will mean that for the first time in Egypt's history, population growth will be extended beyond of the Nile River valley.

That such urban development is required, is obvious the minute one takes a taxi anywhere in Cairo. The greater Cairo area, with some 10 million residents, does not have the transportation infrastructure to handle enormous flows of goods and people. Work is continuing on a citywide subway network, which will improve communications, but will not solve the problem. Thus the need for new cities, within a broader plan for national development.

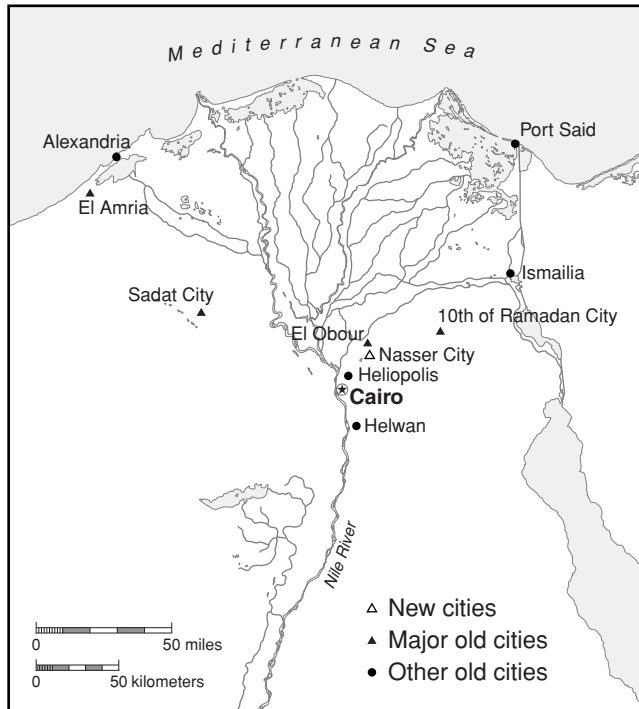
According to a background briefing provided to *EIR* by the Ministry of Housing, Utilities, and Urban Communities, the government strategy moves along three axes:

1. Development of remote areas, such as the Sinai, the northwest coastal areas, the Red Sea, etc. In these designated “development areas,” the government provides basic infrastructure—roads, water pipelines, desalination plants, and electricity—as the precondition for development. Here, for example, in the Red Sea area, five water pipelines have been built, to transport Nile water, to the Sinai, the Northwest and Red Sea. For those areas which are too distant to be economically provided with Nile water, the government has set up desalination plants, for example, for Sharm al Shaik.

2. Construction of new urban communities, chosen to create “development poles.” These are the new cities around

FIGURE 1

Egypt's New-Cities Program

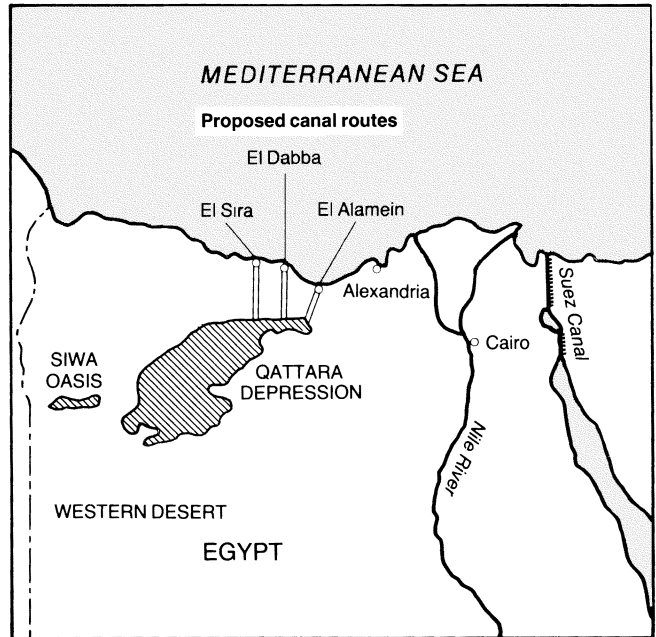


Cairo, such as by the 10th of Ramadan, located between Cairo and the Suez Canal; Sadat City, which lies between Cairo and Alexandria; the 6th of October City, between Cairo and Fayoum. The program, which began in the late 1970s, has led to the creation of 16 to 18 new cities, in various stages of development; about 16 are completed. There are 2,200 factories currently operating in them, providing 250,000 new jobs, which account for annual production worth 23 billion Egyptian pounds (roughly \$6-7 billion at current rates). There are plans to build 44 more new cities by the year 2017-2020. Egypt expects a population growth of about 20 million in that time-frame, and therefore requires housing and jobs for the expansion. Sites are selected for new cities, according to geographical considerations, the preference going to flat land areas, not affected by earthquake activity. The sites are chosen such that they can be connected up to the existing infrastructure networks. Since the late 1970s, some 12-15 billion Egyptian pounds have been spent for infrastructure and infrastructure networks, services, schools, mosques, churches, hospitals, commercial centers, and some housing units for low- and middle-income families, in the new cities. About 2-2.5 billion pounds per year are allocated for further development, from the federal budget. The remaining expenditures are covered from the cities, which sell land.

3. Existing urban centers in the Nile Valley and Nile

FIGURE 2

Qattara Depression project



Delta are to be equipped with upgraded infrastructure and services, especially water and modern sewage systems. All this involves massive investment, estimated at 3-5 billion Egyptian pounds (\$1-1.5 billion) per year. A total of 40 billion has been spent for water and waste water projects since 1988. Government financing provides basic infrastructure, and the private sector is expected to then step in and finance housing, industry and agriculture. The biggest problem encountered thus far by the government in its urban expansion plan, is subjective: how to encourage citizens to leave a metropolis like Cairo, for example, and move to a new town, which will take time to develop? Rapid and efficient transportation links to the main cities, is seen as a priority in solving this problem. The other main attraction to the new cities, is the promise of productive employment in modern factories. There has been an attempt to characterize the cities, giving each a special area of expertise, such that one may be known for its medical centers, another for its institutions of higher education, another for its concentration of industrial activity.

The 6th of October City

During a visit to the 6th of October City, *EIR* correspondents had a chance to see firsthand what the potentials and problems associated with the new cities program are. This city, about 40 kilometers west of Cairo, is 190 meters above sea level, about the same height as the Pyramid plateau. The

land area of the city is 360 square kilometers, and its population, currently 250,000, is expected to reach 1 million by the year 2020. The basic infrastructure includes water, which is pumped in by a pumping station near Giza. After use, the water is treated, and repumped for agricultural and industrial use. Electricity is produced by the high dam, and bus service provides transportation to Cairo. The city plan was designed with a residential area, an agricultural belt and an industrial area. These zones were placed, such that winds, moving from east to west, would carry any industrial fumes away from residential areas. In addition to these zones, there is also a sports and recreation center with golf course, hotels, and a media project.

The residential area is divided into 12 districts, provided with community centers, fire stations, schools, kindergartens, and shopping centers. Building plots are sold in different sizes, and there are three basic categories of housing, to accommodate different income levels. The industrial area has facilities for food processing, textiles, chemicals, and construction material production. There are 343 factories operating in the city today. For industrial investors, the land is, technically speaking, not purchased, but made available; the investors pay for the basic infrastructure, as well as construction of production sites. The city authority started in 1982 with loans from Egyptian banks, to set up the basic infrastructure, then paid off the loans by selling land for residential development. The investor community meets monthly with the city authority, along with representatives of the federal and local government, to coordinate further work.

In an effort to attract foreign investment into the city, special incentives are being offered; investors can operate for ten years without paying taxes, are freed from paying import duty on imported machines, and pay low tariffs for production materials which must be imported. Protective tariffs have been established to protect all Egyptian production, until the year 2005. Among the foreign groups operating in the city, are BMW, Mercedes, Suzuki, Daewoo, Hyundai, Citroën, and Opel.

The main problem faced by this city, is the same one others share: how to attract residents. The city has two public and several private hospitals, and schools at all levels up to university. Yet, still, much of the housing that is available has not been occupied, partly due to higher prices than in Cairo. One important factor in populating the city, has been the offer of productive employment. Typically, young men will find jobs in the factories, and, perhaps after a period of commuting from Cairo, will move into the city with their wives and families. The majority of the residents in this city are young couples around 25 to 30 years old.

The Mubarak-Kohl Initiative

The most exciting aspect of the new cities is certainly the way in which industrial production is organized and coordi-

nated with technical and vocational training. As the name of the program, "Mubarak-Kohl Initiative," indicates, it came about as part of an agreement between the German and Egyptian governments. First proposed by President Hosni Mubarak during a 1991 visit to Germany, as a means of promoting education and developing employment opportunities for young Egyptians, the agreement was sealed in a letter of intent in 1992. It called for Germany to provide assistance to Egypt, technically, in developing "Technical and Vocational Training" (TEVT), through the introduction of what is known as the Dual/Cooperative System. Following a series of seminars and studies, it was decided to launch the program as a pilot project in the new cities, precisely because they offered modern industries, advanced technologies, and coordination of the private sector with the authorities. Thus the first programs were introduced in the 10th of Ramadan City, the 6th of October City and Sadat City, beginning with trades deemed crucial for all production, i.e., industrial mechanics and industrial electronics. Other sectors were introduced as well, garment production, heavy machinery, and sugar production.

The basic concept of the program is one that has been tried and tested with excellent results in Germany, the "dual system" of factory and theoretical training combined. The aim is to develop a skilled labor force trained in both the scientific and practical basis, and using the most advanced technologies and teaching methods available. This approach aims at tackling youth unemployment in Egypt, from an advanced standpoint, creating the skilled labor which the country's economy will require to be independent in the repair and maintenance of equipment.

The partners in the initiative are the Egyptian Ministry of Education, the investors associations in the new cities, and the German Technical Cooperation (GTZ). The Education Ministry provides qualified teaching personnel, and adapts the school facilities to run the regional projects, it pays the personnel, and oversees the qualification of candidates. The investors contract the apprentices for factory training, assume costs of the regional units, and take part in identifying the production sectors to be developed. The GTZ, which is part of the German Ministry of International Cooperation and Development, supplies training aids and experts as required, and helps set up the regional units, as well as training Egyptian teachers.

The type of training is both theoretical and vocational, as carried out in the German *technische Hochschule*. Students or apprentices, spend four days a week in the factory and two in the classroom. They do this for 34 weeks in the school year, then work full-time in the factory during summer vacation, with one month off. The three-year program stipulates that the apprentice should work at least one year following promotion, in the factory. The companies must guarantee 48 jobs, in order to participate.

The program works, because it provides students with

instruction, which is immediately transferred to the practical realm. Demonstration laboratories, student experiment laboratories and workshops are some of the facilities available for training. There are production facilities at the school, to allow for initial work experience under school guidance, followed by training in rare skills with complex machinery, in the central training facilities. Finally, there is on-the-job training in the workplace.

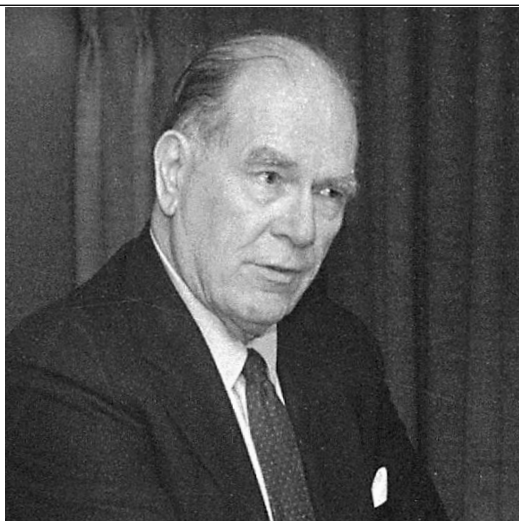
The emphasis in the program, is to develop in the young man or woman, the ability to develop new capacities, in a continuing process. And the program has had excellent results, according to the dean of the Faculty of Engineering, Dr. Ibrahim Shabaka, who is also the head of the Regional Unit Dual System (RUDS) at the 6th of October City. He reported that, compared to other young workers, those who have graduated from this program have shown a higher rate of development, acquiring skills 6-12 months more quickly than others. Most important, he said, is that the young worker can immediately pose problems in the classroom that he has encountered in the workplace, and vice versa. Dr. Shabaka said that students in the program have shown great initiative and innovative talents, proposing, for example, modifications in the transmission system of a vehicle, which were then adopted.

As a result of the initial success of the program, the de-

mand from Egyptian industries for such training has multiplied. Initially 50 companies took part, then 80, then 110 joined the program in its first three years. The number of apprentices has also grown steadily, to currently about 700.

The German-Egyptian joint project is a good example of how government agencies in advanced economies can concretely transfer their experience to partners in the developing sector. Yet, the challenges posed to Egypt for its development, require that such north-south cooperation be elevated to a yet higher plane, to encompass the kind of infrastructure expansion envisioned in the Eurasian Land-Bridge program. This is the context in which the problems identified in making the new cities function, can be most readily solved: To the extent a massive infrastructure effort is launched, with technologically advanced railway networks through the Middle East into Egypt, and through Egypt to Sudan, and the rest of Africa, then a complete national network of advanced rail transportation can also be achieved. This, in turn, would provide the rapid transportation required to link up the new cities with one another, and with existing large cities.

Egypt's becoming the bridge from Eurasia into Africa, would redefine the entire nation's economy for the African continent, generating the internal dynamic for industrialization, through the realization around transportation lines, of true development corridors.



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Germany kills nuclear power for next century

by Rainer Apel

When the “red-green” coalition of Social Democrats and Greens took power in Bonn at end of October 1998, one of the priority topics on their agenda was the drop-out from nuclear power technology, on the grounds of alleged safety and radiation dangers. The “transition toward solar energy” and other “alternative technologies,” has been proclaimed a political priority.

Environmental Affairs Minister Jürgen Trittin, who belongs to the radical wing of the Green party, is terrifying the nuclear industry with provocative statements. First, he threatened the industry with a deadline of one year, by the end of which they should either have agreed voluntarily on a timetable for an accelerated shut down of nuclear technology, or face penalties from the government, which would then pass an anti-nuclear law. Then, he dismissed two expert commissions on nuclear safety at his ministry, announcing that he would replace them with pro-ecologist “experts.” He also announced that he would ban the transport of nuclear waste. This would paralyze the entire nuclear power sector, because there is no reprocessing facility in Germany, so nuclear waste has to be transported to either France or Britain by rail over hundreds of kilometers. These shipments, which are often interrupted by ecologists who blockade the tracks, are a vulnerable flank of Germany’s nuclear technology sector. Trittin also made headlines with statements to the effect that the first nuclear power plants should be taken off the grid, as early as this year.

It was only when Chancellor Gerhard Schröder (Social Democrat) intervened, in mid-December, placing the nuclear power issue under his personal supervision, that the wave of protests against Trittin from among industry and energy experts, and particularly the employees of the 19 nuclear power plants, subsided somewhat. Schröder said he wants “consensus, rather than conflicts” on the issue, but at the same time he reiterated that his main orientation would favor the drop-out from nuclear power. The first round of “consensus” talks has been set for the end of January.

Schröder’s Economics Minister, Werner Müller, has said that he considers “managing of a ‘soft drop-out’ from nuclear power” to be his main job in the government. Unlike Trittin, Müller prefers a ten-year transition — what he calls the “soft drop-out.” For the 40,000 employees in the nuclear industry, and another 120,000 in the supply industries, that “soft”

alternative implies that they will have a little time to look for a new job, by the year 2010 at the latest. And as the general trend goes, it is not at all certain that they will be able to get a job in one of the non-nuclear power plants, which the government is advertising to sell the unions on the policy.

Cheap imports

As Alwin Fitting, chairman of the factory council at RWE, a leading nuclear producer in Germany, told this author on Jan. 13, politicians and industry alike would rather avoid the costs of building new power plants, by importing cheap electricity from Germany’s neighbors: from nuclear plants in France, from conventional plants in eastern Europe, or from nuclear plants in Russia, Ukraine, or Belarus. This policy is endorsed by the energy sector “liberalization,” which the European Union is committed to implementing over the next few years.

Under the slogan of an alleged “fight against discriminatory practices in Europe,” this policy pushes the “Europeanization” of electricity supplies, to make sure that wherever electricity is needed, the contract goes to the producer that offers the lowest price. The temptation is high for the budget-balancing experts in governments and industrial corporations, to opt for the “cheap” solution: not building new plants, but exploiting capacities that exist somewhere abroad. As Fitting, who is also a factory council leader at the Biblis nuclear power plant, suspects, the “soft” drop-out from nuclear technology means the end of a national power sector in Germany. The majority of the 40,000 employees of the nuclear industry and the 19 power plants will have to look for jobs outside the power sector, Fitting fears. Other experts forecast that nuclear specialists will emigrate, to China, South Africa, India, or wherever a government is still committed to conducting nuclear research and building nuclear plants.

Hubertus Schmoldt, chairman of the public sector workers’ union, has warned that entering a non-nuclear era will mean that 250,000 jobs in the power sector will be thrown into uncertainty. Adding in the jobs in the supply industries, close to 1 million jobs are threatened.

A particularly disgusting aspect in the ongoing energy debate is the duplicitousness shown by the alleged “friends of nuclear technology.” Economics Minister Müller is one of these, telling industry and labor privately that he is for nuclear technology, but that “as a cabinet minister” he feels obliged to carry out the “no-nuclear” policy. He says that he thinks the “vast majority of the population reject nuclear power,” so that even if the technology were desirable from an expert standpoint, it were “not realizable for political reasons.”

This kind of thinking has forced industry and labor into a 20-year retreat from nuclear technology. If this pattern is not turned around — for example, by labor protests — Germany has entered the end-phase of its nuclear era.

Trade pact will boost regional ties

India and Sri Lanka have agreed to set up a tariff-free trade regime beginning in March 1999.

The much-maligned Vajpayee government in New Delhi has given momentum to the process of improving bilateral relations with neighboring countries. On Dec. 28, 1998, Indian Prime Minister Atal Behari Vajpayee and Sri Lankan President Chandrika Kumaratunga, who was visiting India, signed a bilateral free trade agreement, paving the way for a future full-fledged South Asian Free Trade Area. Subsequently, the Bangladesh government indicated that it is reading the fine print of the India-Sri Lanka agreement and will be drawing up a similar agreement to bolster its bilateral trade with India.

The Indo-Sri Lanka free trade agreement, which followed up the initiatives taken by the former United Front government led by Prime Minister I.K. Gujral, is in line with similar agreements that New Delhi has already worked out with Nepal and Bhutan—India's two landlocked neighbors to the north.

The Indo-Sri Lanka agreement will take effect on March 1, 1999. Trade officials from India and Sri Lanka have been given two months to work out the list of items to be excluded from the agreement. The agreement says that India will allow the import of about 1,000 items at zero duty, as opposed to only about 300 by Sri Lanka. New Delhi has agreed to phase out the negative list in three years, while Sri Lanka would do so in eight years.

The agreement has received bipartisan support in Sri Lanka, and both nations have agreed to work out a common marketing strategy for such items

as tea and rubber. It has been pointed out by Sri Lanka's top industrial body, the Ceylon Chamber of Commerce, that the agreement will help to attract more foreign investment into the region, as well as to promote cross-border flows of investment and joint ventures.

The agreement, according to the leading Indian business dailies, demonstrates New Delhi's political will push the region into a free-trade area. Bangladesh's interest in working out a similar bilateral agreement, proposed by Prime Minister Vajpayee at the last South Asian Association of Regional Cooperation (SAARC) summit in Colombo, Sri Lanka, is a further indicator.

But there are some worries. The bilateral trade agreements, some fear, will go against the charter of the SAARC, set up more than a decade ago. The SAARC charter calls for setting up a preferential trade agreement between the seven member-nations—Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka. However, three rounds of trade talks to do this have so far produced nothing.

Notwithstanding the unstable condition of the coalition government in India, and reigning political uncertainties in Nepal and Pakistan, some positive developments in South Asia have become discernible. In a recently concluded workshop organized in Dhaka, the capital of Bangladesh, under the aegis of the Federation of Institution of Engineers of South Asia and Central Asia, it was revealed that preparatory conceptual work to set up large-scale power projects in the re-

gion, and to link the countries with transmission grids, have made some progress. Reports indicate that the Asian Development Bank (ADB) is supporting such efforts to optimize energy utilization through a subcontinental power grid.

The ADB has also said that it may fund a highway network to link countries belonging to the regional association Bimstec (the acronym for Bangladesh, India, Myanmar, Sri Lanka, and Thailand Economic Cooperation), to promote closer trade ties between the countries in the region.

According to the Deputy Prime Minister and Commerce Minister of Thailand, Dr. Supachai Panitchpakdi, the highway network will lead to the establishment of an intra-regional highway which will facilitate a free-trade area along the model of the ASEAN (Association of Southeast Asian Nations) Free Trade Area (AFTA).

In early January, Prime Minister Vajpayee laid the foundation stone in Bangalore for one of the biggest road projects ever undertaken in the country—a 12,000 kilometer, four-lane highway—at an estimated cost of 500 billion rupees (roughly \$13 billion). This network of east-west and north-south highways, when completed, will play a major role in making the intra-regional trade route a success.

Dr. Supachai also pointed out that Bimstec will focus economic cooperation in areas such as telecommunications, tourism, and automobile and energy production. In the energy sector, Supachai pointed out that there is a proposal to pipe gas into Myanmar from Bangladesh's vast natural gas reserves. A similar proposal exists to pipe Bangladeshi gas into India. Moreover, on the energy front, India is currently negotiating with Pakistan on a proposal to buy 500 megawatts of electrical power on a regular basis.

Murder by budget cuts

The New Zealand government is systematically, relentlessly murdering its own citizens.

At the outset of World War II, Adolf Hitler issued a handwritten order, backdated to the first day of the war, in which he stated that he “considered it to be proper that the ‘life unworthy of life’ of severely mentally ill persons be eliminated by actions that bring about death.” In this way, he said, “a certain saving in hospitals, doctors, and nursing personnel could be brought about.”

Precisely that Nazi policy is now being applied in New Zealand today, a policy that Vice President Al Gore plans to extend to the United States. Toward that end, Gore anointed Prime Minister Jenny Shipley—who, as New Zealand’s Health Minister, had helped design the “reforms” of the country’s genocidal health care system—to keynote his Jan. 14-15 “Reinventing Government” conference in Washington. And, perhaps related to Gore’s plans, a delegation from the U.S. Congress’s General Accounting Office spent the month of September in New Zealand, studying the “New Zealand model,” the genesis and some details of which *EIR* exposed last week (“Al Gore’s New Zealand Model: ‘Reinventing’ Corruption, Genocide”). But, just since then, *EIR* has received further data on the latest slashes in overall medical care there, beginning with mental health.

For instance, a mentally ill man in Christchurch committed suicide on Jan. 5, as he was awaiting trial for the murder of a young girl. The man’s family blasted the government for the budget slashes which had “inevitably” caused both deaths. “The health system is run down and strapped for cash anyway, but mental health is the poor cousin,” and their son had not received

the sort of treatment he so clearly needed, they charged.

This relentless elimination of the mentally ill is truly shocking: New Zealand has the highest youth suicide rate in the world, and some 25 studies have been carried out since 1989 on the country’s disastrous mental health situation. One of them, the 1996 “Mason Report,” found that “in any one year 25-35% of our population have symptoms that meet criteria for a mental disorder and that approximately one-third of these people have a disorder which is serious or chronic.” New Zealand’s response to such studies, has been to *further cut mental health funds*. Indicative is the number of mental ward hospital beds: 500 per 100,000 people 50 years ago, which had fallen to 225 per 100,000 by the time New Zealand’s “reforms” began in 1984, and now stand at 38 per 100,000.

Maxine Gay, the head of the New Zealand Schizophrenia Fellowship and president of the Federation of Trade Unions, charged in 1997 that the (often-unreported) suicide rate among the mentally ill had skyrocketed. “It is a genocide really, of the mentally ill,” she said.

But, that genocide is merely the cutting edge of the New Zealand “reforms,” whose latest phase is the “reform” of hospital waiting lists initiated in late 1998. Almost 100,000 people now languish on such lists, while at least another 100,000 people who need operations are not even allowed on the lists—this in a total population of only 3.4 million people. So, to “solve” this problem, the government has just established a new surgical booking system, under which a tiny fraction of those who had managed to get on the

lists will be “guaranteed” an operation, while the rest will be left to fend for themselves, perhaps to try to raise tens of thousands of dollars for an operation—this in a country which, before the “reforms,” had free, high-quality universal health care.

To see how this new policy will work, look at Waikato Hospital, the nation’s second largest. Only 406 patients out of 9,536 (4%) on its waiting lists will be guaranteed surgery under the new booking system. The next tier (4,315) will get a letter stating that they “may” get an operation, while all the rest will be told they are “unlikely” to get one. For example, the following patients recently received a letter which stated, “You have been retained on a waiting list. Unfortunately, we cannot guarantee that we will be able to offer you treatment at this time. You will be reconsidered for treatment within 12 months”:

- Heather Stephenson, 68, who has corneal problems, cataracts in both eyes, and who is almost blind.

- Brian Mundy, 70, who has been waiting almost two years for a triple heart bypass.

- Katherine Oliphant, 36, who had cancer of the cervix 18 months ago, and needs a hysterectomy because of heavy bleeding and pain.

- Francesca Paul, 3, who has severe tonsillitis, who has been on a waiting list for 18 months, and who is now almost immune to antibiotics.

- Ina Mitchum, 84, whose prolapsed uterus hangs outside her vagina.

- Malcolm Read, 10, who has a concave chest which is stunting his heart and lungs, causing severe pain.

Meanwhile, seven patients have died recently while on the waiting lists of another major hospital, Palmerston North, while another 30 on its waiting list have been offered treatment—in *Australia*.

Business Briefs

Great Britain

Influenza epidemic exposes Blair's crimes

The high infection rates of severe influenza among the British population have shown that that country's hospital sector is dysfunctional, in terms of emergency treatment capacities, supply of beds, and other equipment, as a result of budget-cutting in public health. There is also a lack of at least 8,000 nurses, and many hospitals have begun to contract surgery and other equipment, on a part-time basis.

As of Jan. 6, only 16 beds for adults and another 25 beds for children were free in the entire country, a situation which can be blamed on the Thatcher-Major health sector "reforms," which have been continued by the government of Prime Minister Tony Blair.

The National Health System has been forced, because of budget cuts, to reduce services particularly for patients that must undergo surgery and other treatment, such as for kidney ailments. Close to 1.2 million patients are on a waiting list for such treatment, which, despite government propaganda about extra funds, has not much improved the situation of April 1998, when 1.3 million were on the waiting list, BBC reported. Much of the "improvement" has been at the expense of existing reserves in hospital beds, so that now, with tens of thousands suffering from severe influenza attacks, an outright emergency has developed.

Space

Polar Lander is on its way to Mars

The Mars Polar Lander, the second half of NASA's Mars '98 missions, was launched on Jan. 3. It will arrive at its destination in December 1999, about three months after its partner, Mars Climate Orbiter, launched on Dec. 11, 1998, is scheduled to arrive. The focus of the missions is to study climate change on Mars, with emphasis on the most important potential resource there—water.

Mars Surveyor 1998 Project Manager John McNamee explained on Nov. 13 that Mars is the only other planet where we know there is water, in the form of ice.

The Climate Orbiter will study Mars from an altitude of about 260 miles. It will record the distribution of water vapor, carbon dioxide, and dust in the lower atmosphere, and measure temperature and track the movement of clouds. It will also function as the communications relay from the Polar Lander back to Earth.

The exact landing site of the Polar Lander can be determined as late as August, based on images that the currently-orbiting Mars Global Surveyor is providing. The Polar Lander will touch down on the Martian south polar cap a few weeks after the seasonal carbon-dioxide frosts have disappeared, during summer in the southern hemisphere. The Lander is expected to operate for 60 to 90 days, until the Martian winter sets in.

About 10 minutes before touchdown, the Lander will release two microprobes, known as the Deep Space 2 experiment, which will collect atmospheric data before they crash into the surface at about 400 miles per hour. The probes will then conduct measurements, including of water in the soil. The lander is expected to set down about 60 miles away from the microprobes.

Health

China boosts research to combat AIDS epidemic

The National Center for AIDS Prevention and Control has been established within China's Ministry of Health, to study the human immunodeficiency virus (HIV, which causes AIDS) in China. The center has divisions focussing on epidemiology, clinical work, and pharmaceutical development, including HIV vaccine research. The Chinese government's concern over the growing AIDS epidemic in China was made visible on Dec. 1, with a public exhibition at the Museum of the Chinese Revolution in Tiananmen Square, describing the current status of the epidemic, and presenting the standard HIV prevention material.

According to the Jan. 4 issue of the *Scien-*

tist, limited testing and the lack of resources are contributing to the spread of HIV in China. The HIV epidemic in China is estimated at 600,000 cases by the World Health Organization, but this estimate may be too low, according to Chinese scientists. Official predictions from government scientists forecast 1 million HIV infections by the year 2000.

From the limited epidemiology done, researchers have found that China has seven major subtypes of HIV prevalent in the population, whereas most other regions of the world only have one or two subtypes. China also has a special recombinant subtype of HIV that has not been found elsewhere. The government hopes its scientists can establish more ties to U.S. and European researchers. Vaccines so far have been shown, in small trials in the United States and Europe, to be effective against only one or two closely related HIV subtypes. Having eight HIV subtypes will make vaccine development even more difficult using current approaches.

Agriculture

Brazil, Argentina face growing crisis

The agricultural crisis in Brazil and Argentina is growing increasingly acute. Lack of credit, budget cuts, and other austerity policies are behind this catastrophe.

In Brazil's state of Rio Grande do Sul, a major agricultural production area, National Agricultural Confederation president Antonio Ernesto de Salvo has warned about low grain stocks: Only 2 million tons of millet is currently stored, about 4% of the total harvest, rather than the 10% which would normally be warehoused. The next grain crop is now expected to be 80 million tons, rather than the 90 million originally estimated, making it necessary to import 10 million tons of grains, at a cost of \$2.2 million. According to the Jan. 4 *Correio do Povo*, "Budget cuts at the Agriculture Ministry . . . impose on Rio Grande do Sul the impossibility of storing the next harvest, without silos or warehouses."

Similarly, the Argentine Agrarian Federation told *Ambito Financiero* that govern-

ARMENIA, Georgia, and Bulgaria signed a transport agreement on Dec. 23, for movement of freight to Europe via a recently inaugurated ferry link from the Black Sea Georgian ports of Poti and Batumi to Varna, Bulgaria. Armenian Transport Minister Yervand Zakharian said access to the connections could boost Armenia's external cargo-turnover by 20-30% in 1999. Iran has expressed an interest in joining the agreement.

NEW ZEALAND'S Dairy Board, the last bastion of industry regulation after 14 years of Mont Pelerin Society policies, is resisting plans by the Shipley government to break up its monopoly. The Board says it could lose up to \$1 billion over the next four years; the industry is worth \$7 billion per year. "It is quite clear the industry does not support deregulation," said board chairman John Storey.

TANZANIAN Prime Minister Frederick Sumaye has said the country faces a deficit of 600,000 tons of maize and has appealed for help. "In some regions, people are reported to have completely depleted their stocks and may face serious shortages. This could lead to famine conditions for the poorest and most vulnerable of our people," he said.

THE FEDERATION of Indian Chambers of Commerce and Industry has proposed that India adopt an infrastructure-led growth and export strategy. The slump in exports has been mainly due to infrastructure bottlenecks, including power shortages, the high cost of finance, and invisible costs incurred because of transport delays, a Federation paper stated.

CHINA'S Guangdong International Trust and Investment Corp. will file for bankruptcy, Reuters reported on Jan. 10. Wu Jiesi, the governor of Guangdong, told reporters, "To my knowledge, China's bankruptcy law does not provide for priority to foreign creditors." He said that some 20,000 individual depositors would get their money (about \$100 million) back first.

ment tax and austerity policies are wiping out small and medium-sized agricultural producers at a rapid rate. The number of farmers "is increasingly smaller," said FAA president Rene Boneto. "The interior of the country is becoming depopulated." Marcelo Muniagurria, president of the Rural Confederations, blamed the farm crisis on "the enormous lack of profitability, as a result of the drop in international grain prices."

Science Policy

Indians warned about technological apartheid

Indian Prime Minister Atal Behari Vajpayee called on the nation's scientific community to be prepared to "deliver the goods" themselves, if any other nation tried to "arm-twist us and deny us the opportunities of legitimate scientific cooperation," in a speech to the 86th annual session of the Indian Science Congress Association on Jan. 3, the *Hindu* reported.

For more than three decades, India has been on the "technology control radar screens" of advanced nations, Vajpayee said. But attempts to deny technology to India had not been without benefit, because it spurred scientists to further strengthen the national capability. "This has reinforced our belief in the maxim that strength respects strength," he said, pointing out the achievements of nuclear scientists at Pokhran which had "filled the entire Indian scientific community with self-confidence."

But at the same time, in the current interdependent world, and when research and development has become costly, "our scientific community must forge the closest possible collaboration with the best institutions across the globe," he said. The scientific establishment must focus on quality which withstands international scrutiny.

The Prime Minister identified meeting the needs of industry, agriculture, and services as problem-solving areas for scientists. "Food security, water management, energy and material conservation, low-cost housing, environmental protection, maximizing our exports by achieving cost and quality competitiveness in world markets, high-quality technical education leading to self-

employment opportunities; all these are crucial for our national development," he said. Also, universities and R&D institutions must be freed from bureaucratization for creating world class scientific research.

In the future, science would have to strive for a new integration of knowledge systems that combine reasoning, ethics, individual behavior, social relations, and the environment. "The world will have to move toward harmonization of science and spiritualism in order to attain peace, prosperity, and happiness for all," he said.

Infrastructure

Malaysia will resume national projects

Malaysia plans to restart work on major infrastructure projects that were interrupted by the Asian financial crisis, which in 1998 shrank Gross Domestic Product by 6%. Prime Minister Mahathir bin Mohamad said that everything will be done on the government's part, to achieve a minimum of 7% growth every year, in a speech on Dec. 20. This will enable Malaysia to revitalize its economy and achieve the goal of becoming a leading industrial nation by the year 2020.

The government asked Tenaga Nasional Bhd, the national power utility, to consider reviving the Bakun hydroelectric dam project. Infrastructure development is seen as a crucial catalyst for economic development, with a return of \$11 for every \$1 invested.

Also in December, in an address inaugurating the Farmers' Management Institute and opening the 25th annual general meeting of the National Farmers' Association, Mahathir called on farmers to play their role in upholding national sovereignty and reducing dependence on foreigners, especially in food supplies. "We should not be complacent," he said. "If we do not strive to be better, they [foreigners] will dominate us. . . . Today, they are taking over most of the companies belonging to Asians in countries which have bowed to the IMF [International Monetary Fund]." He called on farmers to improve production, through adopting more sophisticated technology and crop diversification.

Clinton's enemies poised for renewed strikes against Iraq

by Muriel Mirak-Weissbach

Whether British and American planes will resume their strikes against Iraq at the end of the Muslim fasting month of Ramadan, will depend on whether Vice President Al Gore's political coup d'état attempt against the U.S. Presidency will be stopped. As has become increasingly clear in the first two weeks of January, the foreign policy disasters being launched almost daily out of Washington—provocations against Russia, China, Iran, North Korea, to name but a few—are the products of the Principals Committee, a tightly knit group of “foreign policy advisers” around President Clinton: Secretary of State Madeleine Albright, Assistant Secretary of State for the Near East Martin Indyk, Chairman of the Joint Chiefs of Staff Gen. Henry Shelton, Defense Secretary William Cohen, National Security Adviser Sandy Berger, and, leader of the pack, Gore. If President Clinton were freed from the pressures of the ongoing coup attempt in the Senate, he could potentially act to reverse the military aggression, as he did last November. If the coup proceeds, and war ensues, it will spell catastrophe for the United States and the world, as laid out by Lyndon LaRouche, in “Why General Shelton Must Retire Now” (*EIR*, Jan. 15).

As Ramadan was nearing its conclusion on Jan. 15, the political and military situation in the region looked as ambiguous as did developments on the international diplomatic plane. On the one hand, military actions continued to escalate toward the scenario *EIR* outlined last week, featuring massive air attacks combined with special forces operations on the ground. On the other, regional forces, both among Arab governments and the so-called Iraqi opposition, began to manifest their nervousness, that such a U.K.-U.S. mission which they were being asked to support passively, could involve them as well—as sacrificial lambs. And, despite continuing coordination between London and Washington, on escalating toward

war, a proposal presented by France for a different approach to the Iraqi crisis, has garnered the support of not only UN Security Council permanent members Russia and China, but reportedly also Germany, Egypt, and others.

The Iraqi leadership opted for a hard line as soon as the threat of renewed strikes was made explicit. Baghdad declared that it would no longer respect the no-fly zones, and started active military engagement with the American and British aircraft, escalating to up to three incidents per day. The Iraqi leadership had apparently concluded that it had nothing to lose and everything to gain from an intransigent stance: Knowing that the unilateral military action in December by London and Washington had shattered the UN, and that the revelations of espionage in favor of Israel, Great Britain, and the United States carried out by the UN Special Commission (UNSCOM) had irrevocably discredited that agency, Baghdad calculated that further military conflict would only exacerbate the split.

U.K.-U.S. military aims

The military aim of the air skirmishes, from the U.K.-U.S. side, is evident. First, they intend to provoke Iraqi responses, until one aircraft is shot down, thus providing a classic *casus belli*. Second, consistent strikes against Iraqi radar sites aim at totally crippling Iraq's ability to defend against the kind of massive air offensive which is planned.

Forces in the region appear to have grasped the danger inherent in the strategy which General Shelton et al. have on the drawing boards, a danger which LaRouche spelled out in his recent document. Thus, the series of frenetic diplomatic meetings among particularly the Gulf states. On Jan. 13, a meeting was held in Cairo of the foreign ministers from Saudi Arabia, Oman, Yemen, Syria, and Egypt to map out a com-

Al Gore, Bush, and the Zionist war lobby

In January 1991, Sen. Al Gore, Jr. (D-Tenn.) led the Democratic Party Confederate faction into wholesale support for George Bush's Desert Storm, a genocidal war against the Iraqi population.

Months after the shooting stopped, on Sept. 19, 1991, Gore, in statements on the Senate floor, pressured President Bush to send Iraq back to the Dark Ages. Gore, who claimed to have undergone a "moral crisis" when he shifted his vote to support Bush's war, now chastised Bush for not having followed the advice of Gen. Norman Schwarzkopf (now "Sir" Norman Schwarzkopf) to go into Baghdad and eliminate Saddam Hussein. Gore called for the initiation of a war crimes tribunal against Saddam, and demanded sanctions against Iraq, in order to isolate it.

The environmentalist-minded Gore, who was then nearing completion of his book *Earth in the Balance*, a green *Mein Kampf* which warns against Third World development, also called for blocking Iraq's "access to knowledge and technology."

"In general," said Gore, "the world does not need the contributions of Iraqi space science or of Iraqi work in nuclear physics—practical or applied. The United States should work to completely block future Iraqi activity of any kind in these areas, to the extent they are dependent upon equipment, services, or training—including university training—available from any country with advanced capabilities." Gore claims that "there is no way to think about certain branches of science and engineering in Iraq except as tap roots for programs aimed at programs of

mass destruction."

In 1991, Leon Fuerth, Gore's longtime legislative assistant, and now his National Security Adviser, spoke openly about his, and Gore's, hatred of technology transfer to the Third World. With the abrupt crudeness that Fuerth is known for, he told a reporter, "The dual-use question is all too easily used as a cover for countries who want to obtain weapons technology. I don't give a damn if it hurts them economically."

In Desert Fox, the latest round of actions intended to crush Iraq launched on Dec. 19, Fuerth and Gore took over the critical meetings of the policymaking "Principals Committee" while President Clinton was in Israel, and were able to beat back any opposition to their plans to bomb Iraq. According to well-placed Washington sources, Fuerth and other longtime Gore advisers were determined not to let Clinton block an attack on Iraq as the President had done when he called off the bombings on Nov. 13, 1998.

Gore is committed to "going all the way," and will settle for nothing less than overthrowing Saddam Hussein and blackballing the nation of Iraq. One of Gore's closest cronies in this plan is Martin Peretz, a right-wing Zionist and publisher of the *New Republic* magazine, who lambasted Clinton for stopping the Desert Fox bombings after only 70 hours. Peretz, whom Gore acknowledges is his "mentor," is part of the "Committee for Security," which was initiated by two former Reagan administration officials, Richard Perle and Paul Wolfowitz, in February 1998. The committee was set up to pressure Clinton to go to war against Iraq, and to aim for "total surrender" and overthrow of the regime.

This is the policy being foisted on Clinton, at the time that this same crowd is pushing "Gore for President."

—Michele Steinberg

mon stance for the Arab ministerial meeting scheduled for Jan. 24. At that meeting, which was originally tasked to prepare an Arab summit on the Iraq crisis, a resolution prepared by Saudi Arabia is to be discussed, proposing lifting the UN sanctions on Iraq, while maintaining controls over Iraq's acquisition of military equipment. Another meeting, this time of the Gulf Cooperation Council members, was scheduled to take place the following day.

At the same time, representatives of the "protected peoples" in the U.K.-U.S. juggernaut have begun to voice their fears of what lies ahead. Over the Jan. 10-11 weekend, the leaders of the two Kurdish groups in northern Iraq, Massoud Barzani (Democratic Party of Kurdistan) and Jalal Talabani (Patriotic Union of Kurdistan), met and reportedly decided to ignore political differences, in light of the impending crisis.

At the same time, Talabani's PUK called for extending the no-fly zone which is supposed to protect them. "The international community should enhance Iraqi Kurdistan's security by extending the no-fly zone to cover the 40% of Iraqi Kurdish territory not presently patrolled," said a statement of the PUK distributed to wire services on Jan. 12. The PUK is based in Sulmaniyah, which is south of the current no-fly zone, which ends at the 36th parallel. Such a demand reflects fears of the consequences of the insane Shelton strategy of setting up a puppet regime in Iraq.

One of the leaders of the group slated to hoist the flag of the puppet regime, expressed similar fears, if not panic at the Shelton strategy. A representative of the so-called Supreme Council of the Iraqi Opposition, based in London, told a journalist on Jan. 14 that his group is strictly opposed

to a "limited" operation in Iraq, such as taking positions in Basra, or Baghdad. Rather, he said, the group is pushing for a prohibition against any deployment by Iraq of heavy military equipment, such as tanks or artillery, in the entire southern and western parts of the country. The objective of this group, whose leader Mohammad Bakr al Hakim recently conferred with the Kuwait leadership, is to liberate "the whole of Iraq."

To round out the regional picture, the new Turkish Prime Minister, Bulent Ecevit, announced on Jan. 12 that he would not allow Turkish air bases to be used for sustained strikes against Iraq. In remarks to NTV television, Ecevit said, "I am worried that air raids will increase after the end of Ramadan." He added that although he hoped Iraq would "be more in accordance with the world, I also hope that the United States will produce peaceful solutions." Ecevit referred to claims that a U.S. plane had fired on an Iraqi missile site, because it was about to be attacked, by saying, "This is the excuse they are using."

The French proposal

In this context, the French Ambassador to the UN, Alain Dejammet, presented a new proposal to the UN Security Council on Jan. 12, at a closed-door meeting of the Permanent Five members (the United States, France, Russia, China, and

Britain). The proposal calls for a different kind of monitoring system to be introduced, and for a partial lifting of the embargo. French Foreign Minister Hubert Védrine said the proposal had been discussed in Moscow with his counterpart, Igor Ivanov. Védrine commented cryptically, "There are Russian ideas, there are French ideas, they are close and complementary, but there is not a single procedure." Nonetheless, Russia appears to support the proposal. UN Secretary General Kofi Annan greeted the idea favorably, seeing in it a means of stitching together the Security Council, which had been torn to shreds by the December raid. Regional sources say that Germany and ten other members of the Security Council would also back it, during a larger meeting on Jan. 15.

The U.K. was expected to oppose the proposal, while U.S. State Department spokesman Jamie Rubin did not reject it out of hand.

The gist of the French proposal, is that the chapter of inspections must be closed. It states that "the recent bombings may have weakened the Iraqi military potential but they have also created a new situation which renders further investigations on the past programs almost impossible." This acknowledges the fact, already accepted by all but the British and UNSCOM mission head Richard Butler, that the UNSCOM espionage ring no longer exists. The French proposal suggests that the oil embargo be lifted, and that a different kind of monitoring be introduced, which would be "preventive" rather than "retrospective," i.e., would prevent Iraq from using oil revenues to purchase weapons deemed illegal, but close the chapter on the past. The embargo itself is disparaged in the French document, as something which "has become a wrong tool to achieve the goals of the Security Council. It needs to be lifted." Finally, the French paper calls for a new entity to do the monitoring, one which would be an independent, "renewed control commission," in place of UNSCOM. Also, oil revenues would not flow through the escrow accounts, as they do under the oil-for-food program, but would go directly to Iraq.

According to the Jan. 14 *Jordan Times*, the Iraqi response was not negative. Following a meeting of the leadership with Saddam Hussein, an Iraqi spokesman said, "Iraq sees a need for a balanced dialogue based on good intentions under the umbrella of the Arab Nation . . . to find practical solutions to the situations." The spokesman also said, "If solutions are desired in a serious manner that serve the Arab Nation's interest, they should be based on pan-Arab security"—a reference to ongoing Arab diplomatic maneuvers.

The greatest merit of the French proposal lies in the fact that it has been made, and made publicly. It could be a life-saver for the U.S. administration to grab, and extricate itself from the impending disaster. Serious positive motion toward a diplomatic solution to the crisis by the Clinton administration, would expose the British and their man in Washington, Al Gore, as the war-mongers behind the current drive toward conflagration.

LAROCHE ON THE NEW BRETTON WOODS

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London's warlords on the march in Africa

by Linda de Hoyos

"They have no program; they want to make the country ungovernable. They want to destroy everything," was the way a Sierra Leone government official accurately characterized the Revolutionary United Front (RUF), which occupied and ravaged the capital city of Freetown in the first week of January. The RUF had only been forced out of the city by the joint forces of the Economic Community of West African States Cease-Fire Monitoring Group (Ecomog), dominated by Nigeria. Upon entering the city, the RUF had been true to the word of its deputy commander Samuel Bockari, who proclaimed on Nov. 18: "When I take Freetown, I shall clear every living thing and building. To my God, I'll fight. I'll kill and kill, and the more they tell me to stop, the more I'll kill."

In its days surrounding and entering Freetown, the RUF destroyed the police headquarters, cut the electricity supply to the city, cut the water supply to the city, and cut the phone lines into the city. People were driven out of their homes and then lined up to act as human shields for the RUF forces. Nigeria, which commands the Ecomog forces of Nigerian, Ghanaian, and Guinean troops, were forced to rush reinforcements to the city to drive back the RUF. Nigeria now has 17,000 troops in Sierra Leone fighting the RUF, which in the past nine months has acquired heavy and sophisticated military equipment.

The RUF offensive highlights the ravaging forces of murder that have been unleashed on the continent of Africa by British intelligence in its drive, launched at the end of the Cold War in 1989, to destroy the Africa nation-state, and crush any actual or potential institutional barrier to the wholesale looting of the continent.

The RUF: a hideous record

The RUF, whose leader Foday Sankoh was trained by the British during the days when Sierra Leone was still a British colony, is a force for nihilism. Born out of Sankoh's alliance with Charles Taylor, now President of Liberia, the RUF has a consistent record of hideous human rights abuses, including the mass murder of civilians in villages and towns it temporarily takes control of, and the mass abduction of children, who are then forcibly addicted to drugs and trained to become child-killers of their own kinsmen, a method of recruitment that was also employed by Taylor's National Patriotic Front of Liberia (NPFL). The RUF response to military attacks is reprisals against civilians—the chief method also used by

London's Tutsi militaries in Rwanda and Burundi. In November, at the start of its latest offensive, the RUF killed 100 civilians in the diamond area of Tongo Fields in the east, and killed another 96 civilians in Gbendembu the next day. Throughout the war, RUF punishment for civilians believed to be sympathetic to the government is death or mutilation and amputation of limbs.

The RUF is not a sociological phenomenon. It is true that Sierra Leone was, in the 1980s and early 1990s, the poorest country in Africa. Before the annihilation of Rwanda, it had the lowest life expectancy on the continent. Beset by civil war since 1991, it held national elections in March 1996 in which Ahmed Kabbah, a bureaucrat of the World Bank, was elected President. But in the respite afforded by the elections, there was no effort by the "donor countries" of the Paris Club to effect any reconstruction in Sierra Leone; predictably, the war re-commenced. In May 1997, a military coup instigated and backed by the RUF overthrew the Kabbah government. After almost a year of total war, Ecomog managed to defeat the coup masters, and imprisoned Sankoh. Kabbah was re-installed in Freetown. Meanwhile, the RUF continued to occupy the country's diamond mines, fueling its insurgency with the profits. But again, no reconstructive effort for the war-shredded Sierra Leone was forthcoming from the donor countries.

The money was going to the RUF. In the latter half of 1998, the RUF was given heavy military equipment, including artillery and such sophisticated weaponry as night goggles and cell phones for its commanders for instant communications. In October-November, as members of the former RUF junta were put on trial and executed, the RUF burst out of the northeastern area of the country and began its march on Freetown.

The RUF is backed by Charles Taylor's Liberia, is armed through Liberia, and is believed to be tangentially supported through Burkina Faso and Libya. In late December, Taylor directly amassed troops on the Sierra Leone border. Taylor was himself helped to power by Sankoh in 1989-91, with the understanding that Taylor would in turn aid him. In a meeting of the Ecomog countries to discuss the Sierra Leone crisis, Taylor came into direct confrontation with Ecomog chief commander Timothy Shelpidi, who warned Taylor that if he widened the war with his own forces, "It won't end in Sierra Leone. It is going to spill over and affect every country in the sub-region." Nigeria, with its population of more than 100 million is itself a major target of London's Taylor-Sankoh operation.

British backing

Despite official British government support for the Kabbah government, sections of British intelligence directly support the RUF. This includes the British Broadcasting Corp., which also directly aided Taylor's communications and propaganda during the Liberia war. It also includes International

Alert, a spin-off of Amnesty International. Lord Avebury, a board member of International Alert, was the leading opponent of the British arming of the Kabbah government during the 1997-98 war. The Alert's Omrie Golley, a Briton of Sierra Leone background, is a direct adviser of the RUF, and International Alert functions as the RUF's international propaganda arm. Sankoh himself has a British lawyer, Charles Buckley, to defend him in his treason trial. Buckley's firm includes former Conservative Foreign Office Minister of State Douglas Hogg.

Aid from British intelligence is not limited to "non-lethal support." According to the London *Sunday Times* Insight column, the RUF is being supplied through two British companies, Sky Air Cargo and Occidental Airways. The arms come in to secret airstrips in Sierra Leone, via Gambia and Liberia. The weapons reportedly originate in the Slovak Republic.

If the RUF were to succeed in taking Freetown and establishing its "rule" over Sierra Leone, that would just be the beginning of war in West Africa, said one knowledgeable source from the region. "It will erupt in Guinea, Mali, throughout the region."

Many wars

The war in Sierra Leone is but one front in the British Privy Council war to destroy the nation-states of Africa. Charles Taylor, along with Sankoh, launched his invasion of Liberia in 1989, the same year that saw the Anglo-American-backed overthrow of Siad Barre in Somalia, hurling that country into anarchy and famine from which it has not even begun to emerge.

In East and Central Africa, the British drive to destroy the African nations is centered around the Ugandan military dictator Yoweri Museveni. In August, Museveni directed the invasion of the Democratic Republic of Congo with Rwanda. This war soon turned into a regionwide maelstrom. While the Western powers blithely tolerated the Ugandan and Rwandan seizure of the mineral-drenched east Congo, President Laurent Kabila was able to win immediate military support from Namibia, Angola, Zimbabwe, and Chad, whose leaders saw in the violent disruption of borders carried out by Uganda and Rwanda a threat to the stability of the entire continent.

The *New York Times* on Jan. 11 predicted that Congo would indeed set the precedent for the violent redrawing of Africa's borders. "A fundamental reworking of the old rules of Africa may be unfolding in the five-month-old Congo war. . . . The borders of African nations, set up arbitrarily by the Europeans who colonized the continent a century ago, are supposed to be inviolable. Yet Congo is now split in two, perhaps for good. . . . Diplomats around the world worry that a full-blown regional war may not be far off. . . . In the longer run, many experts say that the Congo war may become a point of departure from which African nations begin to re-imagine themselves in ways not possible under

the old rules. Wars between nations, largely absent since Africans became independent starting in the 1960s, may become more common. As troubling, some experts say, the national boundary lines that have defined African countries for a century, and lent some stability, may slowly come apart."

The projection is accurate, but the truth is missing. The driving force for this bloody reorganization comes not from African nations, but from the private interests grouped around the British Commonwealth and which dominate "donor country" policy.

Thus, the marauding invading marcher-lord Museveni was granted \$2.2 billion in donor aid by the Paris Club in December, to fuel his wars in Congo and now Angola, where he has sent his most highly trained forces in support of Jonas Savimbi's UNITA.

Thus, as the Tanzanian *Daily Mail* reported on Jan. 14, following in the trail of the Ugandan and Rwandan militaries now occupying the Kivu provinces of eastern Congo, are ten mining companies, "reported to be the main financiers upon which rebels fighting to topple D.R.C. President Laurent Kabila [rely]."

According to the article, the Kivus are being mined by ten companies, including Busico, partly owned by the wife of Museveni and the latter's half-brother Salim Saleh; Little Rock Limited; Tenfield Holdings Limited; Collier Ventures Limited; Sapora Limited; and an import company, Intermarket Limited. The majority shareholder of these companies is a British citizen named Sanjivan Ruprah, a partner in other projects with Executive Outcomes founder Tony Buckingham. Also on the scene are Barrick Gold Corp. (among "whose shareholders are the former U.S. President George Bush") and "the Australian Russel Resources Group, owned by an Israeli, former Army Gen. David Agmon," now an adviser to Museveni.

The same British nexus is behind the arms flow to the so-called Congolese rebels. Former British Royal Air Force pilot Capt. Christopher Barrat-Jolly, is accused of flying weapons whose official destinations were Uganda and Rwanda, but were flown directly to Goma and Kissangani for the Uganda-backed rebels. *EIR* has also confirmed that Sky Air was involved in airlifting rebel and Ugandan troops in August for the invasion of Congo, and also shipped armored personnel carriers for the Ugandan troops from Botswana to Goma, Congo.

The same gang, and the same backers, coming through the British Commonwealth mercenary and clandestine arms networks in South Africa are behind the December offensive of Savimbi's UNITA against Angola.

Needless to say, the citizens of the targetted countries are not consulted. Resistance from them is dealt with ruthlessly, as the slaughter by Rwandan troops of 500 men, women, and children on Dec. 31 in the Mai-Mai village of Makobola outside Uvira, Congo, attests.

Africa in flames

Sudan-Horn of Africa: The civil war in **Sudan** has been raging for 16 years. In April 1997, seven factions of the rebellion in the south signed a peace accord with the Sudan government, and the war is now being carried out by John Garang's Sudanese People's Liberation Army, with the instigation and backing from London, Washington, and **Uganda**. The British and allied factions in the State Department had organized **Eritrea** and **Ethiopia** to invade Sudan, along with **Uganda**, in 1995, 1997, and 1998. In early 1998, **Eritrea** invaded **Ethiopia**, ending their anti-Sudan coalition. As of this writing, Sudan is accusing Eritrea of massing troops at its border in preparation for another invasion; the region is bracing for an escalation of the Ethiopia-Eritrea border war. **Uganda** itself faces insurgencies in the north and east.

Somalia has been in the throes of a civil war since President Siad Barre was overthrown in 1989, one of the first African leaders to be deposed by London's post-Cold War plans to destroy the African nation-state.

Congo and Central Africa: On Aug. 2, **Rwanda** and **Uganda** invaded the eastern section of the **Democratic Republic of Congo**. Efforts to take the western capital of Kinshasa were foiled by **Angola** that month, but the war has continued in the east. The **Burundi** military is also believed to be fighting with Rwanda and Uganda in the east. Congo President Laurent Kabila has received on-the-ground military backing from **Angola**, **Chad**, **Zimbabwe**, and **Namibia**.

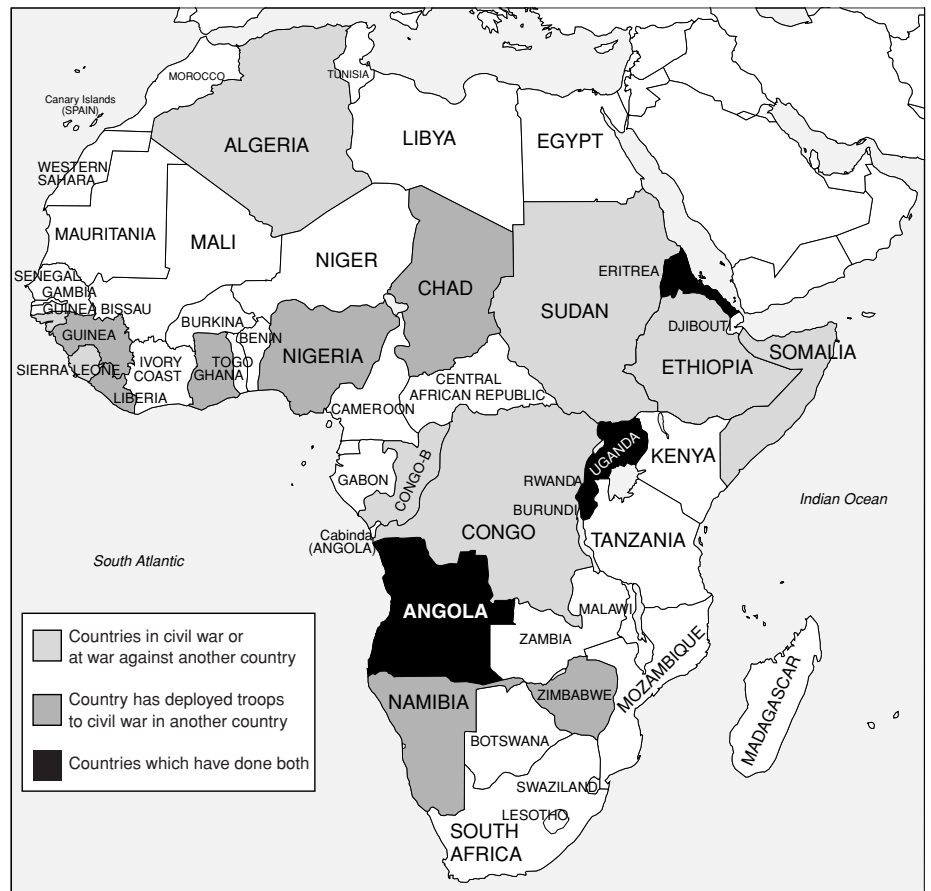
To the east, **Rwanda** and **Burundi** remain in perpetual states of war, against their Tutsi military regimes.

In Angola, Jonas Savimbi's Unita launched total war against the government in December, with the backing of South African-British mercenary outfits

such as Sandline, and from **Uganda** and **Rwanda**, in part in an effort to draw Angolan troops out of Congo. In **Congo-Brazzaville**, militias in December attempted to overthrow President Nguesso, and **Angolan** troops reported came to defend the government which it helped to militarily install in 1997.

West Africa: The Revolutionary United Front of **Sierra Leone** opened a major front against the government in December, nearly taking the capital of Freetown in January. The RUF has been heavily armed from **Liberia** and **Burkina Faso** and also by British mercenary outfits. The target of the operation ultimately is **Nigeria**, which dominates the regional peacekeeping force of Ecomog, which has led the fighting against the RUF in Sierra Leone. Fighting with the Nigerians are troops from **Ghana** and **Guinea**. **Guinea-Bissau** went through civil war in 1998, and there is now a fragile peace settlement. The Guinea-Bissau conflict involved **Senegal** fighting on the side of the government. **Algeria** remains in a state of low-intensity war.

FIGURE 1
London's wars in Africa



'Blair wars' escalate in United Kingdom as Robin gets cooked

by Mark Burdman

On Jan. 9, British Prime Minister Tony Blair made a stopover in the British-puppet Persian Gulf sheikhdom of Kuwait, his final stop before returning to Great Britain, after a two-week Christmas-New Year trip abroad. In Kuwait, mad bomber Blair threatened renewed Anglo-American attacks on Iraq, should that country not surrender to Anglo-American conditions. The bombast underscored Blair's absolute determination to provoke further war and chaos in the Middle East, and to entrap U.S. President Bill Clinton in a disastrous strategic fiasco that would abet those trying to impeach him in Washington. But the bombast also has another motive: to deflect attention away from other wars now erupting—in Britain, against, and inside, Blair's own Cabinet.

As he set foot back in Britain, Blair was greeted by a new controversy, as calls mounted for the resignation of his Foreign Secretary, Robin Cook. This was the last thing Blair wanted, because he was hoping to restore order to a government that has been hit by Britain's "Black Christmas," the name given by British commentators to the Dec. 23 resignations of Minister of Trade and Industry Peter Mandelson and Paymaster-General Geoffrey Robinson. These resignations were followed, on Jan. 4, by that of Charlie Whelan, press secretary to Chancellor of the Exchequer Gordon Brown (see *EIR*, Jan. 8 and 15). This complex of resignations had been produced by what one British source called "the most casualty-strewn Christmas in decades."

Blair has good reason to be very nervous. It is only the lack of a viable, effective opposition alternative, and indications that certain factions within the Queen's Privy Council/British intelligence structure remain committed to keeping him in power, that prevents him from going politically over the cliff. But at the same time, the intensity of attacks on his government points to a raging battle at the highest echelons in Britain, as the global strategic and financial situations rapidly deteriorate. The outcome of this battle might be that Blair will find himself out of a job much sooner than expected.

'A cheat, a drunk, and a liar'

Robin Cook is a nasty creature, who has repeatedly been making pious declarations on the airwaves about why war

against Iraq is "necessary" and "justified." His sliminess is now a subject of public scrutiny, with the publication of a book entitled *A Slight and Delicate Creature*, the autobiographical account written by his former wife of 28 years, Margaret. Margaret Cook exposes Robin as a serial adulterer, heavy drinker, and inveterate liar. The Jan. 10 *Express on Sunday* front-page story on the book was headlined, "A Cheat, a Drunk, and a Liar."

Robin Cook ended his marriage with Margaret under the following circumstances. Rumors had been circulating for some time that he was having an affair with his appointments secretary. Apprehensive that this was going to sully the government, Blair and his press secretary Alastair Campbell took Cook aside, and gave him an ultimatum, that he resolve the matter immediately. So, as Robin and Margaret were at Heathrow Airport, preparing to leave on vacation, he took her aside, and announced that he was ending the marriage, to marry his appointments secretary.

Margaret Cook reports a telling incident, from some years earlier. She was in tears, grieving the loss of a horse she owned, and of which she was very fond. Robin walked up to her and said, "Margaret. Look, I'm sorry. I'm really sorry. I think, though, since you are so obviously upset, I may as well tell you some other bad news. As you suspected, I've been having an affair." The affair was with his riding instructor.

Thereafter, she reports one incident, where he was found sprawled on a hotel room floor with a bottle of brandy by his side.

In other passages, Margaret Cook accounts how Robin would often confess that both he and Blair had "sold their souls to the devil," by betraying their own beliefs in an all-or-nothing drive to gain power for "New Labour." The book also details the intense personal dislike of Robin Cook for Chancellor of the Exchequer Brown.

On the weekend of Jan. 9-10, the same weekend that Margaret's book appeared (which is being serialized in the London *Sunday Times* under the headline "Rotten Robin"), Cook came under fire from senior Foreign Office figure Sir David Gore-Booth, the recently retired British envoy to India and former ambassador to Saudi Arabia, for his handling of the

Foreign Office. There are numerous scandals that have surfaced, or are waiting to surface, concerning Cook's handling of thorny diplomatic and/or military situations, including Sierra Leone, Yemen, India, and Iraq.

On Jan. 10, Conservative Party shadow Foreign Secretary Michael Howard called on Cook to resign, proclaiming that Margaret Cook's book is "another nail in Robin Cook's political coffin." This was echoed by several leading commentators in British journals. British sources have told this correspondent that Cook's resignation is only a matter of time.

'Corpses strewn all over the stage'

Robin Cook's swinishness is emblematic of the immorality and moral corruption at the heart of the Blair government. Virtually every senior figure in the Cabinet has been exposed for corruption, and the intriguing and plotting within the Cabinet is reminiscent of decadent 17th-century British philosopher Thomas Hobbes's "state of nature," in which, he posits, there is a "war of each against all." The Jan. 9 London *Times* likened the situation to a Shakespearean tragedy, in which "the corpses are strewn all over the stage."

For example, there is the case of Dr. Jack Cunningham, the chief Cabinet Office enforcer, who travelled to Washington on Jan. 14-15 as the British representative to Vice President Al Gore's "Reinventing Government" conference. Cunningham's aides are involved in preparing a "White Paper on Modernizing Government," the which is a British complement to Gore's "reinventing" project. Cunningham has a curious idea about what it is to "modernize a government." The London *Independent* and other British dailies have revealed that, in his former post as Agriculture Minister, Cunningham was wont to use public monies for private jet flights to various destinations.

Similarly, 10 Downing Street press secretary Alastair Campbell, now regarded as the second most powerful figure in the government since Mandelson resigned, has also been exposed for using public money for private purposes. Further improprieties are emerging concerning Chancellor of the Exchequer Brown.

The Jan. 10 *Mail on Sunday* reported that Blair intends to invoke the Official Secrets Act, to prevent publication of a book by Charlie Whelan, the outgoing press secretary to Brown. Whelan's book, according to sources close to him, would outline the deep infighting within the government, including the fact that Cook and Brown have not spoken to each other for ten years. Several publishing houses are offering Whelan vast sums to write the book.

One book whose publication has not been stopped, is that by *Mirror* political columnist Paul Routledge, on Blair crony Mandelson. Entitled *Mandy*, the unauthorized biography documents Mandelson's all-embracing power ambitions, including a plan to eventually succeed Blair as Prime Minister. Mandelson's intrigues against Brown are also de-

tailed. Routledge is known to have received information for the book from Whelan; both are aligned with "Old Labour" trade union networks disgruntled with the Blair-Mandelson "Third Way."

Upon the release of the Routledge book on Jan. 12, Mandelson made it known that he has no intention of returning to government. That issue has proved to be another embarrassment for Blair. The first thing that greeted him when he returned to his office on Jan. 11, was a revolt by senior figures in the Labour Party, in response to reports that he was preparing to bring Mandelson back in, possibly as a replacement for Robin Cook. There was outrage that right after his resignation, Mandelson turned up again in the Cabinet offices, for a meeting on Anglo-German relations with his German alter-ego, Bodo Hombach.

Blair greeted by riots in South Africa

by Dean Andromidas

Riots and gunfire was the greeting British Prime Minister Tony Blair received, while on a speaking engagement in Cape Town, South Africa, on Jan. 8. The riot broke out less than 100 meters from where Blair was speaking, and after police fired on demonstrators protesting the Anglo-American bombing of Iraq and Blair's official visit. According to press reports, the demonstrators were chanting "Death to Blair" and "One Blair, One Bullet."

The police opened fire when they saw guns being distributed among the demonstrators. The police claim that the demonstrators were from two organizations: Muslims Against Global Oppression, and People Against Gangsterism and Drugs. These are two vigilante groups that operate against drug dealers and criminal gangs in the poorer urban areas of South Africa.

The riots occurred at the end of a three-day tour of South Africa by Blair, whose primary aim was to polish up a political image that has been tarnished by an array of scandals in, and resignations from, his government. The question that should now be asked is: Was this a major security bungle, or a "warning," if not an assassination attempt?

Blair's three-day stopover in South Africa had several specific purposes that no doubt generated political controversy.

First, was to get South African support for future military action against Iraq. Such a demand would receive widespread opposition not only from the Muslim groups such as those who were shouting "One Blair, One Bullet," but from the

South African Communist Party and key factions of the ruling African National Congress, the latter being a broad-based coalition of political organizations, many of which equated apartheid with “Western neo-colonialism.”

Promoting a ‘special relationship’

The second purpose, was to indoctrinate Deputy President Thabo Mbeki in the ideology of Blair’s New Labour “Third Way,” and to establish a “special relationship” between Britain and South Africa. Although it is broadly accepted that Mbeki will succeed President Nelson Mandela, when Mandela retires from office later this year, Blair took the rather unusual diplomatic step of endorsing Mbeki’s Presidency prior to the South African elections. This “special relationship” is no doubt aimed at getting South Africa to fully support British plans to redraw the map of Africa. South Africa is already pushing a peace initiative for the war raging in the Congo, which is seen as de facto support for Ugandan President Yoweri Museveni, Britain’s regional marcher-lord. In this context, the two leaders discussed the conference of Commonwealth nations, which will be held in South Africa later this year. Blair came out in support of Mbeki’s so-called “African Renaissance” policy, which is nothing more than Third Way “free-trade economic reforms” that have the backing of the International Monetary Fund

and World Bank.

The third purpose of the trip, was for Britain to cash in on South Africa’s plan to modernize its military, through an arms procurement program worth \$5 billion. Letters of intent were signed between British Aerospace and the South African government, for the sale of British-built Hawk jets and the Swedish Grippen, a sophisticated fighter built by Saab, which is now partly owned by British Aerospace. Also, the British firm GKN-Westland signed a letter of intent for the sale of helicopters. There is opposition to these plans in the South African military, because the South African Air Force has traditionally flown French Mirage jets. Furthermore, given the fact that most countries in the region have poorly equipped air forces, and some have no air force at all, South Africa could look for much more cost-efficient options, such as the Russian MiG-29s.

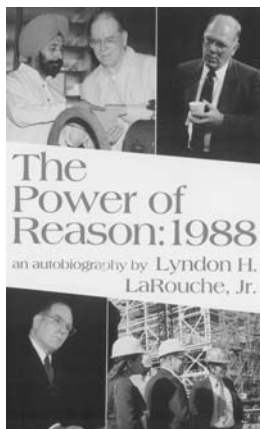
The British move is also seen as an attempt to further lock South Africa in with Great Britain, not only politically, but militarily. The South African Finance Ministry and Central Bank were cool on the deal, on the grounds of “affordability.” After all, why should South Africa, with its 50% unemployment and massive poverty, subsidize the troubled British and Swedish aerospace industries?

In order to sweeten the deal, Blair promised as much as \$4 billion in British investments in South Africa.

Books by Lyndon H. LaRouche, Jr.

The LaRouche case “represented a broader range of deliberate cunning and systematic misconduct over a longer period of time utilizing the power of the federal government than any other prosecution by the U.S. Government in my time or to my knowledge.”

—Former U.S. Attorney General
Ramsey Clark

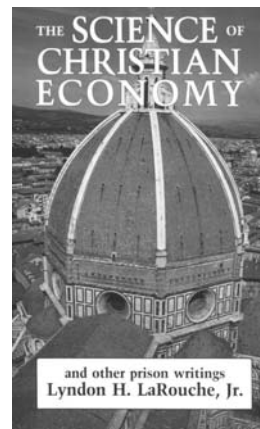


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MI6 spreads more lies in Diana murder probe

by Jeffrey Steinberg

Britain's *Sunday Mirror* on Jan. 10 published a banner-headline account, purportedly based on leaked sections of the final report of French Judge Hervé Stephan, indicating that the sole blame for the Aug. 31, 1997 Paris car crash that claimed the lives of Princess Diana and Dodi Fayed, falls on Henri Paul, the driver of their Mercedes, who was also killed in the crash. Stephan is the chief French investigator of the crash. From the outset of the probe, French police, in concert with elements of the French government and the British monarchy, have been trying to foist all the blame on Paul, claiming that autopsy results showed that the driver was drunk, and also high on prescription drugs, at the time of the crash.

The *Sunday Mirror* "exclusive" began: "The investigation lasted 16 months and cost £6.4 million. It produced a 5,000-page mountain of paper that stands 42 inches tall. . . . Yet it has concluded that *no-one* is left to blame for the death of Princess Diana. . . . The highly sensitive first draft of the final report was completed in secret by investigating judge Hervé Stephan last week under extra-tight security. But key segments from the final pages of the dossier have been obtained by the *Sunday Mirror*'s investigators."

The *Mirror* quoted key sections of the purported report as stating, "From the overall examination of the known factors the accident may be due to excess speed, the peculiar characteristics of the road, the presence of a Fiat Uno at the mouth of the tunnel, and the poor control of the vehicle by the driver."

But, according to sources intimately familiar with the ongoing probe, the *Mirror* story was based on pure disinformation, probably originating with a British MI6 propaganda specialist who has been posted at the British Embassy in Paris since the crash. Richard Spearman, the suspected author of the disinformation, reports directly to MI6 chief Sir David Spedding, according to sources interviewed by *EIR* in Paris and London. The sources told *EIR* that Judge Stephan has assured attorneys for the families of both of Henri Paul and Mohamed Al Fayed, the father of Dodi Fayed, that the *Mirror* account is false.

Indeed, one day after the *Sunday Mirror* generated a spate of news stories and Reuters wires with its sensational claims, Associated Press issued a report from Paris that Judge Stephan had categorically branded the *Mirror* account as false. The Paris prosecutor's office, speaking on behalf of Judge Stephan, stated, "The investigation is not closed and it is prema-

ture to draw conclusions on the work of Judge Stephan." A source in the prosecutor's office told Associated Press that the investigation will not be concluded until March, and that no final conclusions have yet been reached.

The August status report

The last "official" word to come out of Judge Stephan, in August 1998, highlighted a number of unanswered questions, one year into the probe. He emphasized that blood tests had revealed the presence of near-lethal levels of carbon monoxide in Paul's bloodstream at the moment of the crash. An individual suffering from such an extreme state of carbon monoxide poisoning would barely be able to walk. Yet, eyewitnesses described Paul as being completely in control of the Mercedes, as he drove along the riverfront highway leading into the Place de l'Alma tunnel.

Stephan also cited the failure of the French police to locate the Fiat Uno which collided with the Mercedes, triggering the crash. Despite a year-long search, no credible leads have been developed as to the whereabouts or identity of the driver.

Judge Stephan also ordered a probe of the botched emergency medical rescue. Princess Diana, who was critically injured but not killed in the crash, was not brought to La Pitié Salpêtrière Hospital for more than two hours after the crash; and some of the emergency medical care she received may have contributed to her death.

The disinformation team

EIR's sources have been focussed on the activities of several top MI6 operatives who played a central role in the Paris events and their aftermath. According to several sources, a top MI6 dirty trickster named Nicholas Langman showed up in Paris several weeks prior to the crash, and operated out of the British Embassy. It is suspected that Langman was in some way involved in orchestrating the attacks on Princess Diana and Dodi Fayed, during what was to be a brief stopover in Paris on Aug. 30-31, 1997. Langman left Paris right around the time of the crash.

Langman was soon replaced by Richard Spearman, a disinformation specialist, who was reporting directly to Sir David Spedding, the head of MI6, according to several knowledgeable sources. Spearman, sources tell *EIR*, has been in the middle of the coordinated black propaganda efforts, with some French authorities, to cover up the actual cause of the crash. The sources believe that, ultimately, the vehicular assassination and cover-up were ordered by Prince Philip.

British and French officials are said to be very anxious about the fact that Judge Stephan has still not completed his probe, 16 months after the crash. The idea that Judge Stephan has taken more time than the Warren Commission that investigated the assassination of President John F. Kennedy, underscores the fact that the crash that claimed the life of the world's most popular princess, was anything but a routine traffic accident.

Phony exposé of Diana's death sheds some light—despite authors' intentions

by Katharine Kanter

Enquête sur la mort de Diana (Inquiry into the Death of Diana)

by Jean-Marie Pontaut and Jérôme Dupuis
Paris: Editions Stock, 1998

One would have thought that the murder on Aug. 31, 1997 of one of the most beautiful and influential women of the century, and one of the most powerful figures in the British Empire, would have thrown the world's journalistic corps into investigative work at least as grimly intense as that devoted to President Clinton's tomfoolery. In fact, apart from Thomas Sancton and Scott MacLeod's *Death of a Princess—The Investigation*, a serious piece of work reviewed in *EIR* (March 13, 1998), and what *EIR* has put out, the entertainment megachains which control publishing today know from experience that you can sell a cheese roll so long as Diana's face is on it, so why look for the truth?

Pontaut and Dupuis are stringers, who have written a series of opuscles on security issues, some in collaboration with the famous journalist Jacques Dérogy. They have had access to the police file, and they have read it. Whether Pontaut and Dupuis themselves have also personally interviewed any of the individuals cited in the book, remains entirely unclear, as the thing is, perhaps deliberately, written in so slovenly a manner that the reader is not put in a position to distinguish between witness statements in the police file, and original interviews, assuming the latter exist.

The book cannot precisely be described as a cover-up, however, no matter what the the authors' intent may have been, because the facts themselves cry *murder*.

The devil's apprentices

From the police file, Pontaut has extracted a witness statement, heretofore unpublished, concerning the interchange be-

tween paparazzo Romuald Rat, who had terrorized Diana throughout the day of Aug. 30, and a North African youth who clashed with Rat at the crash scene:

Witness statement, Jacques M: There was a short, North African youth shouting down a big heavy guy [Romuald Rat], a photographer. I distinctly heard the little guy tell the big guy:

“Why did you do that?”

And the big guy said:

“We had to, we had no choice.”

And the little guy, horrified, said to the big one:

“Shit, shit, but why that?”

And the big guy said,

“I told you we had no choice.”

Then they started yelling at each other, and they started punching each other. Or rather, the little guy started trying to punch the big guy, who tried to defend himself behind his camera. Then people pulled them apart. Sébastien Dorzee and Lino Gaggiardone, the first policemen on the scene, saw them fighting, and one said: “There is no doubt whatsoever in my mind that I heard one of the two say to the other: ‘It's your fault!’”

Now, we do not know exactly what it is that Romuald Rat did, which so horrified the North African youth, although Rat told Pontaut that he touched the Princess: “I lifted her up, to see if she were still alive.” He later claimed that he did so, because he has a first-aid certificate! We do not know who the North African youth is, because he is one of the few direct witnesses who seem to have never been interrogated. Nor do we know what he meant by the words “It's your fault.”

According to the tabloid weekly *Voici*, two eyewitnesses to the accident gave the police false names and addresses, because they were robbers. One at least has now been ar-



The inside security cameras show Princess Diana arriving at the Ritz Hotel on the evening of Aug. 30, 1997. Outside the hotel, closed-circuit surveillance cameras on the Place de Vendôme (inset) show two individuals, who were not among the paparazzi, who stayed outside the hotel for two hours after Dodi Fayed and Diana had entered.



rested for burglaries, and, says the tabloid, has been “helping police with their inquiries.”

‘Not dead yet? Then let her die!’

It will be recalled that a brawl broke out in the world medical community over the treatment, or non-treatment, given Diana. Great pressure was put upon the French government to make the details public. Whether or not they have truly done so, or whether what Pontaut serves up is yet another fairy tale, what is significant is that his version of the medical treatment Diana received differs in a number of respects from that issued by the authorities at the time.

First, Pontaut claims that the first ambulances arrived at 00:32 hours, in other words, between six and eight minutes after the accident. Initially this interval was given as 12 minutes, an almost incredible delay.

“Not yet dead? Then let her die!” That is how a leading political figure described the attitude of the French authorities on the night of the murder. And, struggle as he may, Pontaut does not succeed in proving otherwise.

He prints a report from Dr. Jean-Marc Martino, a “surgical-anesthetist,” in other words a person who must have realized on the spot that the woman had to have emergency surgery within the hour. Dr. Martino says he was told the victims’ identity “as soon as I arrived” and continues:

“[The Princess] was very agitated and was crying out. I told the team to take care of the passenger in front [bodyguard Trevor Rees-Jones], who appeared to be the most seriously injured. . . . Then a firemen’s medical doctor appeared, and took charge of the passenger in front. . . . The Princess continued to be very agitated, moving her left arm and right leg, and speaking in a confused and incoherent way.”

Martino claims that whilst he was extracting her “with great difficulty” from the car with the help of the firemen, “her heart stopped, and I placed tubes, ventilated and massaged to resuscitate her. I placed her in my ambulance to carry out a further examination and continue resuscitation. Her condition was grave.”

These operations took until 1:30 in the morning. And while they were going on, we are to believe that, in Pontaut’s words, they “looked for the most suitable hospital.” This is nonsense: In France, as an ambulance drives to the scene of an accident, the rescue team is radioed a list of hospitals able to take them on the spot, and radios back which hospital they are heading for. No explanation whatsoever is given why La Pitié Salpêtrière, the farthest possible hospital, was chosen.

Now, according to Pontaut, it was Paris Prefect Philippe Massoni, about whom a number of extremely unflattering things have been written in relation to these events, who de-

cided to wake up Interior Minister Jean-Pierre Chevènement, and told him to go to La Pitié, which probably means that it was Massoni who decided on that hospital.

Chevènement, says Pontaut, got to La Pitié at 2 a.m., and was “very surprised” that the ambulance had not yet reached the hospital. And well he might be. The banks of the Seine were closed to all traffic, and the ambulance allegedly travelled at 40-50 kilometers per hour. Massoni reached La Pitié before the ambulance, which could not have been a difficult task. The story goes that Massoni called Marcel Vinzerich, the police commissioner in charge of the convoy. Vinzerich told him that the ambulance had stopped at the Austerlitz Bridge. Its driver, Masseur, told Pontaut that “the doctor told me, stop on the bridge for five minutes, because she had to receive treatment that required complete immobility.”

And, Dr. Martino says, “Her blood pressure suddenly fell on leaving the Austerlitz Bridge.”

Daniel Eyraud, chief of vascular surgery, received Diana at La Pitié, at 2 a.m.: “When she arrived, she was unconscious . . . she was in shock, but *she did have a cardiac rhythm*. In other words, her blood pressure was low, but her *heart was beating* nevertheless.”

Only at this point, were X-rays taken! She had a “very grave hemothorax,” i.e., an internal hemorrhage pressing upon both the right lung and heart. And so would anyone who had been left lying in the road like a dog for two hours. This type of injury is so frequent in automobile accidents, that the ambulance team could not but have known that the likeliest of all injuries, was *precisely* that which Diana had suffered. And they could not but have known that the wound had to be sutured immediately.

The blood was pumped out, and then reinjected massively. This was not enough. Cardiac arrest occurred between 2:10 and 2:15 a.m. Prof. Bruno Riou arrived, and called in Alain Pavie, expert in thoracic surgery.

Before Pavie got there—Riou decided to operate without Pavie, alongside Moncel Dahman, chief of general surgery. Daniel Eyraud says that Diana’s heart had stopped beating just before they tried that operation.

Dr. Pavie only arrived at around 2:30. Dr. Dahman, says Pavie, “had carried out a thoracotomy. . . . The origin of the bleeding was in the pericardial cavity, completely to the left and behind.”

Pavie says that he decided at 3 a.m. to make a larger incision. Diana was moved to the emergency operating block, the place she should have, and could have, reached exactly two hours earlier. According to Pavie, “The hemorrhage was due to the partial rupture of the upper left vein, in contact with the left auricle. This wound was sutured. The hemorrhage was controlled and we continued resuscitation.”

Readers of *EIR*’s earlier reports will recall that, contrary to everything that has been affirmed in the press, it is *not* French practice to have accident victims bleed quietly to death

on the road in a stalled ambulance. It is true that these van-sized vehicles, which are actually small operating theaters, are more fully equipped than is usual in many other countries, but there is a rigid protocol in terms of space and time for every injury, and French experts, like their colleagues elsewhere in the world, know full well that speed is of the essence. Had Diana been helicoptered to the military hospital at Val de Grâce, which takes less than five minutes from the Place de l’Alma, where the accident occurred, she would almost certainly be alive today.

Hunting the fox: a blood sport

Concerning the paparazzo Romuald Rat, the Procurator Fiscal for Paris, Gabriel Bestard, had originally not only issued an interim order jailing Rat and his colleague Martinez, on grounds of manslaughter and what is known in French law as “non-assistance to a man in danger,” but had ordered that they be prevented from any “contact with photographers who might have fled the scene.”

However, following a huge “freedom of the press” campaign in Rat’s favor, Instructing Magistrate Hervé Stephan released them shortly after, on 100,000 French francs bail.

That the fox hunt was on as of Aug. 30, and that Diana was the fox, is made plain by the description which their security agent Didier Gamblin gives of the moment at about 7 p.m., when the couple arrived at Dodi Fayed’s apartment on rue Arsene Houssaye: “When the Mercedes followed by the Range Rover arrived, at least ten photographers followed them, on motorbikes and scooters, but there was also a car, perhaps a white-colored Peugeot 205.”

Pontaut says that the paparazzi “team of Lazlo Veres and Serge Benamou, is especially notorious and feared.”

Gerald Gueheneux, the second Al Fayed security agent stationed in front of the apartment on the day of the murder says: “I concentrated on the one [Rat] who was trying to get as close as possible to the Princess. . . . He threatened me and told me to watch out, that I didn’t know what he had on him.”

Dodi’s usual driver, Philippe Dourneau, says he quarrelled in front of the apartment with paparazzo Serge Benamou, “a fat man on a Vespa Hexagon” and “he threatened us loud and clear, and told me to my face that it would all fall back in the lap of the Fayed, and that he would drag them through the mud.”

Also at rue Arsene Houssaye, Dodi’s bodyguard Kes Wingfield was “surprised,” says Pontaut, by the assault of the paparazzi, especially “two very bold ones, thrusting their faces right into those of [Diana and Dodi]. Physically, they were strapping big fellows.”

It will be recalled that Diana, according to one of her security people, was terrified by Romuald Rat.

Didier Gamblin, the second French security agent in front of the apartment, says that when the couple left the apartment, “the photographers acted like madmen.” They were glued to

the car. They mounted and rode along the pavement in their motorbikes forcing passersby up against buildings.”

Philippe Dourneau is quoted by Pontaut on the couple’s return to the Ritz after 9 p.m. as follows:

“I asked François Musa to put the Range Rover before the hotel entrance, to kind of shield it. As a result, the big guy with the beard in blue [Lazlo Veres] threatened to place himself between the vehicle and the hotel if we got in their way. . . . These people were not exactly a barrel of laughs; you sensed the latent threat. You knew those guys were not there for laughs, and if we got in their way, they’d react.”

The situation at the apartment on rue Arsene Houssaye was so bad, that the Fayeds’ security agent Gamblin called the Ritz and talked to driver Henri Paul, asking for instructions.

Here we come up against a central mystery in this business: the glaring, apparent absence of the French police. France is a country where you cannot hold up a sign in the street without running afoul of the police, as a man holding a sign denouncing Nazi Alois Brunner learned, during a visit by the President of Syria, where Brunner is in exile.

The bodyguards Wingfield and Rees-Jones could not have failed to realize that something big was up. They must have raised the need for police back-up. Indeed, in an interview with the tabloid *France-Dimanche* in late August 1998, Maître Christian Curtil, who is Rees-Jones’s attorney, told the tabloid that both Wingfield and his client had begun to fear for Diana’s safety during her trips with Dodi to St. Tropez and Sardinia, and that they both felt reinforcements were urgently needed.

Something odd was definitely going on in the Interior Ministry on the day of the murder. Pascal Winieski, the policeman on duty at Le Bourget Airport on Aug. 30 when Diana and Dodi arrived from Sardinia, told Pontaut: On the computer screen, “indications will normally appear: the word ‘State’ for political and diplomatic persons, and VIP for show business. There were no instructions at all on the daily registry for their flight. [When the passengers arrived], I then recognized the Princess, whose presence on the aircraft I was totally unaware of.”

An air and border police (PAF) telegram was only sent at 23:05 hrs., bearing the words: “15h20—private flight—coming from Olbia—high personality—Diana + 6 persons.”

Pontaut does not say to whom the telegram was sent; one is left to assume that it was to some service in the Interior Ministry.

Are we to believe that the first person to learn that Diana was in town was, neither the police, nor the official intelligence services, nor the Foreign Ministry, but Alain Guizard of the Angeli photo agency, who is quoted as saying: “Around half past noon, or perhaps at one, on Aug. 30, I received a telephone call from a friend who is a photographer in Corsica, and who, on information obtained by the Olbia control tower in Sardinia, had learned that Diana’s plane was

about to land at Le Bourget, one hour and forty minutes later.”

And the ubiquitous Romuald Rat, who had taken photographs of Diana in July at St. Tropez, says: “Saturday, Aug. 30, at half past one in the afternoon, I received a call from a colleague in Italy, who told me that the Princess would be taking a plane and arriving in Paris.”

When Diana and Dodi cancelled their reservations at Chez Benoit, and returned to the Ritz, 200 people had already gathered there. The Ritz is next door to the Justice Ministry on the Place Vendôme. Why did no one call the police for help?

When the couple tried to get out of the car and rush into the Ritz, again, says Wingfield, “We had to protect Diana physically from the paparazzi, who were coming right up too close, with their cameras next to her face.”

It should have become clear to the reader at this point, that one of the many roles the paparazzi played that night, was to throw Diana, and especially Dodi, off-balance, frighten them into making mistakes. And that is exactly what happened. The hotel’s night manager, Monsieur Rocher, is quoted: “I know Dodi well. That night, he was utterly exhausted. He was not in his normal state.”

So, the fox was driven to ground. Even assuming that Diana and Dodi had decided to leave by the front entrance of the Ritz, with their usual escort, there were, according to photographer David Ker, “so many people in front of the Ritz, that had they intended to go out the front entrance, their car would have been blocked by curious bystanders.”

In other words, they were trapped. They were given no option but to try a decoy and the back entrance, if they wished to leave the Ritz that night at all. Here, an odd sentence in Pontaut’s book, on page 48: “Given the great number of photographers and bystanders, who numbered by then more than 200 people, the Ritz’s management decided, as an exceptional measure, to close the outside gratings of the hotel. *The trap of the Ritz thus snapped shut on Diana and Dodi*” (emphasis added).

Another unidentified blip on the radar screen, is the following stray quote from the famous photographer Langevin, who was waiting for Diana and Dodi at the Ritz back entrance. He told Pontaut that Henri Paul wandered out onto rue Cambon, and that while Paul was still standing there, “a man came out, I suppose it was an [Ritz] employee who was leaving work. He made a sign to us that the couple was about to arrive. That struck me as odd, as there was no car waiting for them.”

The sign may not have been intended for Langevin. It may have been intended for the interesting individuals whose photograph appeared exclusively on the front cover of *EIR* on Dec. 19, 1997, taken by a closed-circuit camera—individuals who may well have been scouts involved in the murder.

Was Henri Paul blinded?

On Sept. 1, 1997, testimony was voluntarily given by one François L., who is apparently a petty crook. Understandably,

given his police record, he rang the head of the Ritz, Frank Klein, before calling the police. Pontaut pours scorn on his statement, describing it as “totally contradicting the others,” but he does quote it: “In my rear view mirror I see a car escorted on both sides by motorbikes. . . . There was a white car between me, and the [Mercedes carrying Diana and Dodi]. Then, as I was just leaving the tunnel, I distinctly saw a motorbike cut out in front of the [Mercedes] and there was a big white flash.”

Witness statement, Benoit B.:

Driving in the opposite direction to the Mercedes “I saw flashes before entering the tunnel. Having been an Army driver, I immediately thought they were radar flashes.”

Witness statement, Olivier P., chauffeur:

“It seems to me the flashes came from the motorbike which was just behind the Mercedes.”

Pontaut says there can have been no flashes from photography, because no film was seized relating to the stretch between the Ritz and the Alma tunnel. But why should that exclude lasers or some other kind of light used deliberately to blind driver Henri Paul?

Was there a set-up for a hit on Rees-Jones?

While Rees-Jones was in hospital after the crash, a man named Pascal Rostaing, from the Sphinx photographic agency, along with paparazzi Joel Dubois and Philippe Blet, also from Sphinx, got into the hospital. Philippe Manchon, a policeman on guard duty over Rees-Jones, found four hospital guards struggling with the photographers. The latter had offered the guards money “to get a picture” of Rees-Jones.

The next day, at 14:20 hrs., Joel Dubois reappeared amongst the families visiting their patients in that ward. The policeman grabbed him. In his bag, apart from camera equipment, there were complete plans of the hospital, including its basement levels.

Two days later, on Sept. 21 at 13:00 hrs., as the Rees-Jones family arrived, Blet and Dubois came up in the staff elevators, and again got through the security screen. The only reason they were stopped, is that the same policeman, Manchon, was on duty and recognized them. They told him that they had sneaked in through the emergency ward.

The mission described above may well have been to stake out the joint, probe the all-too-glaring weak points in Rees-Jones’s security, and then have somebody else move in and finish the job. Need one draw a parallel with the paparazzi’s behavior on Aug. 30-31, 1997?

In any event, from that day on, the police sealed off the ward.

Maître Curtil, in the August *France-Dimanche* referred to above, does say that the police file contains overt threats against Rees-Jones during the period he was hospitalized. Curtil himself has been threatened and physically assaulted by persons unknown. He also says that there is testimony from a Ritz driver, who had used the Mercedes earlier in the

day, and who says: “If you try it, you’ll get the fright of your life.”

‘It was all non-political’

In the world according to Pontaut, there was no “environment” other than that created by the photographers. Who really are those photographers? Can one doubt that some are intelligence operatives, and, it may be, not on the lowest rung of the ladder? And for whom? Pontaut is a prudent man, and the River Seine has cold, strong currents, even in summer.

He devotes but two lines to Diana’s clash with the House of Windsor, makes no mention of any political pressure, warnings or threats she might have received, her strained relations with the Duke of Edinburgh, and of course, there is no more than a line on the late Tiny Rowland, an asset of the British Crown and enemy of Dodi’s father, Mohammed Al Fayed. The sole exception is his note on Diana’s accepting the invitation from Al Fayed to visit him at St. Tropez: “Despite the reserves and warnings which reached her through English high society, she accepted.”

Pontaut makes no reference whatsoever to the counter-expertise on the autopsy carried out by Scottish forensic scientist Peter Vanezis, nor to the Swiss and English counter-expertise. Nor has he apparently spoken to experts competent to reconstruct the crash from a physical-materials standpoint. The fact that the Fiat Uno observed at the scene, which struck the Mercedes, was weighted down, is simply ignored. But this is of capital importance, since a Fiat which struck a two-ton Mercedes, unless heavily weighted, would have been smashed to smithereens.

According to the weekly magazine *Marianne* (June 29-July 5, 1998) the British Ambassador to Paris, Sir Michael Jay, has got the Presidential Palace, the Elysée, to put an embargo on publication of the following documents, now circulating in Paris, and known to be, among others, in the hands of the Sphinx agency: the autopsy report; a sketch of wounds on Diana’s body; a letter from the head of La Pitié to the Interior Minister; a report by Daimler Benz on the condition of the car; and a witness statement from the photographer, on a scooter, who reached the car one minute before it crashed.

A killer will kill again. No citizen on this planet is safe, if one may kill a personage of the importance of Diana, and get away with it. One may charitably suppose that, no matter the degree to which England and France are presently aligned in strategy, the French government was involved neither in choosing the victim, nor in planning her murder. But it has made itself to an active accomplice in the cover-up.

In reading Pontaut’s opusculé, it is manifest that a not-inconsiderable number of people have access to something approaching the truth, and that official circles in both France and England have an interest in making sure that it is kept well away from the inquiring public.

But, as Edgar Allan Poe has shown, murder will out. The perpetrators have already said, and done, too much.

Prince Philip's 'cat's-paw' Al Gore, Jr. would usher in a New Dark Age

by Scott Thompson

In an article in *EIR* of Jan. 15, "To Defeat Impeachment, You Must Defeat the New Confederacy," Lyndon H. LaRouche, Jr. described Vice President Al Gore, Jr. as the "cat's-paw" of Prince Philip, Duke of Edinburgh and Royal Consort, in the effort of the London-steered financier oligarchy to spread four "poisons" worldwide: destruction of the sovereign nation-state, fascist environmentalism, Malthusian population-reduction, and slave-labor policies (see box).

In the interview which follows here, Martin Palmer, the "spiritual adviser on ecology" to the Duke of Edinburgh, relates how Gore met with Prince Philip in 1991 and has been in correspondence with him for a decade, on how to destroy the last vestiges of republicanism, through a combination of pagan religion and eco-fascism. This process began with a conference in Assisi, Italy, in 1986, sponsored by Prince Philip, who was then the international president of the World Wide Fund for Nature (World Wildlife Fund). It has especially targetted Christianity, stripping from it the concept that man is created in the living image of God, *imago viva Dei*, and can therefore discover validatable scientific principles of natural law, which have as one of their effects an increase in the relative potential population density of the Earth.

The Lambeth Palace process

As *EIR* documented in its Aug. 21, 1998 issue ("Prince Philip's Assault on Religion" and "High Priest of Evil: Martin Palmer"), there have been tectonic shifts already caused by the Sept. 22-29, 1986 Assisi meeting, at which Palmer, through the World Wildlife Fund, launched a discussion of what these pagan kooks call the "Gaia" hypothesis, in reference to the Earth Mother Goddess hypothesis. Palmer recounts how this came to the attention of then-Senator Al Gore, Jr., who then took up correspondence with the Duke of Edinburgh. A Network on Religion and Conservation was launched, which was managed by Palmer on Prince Philip's behalf, and has subsequently become known as the Alliance of Religion and Conservation (ARC). It joins Christianity into a pagan, syncretic cult that includes elements of the Bahais; Buddhists (including representatives of Tibetan Buddhism, which was a core part of the belief system of Hitler's *Allgemeine SS*); Hindus; Jains; Jews; Muslims; Sikhs; and, Taoists.

All these religions, under the Duke of Edinburgh's pagan ministrations in ARC, have agreed to give up whatever notion of scientific progress they may have once held, in order to adopt a neo-feudalist, "New Dark Age" conception based upon "ecologically sustainable development," "man's stewardship over nature," "small is beautiful," and, a Hitlerian conception that extols poverty and austerity, rather than seeking to produce physical wealth to better mankind's lot. This is in sharp contrast to the outlook of Genesis 1:26, that man's destiny is to "be fruitful and multiply, and fill the earth and subdue it" — an outlook amplified by Lyndon LaRouche's scientific understanding of physical economy.

Even before the founding of ARC, Prince Philip brought his New Dark Age religion and conservation show to the National Cathedral in Washington, D.C., where, in May 1990, according to Palmer, the Duke of Edinburgh had his first meeting with Gore. Prince Philip, who has upon more than one occasion stated that he wished to be "reincarnated as a deadly virus" in order to solve the problem of "human overpopulation," injected his "deadly virus" of eco-fascism into the mainstream of U.S. religions, creating a U.S.-based offshoot of ARC.

This process was taken one step further on Feb. 17-19, 1998, when leaders from the various religions gathered, first at Buckingham Palace, where Prince Philip gave a keynote speech, then at Lambeth Palace, where World Bank president Sir James Wolfensohn and the Archbishop of Canterbury inaugurated the "Lambeth Palace process," to use religion and eco-fascism to "change the culture" of the World Bank, as Palmer puts it, from any promotion of large projects such as dams and irrigation systems to feed a hungry world and stop life-destroying floods, toward adoption of "ecologically sustainable development," employing primitive "appropriate technologies."

The World Bank is a key collaborator with Al Gore, in a Jan. 14-15, 1999 conference on "Reinventing Government," which seeks to destroy the sovereign nation-state by downsizing governments and injecting the poison of eco-fascism into policy-planning. Palmer confirmed that ARC's religious leaders have also adopted the policies of Prince Philip's Transparency International, toward fighting so-called "crony

capitalism,” as being essential to maintain “ecologically sustainable development.” After the Reinventing Government conference in January, Gore is going to host another conference, involving dozens of nations, to accelerate the International Monetary Fund/World Bank approach of putting a gun to the head of “uppity” leaders of sovereign nations by claiming that they are steeped in “corruption.”

The ‘greening’ of America’s churches

In the introduction to his 1992 book, *Earth in the Balance: Ecology and the Human Spirit*, Al Gore gives thanks for assistance in preparing the book to the Episcopal Cathedral Church of St. John the Divine in New York City. A spokesman for the Cathedral confirmed that Gore was aided by the Very Reverend James P. Morton, dean of the Cathedral Church, who is in semi-retirement, though very active in the field of

religion and ecology, through such vehicles as Lindesfarne, a kooky pseudo-medieval village in New York State; and, by Paul Gorman, the founder of the U.S. equivalent of Prince Philip’s ARC, which was launched soon after Prince Philip’s May 1990 visit to the Washington National Cathedral. Housed at the Cathedral Church of St. John the Divine, it is known as the National Religious Partnership for the Environment (NRPE). According to the Cathedral spokesman, Gorman, who is its executive director, maintains a close working relationship with Gore to this day.

Gathered under the umbrella of the NRPE are the U.S. Catholic Conference, the National Council of Churches of Christ, the Evangelical Environmental Network, and the Coalition on the Environment and Jewish Life.

In January 1991, Gorman and the NRPE had 32 Nobel laureates and other scientists write an “Open Letter to the Religious Community,” warning of dire ecological catastrophes, from global warming to the outbreak of pandemic disease, destruction of “biodiversity,” and the ecologically motivated outbreak of thermonuclear war. The signators included several friends of Al Gore, Jr.’s father, Sen. Al Gore, Sr. (see profile in *EIR*, Dec. 18, 1998, p. 73). These so-called scientists were pulled from the networks of the Pugwash Conference, which had been created by the connivance of Lord Bertrand Russell and Soviet General Secretary Nikita Khrushchov, and Dr. Leo “Strangelove” Szilard’s Council for a Livable World. (The Council had contributed heavily to Sen. Al Gore, Sr.’s political campaigns before he became its president from 1970-72.) Bertrand Russell’s aim was to use the threat of thermonuclear holocaust to destroy the sovereign nation-state, as LaRouche has detailed the case (e.g., “How Bertrand Russell Became an Evil Man,” *Fidelio*, Fall 1994; “The Wells of Doom,” *EIR*, Dec. 19, 1997).

This “Open Letter” was then sent to religious leaders, 271 of whom then also signed, including “37 heads of national religious bodies such as the General Secretaries of the World Muslim League and the World Council of Churches, and the Vice President of the World Jewish Congress, the Catholicos of All Armenians, Metropolitan Pitrim of the U.S.S.R., the Grand Muftis of Syria and Yugoslavia, the Presiding Bishops of all the Christian churches of China, and the Episcopal, Lutheran, and Mennonite churches in the U.S.A.; also, 51 cardinals, lamas, archbishops, head rabbis, patriarchs, mullahs, and bishops of jurisdictions in major cities signed it; 55 professors of theology, seminary presidents, cathedral deans, and heads of religious orders worldwide signed it; and, 17 indigenous religious leaders from 5 continents signed it.” There was a very significant overlap between the religious leaders who signed this letter and the representatives of nine major religions represented in ARC.

Then, on Feb. 5, 1997, the NRPE presented Vice President Gore with a statement by representatives of the four major component religious and ecological bodies, entitled “Care for God’s Earth Requires Justice for the Poor,” which said that

LaRouche on Al Gore and the House of Windsor

Lyndon H. LaRouche, Jr. describes the conflict between the republican idea of scientific progress and the “New Dark Age” eco-fascism of Al Gore, Jr., in “To Defeat Impeachment, You Must Defeat the New Confederacy,” EIR, Jan. 15:

... This persisting conflict, with its recurring mortal expressions, is, at bottom, an irrepressible conflict between two axiomatically irreconcilable differences between the Christian and pagan-oligarchical conceptions of man and nature; the British monarchy’s Duke of Edinburgh is today’s most shameless exponent of the anti-Christian, paganist view. . . .

In principle, today’s global financial crisis could be solved *politically* by returning to precisely those traditional American System policies which the British monarchy has always hated, and which Armand Hammer-created Al “Ozymandias” Gore, like Armand Hammer’s ideological cronies, the Duke of Edinburgh and the Prince of Wales, is determined to eliminate from this planet’s agenda, once and for all. . . .

In such times, that oligarchy has repeatedly reached into Hell to call up the relevant equivalent of an Adolf Hitler, or the impeachment process now ongoing against not only the President of the United States, but the continued existence of that United States itself. The evil Duke of Edinburgh, is the obvious exemplar of the forces behind the prospective Hitlers or their like today. . . .

there was a moral issue that the poor were excluded from environmentally sound, sustainable development. The NRPE presented Vice President Gore with 35 projects to undertake, while making a pledge to closely monitor the ecological projects of the Clinton administration and the Congress, so that there would be “environmental justice.”

Sounding a bit like Martin Palmer himself, Gorman has said: “Ancient faith traditions are engaging a new world historical challenge here, in a way in which is both strengthening the cause of environmental sustainability and justice and renewing religious life itself.” The NRPE uses the following quote from Sen. Al Gore, Jr. on its web site: “Solving our global ecological crisis begins with each one of us understanding that while we are given dominion over the earth, we are required to be good stewards of the earth. That’s what my Bible tells me. The work of congregations across the nation to achieve this principle is important and necessary, and will make a crucial difference in determining whether we are successful in confronting the extraordinary environmental crisis we now face.” As for Reverend Morton, who, along with Gorman, assisted Gore in writing his book, he has said: “The challenge before the religious community in America is to make every congregation—every church synagogue and mosque—truly ‘green’—a center of environmental study and action. That is their religious duty.”

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Interview: Martin Palmer

The Gore connection to Prince Philip

This interview with Prince Philip’s spiritual adviser on ecology was conducted by Scott Thompson on Jan. 6. Thompson began by asking about Al Gore’s meeting with Prince Philip at the Washington National Cathedral in 1990.

Palmer: Right. But I know there had been a fair amount of correspondence before that, because Mr. Gore was very interested in the work that Prince Philip had initiated with the world religions in Assisi in 1986, where Prince Philip invited the heads of (initially) five major religions—the Buddhists, Christians, Hindus, Jews, and Muslims—to Assisi to create an alliance between religion and conservation to bring in the moral, ethical, and spiritual teachings of religion and to fuse that with the sort of environmental knowledge of the scientific community, and that led to tens of thousands of religiously based environmental projects around the world. And, there are now nine religions involved in that network. And, Mr. Gore was very interested in that work—

Q: That work is now with the World Bank isn’t it?

Palmer: . . . We’re doing it at two levels. There’s now a continuing program in which WWF—(what you call the World Wildlife Fund and we call the World Wide Fund for Nature, of which Prince Philip was the international president). They have sustained and developed this program with us. We act as their religious advisers. . . . It’s in that capacity I’m religious adviser to Prince Philip on ecology. We have a whole program that’s running worldwide on ecology, but we now have a parallel program which is being done with the World Bank, which brings the same nine religions—the Bahais, Buddhists, Christians, Hindus, Jains, Jews, Muslims, Sikhs, and Taoists—together for working on development issues, in which, of course, ecology plays a major part. But, it is a slightly different program. Prince Philip has also been enormously supportive of that program.

Q: You say that Vice President Gore, even before he met Prince Philip, had been in correspondence with him.

Palmer: Right, he’d expressed interest in this alliance between religion and conservation. In his book, he has a section in which he talks about the importance of the spiritual, religious, ethical, and moral dimensions . . . that religion has.

Q: He seems to be very concerned about the Platonic Judeo-

Christian conception of “be fruitful, multiply, and” —

Palmer: Indeed.

Q: That reason will solve all problems, so don’t worry about nature.

Palmer: That’s right. I mean it does rather fall into the sort of romantic vision that the Eastern religions are all nature religions, and the Western religions are all mechanical thinking, which, I have to say, at the time that he and Prince Philip were in correspondence, was a little bit what Prince Philip thought as well. But, things have moved on since then. I’m not sure if Mr. Gore has. . . .

I know that the meeting took place. I know that there was correspondence before, because we were asked to advise on some of the religious issues and topics that were raised. I know it was a very good meeting. It was quite a meeting of the minds, because I think they’re both men who like to get on and do things, and, they are fairly impatient with abstract thought. And, yet, both of them, Prince Philip in particular, have recognized that without, as it were, the ability to change people’s hearts—that only religion can actually affect, on the network that religion has, down to the smallest community, through churches and mosques and synagogues—that the conservation methods are going to remain essentially an intellectual property, rather than a reality. And, I think that struck a chord with Mr. Gore, as I recall. . . . I know at one level, that an area the size of Belgium in the Amazon rain forest is cut down every year. . . . I know that, but it means absolutely nothing to me. Partly because I’m not terribly fond of Belgium. . . . But, if through a religious leader from that community (from one of the indigenous peoples) talking about what it meant to lose his *soul tree*, the tree that he’s been bonded with since birth, and, the pain he felt when it was cut down—that brings home to me the scale of the crisis.

And so, Prince Philip is now, and certainly since 1986, has worked always to balance the scientific with the emotional. He makes it clear that the scientific in a sense offers the answers, but not the means.

Q: You say that Vice President Gore was personally, deeply moved by this kind of approach?

Palmer: This seemed to be the case. He seemed to feel that this made sense to him. I mean, bearing in mind his own family have quite strong religious connections. He certainly understood the power of religious authority.

Q: That was going to be my second question, because he is a rather deep-dyed Southern Baptist. . . .

Palmer: Indeed he is. And, I think, you see Prince Philip has a very strong view that religion is about authority, it’s about knowing what is right and wrong, and I think there was certainly a convergence of thought on that score. But, again, Mr. Gore’s understanding, as I recall it, of the role of religion was more authoritative, than it was emotional or emotive. . . . And,

therefore, he could see some logic in that —

Q: In other words, he could see that through the authority of religion claiming some kind of respect, the earth —

Palmer: This would be a useful ally. It couldn’t do it by itself, because it hasn’t done by itself. And, it took the secular conservation movement challenging the religious movement to really get the religions active on this. But, once they did that, it took off monumentally. I mean, so much so that Prince Philip was given an award in 1995 by the United Nations for having inaugurated this work with the religions, on the grounds that through the religious networks, the conservation message had reached untold millions, who otherwise would never have heard it or never thought it was relevant for them.

Q: I understand this approach of Prince Philip has moved Sir James Wolfensohn of the World Bank?

Palmer: Yes, that’s quite right, but I think it’s a little more complicated than that. I think that James Wolfensohn is, as I’m sure you are aware, seeking to change the culture of the World Bank. He looks at the work that had been done on ecology and religion, because we invited the World Bank to join us as Prince Philip’s guests at Windsor Castle in 1995, when the nine religions came together to evaluate the success of their work to date and to plan further work. The World Bank was present. And, this created an interest in the World Bank as to whether the religions might not be similar allies in development work. And, very much with Prince Philip’s encouragement—he hosted an initial reception at Buckingham Palace for this initiative to be discussed. Last October, he hosted a luncheon to raise funds for the project: the joint work between religions and the World Bank. . . .

Q: James Wolfensohn is working closely with Vice President Gore on something that is afield from what you’re talking about: the whole question of “crony capitalism” and the sort of thing that Transparency International has been addressing.

Palmer: Yes, exactly, very important.

Q: I was curious if there might have been any overlap on the ecological —

Palmer: Well, the religions have made it absolutely clear that they are wholeheartedly in support and willing to do whatever they can to further Jim Wolfensohn’s work on corruption and cronyism. And, in the statement that they issued at the meeting we held at Lambeth Palace (the Archbishop of Canterbury’s Palace), where this whole thing was kicked off by Prince Philip, the Archbishop, and Wolfensohn, the religions were wholeheartedly behind that initiative and certainly are doing what they can. . . .

Q: In other words, under crony capitalism, you might very well say, “Well, I’m going to pay off this official, and therefore I’ll be able to cut out even more soul trees in the Amazon

forest” —

Palmer: Exactly. Certainly the religions have made the point since 1986, that one of the major problems they encounter in working on environmental issues is that the laws may be in existence, but they are not enforced. . . .

Q: Do you have any idea, other than through this work with James Wolfensohn, whether or not Vice President Gore has remained in contact with Prince Philip?

Palmer: I understand that he’s remained in contact, but not on a regular basis. The correspondence does not have to do with religious leaders, and so I have not been consulted.

I know that Prince Philip admired Gore’s book [*Earth in the Balance*], and I know that Mr. Gore also admired Prince Philip’s book [*Down to Earth*]. . . . I think Prince Philip felt that what the Vice President was saying was important. I think he felt encouraged that a man obviously rising within the structure was making this statement. He certainly felt the book was an important contribution. He shared his belief that the spiritual and religious and ethical view was important to the scientific and pragmatic. This was respected from the other side. . . .

Q: Concerning the impeachment of our President: The situation is a little bit more questionable than some of the more

rosy news items are saying. And, so there is, as even the *Sunday Telegraph* acknowledged, the possibility that one of these scandals may bring Gore into the Presidency —

Palmer: Indeed.

Q: And, he would be more of his own man.

Palmer: Indeed. Indeed.

Q: Have you ever heard anything from . . . the Alliance of Religion and Conservation concerning that potential? . . .

Palmer: In terms of the Alliance of Religion and Conservation, I think we would take very much the approach that where we know that a political leader has, to some degree, made himself a hostage to fortune, by putting in print views which one would hope to see him pursue, that we would pursue those, particularly where that person has also a strong and an avowed religious life. . . .

Q: You would say, on the question of ecology, the Vice President is somewhat of a hostage to the administration, which is less oriented in this direction than he is?

Palmer: I would say that’s very much the case, and that if he becomes President, and therefore he would become even more a hostage to that, that what he has left is quite a powerful testimonial which can be used against him — i.e., his book.

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International Intelligence

Suicide, homelessness booming in Australia

Thanks to Mont Pelerin Society austerity, job-cutting, and anti-social measures, Australia is experiencing a boom in youth suicides and general homelessness. In 1997, some 117 youths between the ages of 15 and 24 committed suicide in the state of Victoria, 50% more than the 78 in 1996. In New South Wales, the largest state, there was a 37% increase, and nationally, there was a 25.3% jump in youth suicides. The overall suicide rate rose 11%, and figures show that there are 4.5 male deaths to every female death. For the last six years under Premier Jeff Kennett, Victoria has suffered the most brutal Mont Pelerin economic reforms of any state in the country.

Young people are also especially victimized by homelessness, with more than 50,000 young people struggling to find a place to sleep every night, according to the Salvation Army. The number of young people, 14-24 years old, with no fixed address, has more than doubled in the past seven years, and a shortage of emergency accommodations increasingly means that many have nowhere to sleep. Mrs. Beryl Golding, the executive director of the Salvo's Crossroads emergency accommodation, reported that the 650 families in 1991 that had sought help from the center skyrocketed to 6,700 in 1995-96. In attributing the blame for the homelessness, the Salvation Army underscored government callousness in welfare and housing, as well as youth unemployment.

British kidnappers kill British victims in Yemen

The government of Prime Minister Tony Blair is setting up a destabilization of Yemen, attempting to turn it into a field for proxy war between British-backed Islamist terrorists and Saudi-supported tribal forces and separatist groups from the former South Yemen, all fighting the sovereign government of the Republic of Yemen. The dirty operation started when an Islamist group in

the south, calling itself the Islamic Army of Aden (and Yemen's Islamic Jihad group), kidnapped 16 British and Australian tourists in late December. During the Yemeni rescue operation on Dec. 29, the kidnappers murdered three Britons and one Australian. The British media, soon followed by Blair's government, accused Yemen of "provoking the murders," because they refused to negotiate with the terrorists.

An official from Yemen's Interior Ministry has countered that authorities are interrogating ten Yemenis and two Pakistanis, at least five of whom carried British passports, and were arrested for their part in the kidnapping, and their links to the Al-Jihad Al-Islami group. The British consul in Aden, David Purse, confirmed to Agence France Presse, that three of the Yemeni kidnappers had been in London several days before the kidnapping. "I am waiting to meet with them," Purse said.

The Yemeni official stated that "three in the group were in possession of explosives when they were arrested on Dec. 23," before the kidnapping. "They had planned to attack certain targets in Yemen," he said, adding that "they were in London a few days before the kidnapping."

China protests Dalai Lama speech to Indian industry

The Confederation of Indian Industry's (CII) decision to invite the Tibetan Dalai Lama to address a session at the fifth Partnership Summit on Jan. 8, sparked a protest from the Chinese Embassy. The Dalai Lama was to speak at a plenary session on "The Role of Ethics and Values in Our Life." While the CII officials said that the protest was registered, they added that the invitation had been issued because of the growing interest in issues relating to ethics and moral values in the field of corporate governance.

One day before, a group of Tibetan "activists" stormed the Chinese embassy in New Delhi, and burned China's flag. About 20 members of the Tibetan Youth Congress scaled the embassy wall and forced their way into the embassy. They later burnt two Chinese flags outside the compound, in pro-

test against China's "occupation" of Tibet. The protesters also handed over a letter addressed to Chinese President Jiang Zemin asking for an end to Beijing's "colonial rule" of Tibet. Embassy security guards were able to expel the Tibetans from the compound without calling police.

The incident is clearly aimed at throwing a monkey wrench into the highly sensitive Indian-Chinese relations, at a time when they are gaining strategic prominence, as is a China-India-Russia triad.

Gen. Shahak tells Israel, 'Netanyahu is a danger'

Retired Chief of Staff Gen. Amron Lipkin-Shahak announced his candidacy for Israeli Prime Minister on the ticket of a new Centrist party. Shahak told a Tel Aviv press conference on Jan. 6: "Today a new movement, under my leadership, is on its way. The next elections, the choice is simple: change and national reconciliation, or deepening the internal war which can lead us to disaster, hope, or division."

Shahak continued, "Prime Minister Benjamin Netanyahu is a danger to Israel and is leading us to disaster. . . . The responsibility for what has happened here in the past two years falls squarely on Netanyahu's shoulders. He sees the rift. He listens and hears the voices. He understands the danger, but uses it to his own advantage. Netanyahu is a danger to Israel; Netanyahu has to go."

Netanyahu countered that the remarks were an incitement against Netanyahu, to which Shahak retorted: "When there's a danger, one must point to it. I'm not the only one who thinks so, by the way. Or, should we keep silent and speak only when we see the results of that danger?"

Pakistan, India exchange lists of nuclear sites

India and Pakistan on Dec. 31 exchanged lists of nuclear installations and facilities in each other's country, in pursuance of a five-year-old bilateral agreement to protect them

NEW ZEALAND Justice Minister Sir Douglas Graham said on Jan. 8, "If commodity prices that we're so dependent on keep tumbling, that will push us closer and closer to Australia." Earlier, Australian Deputy Prime Minister Tim Fischer proposed a common currency, to be called the Zac. Australia's colonial constitution allows for the colony of New Zealand to merge with Australia, should New Zealanders so desire, and this clause remains in force.

CHILE'S armed forces have produced a document calling for breaking military relations with Spain and Great Britain, including the withdrawal of military missions from London and Madrid, and creating a new mission in Germany. The Jan. 4 report was prepared for President Eduardo Frei.

MALAYSIA'S Dr. Mahathir bin Mohamad was presented the U Thant Peace Award on Jan. 5, by Sri Chinmoy on behalf of the Peace Meditation at the UN. The award cites Dr. Mahathir's service to Malaysia and all developing countries, as well as his unique contributions to the integration of spiritual and material progress during his 18 years of service. Other recipients include Pope John Paul II, Mother Teresa, Mikhail Gorbachov, Nelson Mandela, and the Malaysian king, the Yang di-Pertuan Agong Tuanku Jaafar.

TWO KOSOVA villages were attacked by Serbian forces in retaliation for the kidnapping of eight Serbian soldiers by the Kosova Liberation Army (UCK). Serbian military targeted two villages near Kosovska Mitrovica, on Jan. 9, in the area where the UCK had captured the Serbian soldiers the previous day. The fighting is the most serious since the October cease-fire brokered by U.S. envoy Richard Holbrooke.

ARIEL SHARON Israel's Foreign Minister, warned the PLO against declaring an independent state, in an interview in the Jan. 14 issue of *Le Monde*.

from attack. The lists were exchanged through the countries' high commissions, in accordance with the 1993 agreement on prohibition of attacks against each other's nuclear installations and facilities.

In further diplomatic moves, U.S. Deputy Secretary of State Strobe Talbott will arrive in Pakistan on Feb. 2 for a three-day visit to continue talks with his Pakistani counterpart, Shamshad Ahmad. Talbott will also visit New Delhi. Talbott's visit to Islamabad and New Delhi will take place days before the Indian and Pakistani Foreign Secretaries meet to discuss Kashmir, and peace and security issues, apart from reviewing the progress made in their October-November round of dialogue. The Comprehensive Test Ban Treaty, a moratorium on fissile material production, restraint on nuclear and missile deployment, export controls, and the Pakistan-India dialogue will be on the agenda of the Talbott-Ahmad talks, according to Pakistani Foreign Minister Sarjaz Aziz.

Sectarian attacks aimed at new Pakistan-Iran ties

Sixteen Shiite worshippers crowded into a mosque in Multan, Pakistan, were slain on Jan. 4, when a four-man commando team with machine-guns stormed the site. The mosque was particularly crowded for the Ramadan season. The massacre—which, Pakistani government sources have stressed to *EIR*, is sure to spark a Shiite reprisal—was executed by Sipah i Sahaba, an Afghan mujahideen-staffed Sunni terrorist organization, which has been waging war on the Pakistani Shiite community for years.

Two weeks earlier a special anti-terrorism court sentenced eight members of the group to death, for the February 1997 death of Iranian diplomat Muhammad Ali Rahmimi and seven employees, at an Iranian government cultural center. Several more members of the Sunni terrorist group are now on trial, and probably will be convicted and executed.

"This is a proxy war, and has nothing to do with Pakistan per se," a source told *EIR*. "It reflects the fact that certain Muslim

countries are strongly opposed to Pakistan having a rapprochement with Iran," the center of Shia Islam. The attack occurred while Pakistani Foreign Minister Sarjaz Aziz was in Tehran meeting with Iranian Foreign Minister Kamal Kharrazi, and where significant breakthroughs in troubled relations were expected.

Southeast Asian nations wracked by irregular war

Throughout Southeast Asia, terrorists, separatists, and fanatics are on the march, seeking to make their respective countries, and the region as a whole, ungovernable.

- **Philippines:** On Jan. 5, guerrillas from the Moro Islamic Liberation Front ambushed a logging truck, killing four near Buldon and threatening to cut off peace talks with Manila; on Jan. 6, members of Abu Sayyaf lobbed a grenade into a restaurant frequented by soldiers. Both groups have old Afghansi ties to Osama bin Laden.

- **Myanmar:** Karen rebels skirmished with government forces near the Unocal/Total Yadana pipeline on Jan. 6, according to Thai military sources. The government has accused Aung San Suu Kyi of illegal links to the Karen, the oldest separatist insurgency in Myanmar.

- **Indonesia:** Two bomb threats in Jakarta on Jan. 6 forced the evacuation of several buildings, including the headquarters of a supermarket chain and a nearby department store outlet; on Jan. 1, there was an explosion in a vacant store of the same chain. A federation of 18 student groups representing Java, Bali, and Lampung, the Front for Indonesian Youth Struggle, has vowed to continue demonstrations. Several leaders, including Muslim leader Abdurrahman Wahid, have called on the students to stop street rallies during Ramadan.

- **Thailand:** Prime Minister Chuan Leekpai called for greater security around government buildings, following bombings in Bangkok and Chiangmai. The bombings, according to intelligence officials, he said "could be aimed at creating confusion to a point the government can no longer maintain peace."

Will Al Gore be impeached?

by Jeffrey Steinberg and Michele Steinberg

While there is no question that the ongoing U.S. Senate impeachment trial against President William Jefferson Clinton is the poison fruit of a foreign-initiated insurrection against the U.S. Constitution and the Office of the Presidency, *EIR*'s investigation of that treason has turned up compelling evidence that genuine instances of "treason, bribery, or other high crimes and misdemeanors" have been committed by Vice President Albert Gore, Jr., which may warrant his immediate removal from office.

Those crimes implicate a group of Wall Street and foreign financiers, other members of the Clinton administration's "Principals Committee," former Russian Prime Minister Viktor Chernomyrdin, former Clinton campaign adviser Dick Morris, and some of the leading "Conservative Revolution" zealots among the Congressional Republicans.

The most damning instance of impeachable corruption by Vice President Gore, as you will learn below, centered on his relations with the Wall Street hedge fund, D.E. Shaw, which poured tens of thousands of dollars into Gore's pre-Presidential campaign PAC, while corruptly influencing the Vice President's active interference in Clinton administration Russian policy. Gore was also pivotal in covering up widespread evidence that Russian Prime Minister Viktor Chernomyrdin, a Gore ally, was stealing billions of dollars—including U.S. taxpayer-provided foreign aid dollars—from the Russian treasury. Gore's interventions to prop up the kleptocrat Chernomyrdin were also undertaken on behalf of Shaw, Long Term Capital Management (LTCM), George Soros, and others among the most corrupt elements on Wall Street, to the grave detriment of U.S. national security and vital American economic interests.

What follows is an initial presentation of the evidence assembled to date. We rush this information to print for reasons that will soon be obvious to the reader: The details of the "inside" insurrection against President Clinton, in which Vice President Gore has figured prominently, since no later than

the spring of 1996, constitute vital exculpatory evidence for President Clinton in the ongoing Senate show-trial. Any politically competent *and truthful* defense of President Clinton from the bogus impeachment charges must begin from the standpoint of the "Get Clinton" operation, running continuously since January 1993, which was launched from London via the Hollinger Corp. and other foreign-intelligence and financier oligarchy-tainted circles, for the express purpose of driving Clinton from office and installing Gore in his place.

The Constitutionally justifiable elimination of Vice President Gore from office would deprive President Clinton's enemies of the "Gore option" that has been pivotal to all of the impeachment actions against the President. Take away the prospect of a Wall Street/London-friendly Gore Presidency, and the impeachment of President Clinton loses a great deal of luster, even for the President's most hard-core enemies.

Kennedy spills the beans

On Jan. 11, 1995, Sen. Edward Kennedy (D-Mass.) delivered a speech at the National Press Club in Washington, D.C., in which he warned that elements within the Democratic Party were in the process of selling out to the Gingrich-Army-Lott Conservative Revolution. Whether or not Senator Kennedy knew it at the time, he was actually smoking out the earliest indications of what would soon emerge as a full "inside-outside" insurrection against the Clinton Presidency and vital U.S. domestic and national security interests—an insurrection in which Vice President Gore would figure most prominently.

"Democrats," Kennedy said, "must be more than warmed-over Republicans. The last thing this country needs is two Republican parties. If we fall for our opponents' tactics . . . or engage in a bidding war to see who can be the most anti-government or the most laissez-faire, we will have only ourselves to blame. As Democrats, we can win."

Kennedy's remarks were aimed at the abysmal failure of



Vice President Al Gore and then-Prime Minister Viktor Chernomyrdin of Russia, on June 23, 1994, shortly before a joint press conference by the two leaders of the Gore-Chernomyrdin Commission.

the Democratic Party to mobilize its traditional core constituency during the 1994 mid-term elections, which saw the Newt Gingrich-led Republican Party Conservative Revolutionists seize the majority in both the House and the Senate, by the narrowest of margins. Kennedy himself had conducted a traditional “FDR-JFK” campaign and won re-election. He addressed this issue at the Press Club: “The election last November was not a ratification of Republican solutions. By the narrowest of margins they gained control of Congress. But less than 40% of the eligible voters turned out on Election Day, and only slightly more than half of those — about 20% — cast ballots for Republicans.”

Kennedy then turned to the heart of the policy fight. “We are,” he stated, “without apology, the party that believes in assisting the poor and the disabled and the disadvantaged — but not to the detriment of the working class, which is justifiably frustrated and angry. They . . . know they are losing ground. They see the wealthiest Americans becoming wealthier. . . . The majority of Americans are working harder and making less.”

He continued, “We must resist our opponents’ mindless anti-government vendetta against regulation, a rhetoric leading to an across-the-board assault on government that hides a multitude of injustices and indifferences.”

Kennedy ended by calling on all Democrats to wage an all-out war against the Republicans’ “Contract on America” planks that would scrap the welfare system, “and other harsh proposals that aim at the mother but hit and hurt innocent

children.” Democrats, he asserted, must “prove to working families and average citizens that we are on their side fighting hard for them,” rather than adopting the GOP Contract.

Within a year, the Democratic Party and the Clinton White House would be embroiled in a bitter policy war, over precisely the issues identified by Senator Kennedy in his National Press Club speech. As the fight reached a showdown, in the spring of 1996, Vice President Gore joined forces with Dick Morris and leading Congressional Republicans to straitjacket the President into accepting the so-called “welfare reform” bill, at the heart of the GOP’s Contract on America, and, by so doing, open up his Presidency for the assault that has followed.

Gore’s well-documented, repeated collusion with Dick Morris warrants brief further comment. Morris was the most flagrant of the “Conservative Revolution moles” inside the Clinton camp, which was already rendered vulnerable by the President’s weakness for the “Third Way” rhetoric of the Democratic Leadership Council and, more recently, of Britain’s Tony Blair. But Morris was ultimately a treacherous snake, every bit the nephew of the homosexual rapist, mafia lawyer, and alter-ego to Sen. Joe McCarthy, Roy M. Cohn. While professing to serve President Clinton, Morris was caught, repeatedly, leaking White House policy material to his “other” political clients, including Sen. Trent Lott (R-Miss.) and Sen. Jesse Helms (R-N.C.), two of the U.S. Senate’s most notorious Confederate ideologues. Morris’s leaking to Lott et al., in league with Al Gore’s inside pressure

on the President to cave in on the welfare bill, would prove to be a truly deadly combination.

‘Triangulating’ the President

During the August 1996 Democratic Party nominating convention in Chicago, Morris’s treachery caught up with him, and he was bounced from the Clinton-Gore campaign team, over a sexual perversion scandal. Morris made a seamless move into the “Get Clinton” camp, becoming one of the President’s most outrageous slanderers, most frequently in concert with Australian press baron Rupert Murdoch, whose *New York Post*, *London Times*, and Fox TV have been among the loudest screaming banshees, demanding Bill Clinton’s scalp.

But the Gore-Morris duo had already accomplished the vital bit of treachery: On Aug. 1, 1996, the Senate passed the Gingrich-crafted welfare reform bill, which tore out the guts of one of the major programs that provided a Federally protected safety net for the nation’s poorest households. The House had passed the measure on July 31. After a heated White House meeting, President Clinton announced that he would not veto the bill. He signed it into law on Aug. 8, 1996.

A former Deputy Assistant Secretary of Health and Human Services (HHS) confirmed to *EIR* that Gore and Morris were the two key players, who convinced the President not to veto the bill, which the majority of the Clinton Cabinet, led by Labor Secretary Robert Reich, Treasury Secretary Robert Rubin, Housing Secretary Henry Cisneros, Office of Management and Budget Director Alice Rivlin, and Education Secretary William Reilly all opposed. The battle had been raging since the spring.

Gore’s “point person” in arguing for the President’s support for the bill, which the ex-HHS official described as “mean-spirited,” “wrong,” and “unconscionable,” was Elaine Kamarck. She would later emerge as Vice President Gore’s contact point to a group of Wall Street speculators and bigshots, who are eager boosters of Gore’s immediate ascent to power.

Morris argued that, without the President’s support for the welfare bill, the Democrats would lose the November elections, because they defied his strategy of “triangulation,” a slick term for abandoning the traditional FDR Democratic voter coalition, in favor of a crass appeal to the Republican Party’s enraged middle-class constituency.

Again, the former HHS undersecretary, who had resigned when bill became law, was blunt: “If Clinton had come out of that meeting and said he would veto the welfare bill, he had a veto-proof Congress. . . . Everyone was waiting to see what would come out of the meeting. I was waiting to hear the outcome of the meeting at my offices, with other people. If Clinton had vetoed the bill, it couldn’t have gone through, and many Democrats would have supported him. I think if Clinton had vetoed the welfare bill and pointed out that he had signed 43 state waivers [to allow states to make changes

in welfare] and pointed out that through the expansion of the earned income credit and of Medicaid, that he had reduced the number of people on welfare [but not by using workfare], that he had such enormous credibility, he would have won the election.”

Of course, President Clinton was re-elected on Nov. 3, 1996, but both the House and the Senate remained in the hands of Republican majorities. The stage was set for the impeachment onslaught.

Daschle-Bingaman and other voices

While the formalities of the welfare bill decision played out in early August, in fact, the battle had been lost, for all practical purposes, in the late spring, when the President failed to take up the initiative, put forward by leading Congressional Democrats, to conduct the 1996 election campaign around the fight to secure economic justice for all Americans. By failing to join Labor Secretary Reich, Democratic Senators Tom Daschle (S.D.), Edward Kennedy, and Jeff Bingaman (N.M.), Representatives Richard Gephardt (Mo.) and David Obey (Wisc.), and the newly elected President of the AFL-CIO, John Sweeney, the President abandoned his own 1992 winning strategy, which campaign adviser James Carville had memorialized in the simple, but precise slogan, “It’s the economy, stupid!” With President Clinton a momentary captive of the Gore-Morris “triangulation” strategy, the Democratic National Committee, another hotbed of Gore cronies, sabotaged the 1996 Congressional campaigns. The agenda put forward in the beginning of 1996 by the Congressional Democrats was canned by the beginning of the summer, at the same time that the President was beaten into submission on the vital welfare battlefield.

All of the above-named Congressional Democrats had attached their names to high-profile economic policy initiatives and studies during the first half of 1996.

Again, it was Senator Kennedy who took the lead, on Feb. 8, 1996, in an address to the Center for National Policy in Washington, where he warned that the United States and the world had entered into a “Quiet Depression.” “All is not well in the American economic house,” Kennedy told the audience, “because all is not well in the homes of too many American workers and their families.” Kennedy revived an idea that had been first developed during the short-lived Presidency of his brother, John F. Kennedy, to create “most-favored corporations,” that would receive tax breaks and other benefits as incentives for paying higher wages and benefits, and offering other improved living conditions, for their workers.

On Feb. 27, House Minority Leader Gephardt delivered an address at the Economic Strategy Institute in Washington, D.C., in which he lambasted Wall Street speculator-driven economic policies that “squeeze up short-term stock prices—even when that means ignoring the long-term needs of the corporation itself.”

The next day, Senators Daschle and Bingaman issued a

57-page report from their “high-wage task force,” titled “Scrambling to Pay the Bills: Building Allies for America’s Working Families.” It contained a series of proposals for reviving the U.S. industrial sector while ensuring increased wages for workers. And, finally, Rep. David Obey issued a House study report, similarly calling for a reversal of the erosion of household living standards of working families.

Many of the ideas contained in these Democratic Party proposals were inspired by Lyndon LaRouche’s 1992 Democratic Party Presidential campaign committee document, *The LaRouche Program to Save the Nation*.

The Gore power-grab

The fight during the spring of 1996 also marked the first phase of a concert of action to seize control over the Clinton administration’s most vital foreign policy initiatives, on behalf of Vice President Gore and the cabal seeking the destruction of the Clinton Presidency.

While Gore’s collusion with Dick Morris, Trent Lott, Newt Gingrich, and Wall Street to trap President Clinton into signing the welfare bill was an act of treachery with long-term consequences, Gore’s public actions had not yet passed the threshold of impeachable offenses.

Indeed, the role of Al Gore in the attempted foreign and national security policy coup would not become apparent until late August 1998, when the Vice President was caught operating behind President Clinton’s back in a blatant effort to re-install the traitorous thief, Viktor Chernomyrdin, as Prime Minister of Russia. Beginning in 1993, Gore had been given strong powers to shape U.S.-Russian relations, as the chief U.S. representative to a bilateral policy structure known as the “Gore-Chernomyrdin Commission.”

Well-informed sources have told *EIR* that, during the March 10-12, 1998 Commission meeting in Washington, the two desperately ambitious wanna-be heads of state deepened their ongoing secret alliance to work together to, in effect, seize power in Washington and Moscow — on behalf of some of the most corrupt international financier interests. Following two days of formal meetings in Washington, the tenth such bilateral session between the Vice President and the Prime Minister, the two men travelled to Silicon Valley in California, where Gore introduced his Russian “partner” to a group of financiers and cyberspace executives who have been among the leading underwriters of Gore’s political operations.

Apparently, Russian President Boris Yeltsin was alerted to the Gore-Chernomyrdin scheming, because, less than ten days after the Prime Minister returned to Moscow, Gore’s pal was fired. Anatoli Chubais, one of the other darlings of the International Monetary Fund (IMF) and the Soros-allied speculators, was also dumped at the same time.

It is instructive to review the events that began to play out in mid-August 1998, as the “Asia financial contagion” spread to Russia and sent the global speculators into a near-death

experience. They show Al Gore at his insurrectionary best, scheming against his purported boss and loyal friend, Bill Clinton, and committing acts that could fit the category of “treason, bribery, and other high crimes and misdemeanors.”

Following the Aug. 17, 1998 announcement by then-Prime Minister Sergei Kiriyenko, that Russia was placing a 90-day freeze on some of its foreign debt obligations and suspending other payments, pandemonium broke out within the financial establishment, especially among the hedge funds and their commercial bank sponsors.

At the point that the Russian crisis erupted, President Clinton was pinned down with final preparations for his testimony before Independent Counsel Kenneth Starr’s Whitewater grand jury, which had turned into a runaway train, out to overrun the Clinton Presidency, using the Monica Lewinsky affair.

It was not until Aug. 23, when the President arrived at Martha’s Vineyard, Massachusetts, for vacation, that he devoted his attention to the Russia crisis. By now, it had become a full-blown governmental crisis as well as a global financial crisis, with President Yeltsin abruptly firing Kiriyenko, one day before the Prime Minister was scheduled to announce emergency government banking measures to deal with Russia’s de facto bankruptcy and out-of-control physical economic collapse.

On Aug. 23, 1998, without consulting with the President, Al Gore, vacationing in Hawaii, made a series of telephone calls to the key players in the Russian crisis. He spoke on at least three occasions to his partner in crime, Chernomyrdin. He spoke with Kiriyenko. Highly reliable sources have told *EIR* that Gore and Chernomyrdin were in a flight-forward to ensure that Yeltsin nominate Chernomyrdin to resume his post as Prime Minister.

It was only after Gore had made this ham-fisted intervention into the highly sensitive Russian crisis, that the Vice President bothered to inform Bill Clinton of his unilateral actions.

President Clinton, according to these well-placed sources, was furious at his Vice President for working behind his back to install Chernomyrdin.

Gore telegraphed whose interests he was representing in his Russia intervention, and they were clearly not the interests of the U.S. government, or even the interests of Russia.

According to a variety of sources, Gore’s conversations with Kiriyenko and Chernomyrdin centered on how each man was prepared to deal with Russia’s foreign private creditors, who stood to lose billions of dollars if Russia followed through and declared some kind of debt moratorium. The sources report that Kiriyenko refused to commit to an “honor thy creditors” pledge, whereas Chernomyrdin was more than willing.

At some time during August, Vice President Gore, working through his aide Elaine Kamarck and Steve Rattner, the CEO of Lazard Frères investment bank, travelled to Wall

LaRouche defines policy for year 2000 campaign

Here is a statement by Lyndon LaRouche, issued by the Committee for a New Bretton Woods, his Presidential campaign committee, concerning policy for campaign 2000. It is intended as prefatory remarks to a report, titled "The Road to Recovery," which will be issued in the immediate future. EIR plans to publish that report as soon as it is released.

January 12, 1999

It is time to rebuild that Democratic Party of core constituencies, which President Franklin Roosevelt forged under the crisis conditions of the earlier Great Depression. All of the related considerations of the attached report, titled "The Road to Recovery," are implied in that proposed campaign-slogan for the Democratic Party's Year 2000 Presidential primaries.

As a matter of emphasis, the attached report is intended to focus attention chiefly upon proposed policy for the crisis-wracked, early months of 1999. This report is being released for general national and international circulation, both as a transaction of the Democratic Party's Year 2000 election campaign, and also as a public report of the issues which will impact all among not only our nation's political parties, but also our nation's concerned friends abroad, during the coming months.

Initially, most among you will probably react to this report as an unusual contribution to the ongoing political campaign. At first reading, some of you may wrongly consider it an egregious intervention. After you have reflected on its content as a whole, you may come to agree, that only

a statement of this type is appropriate for cutting through the presently dangerous, but popular political mythologies of both today's mass media, and, also, the mythologies of all too large a ration of the present leaders of the Democratic National Committee. Most of you will recognize, some already, others soon, that it is time to put aside generally accepted, relatively long-standing illusions, about so-called "politics as usual." It is time to face the real issues of the presently unfolding spiral of worsening national and foreign-policy crises.

If you are a student of history, you will appreciate that the world has now entered into most interesting times, not only for this nation, but the world as whole. These present crises, and more menacing crises soon to come, will stay with us for many months, probably years; perhaps, like the Great Depression of the 1930s, the effects already unleashed by the presently ongoing world crisis may not be fully overcome earlier than a decade or more in the future, until a time beyond that future general election currently anticipated for November 2008.

I can assure you, that there are many more kinds of things which will come to dominate the agenda of the coming months, than most citizens, even among our relatively most sophisticated political figures, and other readers, presently know, or would yet wish even to think about. During the weeks and months ahead, those issues will be presenting themselves at an accelerating pace, appearing in forms such that only reckless blunderers would then ignore them, or rule them out of order.

Thus, with my best personal wishes to all of us, I propose that we join in casting aside that poisonous rumor, that, as a matter of course, it will be the unelectable Vice-President Al Gore, who will carry the party's banner and political platform into the Year 2000 general election.

To my fellow-Democrats, and to concerned Republicans and independents alike, I am your(s)

Lyndon H. LaRouche, Jr.

Street for a breakfast consultation with a dozen of the New York financial community's most powerful players, a majority of whom were heavily exposed in Russia. Among those who fed their "advice" to Gore were Soros, American International Group insurance magnate Maurice Greenberg, and David E. Shaw, the head of D.E. Shaw, a hedge fund that was in deep trouble as the result of highly leveraged investments in Russian bonds.

Details of what transpired at the closed-door Wall Street breakfast session are not yet known to *EIR*. But, two things are known. First, Vice President Gore had a personal financial stake in the outcome of the Russian crisis. On July 21, 1998, a group of top executives at D.E. Shaw had ponied up at least \$40,000 in personal contributions to Gore's political action

committee, Friends of Albert Gore, Jr., Inc. Shaw and company were the largest 1998 donors to the Gore PAC. D.E. Shaw had lost hundreds of millions of dollars in the Russian bond fiasco, and had a mighty stake in securing payment commitments from the incoming Russian government. Bank of America would post more than \$500 million in losses for the second half of 1998 as the result of Shaw's Russia bond bets, driving Bank of America to merge with NationsBank in order to stay alive.

Does the Gore-Shaw relationship, in the context of the Vice President's extraordinary intervention into the Russia crisis, smack of "bribery," one of the constitutionally elaborated impeachable offenses?

The second thing that is known is that Gore's machina-

tions briefly appeared to have carried the day. President Yeltsin offered Chernomyrdin the Prime Minister's job. And Chernomyrdin telegraphed his policy intentions by flying off, on short notice, to the Crimea, where, on Aug. 27, he caucused behind closed doors with IMF Managing Director Michel Camdessus. He reportedly assured Camdessus that Russia was prepared to give more blood to please the Western financiers. In a presentation days later before the State Duma (lower house of Parliament), Chernomyrdin spelled out his "economic recovery" plan, which was promptly dubbed the "Chernomyrdin-Fyodorov-Soros Plan," because in many respects it was identical to Soros's most recent looting scheme for Russia. Soros, whose Quantum Fund forbids any American investments in order to steer clear of U.S. securities regulators, was, it should be recalled, one of the more vocal participants at the Gore-Wall Street breakfast rendezvous.

The Chernomyrdin coup was short-lived. The Duma rejected his nomination on two separate votes, and on Sept. 10, 1998, President Yeltsin rescinded the nomination and appointed Foreign Minister Yevgeni Primakov as the new Prime Minister. It was a major setback for Western financier interests out to loot Russia.

The Gore-Chernomyrdin team was hit with a further blow on Nov. 23, 1998, when the *New York Times* revealed that the Central Intelligence Agency, as early as 1995, had developed hard evidence that Chernomyrdin was guilty of large-scale financial corruption. According to a CIA report that was provided to the White House, one German businessman complained that he had had to pay a \$1 million bribe just to get a meeting with Chernomyrdin to discuss a business proposal. Estimates are that Chernomyrdin amassed a personal fortune of \$5 billion while he was head of the Russian oil company Gazprom and during his tenure as Prime Minister.

When the CIA dossier on Chernomyrdin's thievery was passed on to Vice President Gore, according to the *New York Times* account, Gore sent the report back to Langley "with barnyard epithets scrawled across its cover." When confronted on the story, Gore told the *New York Times*, "I never discuss top-secret documents." The CIA stopped passing on evidence of Chernomyrdin's criminal behavior to the White House.

Parenthetically, the other Russian kleptocrat singled out for his corruption in the CIA dossier was Chubais.

The President's Russia policy

In another indication of the rift that opened between President Clinton and Vice President Gore as the result of the late-August "Al and Viktor" corruption scheme, President Clinton defied some of his key advisers on the "Principals Committee," the highest-level administration working group in which the President *does not participate*, and travelled to Moscow for a first-hand look at the plight of the Russian people. The President met with President Yeltsin in the first days of September, even though there was no Russian government in place.

While in Moscow, President Bill Clinton made his first public statements, acknowledging the depth of the global financial crisis, and the need for urgent action. He also continued on the theme of Franklin Roosevelt's success in devising economic programs to reverse the Great Depression, a theme that would soon be adopted by Primakov and some of his key economic advisers. Since his first visit to Moscow in 1994, Lyndon LaRouche, America's leading physical economist, had urged his Russian friends to study FDR and to adapt some of Roosevelt's policies to the Russian situation.

On Sept. 14, 1998, in a move that sent tremors through Wall Street and the City of London, President Clinton delivered a major foreign policy speech at the New York Council on Foreign Relations, where, for the first time, he explicitly echoed Treasury Secretary Rubin's statements about the need for a "new global financial architecture," and the dangers of a global financial meltdown.

The President continued to assert his own Russia policy throughout the autumn, sending Deputy Secretary of State Strobe Talbott and Deputy Treasury Secretary Lawrence Summers to Russia for discussions with Primakov, bypassing the Gore-Chernomyrdin Commission (now called the "Gore-Primakov Commission") structure. He also had Talbott deliver a major foreign policy statement on Russia on behalf of the administration, in a speech at Stanford University, which was not a glowing endorsement of the IMF's looting policies toward Russia.

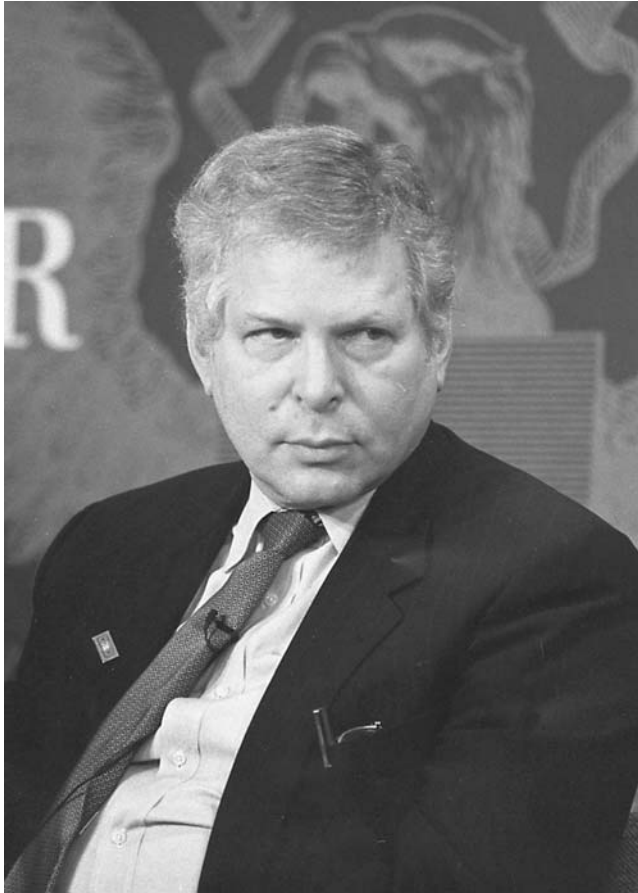
The Friends of Albert Gore, Jr. on Wall Street, in London, and in the other financial capitals of Europe were not thrilled with President Clinton, a reality that was evident as new escalations in the drive to impeach him from office was unleashed.

For the first time, Gore's name was publicly floated, with glowing accolades, by some of President Clinton's most die-hard enemies.

In the days immediately following President Clinton's trip to Moscow, the *New Republic* editorially called on the President to resign over the Lewinsky affair and make way for a Gore Presidency.

Even more dramatic was a Sept. 13, 1998 *New York Post* commentary by William Kristol, the editor of the Rupert Murdoch-bankrolled *Weekly Standard* neo-conservative publication. Kristol has been a fire-breathing Clinton-hater since 1992, but a Gore booster.

Kristol wrote: "If support among Democrats erodes, President Clinton will perhaps do the right thing and resign. But we know he won't go easily. This President cannot be importuned or beseeched to resign. He must be shown the door. The only way to do that is to make clear to him how little support he has. And the best way to do that, in turn, is to get on with it. The Judiciary Committee should vote articles of impeachment within a month. The full House should act immediately thereafter. And the Senate — if Clinton is still refusing to leave office — should proceed expeditiously with its trial. Al Gore for President."



Vice President Al Gore's National Security Adviser Leon Fuerth, the shadowy figure who steered the "Principals Committee" decision to press President Clinton to bomb Iraq.

The Iraq gambit

Even before Gore's perfidy against the President became public with his August maneuverings in Russia, the Vice President, abetted by the Principals Committee, the Blair government in Britain, the Benjamin Netanyahu crowd in Israel, and in the neo-conservative movement in the United States, and some leading "Gore, Inc." players outside of government—typified by *New Republic* Editor-in-Chief and Chairman Martin Peretz—were working overtime to lure the President into a new Persian Gulf crisis, aimed at isolating the United States from much of the rest of the world, and setting off a new geopolitical fiasco, dubbed by Trilateral Commission and Project Democracy propagandist Samuel Huntington as the "Clash of Civilizations."

Since January 1998, *EIR* has provided our readers with a running account of the drive to trigger a new military confrontation with Iraq, mirroring George Bush and Margaret Thatcher's 1991 Operation Desert Storm (see, e.g., *EIR*, Nov. 27, 1998, pp. 46-53). Suffice it to say that, beginning in January 1998, the President has been under constant pressure to launch a senseless and murderous aerial bombardment of Iraq, whose only geopolitical consequence would be to thoroughly isolate

the United States from Russia, China, the Arab world, and other allies and potential partners whose collaboration with the President would be vital to any effective, nation-state-centered solution to the global financial catastrophe in progress.

In February 1998, the President turned, successfully, to then-Russian Foreign Minister Primakov and United Nations Secretary General Kofi Annan, to avert a military showdown with Saddam Hussein. The President's enemies responded with an immediate escalation in the domestic scandalizing offensive, through the Lewinsky affair.

By November 1998, as the result of provocations by UN Special Commission (UNSCOM) inspectors, the Iraq situation had once again turned red-hot. The war drive against Iraq coincided with President Clinton's long-planned trip to Asia, where he was to attend the Asia Pacific Economic Cooperation Forum (APEC) in Kuala Lumpur, Malaysia, along with Russian Prime Minister Primakov, Chinese President Jiang Zemin, Japanese Prime Minister Keizo Obuchi, and other Asian-Pacific heads of state.

Pinned down by events in Iraq, the President, at the last moment, decided to remain behind in Washington, to make the final decision on whether to launch military strikes against Baghdad. Vice President Gore was sent to represent the United States at APEC.

On Nov. 15, President Clinton, again, working closely with Russia and with UN Secretary General Annan, successfully extracted a commitment from Saddam Hussein to allow UNSCOM inspections to resume. President Clinton called off the bombings, averting what he saw as a senseless military expedition that would have claimed at least 10,000 Iraqi civilian lives.

For President Clinton's enemies, in London, on Wall Street and in other financial capitals, in Israel, and in Washington—even within his own administration—the November decision to call off the bombing was the last straw. President Clinton had to go. The Gore Presidency option was now in full play.

British Prime Minister Blair publicly threw a fit over the President's decision not to bomb Iraq, as did Lady Margaret Thatcher. When President Clinton flew off to Tokyo and Seoul on Nov. 16, to pick up the second part of the Asia diplomatic junket, Blair dispatched his Defense Minister George Robertson to Washington, to rally the Principals Committee—the President's ostensibly loyal advisers—to assure that the bombing of Iraq would commence at the next possible moment. The target of the war would be to destroy President Clinton's standing with other world leaders, far more than any effort to unseat the always useful tool, Saddam Hussein.

Even as plans were being set, behind Bill Clinton's back, to reverse the President's stand-down order, Vice President Gore had been unleashed again, as a powerful weapon against American foreign policy and national security interests.

Standing in for the President at the APEC meeting, Gore

staged a diplomatic incident, by publicly attacking the conference host, Malaysian Prime Minister Mahathir bin Mohamad, and virtually calling for an insurrection against his government by so-called “democracy” forces, a cruel misnomer for the gaggle of non-governmental organizations, Soros-bankrolled “human rights” activists, and secessionists who had been violently attacking the Malaysian government since the outset of the Asia financial crisis in mid-1997.

Prime Minister Mahathir had repeatedly infuriated the international speculators for 14 months. First, he had singled out Soros as a murderous pirate, during a speech at the IMF meeting in Hong Kong, in September 1997. The *Asia Wall Street Journal* had identified, in a front-page article at the time, that Mahathir had gotten his dossier on Soros and the other hedge-fund looters from Lyndon LaRouche and *EIR*.

More recently, Mahathir had imposed capital and exchange controls, to protect the Malaysian economy from further attacks by the international speculators. His efforts had received active backing from both China and Japan, and scores of government officials from Asia had praised Mahathir’s courage and foresight at the October 1998 IMF meeting in Washington.

Whereas President Clinton and Treasury Secretary Rubin had avoided any direct confrontation with Mahathir, Gore’s thuggish antics in Kuala Lumpur provoked a worldwide outcry against the United States.

Again, President Clinton, according to several highly placed sources, was furious at Gore’s usurpation of Presidential authority. But, once again, President Clinton was confronted with a new escalation on the Kenneth Starr front, as the House of Representatives pressed ahead with the impeachment travesty.

The bombings

Vice President Gore’s “mentor” and publicist Marty Peretz knew what was coming well before the President did. On Dec. 7, 1998, *National Review* published a glowing profile of Leon Fuerth, Vice President Gore’s longtime aide, under the headline “Fuerth in Line—Gore’s Foreign Policy Guru.” The article reported, “For a vice-presidential aide, the former foreign service officer has an unusually prominent position as a member of the top national security policymaking group known as the Principals Committee, whose members include Albright, Cohen, and National Security Adviser Sandy Berger. ‘No one would make a decision without including him,’ says Ashton Carter, a former Pentagon official.”

National Review then spilled the beans on the forthcoming war on Iraq: “Though the tough stance he [Fuerth] advocates against Iraq has yet to be fully adopted by the administration, as this weekend’s near air strike illustrates, his position seems to be gaining support. Even some Republican critics of the Clinton administration think highly of Fuerth, perhaps because he’s that rare bird, a non-Southern Democratic hawk.”

Fuerth knew when to act. In mid-December 1998, President Clinton was scheduled to travel to the Gaza Strip, to

address the Palestinian National Congress, where the Palestine Liberation Organization Charter was to be revised, and to Israel, to confer with Prime Minister Netanyahu, in a last-ditch effort to revive the collapsed Wye Plantation accords. Some top Clinton aides shared LaRouche’s view that the President should cancel his Mideast trip, which posed a security nightmare, and which stood little chance of success, given Netanyahu’s unshakeable opposition to the Wye accords.

The President ignored the advice, and left for the Mideast on Dec. 13.

Behind his back, Gore, Fuerth and their allies among the Principals Committee members schemed to win the President’s okay for the bombings that had been called off in November.

It had been pre-arranged that UNSCOM boss Richard Butler, a British Commonwealth operative with years of experience in the manipulative world of arms control, would issue his status report on the inspection missions in Iraq while President Clinton was in the Middle East. His blatantly phony report, claiming a pattern of Iraqi violations of the inspection agreement, was all that Gore et al. needed. While the President was still in Israel, he was informed that the Principals Committee had reached a “unanimous agreement”: It was time to bomb Saddam. They pressed the President for an immediate decision, arguing that, with the Islamic holy month of Ramadan scheduled to begin on Dec. 19, there was only a narrow window of opportunity to strike against Saddam’s intransigence. On Dec. 15, 1998, while aboard Air Force One on his return to Washington, and relying solely on the Principals Committee demands, the President approved the bombings. The attack began the next day.

Three days later, the House of Representatives voted up two articles of impeachment against Bill Clinton.

A profile of the Principals Committee

by Edward Spannaus

Already in 1994, author Elizabeth Drew noted that one sign of Vice President Al Gore’s “extraordinary and unprecedented” foreign policy role was that his National Security Adviser, Leon Fuerth, was sitting in on “Principals Committee” meetings.¹ In March 1998, the *Washington Post* observed that Gore and Fuerth enjoyed a “foreign policy influence rarely seen at the vice presidential level,” and in June 1998 the *Post* described Fuerth, in his “obscurity,” as “the virtual day-to-day manager of relations with Russia,” as well as being “at the

1. C-SPAN “Booknotes” interview with Elizabeth Drew, author of *On the Edge: The Clinton Presidency*, Dec. 11, 1994.

center of policymaking on a wide range of international issues.”²

How did Gore, Fuerth, and the Principals Committee get themselves into a position where they could make administration policy on Iraq and other areas, and even plan out air strikes and military actions behind the President’s back?

This is a fascinating story, and it demonstrates how President Clinton has been cut out of many areas of national security decision-making. It is also a story that, to our knowledge, is being published for the first time here.

The National Security Council, along with the CIA, was established by the National Security Act of 1947. The primary purpose of the NSC is to “advise the President on all matters relating to national security.” There are four statutory members of the NSC: the President, the Vice President, the Secretary of Defense, and the Secretary of State. The Chairman of the Joint Chiefs of Staff is the statutory military adviser to the NSC, and the Director of Central Intelligence is the intelligence adviser.

During the past 50 years, the NSC has undergone many transmogrifications. Under President Eisenhower, the NSC staff was first given a role independent of the Council itself. Under President Kennedy’s National Security Adviser McGeorge Bundy, and President Nixon’s National Security Adviser Henry Kissinger, the NSC staff became operational, and often supplanted the Defense and State Departments. This grew into a Frankenstein’s monster under the Reagan-Bush administration, when Vice President George Bush deployed the NSC staff (i.e., Ollie North et al.) for covert operations—despite the objections of, and without the knowledge of, the Secretary of State and other NSC members. This was done under the cover of Executive Order 12333, signed in 1981, which designated the NSC as “the highest Executive Branch entity” for review, guidance, and direction of all foreign intelligence, counter-intelligence, and “special activities” (covert operations). This is what blew up in 1986, becoming known as the “Iran-Contra affair.”

The Clinton administration NSC

When the Clinton administration came into office in January 1993, its National Security Transition Team was determined to redefine the NSC, to put more emphasis on economic issues. This reflected a broader definition of national security as encompassing the nation’s economic strength and the well-being of its citizens, according to Nancy Soderberg, a former NSC official.

Thus, one of President Clinton’s first acts, on Jan. 21, 1993, was to issue Presidential Decision Directive (PDD) 2,

2. *Washington Post*, March 14, 1998, and June 16, 1998. In the latter article, a lengthy profile of Fuerth, it is noted that some State Department officials suspect Fuerth of being “the conduit by which inside information is passed to Israeli Prime Minister Binyamin Netanyahu,” an allegation Fuerth himself denies.

which enlarged the membership of the NSC and put greater emphasis on economic issues. In addition to the four statutory members (President, Vice President, and the Secretaries of State and Defense), the Secretary of the Treasury, the Assistant to the President for Economic Policy, the Assistant to the President for National Security Affairs, the U.S. Ambassador to the UN, and the White House Chief of Staff were added. The Chairman of the Joint Chiefs of Staff and the Director of Central Intelligence (DCI) remained as advisers to the NSC.

The new administration carried over two innovations from the George Bush administration—the Principals Committee and the Deputies Committee.

There are four levels of national security decision-making under the Clinton administration’s NSC structure, which are:

1. The **National Security Council** itself, as defined by statute and PDD 2.

2. The **Principals Committee**. This is the functioning level. Its core group is, currently, National Security Adviser Berger, Vice President Gore’s National Security Adviser Leon Fuerth, the Secretaries of State and Defense, the Chairman of the JCS, the DCI, the White House Chief of Staff, and the UN Ambassador. Additionally, Vice President Gore frequently participates in meetings of the Principals Committee. In other words, this is the National Security Council—*minus the President*. It meets two to three times a month, but in crisis periods it can meet two to three times a week. Those who meet as the Principals Committee can vary from issue to issue. If the issue were counter narcotics, for example, it would include White House drug policy adviser Gen. Barry McCaffrey (ret.) and Attorney General Janet Reno.

3. The **Deputies Committee**. This is chaired by the Deputy National Security Adviser, and also includes Gore’s adviser Fuerth and the deputies and undersecretaries of the various agencies. It meets once or twice a week. It has two formal functions: 1) crisis management, on the hot issue of the day, and 2) oversight of the Interagency Working Groups (IWGs).

4. The **Interagency Working Groups**. These operate generally at the Assistant Secretary level; they are in charge of day-to-day implementation of policy, and of review and development of policy.

Who runs foreign policy?

The shocker in all this is that the National Security Council itself has met only *once* during the entire Clinton administration! In December 1996, Nancy Soderberg, then the Special Assistant to the President for National Security Affairs, described the structure and functioning of the NSC under the Clinton administration.³ Soderberg said that the one meeting of the NSC took place on March 2, 1993, but it was quickly

3. Remarks by Nancy Soderberg, Special Assistant to the President for National Security Affairs, and NSC Staff Director, to a conference of the American Bar Association’s Standing Committee on Law and National Security, Dec. 9, 1996, Washington, D.C.

determined that the expanded NSC was too large an entity to work things through. It was better to work through smaller groups with the relevant agencies involved. By contrast, Soderberg noted, in other administrations, there have been 60-70 NSC meetings per year.

Soderberg said that the Principals Committee is where “the broad policy is hammered out, such as our China and Russia policies,” as well as key decisions, such as imposing sanctions on Serbia. Sometimes the Principals Committee can resolve the issues, and sometimes not, Soderberg said; if not, the National Security Adviser will take the matter to the President with a split recommendation, so the President can decide. Some issues are so important, i.e., military deployment, that they must go to the President even if there is agreement.

Soderberg described the Deputies Committee as “the workhorse” of the national security process. Here the tough issues are hashed out.

When *EIR* recently inquired about this, NSC spokesman P.J. Crowley confirmed much of what Soderberg had described in 1996. Crowley repeatedly emphasized to this reporter that this should be looked at as “a process, not as a structure.”

Crowley confirmed that “the NSC, as the NSC, in a formal

way, has met only once” — which involves certain legal requirements, such as the keeping of minutes. But, Crowley took pains to point out that this could be “misleading,” since its members meet in a number of different ways, and often with the President. Crowley also pointed to the “Foreign Policy Team” which meets with the President and the Vice President. Or, he said, the President and the Vice President can drop in on meetings of the Foreign Policy Team or the Principals Committee. For example, Crowley said, this is how the go-ahead was given for Operation Desert Fox (the December air strikes on Iraq).

Crowley also confirmed that Leon Fuerth plays a prominent role on both the Principals Committee and the Deputies Committee.

The unmistakable conclusion is that the President of the United States has been cut out of significant areas of national security decision-making. While the NSC structure (oops, “process”) may have been created as a reflection of the Baby Boomer’s love of endless discussions and consensus decision-making, it has now evolved into an insurrectionary mechanism for by-passing the President altogether, under certain circumstances, e.g., when he is distracted and besieged by contrived scandals and the impeachment assault.

Impeachment trial launched, but Starr is pulling the strings

by Edward Spannaus

As the House Managers commenced their fraudulent and unconstitutional impeachment trial against President Clinton in the U.S. Senate, they immediately began to beat the drums for calling witnesses to bolster their case. But the witnesses they want are not the ones they claim to want: Monica Lewinsky, Vernon Jordan, Betty Currie, and so on. What the House Managers want to do, is to introduce evidence concerning the so-called “Jane Does” — women who surfaced in the Paula Jones civil lawsuit, who were alleged to have had sexual encounters with Bill Clinton at some point over the past 20 years.

Jones’s lawyers conducted a nationwide dragnet looking for such women, as did Kenneth Starr’s prosecutors. And this is what they believe to be their trump card, in what otherwise has begun as a predictable, repetitive, and boring presentation of the “evidence” already paraded in front of the public by independent counsel Starr.

And make no mistake: Despite the fact that the Constitution assigns the responsibility for the impeachment and re-

moval of a President solely to the Congress, Starr is the real prosecutor in the Senate trial.

Who are the ‘Jane Does’?

With the help of the spooky literary agent Lucianne Goldberg and a circle of lawyers associated with Starr, Linda Tripp made her way to Starr’s office with the Monica Lewinsky tapes in early January 1998 — although there are strong indications that Starr’s office was aware of the Tripp tapes long before the date Starr acknowledges. The Tripp tapes provided Starr with his long-sought pretext to take over the Paula Jones “sexual harassment” case, under the guise of investigating possible obstruction of justice by the President and others.

After the Jones suit was filed, at the instigation of British intelligence stringer Ambrose Evans-Pritchard (a correspondent for the London *Sunday Telegraph*), investigators working for Jones’s lawyers had launched a dragnet to find other women who could corroborate Jones’s bogus claim of sexual

harassment or assault by Bill Clinton. On Jan. 29, 1998, almost four years after he had convinced Jones and her family to file the lawsuit against Clinton, Evans-Pritchard claimed in the London *Daily Telegraph* that Jones's lawyers had a witness list which included "more than 100 women who allegedly had sexual encounters with the President in circumstances that are relevant to the [Paula Jones] case." This was a wild and fanciful boast, but Jones's lawyers attempted to publicize some of the incidents by dumping affidavits and other documents into the public record.

The "Jane Does" at issue in the "secret evidence" being promoted by the House Managers, are precisely the "Jane Does" from the Jones case. Included in 700 pages of documents filed last March by Jones's lawyers, was a document alleging that Clinton had committed a "brutal rape" in 1978 — involving "Jane Doe No. 5." Jones's lawyers also argued that Clinton was guilty of obstruction of justice in connection with various women. But on April 1, 1998, Jones's case was thrown out of court.

But no matter. The day after the Lewinsky story hit the press, Ambrose Evans-Pritchard wrote in the Jan. 22, 1998 *Daily Telegraph*: "Paula Jones has now achieved her object of inflicting massive damage on Bill Clinton, with shortening odds that she may ultimately destroy his Presidency." Proving Evans-Pritchard's point, Starr then subpoenaed the "Jane Doe" files from Jones's lawyers — which was probably redundant, since his own investigators had long been digging up the same information. FBI agents working for Starr interviewed a number of these women. These FBI records and other raw, unsubstantiated material were then given to the House Judiciary Committee, and subsequently, David Schippers, the chief counsel to Republicans on the House Judiciary Committee, interviewed some of them. This is what now constitutes the "secret evidence" which Rep. Tom DeLay (R-Tex.) and many of the managers have been touting.

A few days after the House voted up the Articles of Impeachment, DeLay said that the 67 votes needed to convict the President in the Senate could materialize "out of thin air," if the Senators were to "spend plenty of time in the evidence room." DeLay boasted of "reams of evidence that have not been publicly aired."

Rep. Chris Cannon (R-Utah), one of the House managers, has especially been promoting the "secret evidence." Appearing on CNN on Sunday, Jan. 10, Cannon argued that the "Jane Doe" witnesses are important to show "the continuing pattern of how this President has obstructed justice over time."

Responding to Cannon, former White House special counsel Lanny Davis attacked the idea of using this hidden evidence in the Senate trial. "It's McCarthyism at its worst," Davis said. "This is slimy tactics, that they should not be allowed to get away with."

In their opening presentations on Jan. 14-15, a number of the House managers referred to a "pattern of obstruction of

justice," in the same terms as Paula Jones's lawyer had done almost a year ago.

It is a dirty, filthy trail from Richard Mellon Scaife's "Arkansas Project" and Troopergate, to Ambrose Evans-Pritchard and the Paula Jones case, to Kenneth Starr's sex-obsessed inquisition, and finally to the House and the Senate. But this is the desperate game that is now being played out to drive President Clinton from office.

Documentation

Clinton lawyers warn of threat to Constitution

The following are excerpts from the Trial Memorandum of President Clinton, submitted to the United States Senate on Jan. 13:

Twenty-six months ago, more than 90 million Americans left their homes and work places to travel to schools, church halls and other civic centers to elect a President of the United States. And on January 20, 1997, William Jefferson Clinton was sworn in to serve a second term of office for four years.

The Senate, in receipt of Articles of Impeachment from the House of Representatives, is now gathered in trial to consider whether that decision should be set aside for the remaining two years of the President's term. It is a power contemplated and authorized by the Framers of the Constitution, but never before employed in our nation's history. The gravity of what is at stake — the democratic choice of the American people — and the solemnity of the proceedings dictate that a decision to remove the President from office should follow only from the most serious of circumstances and should be done in conformity with Constitutional standards and in the interest of the Nation and its people. . . .

On October 28, 1998, more than 400 historians issued a joint statement warning that because impeachment had traditionally been reserved for high crimes and misdemeanors in the exercise of executive power, impeachment of the President based on the facts alleged in the OIC Referral would set a dangerous precedent. "If carried forward, they will leave the Presidency permanently disfigured and diminished, at the mercy as never before of caprices of any Congress. The Presidency, historically the center of leadership during our great national ordeals, will be crippled in meeting the inevitable challenges of the future." . . .

Ours is a Constitution of separated powers. In that Consti-

tution, the President does not serve at the will of Congress, but as the directly elected, solitary head of the Executive Branch. The Constitution reflects a judgment that a strong Executive, executing the law independently of legislative will, is a necessary protection for a free people.

These elementary facts of constitutional structure underscore the need for a very high standard for impeachment. The House Managers, in their Brief, suggest that the failure to remove the President would raise the standard for impeachment higher than the Framers intended. They say that if the Senate does not remove the President, "The bar will be so high that only a convicted felon or a traitor will need to be concerned." . . . The Framers wanted a high bar. It was not the intention of the Framers that the President should be subject to the will of the dominant legislative party. As Alexander Hamilton said in a warning against the politicization of impeachment: "There will always be the greatest danger that the decision will be regulated more by comparative strength of parties than by the real demonstrations of innocence or guilt." Federalist 65. Our system of government does not permit Congress to unseat the President merely because it disagrees with his behavior or his policies. The Framers' decisive rejection of parliamentary government is one reason they caused the phrase "Treason, Bribery or other high Crimes and Misdemeanors" to appear in the Constitution itself. They chose to specify those categories of offenses subject to the impeachment power, rather than leave that judgment to the unfettered whim of the legislature.

Any just and proper impeachment process must be reasonably viewed by the public as arising from one of those rare cases when the Legislature is compelled to stand in for all the people and remove a President whose continuation in office threatens grave harm to the Republic. Indeed, it is not exaggeration to say — as a group of more than 400 leading historians and constitutional scholars publicly stated — that removal on these articles would "mangle the system of checks and balances that is our chief safeguard against abuses of public power." Removal of the President on these grounds would defy the constitutional presumption that the removal power rests with the people in elections, and it would do incalculable damage to the institution of the Presidency. If "successful," removal here "will leave the Presidency permanently disfigured and diminished, at the mercy as never before of the caprices of any Congress."

These articles allege (1) sexual misbehavior, (2) statements about sexual misbehavior and (3) attempts to conceal the fact of sexual misbehavior. These kinds of wrongs are simply not subjects fit for impeachment. To remove a President on this basis would lower the impeachment bar to an unprecedented level and create a devastating precedent. As Professor Arthur Schlesinger, Jr., addressing this problem, has testified: "Lowering the bar for impeachment creates a novel, . . . revolutionary theory of impeachment, [and] . . .

would send us on an adventure with ominous implications for the separation of powers that the Constitution established as the basis of our political order. It would permanently weaken the Presidency."

An American impeachment trial is not a parliamentary inquiry into fitness for office. It is not a vote of no confidence. It is not a mechanism whereby a legislative majority may oust a President from a rival party on political grounds. To the contrary, because the President has a limited term of office and can be turned out in the course of ordinary electoral processes, a Presidential impeachment trial is a constitutional measure of last resort designed to protect the Republic.

This Senate is therefore vested with an extremely grave Constitutional task: a decision whether to remove the President for the protection of the people themselves. In the Senate's hands there rests not only the fate of one man, but the integrity of our Constitution and our democratic process. . . .

Our Framers wisely gave us a constitutional system of checks and balances, with three co-equal branches. Removing this President on these facts would substantially alter the delicate constitutional balance, and move us closer to a quasi-parliamentary system, in which the President is elected to office by the choice of the people, but continues in office only at the pleasure of Congress. . . .

**"Long before Paula Jones,
long before Monica Lewinsky,
there was a conscious decision, made in
London, that there would be a full-scale
campaign to destroy Bill Clinton,
and to destroy, once and for all,
the credibility of the office of the
Presidency of the United States."**

—Lyndon H. LaRouche, Jr.



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National News

IMF-World Bank officials use servants as slaves

A front-page article in the Jan. 5 *Washington Post* reports on the alleged use of imported servants as “modern-day slaves” by officials of the International Monetary Fund (IMF) and World Bank in Washington, D.C. A Federal “worker exploitation task force,” formed by Attorney General Janet Reno, is investigating some of the worst alleged offenders as part of a broader crackdown on labor abuse. The *Post* provides several case studies in its page-long article.

The domestic servants, most of them poor women from Ibero-America, Africa, Asia (one-quarter of them are from the Philippines), are typically imported under a provision of immigration law that allows foreign diplomats, embassy employees, and officials of organizations such as the World Bank, IMF, and UN, to bring in personal household workers, so long as the employers agree to abide by U.S. labor law. Many don’t, and there is virtually no oversight by the agencies involved. More than 30,000 domestics have been brought in under these auspices this decade.

Typical accounts include women who are paid 3¢ an hour, never allowed to leave the residence, and who are beaten if they try to leave.

‘Arizona Republic’: Did Rehnquist lie to Senate?

The *Arizona Republic* raised the question on Jan. 10, whether William Rehnquist lied during his Senate confirmation hearings in 1971, and again in 1986, during Senate Judiciary Committee hearings on his appointment as Supreme Court Chief Justice. “In 1962,” writes the *Republic*, “Republican activist William Rehnquist was the leader of Operation Eagle Eye, a flying squad of GOP lawyers that swept through polling places in south Phoenix to question the right of some minority voters to cast their ballots.

“Less than a decade later, when Rehnquist testified at a U.S. Senate hearing on

his appointment to the Supreme Court, his memory of his role in those events had grown dim.

“At a second hearing in 1986, when Rehnquist was asked more detailed questions about the operation, he had lost virtually all recollection of his role in it. But he did repeat his assertion that he never directly challenged any south Phoenix voter at the polls. It didn’t become an issue at the time, but some who challenged Rehnquist’s appointment to the Supreme Court now say they think he lied under oath, at both hearings.”

The *Republic* quotes Manuel Peña, a 30-year veteran of the Arizona Legislature: “It’s just ironic that we have somebody presiding over a Senate that may find the President guilty of perjury, who is himself guilty of lying under oath before the same committee that accused the President.” Peña was a poll-watcher in 1964, when the GOP challenged every black or Hispanic voter in Democratic districts, preventing many people from getting to the voting machines. At the time, Peña testified in 1986, he and Rehnquist nearly came to blows, when he tried to stop Rehnquist’s obstructive challenge to individual black and Hispanic voters.

Argentina’s Menem offers Clinton ‘solidarity’

Argentina’s President Carlos Menem took the unusual step of telling foreign press in Buenos Aires, that he intends to express “all my solidarity” to President Bill Clinton, during his visit to Washington, which began on Jan. 11. Menem told a Jan. 7 press conference that “as I know this is a worrisome moment for [Clinton], I intend to express all my solidarity. I don’t wish to offend anyone, but I feel that the American legislators are going against what the U.S. public thinks, and that is serious,” and pointed to Clinton’s high ratings in opinion polls. He said that, otherwise, he and the U.S. President have “an open agenda” for discussions.

The Argentine Embassy in Washington circulated a press release with Menem’s remarks on impeachment. According to the Jan. 8 *Washington Times*, an aide to Sen. Trent Lott responded that this was unprecedented, since no other world leader, “not

even Tony Blair!” had come to Clinton’s defense.

Sources close to Menem in Buenos Aires have told *EIR* that they greatly fear Al Gore because of his ties to Prince Philip’s “anti-corruption” mafia, called Transparency International. Transparency has aggressively targeted Argentina and Menem personally as part of the offensive against the nation-state.

Clinton raises concerns over global speculation

President Bill Clinton expressed his concern over the international financial crisis, during his address to the Detroit Economic Club on Jan. 8. Aside from unfortunate allusions to the non-existent recovery of the U.S. economy, the President did, at several critical points, return to the theme that he first developed during a speech on Sept. 14, 1998 at New York Council on Foreign Relations, about the global financial crisis and the need to develop a “new architecture.” “Strengthening the foundations of trade also means we have to stabilize the architecture of international finance,” he said. “Now, I’d like to just talk about this for a moment.

“You know that—all of you know in the last year how the global financial crisis has hurt our farmers, our ranchers, our manufacturers. You’ve seen it in the steel industry. One of the problems we have with the import of steel from Russia is that the currency value has collapsed as the money has flown the country. One of the problems that they had in a lot of the Asian countries—from Indonesia, to Korea, to Thailand, to other countries that have been troubled—is that money flees the country. Money moves across the globe in volumes and at speed far greater than ever before.

“And it has created a situation which permits enormous increased investment almost overnight, but also can trigger a collapse. All these financial mechanisms, the derivatives and hedge funds and all that, very often have investments that are guaranteed by only 10% margins, far lower margins than people can buy stock, for example. And the real danger has been, as you have seen all this happen, is, number one, that a problem in one country

THE LOS ANGELES County Democratic Party Resolutions Committee passed a resolution condemning the coup against President Clinton on Jan. 6. The resolution was drafted by LaRouche activists, three of whom are on the Central Committee, and will be introduced to the general meeting by county chair Gary Shay. Many attendees expressed their distrust of Al Gore.

PRESIDENT CLINTON introduced a package on Jan. 4 “to help Americans provide long-term care for aging, ailing, and disabled loved ones,” especially for home-based care, which is not covered by insurance. The initiative proposes a \$1,000 tax credit to offset some costs of home care, such as hiring aides to assist invalid relatives with activities such as bathing, using the toilet, and eating.

A ‘GORE REPUBLICANS’ movement is suggested by *San Francisco Examiner* columnist Steven Lubet on Jan. 6, if President Clinton is railroaded from office: “Al Gore could tighten his grip on the Presidency, and do the nation a huge favor, by breaking with tradition and naming—a Republican. Think of it: our first National Unity government. . . . And I have just the right Republican in mind—William Weld.” When Boston Brahmin Weld was U.S. Attorney for Massachusetts, he imposed a minor fine on the Bank of Boston for laundering \$1.2 billion to a Swiss bank connected to his family’s interests.

DETROIT MAYOR Dennis Archer (D) declared a state of emergency on Jan. 8, a week after a snowstorm buried the city. Detroit, which gets as much snow annually as Chicago or Boston, only has 59 plows, whereas the other two have 400-600. As part of the emergency, prison chain gangs were brought out to clear the clogged streets.

PRESIDENT CLINTON will propose spending \$7 billion over the next six years to build a nationwide ballistic missile defense system, the Pentagon announced on Jan. 7.

can spread to another, and a problem in one region can spread to another region, and then if all of our trading partners are affected, then we are affected because there aren’t any markets for our products anymore.

“Now, we can’t have a global trading system unless people can move money around in a hurry and at great volumes. . . .

“But to give you some idea of the magnitude of the problem, every day about \$1.5 trillion crosses national borders in currency transactions, far, far, far, multiple times more than the annual—than the daily value of trade in goods and services and daily investments. So the trick is, that we’ve been struggling with the Europeans, struggling with the Asians, struggling with people on every continent who understand this, how can we modernize the financial architecture which was created 50 years ago to facilitate trade and investment so that it also supports this global economy and the movement of money in ways that never could have been imagined?

“I think we’re making progress, but I expect it to be a major focus of my international efforts this year. And I hope, even though it’s a fairly obscure process, it will be clear enough to everyone that we will have support for the United States leading the way.”

Court finds in favor of witness bribery

The Tenth Circuit Court of Appeals, sitting *en banc* on Jan. 8, overturned a three-judge panel ruling that had found it illegal for prosecutors to offer leniency or other bribes to a cooperating witness. The Justice Department had reacted immediately to the bombshell from the three-judge panel, which held prosecutors to the law, by appealing the ruling to all the Tenth Circuit judges *en banc*. The July ruling of the three-judge panel was overturned by a 9-3 vote.

Effectively this restores the status quo, whereby Federal prosecutors can offer everything from money, to leniency, to promises not to prosecute at all, to cooperating witnesses for their testimony against a targeted defendant. Although this is not reported, it is likely that the defendant in the

case, *U.S. v. Singleton*, will appeal the decision to the U.S. Supreme Court.

One crucial provision in the McDade-Murtha Citizens Protection Act, which is expected to be introduced in the new Congress, holds Federal prosecutors accountable under the Federal anti-bribery statute—the statute at issue in the *Singleton* case.

Austerity, bungling left embassies open to attack

Adm. William Crowe, former Chairman of the Joint Chiefs of Staff, has delivered the report of his blue ribbon commission to the Clinton administration on the terrorist bombings of the U.S. embassies in Dar es Salaam and Nairobi on Aug. 7, 1998, which includes intense criticism of Federal agencies, dating back to the early 1980s. The report’s findings and recommendations were nearly identical to those of a commission chaired in 1985 by Adm. Bobby Ray Inman, which was appointed following terrorist attacks against U.S. facilities in Lebanon. Inman’s study set strict guidelines for adequate embassy security, focussing on site selection, security systems, and procedures. But in the 14-year interim, only 15 U.S. embassies were upgraded to those standards.

The Crowe report praised U.S. Ambassador to Kenya Prudence Bushnell, for her persistent cables to Washington demanding that the embassy be brought up to the “Inman standards.” Her requests were ignored, even after credible intelligence emerged that the embassy complex was threatened with attack.

The Crowe report, in addition to demanding that the funds be allocated to upgrade all U.S. embassies, blasted the government for relying too much on “tactical intelligence” rather than a global assessment of terrorist dangers, and the overall need to upgrade security. The Crowe panel recommended that the Federal government allocate \$1.4 billion a year over ten years to implement the security improvements. In the 1980s, the Office of Management and Budget balked at the spending, and in the 1990s, Congress cut the budget of the State Department to such a degree that funds were not available for the security upgrade.

Editorial

The British face of evil

After 50 years, official British government documents have been released, which reveal the naked racism and imperialism of Viscount Montgomery of Alamein ("Monty"). In 1948, in his capacity as Chief of the Imperial Staff, Monty toured His Majesty's African colonies. On his return, he drafted a proposal for the future of British imperialism in Africa, which foresaw the creation of three British-run "federations" in Africa.

Sensing that there would be resistance to his schemes, Monty wrote: "There will be many people in the U.K. who will oppose such a plan on the grounds that the African will suffer in the process. There is no reason whatever why he should suffer, and in any case he is a complete savage and is quite incapable of developing the country himself. . . . We must advance courageously, as did Cecil Rhodes. The plain truth is that these [African] lands must be developed in order that the British survive."

No one should be fooled by Montgomery's use of the word "develop." What he means is the exploitation of the raw materials which the British Empire found so useful.

EIR will be providing a more in-depth presentation of Montgomery's plan and outlook in future issues, but the immediate issue is a bit different. It is underscored by the London *Times* Jan. 8, 1999 endorsement of the Viscount's 1948 racist ravings.

The *Times* editorial is entitled "What Monty Saw: A Racist Verdict that Africa Has Done Its Best to Prove Right." In it, the *Times* wrote: "Yet so badly have Africans in fact ruled themselves that, were Monty alive today, he might be claiming that he saw the future more clearly than the decolonisers who were to pull Britain out of Africa as precipitately as it had scrambled in the 1890s to get in." After ranting and raving against almost every African leader past and present, the *Times* comes to Britain's current Africa policy, praising the British puppet and dictator of Uganda, Yoweri Museveni. "In parts of Africa, notably Uganda, Ghana and bits of the Horn, no-nonsense,

though autocratic reformers are restoring hope. . . ."

In other words, the racist policy of the open British imperialists lies behind the bloody series of wars which are going on in Central Africa today. Recent estimates are that more than 6 million people have been massacred over recent years in the so-called civil wars, which have, in fact, been fomented and armed and promoted by extra-African financial and military powers, especially based in London.

Lyndon LaRouche's collaborators pointed out this British imperial policy thrust in conceptual depth back in 1980, with the publication of *The New Dark Ages Conspiracy* book. That book uncovered the open conspiracy of H.G. Wells and Bertrand Russell to destroy the nation-state and its integral commitment to scientific and technological progress, and to return to a new feudalism. The commitment to reduce the non-white peoples of the world was a salient feature of the Wells-Russell agreement.

This evil plan, made public in the early 20th century, has never been abandoned by the British oligarchy. While it has been in implementation in various disguises for decades, it surfaced dramatically in 1997, when the new round of genocide began in Central Africa. *EIR's* Special Report *Never Again! London's Genocide Against Africans* provided irrefutable evidence, including from the mouths of the British publicists themselves, that the British wished to re-establish what they called "enlightened re-imperialism" for Africa.

The truth must be faced now, by those who have been burying their heads in the sand. The Africans must finally admit that the command center of their enemies is the British oligarchy, not the United States. Responsible citizens in the United States government must finally stop kowtowing to British "experts" and their hangers-on, like Susan Rice and Roger Winter, who have made us complicit in British imperial genocide.

Once that happens, Montgomery's legacy can be buried, as it should be, once and for all.

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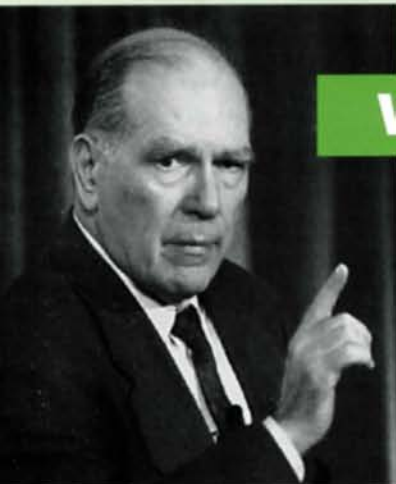
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When Communism fell in Russia in 1991, the free-market economists moved in, promising the Russians that if they stuck with 'the reforms,' the streets would soon be paved with gold.



Who was right . . .

Lyndon, H. LaRouche, Jr.:

"If Yeltsin and his government were to go with a reform of the type which Harvard Prof. Jeffrey Sachs and his co-thinkers demand—chiefly from the Anglo-American side—then the result in Russia would be chaos. In such a case, the overthrow of Yeltsin, or somebody, by a dictatorship . . . would probably occur. In that case, then we have a strategic threat."

—Dec. 28, 1991

And who was wrong?

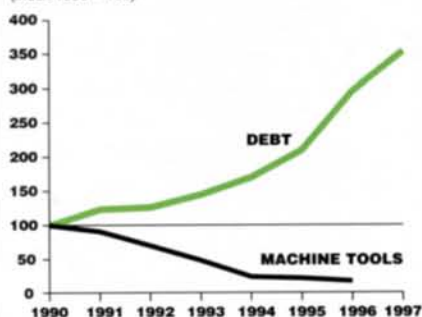
**Harvard economist
Jeffrey Sachs:**

"It is wrong in principle to judge of the progress of the reforms by the level of physical production, regarding its decline from month to month as evidence of failure of the reforms. Russia, for example, was the biggest steel producer, but did the people live better because of this? . . . The imbalances will be abolished only when millions of factory and office workers from the heavy industry sectors leave their usual jobs and get down to the business that society really needs."

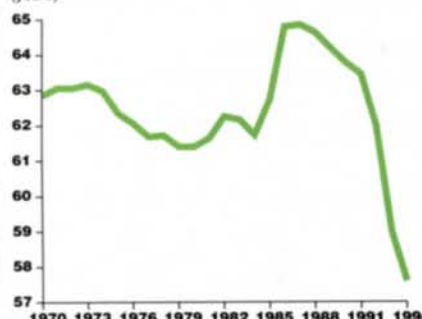
—May 6, 1992



Russia: bubble vs. real economy
(index 1990 = 100)



Male life expectancy
(years)



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