

# EIR

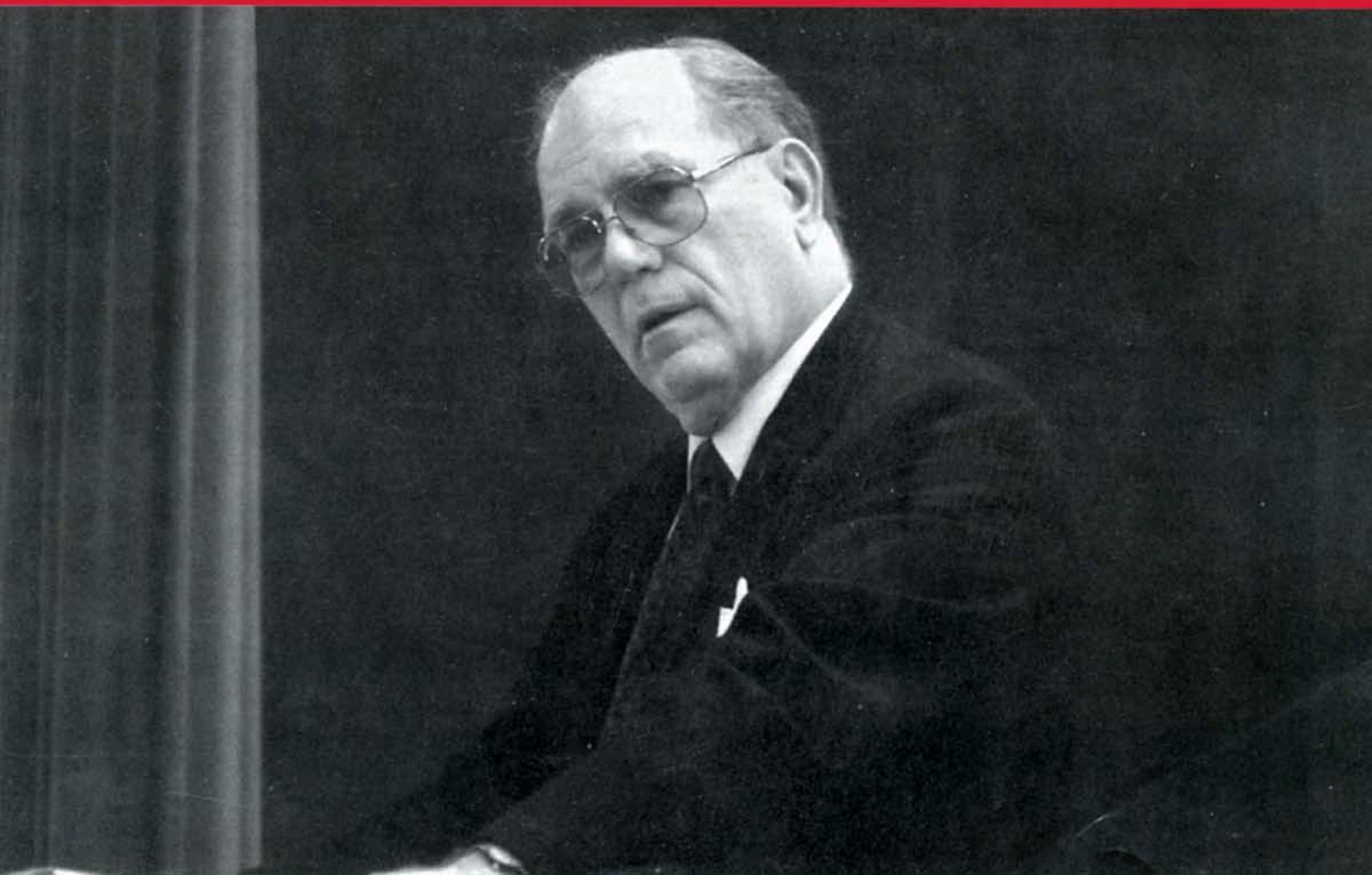
Executive Intelligence Review

February 5, 1999 Vol. 26 No. 6

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Gore's fascist plan to 'reinvent government'  
In Russia, IMF slides into dustbin of history  
Dollarization means end of national sovereignty

**Follow LaRouche's lead:  
Go for capital controls!**



***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.***



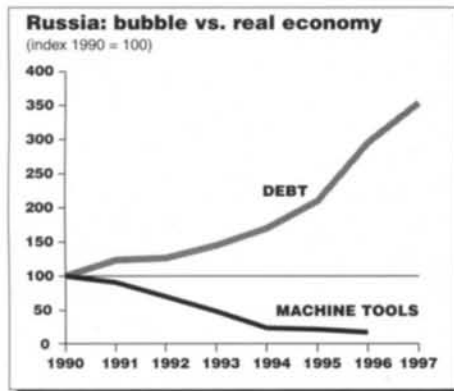
## **Who was right . . .**

### **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

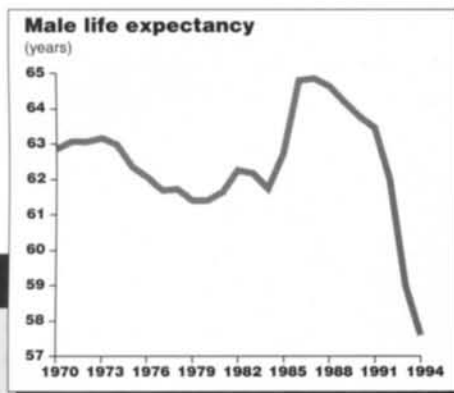
## **And who was wrong?**



### **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



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

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

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

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## From the Associate Editor

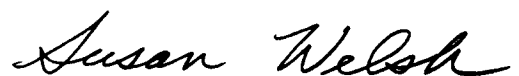
As we go to press, German President Roman Herzog has convened the annual World Economic Forum in Davos, Switzerland, by proclaiming the end of the nation-state, in this Brave New World of “globalization.” Prior to the forum, a discussion paper was circulated by WEF director David Morrison, based on the views of 20 economists who conclude that there is *nothing* that national economies can do to protect themselves from the growing “turbulence” on the markets, as a result of globalization. The document specifically attacks as “impracticable,” proposals for “reshaping the foreign exchange markets, following the example of the Bretton Woods System of fixed exchange rates, or a tax on short-term capital transfers.”

The Morrison paper is a direct attempt to counter the proposals of Lyndon LaRouche for a New Bretton Woods, capital controls, and a tax on the derivatives markets—measures needed to divert a total economic breakdown.

In short, the battle is right out in the open: the financial oligarchy vs. the advocates of the republican nation-state.

In this week’s *EIR*, that line-up is clearly demonstrated. In *Economics*, we report the growing support for policies that LaRouche has put forward, ranging from the demand for capital controls in Brazil, to the publication of LaRouche’s writings in Russia, to Malaysian Prime Minister Dr. Mahathir bin Mohamad’s pungent rebuttal to the attacks of the financial oligarchy against his nation. “Do not accuse us of cronyism if we try to protect our people from these predatory giants,” he said. “We do not fight for independence only to be trampled under and made worker bees to foreign queens.” In our *Political Economy* feature, you will find the text of *EIR*’s new video on the Eurasian Land-Bridge, a vital component of LaRouche’s economic reform policy.

On the other side, the oligarchs and one-worldists are pushing “dollarization” of the economies of developing nations, to strip them of their sovereignty, as Gerardo Terán reports from Buenos Aires. And our *Feature* dissects Vice President Al Gore’s “Global Forum on Reinventing Government,” at which representatives of some 38 nations were commanded to join the anti-nation-state campaign of Gore’s sponsors from the British oligarchy, including World Bank Chairman Sir James Wolfensohn.



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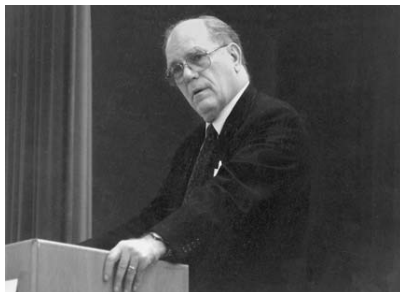
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## Collapse of Brazil's currency spells doom for IMF system

by William Engdahl

The collapse of the Brazilian currency's peg to the dollar on Jan. 13, and the subsequent near 40% fall of the *real* in two weeks, has not only been a devastating blow to the economies of Brazil and the rest of Ibero-America, but it sounds the death knell for the International Monetary Fund (IMF) system. Last November, the IMF announced a \$41.5 billion "preemptive" stabilization package for Brazil, ostensibly to prevent the largest economy in South America from falling victim to the currency collapse contagion which has ravaged Asia and Russia over the past 18 months.

As of this writing, the real is in free-fall, dropping 3-6% in value per day, hovering just near the psychologically dangerous level of R\$2.0 to the dollar. The real stood at R\$1.22 to the dollar on Jan. 12, the day before the ill-fated devaluation rocked world financial markets. But as significant as the crack of the real, and as grim as the economic prospects for Brazil are under conditions of soaring dollar debt costs, is the blow of the Brazil collapse to the institution which helped bring it about: the IMF.

Showing the utter bankruptcy of IMF policy, on Jan. 26, a senior Fund official in Washington admitted that the \$22.6 billion IMF stabilization package for Russia, which the Primakov government had expected to be resumed, was no longer in force. "That program is dead," the official told the German business daily *Handelsblatt*. He could have added, that the IMF is dead as well.

Since August 1997, when Thailand became the first Asian country to seek emergency stabilization assistance, the Fund has organized \$180 billion to try to "stabilize" what rapidly spread from an East Asian crisis into a full-blown global financial and economic catastrophe of an intensity not seen since the Great Depression. Soon, the Philippines, Indonesia, and South Korea were added to the crisis list. Then, in August 1998, Russia and Ukraine had to line up for emergency IMF

funds. The funds committed by the IMF over the last 18 months exceed anything since its founding in Bretton Woods, New Hampshire in 1944.

### Wrong medicine

It is no accident that the IMF remedy, far from the stabilization hoped for in Washington and other capitals of the Group of Seven, led to disaster in Brazil, and has yet to improve the standard of living in any country it has in its talons. The IMF mandate is invariably the same: The country is told, in order to get the needed funds, it must agree to IMF "conditionalities." The conditions are invariably the same: The country has to impose prohibitively high interest rates in order to stop the currency collapse, and the country must impose draconian cuts in public deficit spending, allegedly because the measures are needed to "regain the confidence" of foreign investors. Brazil was told that adhering to a firm peg between the real and the dollar was the *sine qua non* for getting the IMF funds, when the IMF stepped in last November amid the global shock waves detonated by the Aug. 17 Russia debt default and ruble collapse and the September collapse of the Long Term Capital Management hedge fund.

In the case of Brazil, when foreign investors began to run for the exits and cash in their real bonds and stocks for dollars, the IMF urged President Fernando Henrique Cardoso to hold fast, and backed Brasilia's decision to raise domestic short-term interest rates to 50% to restore foreign investor confidence. At that point, neo-liberal economists argued that the Brazilian currency was at least 20-30% overvalued in the wake of the massive devaluations across Asia during previous 12 months, from economies directly competing with Brazil for world export share.

The IMF demand guaranteed that Brazil would sink into deep recession, or, more likely, economic depression. The

budget austerity demanded by the IMF for its funds, further cut off hopes of government spending to offset the severe economic contraction, causing a sharp drop in government tax revenues needed just to service domestic and foreign debt. Brazilian government domestic debt today is around R\$320 billion (\$167 billion).

The IMF rate rise of October, which was kept in place until the real cracked on Jan. 13, rather than reducing the budget deficit from 4% of GDP to 2%, as the IMF claimed it would, instead doubled it to 8%, forcing more creation of deficit bonds or borrowing. In addition, with the real plunging and Brazil owing some \$254 billion in dollar-denominated debt abroad, according to the official count, the relative cost to Brazilian public and private entities of servicing that old foreign debt now is at least \$25 billion per year more, according to estimates by Goldman Sachs.

In fact, the \$41.5 billion IMF package for Brazil did no more than guarantee ample dollar reserves to foreign speculators scrambling to get out. Since August 1998, Brazil has been hit with capital outflow of more than \$40 billion. In January alone, \$8 billion more has gone. The Brazilian Central Bank reports current dollar reserves of \$33 billion—but that includes more than \$9 billion loaned as part of the IMF package. Informed estimates are that the actual figure was “closer to \$12 billion when Brazil devalued.” The Central Bank was rapidly exhausting precious dollar reserves to pay capital flight.

“What the Brazil devaluation has done,” one senior European banker told *EIR*, “has put the spotlight on the other major currencies which remain fixed to the dollar. Argentina, with its dollar peg and its currency board, is obvious. But the real worry is if China and Hong Kong are forced to devalue the renminbi and HK dollar. That would put significant new down pressure on all Asia.”

On Jan. 24, China’s official *Business Weekly* wrote, “some analysts said the devaluation or floating of the renminbi would not definitely be a bad thing.” As the report went out over world financial wires the next day, the Hong Kong stock market plunged 2.5% over fears of renewed pressure on the Hong Kong dollar peg. Within 24 hours, Chinese government officials and People’s Bank of China Governor Dai Xianglong issued statements denying any intent to devalue. Financial markets remained nervous nonetheless. “The Brazilian crisis and the China debt situation have led to new worries about the Hong Kong dollar and possible devaluation of the renminbi,” Percy au-Young of DBS Securities said.

### **Closing the barn door . . .**

On Jan. 20, in its first-ever public mea culpa, the IMF released a self-criticism of its handling of the crises of the past 18 months. In a masterpiece of understatement, the IMF admitted that it had “greatly underestimated” the depth of the crisis sweeping Asia in 1997 when it stepped in with its orthodox policies. It added that the programs were “based on macroeconomic estimates that turned out to be incorrect,” that

were too optimistic about how financial markets would react.

At this juncture, with Asia in its deepest depression in decades, with economic growth rates plunging across western Europe, with Organization of Petroleum Exporting Countries teetering on the brink of fiscal catastrophe because of depressed world oil prices, there is no light at the end of the tunnel. And, as Brazil sends new shock waves through world financial markets and economies, the world’s second-largest industrial economy, Japan, continues to sink deeper into depression and bank crises.

At a Jan. 28 press conference in Tokyo, Vincent Truglia, head of Moody’s Investors Service Sovereign Risk unit, warned that further downgrade of Japan’s sovereign debt rating was probable. Given the huge size of Japan’s bad loan overhang from the bubble era in the late 1980s, and the massive funds committed to economic stimulus, Truglia predicted that Japanese public debt could top 140% of GDP by 2003, “far in excess of anything ever seen in an industrialized country.” He said that the total cost of cleaning up Japan’s estimated \$2 trillion in bank bad loans could cost the government “between 15-20% of GDP.”

Today, that level is more than 100% of Japanese GDP. Government data recently revealed that Japan’s economy contracted 6.9% last year, the worst recession since the 1970s. With a sinking economy, prospects for Japan to absorb Asian exports and thereby help stabilize the depression across Asia are also sinking. In time, Japanese banks will be forced to liquidate significant portions of their \$204 billion in U.S. Treasury holdings. Were that to accelerate into the March 31 Japan fiscal end-year deadline, it would trigger a collapse of the U.S. government bond market, the world’s largest, push interest rates there sharply higher, in turn triggering a collapse of the bloated \$12 trillion U.S. stock market, and a severe recession in the world’s largest economy, pulling Europe and the entire world into a nightmare.

With Brazil’s currency in free-fall, China and Hong Kong under enormous pressure, and Japan on a pre-set disaster course, clearly the IMF as the central agency for emergency action has become totally discredited. Indicative of the emerging mood toward drastic changes of the international rules of the game, on Jan. 24 Brazil’s prominent business daily *Folha de São Paulo* ran a front-page editorial titled “Courage to Change.” The paper, citing the positive experiences of Malaysia after its controversial September imposition of exchange controls, insisted, “It is time to change paths, to abandon the belief in the market’s ability to organize the economy, which should not be reduced to submission to the empire of speculation. The alternative is centralization [i.e., exchange controls].”

While exchange controls have been advocated by *EIR* founder Lyndon LaRouche as an emergency stopgap, ultimately, the only alternative to the madness of the IMF system is a new Bretton Woods conference establishing a new concert of nations agreed in regulating exchange stability, outlawing speculative hedge funds and hot money, and creating the ur-

gent basis for launching Great Projects in infrastructure such as the Eurasian Land-Bridge. Better to end the IMF cure, before it ends us.

## LaRouche in 1997: 'Brazil will be next'

*During 1997, when the "Asian financial crisis" was exploding, Lyndon H. LaRouche, Jr. repeatedly forecast that Brazil would be the next target of the global financial oligarchy. The following are excerpts from radio interviews he gave to "EIR Talks":*

### July 15, 1997: 'the hottest situation'

The situation in Brazil, is, in terms of potential impact, the hottest strategic situation presently in the Western Hemisphere. What is it? Brazil is being targetted for a takeover of its raw materials assets by British interests, the same British interests which have raped Africa, that is, the raw materials cartel, the London strategic minerals cartel, and so forth, and the petroleum cartel, and it is targetted, as has been Colombia, which is virtually under the control of the British government now—the drug trafficking in Colombia, under the control of the British government, which is being run through mercenaries—the same British mercenary operation run under the London Privy Council of the Commonwealth, which is running the genocide in Africa. So, Brazil is *targetted for this kind of takeover*, the kind of takeover which occurred in Central Africa, in Burundi—first Rwanda, then Burundi, then Zaire, and now going on to other places. Brazil will come to a blow.

Ricky Cardoso, the President, is a darling of the British, and has been fostering this takeover and *rape* of his own country, by these British interests that have looted and are looting Africa. It's coming to a head. The United States actually should at this point, intervene, to get the British *kicked out* of the Western Hemisphere, because if Brazil comes to a point of crisis, either Brazil will disintegrate, which will represent for the President of the United States, Clinton, a quagmire at the Rio Grande border of the United States, because it won't stop in Brazil. It will come sweeping up through Central America to the Mexican border, and so forth, and so on, which we cannot tolerate—a quagmire beyond belief! Very much like the quagmire that the British and the French are trying to build up against Clinton in the atrocity which the British are conducting in Africa.

So, this is a *hot situation*, and the United States must put its weight behind the sovereignty of Brazil and its institutions against the efforts of the British to use an eminently corruptible President, Cardoso, as a vehicle for facilitating—being done in Ibero-America, starting with Brazil—what it's done in Africa. This is a *very hot* situation.

### Nov. 18, 1997: 'no bottom to the crisis'

People who've been following *Executive Intelligence Review* during the past couple of months, are aware of the fact, that the financial crises in Mexico, and in South America, like those which are occurring in the Far East—in Southeast Asia and in Japan—are actually organized out of the British Commonwealth, centered in London. That is, if you look at the financial institutions and agencies, such as George Soros, which are running these operations, which are resulting in triggering this depression, you will find that 80 to 90% of all of the forces involved, are British. So, this is a British operation.

Brazil is exemplary of that. There is virtually nothing in Brazil of any significance, behind the Brazilian crisis, which is not British—and that includes George Soros.

The Brazil crisis, on the surface, has no bottom. Brazil is a large nation; it's the largest nation outside the United States, in the Western Hemisphere, as an economy. Unless you have a military coup d'état, which establishes some degree of sovereignty over the country, there is no bottom to the Brazil crisis.

Now, the Brazil crisis will hit while the crises in Southeast Asia, Taiwan, Japan, Korea, are hitting with utmost force. While we're looking at the conference now going on in the Philippines, in Manila, which is trying to pick up the pieces from the crisis so far, which will not work. Nothing good will come out of Manila. . . .

In the meantime, all of eastern Europe is blowing up, including the former Soviet Union. There's a crisis in Russia, which is *major*. And which can hit the European markets hard and fast. The bonds which are issued by these cities within Russia, these city bonds, these can go into a chain-reaction effect. And under present conditions, with the other things going on, Europe can be hit.

In other words, we can, before Christmas, we can find a big hole, and nothing much more, in the Christmas stocking—that's the way it's going. And the developments in Brazil are one of the big bombs, the big detonators, which can blow out the U.S. financial market.

### Dec. 23, 1997: 'Brazil is the target'

When these European interests, which are involved in hedge-fund attacks against the currencies and economies of East and Southeast Asia—when these packs of hyenas, begin to move beyond Southeast Asia, their next target, right now, is Brazil. So, get ready for the explosion of the biggest economy south of our borders. And Brazil can go bankrupt, faster than you can say, "South Korea."

Remember, it wasn't so long ago, that South Korea was the A-number-1 economy of the region: the great tiger. And look at it today.

Brazil is in a much *poorer* condition than South Korea. So, you can imagine what that means. And you can imagine what the cascading effects of a Brazil blow-out will mean to the interests of the United States. . . .



# Dollarization: the end of monetary sovereignty

by Gerardo Terán

It is a common mafia practice to send thugs in the dark of the night to throw bricks through the windows of a retail store, and then have a gentlemanly representative show up the next morning to sell the terrorized businessman “insurance” against vandalism. The end result: The mafia takes over the company.

The international financial equivalent of this crude black-mail operation is now afoot across the Americas, as Brazil plunged into the third week of full-blown financial crisis in late January, and many of the nations of Ibero-America follow Brazil into the maelstrom.

The most directly hit is Argentina, a member of the four-country free trade accord, Mercosur, with which Brazil conducts the bulk of its trade. In less than a week, the Argentine stock exchange fell nearly 20 points, \$1 billion in reserves vanished, and the manufacturing sector most dependent on exports to Brazil began to demand that the government adopt protectionist measures and short-term solutions, to avoid a catastrophe. Last October’s crisis had already idled thousands of autoworkers, but yet more layoffs have recently been announced.

As the country sinks into the quicksand, the magical solution offered by the international bankers suddenly appears: If you want to achieve exchange stability, and economic stability in general, you must do away once and for all with the principal cause of all your problems: your national currency. Simply dollarize your economies, they are told, even though this will mean you have lost all economic sovereignty.

## Menem: towel boy for the bankers

It is no accident that the man charged with launching this initiative is Argentine President Carlos Saul Menem, the well-known propagandist of dollarization who had already quasi-dollarized his own country by imposing a currency board, Argentina’s so-called Convertibility Plan (see box). Terrified by the early effects of the Brazilian crisis, and facing the threat that financial warfare could reach similar proportions in Argentina, President Menem floated the idea of dollarization. During a Jan. 14 cabinet meeting, Menem told Economics Minister Roque Fernández that, “to end this problem of fears of a devaluation of the peso . . . I want

you to study the possibility of our abandoning the peso definitively, and entering into a totally dollarized economy.”

One week later, on Jan. 21, the president of the Argentine Central Bank, avowed gnostic occultist Pedro Pou, told the press that he had been studying the proposed “dollarization” of the Argentine economy, and that such a proposal had been discussed on several occasions since July 1998, with officials of the U.S. Treasury Department and Federal Reserve, as well as with International Monetary Fund (IMF) officials, and that everyone had backed the idea. Spokesmen for these agencies, however, admit only that the idea is “interesting” and “under study.”

As Martin Lagos, vice president of the Argentine Central Bank, explained in a Jan. 24 interview with the Buenos Aires daily *Clarín*, the plan is intended to calm the financial sharks, so that they will allow Argentina to survive, and in return for which they would be willing to hand over everything the sharks demand. It is necessary “to send a message to the foreigners,” insisted Lagos, because “they react against Argentina abroad. In the face of a Brazilian devaluation or a Russian default, they sell off Argentine bonds and force us to raise the interest rate. . . . The message is the following: If there is any pressure, we are going to move into the higher phase of Convertibility, which is dollarization.”

Later, with the classical cynicism of the lackeys who destroy national economies in the name of the international bankers, Lagos explained what this dollarization will look like. Simply, the millions of pesos in circulation, all bank accounts in pesos, even payment of wages, would all be converted into dollars through a state law which would dictate that “the peso disappears as a legal currency, and all transactions must be conducted in dollars.” The benefit, according to Lagos’s wishful thinking, would be “access to the discount window of the [U.S.] Federal Reserve, the body which would function as the lender of last resort for the Argentine financial system.”

That is, Argentina would become another Panama, where the legal currency is the dollar, which the Panamanians graciously are allowed to call the “balboa.”

As Pietra Rivoli, a professor at Georgetown University in Washington, D.C., told the Argentine daily *Página 12* on Jan. 22: “If dollarization is accepted, they will have de facto surrendered their national economic policy, and will remain subject to whatever is the national monetary and economic policy of the United States.” *Página 12*’s Julio Nudler writes that “the Argentine Central Bank would disappear and the Economics Minister would be little more than a mere finance secretary. The Federal Reserve will make the decisions . . . based on the needs of the U.S. economy. It is obvious that they will not be thinking in terms of the consequences for Argentina.”

As the chief economist of the U.S. National Association of Manufacturers, Gordon Richards, bluntly put the matter: “Perhaps some countries may decide that surrendering sover-

eightly over their currencies may be a fair trade-off to achieve stability.”

### **Dollarization is for everyone, and obligatory**

News of Menem’s announcement provoked a wave of reactions. Immediately, spokesmen for the international banks not only began to spread the word, but to explain that dollarization is not an option exclusively for Argentina, but will be demanded for the entire region.

The *Wall Street Journal*, mouthpiece for the Wall Street banking establishment, published an extensive article on Jan. 18, promoting dollarization. They admit that the idea of giving up the currency may still be shocking for Americans, to whom “junking one of the most tangible symbols [sic!] of nationhood is as unimaginable as flying another nation’s flag over the Capitol,” but the Wall Street rag claims that for the Argentines, it has become a matter of “national pride” to avoid a recurrence of the hyperinflationary horrors of the 1980s—which were, of course, the product of IMF neo-liberal policies to begin with.

Likewise, the City of London’s *Financial Times*, featured

## **The dollar role in Argentina**

Since 1991, Argentina has been under a convertibility regimen, modelled on the currency boards used under the British colonial system. In this case, the national currency, the peso, is not backed by the national economy, but maintains a fixed and immovable one-to-one parity with the U.S. dollar. Further, the Central Bank cannot exercise, by law, the role of issuing credit; it only functions in a supervisory capacity and as lender of last resort, in case a banking crisis hits the country, as happened in the 1995 Mexico crisis. During that crisis, the Central Bank handled its effects on Argentina, by handing private national banking assets over to the worst speculators among the foreign banking establishment.

Today, it is said that control of at least 80% of Argentine bank assets is in foreign hands. Some 66% of bank deposits are in dollars, and today, any Argentine—through an automatic teller machine—can withdraw dollars from his account and make transactions between the two currencies without an intermediary. Access to credit in Argentina today is absolutely dependent on the influx of dollars from abroad—that is, on international speculation.

the much-quoted former Argentine economics official, now at the University of Maryland, Guillermo Calvo, claiming that “the implication of this for the U.S. could be huge. The U.S. Treasury has already begun to study the ramifications. A dollar-zone is a long way from policy, some officials say, but the possibility that the U.S. could help some economies dollarize is not dismissed out of hand.” The *Financial Times* added: “Medley Global Advisors, a consultancy in New York which often accurately reflects official thinking in Washington, yesterday cited sources saying the U.S. administration ‘has been pushing for dollarization as an antidote to the currency problems of the region.’ The idea of the U.S. helping others to dollarize may be a difficult sell now to inward-looking politicians in Washington. But it may gain ground if the euro starts to threaten the hegemony of the dollar.”

In one of his regular columns in Miami’s *El Nuevo Herald*, journalist Andrés Oppenheimer says that, despite the fact that “the majority of countries in the region reject the idea” of dollarization, “there is a view growing among international economists, that the world is heading at a dizzying pace toward three monetary zones—that of the dollar, the euro, and the yen—and any country that operates outside of these will pay increasingly steeper financial costs to continue participating in the world economy.”

Oppenheimer adds that, “in the face of the controversy over whether to abolish their national currencies and adopt the dollar, some international economists are launching a peculiar idea: the Zapata dollar.” He concludes that “if the Latin American countries decide to dollarize their economies, the United States could help reduce nationalist objections by printing dollars with images of the revolutionary Emiliano Zapata, the independence hero José de San Martín, and the Venezuelan Liberator, Simón Bolívar.”

But not only Brazil and Argentina are talking about the possibility of applying dollarization. In Mexico, the president of the Mexican Bankers Association, Carlos Gómez y Gómez, is avidly promoting the cause, asserting there is “no escape” from dollarization, and that “it would not make us lose our sovereignty but would benefit us.” Eduardo Bours, president of Mexico’s Mont Pelerin Society-dominated Businessmen’s Coordinating Council, insisted, “We Mexicans are good and tired of going from one failure to another because of the weakness of our currency.” Ricardo Salinas Pliego, president of TV Azteca and member of the Mont Pelerin Society, raved that “definitively, the peso is a piece of garbage as a currency.”

### **Dollarization and NAFTA**

The proposed replacement of national currencies is not a new project. The idea of establishing a single hemispheric Free Trade Zone, with the dollar as a single hemispheric currency, has been put on the agenda, since at least the early 1990s, with the creation of the North American Free Trade Agreement (NAFTA) among Mexico, Canada, and the

United States, and Mercosur among Brazil, Argentina, Paraguay, and Uruguay.

In the case of Mercosur, it was again Menem who, on several occasions, proposed the first steps toward destroying monetary sovereignty. In December 1997, during a meeting of the heads of state of Mercosur, the Argentine President announced that “Argentina will encourage the creation of a single currency.” His Strategic Planning Secretary, journalist and geopolitician Jorge Castro, followed on Jan. 5, 1998, with the proposal that, taking advantage of Menem’s presidency of Mercosur during the first half of 1998, Argentina should “make a formal proposal for a single currency, which would have political and economic significance.” At the end of that same month, at the Davos Forum in Switzerland, Menem proposed the creation of “a Mercosur Central Bank.”

In April 1998, Sir Leon Brittan, the agent of Her British Majesty, serving as vice-president of the European Union, used his tour of the Mercosur countries, to advise all the countries of the region to adopt a common currency similar to the euro.

In 1998, the international financial oligarchy tried to use the economic and financial chaos provoked by the IMF, first in Indonesia and then in Russia, to impose upon these countries an Argentine-style currency board, as the only means to achieve exchange “stability.” Fortunately, neither country accepted that mafiosi “offer.”

### **Cavallo leads the charge**

One of the leading promoters of currency boards has been speculator George Soros’s asset, Domingo Cavallo, the former Argentine Economics Minister who implemented the convertibility plan in Argentina. In fact, Cavallo was the envoy used to try and sell the idea to the Russians last year, who failed. Now, Cavallo has come out *against* Menem’s proposal to dollarize Argentina—for tactical reasons. Menem committed a “whopping error” in proposing dollarization just for Argentina, he explained. “This time, Menem’s political nose failed him, for lack of advice.” According to the former minister, the first thing that Menem had to have done, was to tell Brazilian President Fernando Henrique Cardoso: “Colleague, when are you going to realize that the solution for Brazil is Argentina’s regimen?”

For Cavallo, the Argentine President is forgetting the ultimate objective of convertibility: “The virtue of Argentine convertibility is that it leaves open the possibility of having a common currency with the rest of the region, and that some day, this currency could prove to be better than the dollar. This way we could create a subregional Monetary Union, or we could tell the Americans: if you agree that this Union be continental and not only South America, we won’t discard it out of hand.” That is, according to Cavallo, the first step to be taken is the adoption of a currency board by Brazil, and from there, establish dollarization in all of Mercosur.

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## Commentaries

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### Time to go for exchange controls

**Malaysian Prime Minister Datuk Seri Dr. Mahathir bin Mohamad, speech on Jan. 22 at the 50th anniversary dinner of American International Assurance company, as quoted and paraphrased in the *Business Times*, Kuala Lumpur, Malaysia, Jan. 23.** *The AIG is a wholly owned subsidiary of the giant American Insurance Group. Present in the audience were AIG Chairman Maurice Greenberg and Senior Vice President and General Manager Edward Bush. The theme was “Globalize, yes, but only if there is regulation.”*

“Globalization can be good—just as capital flows can be good if regulated. . . . We should welcome globalization but we must ensure that it will not be open to abuses.” He said that Malaysia is unprepared for the abuses of the free flow of capital and is fortunate to have been able to deal with the “foretaste of globalization” in the form of ringgit devaluation and sudden capital flight.

“But we now see the preparations being made by the rich in order to take advantage of globalization. Huge banks, industries and utilities are being formed through mergers and acquisitions. Each of these is bigger than most of the developing countries. Each can literally swallow up these countries.

“There is no doubt that their intention is to monopolize the field that they are in. The tiny banks, industries and utilities in the developing countries will be swallowed up by them once the borders are down.

“In any case, it will not be possible to compete with these giants. Their economies of scale will be simply unbeatable.” The Prime Minister added that “governments cannot protect [them]. Protection of businesses owned by nationals will be labelled cronyism and nepotism. Only foreign takeovers will be free of such accusations.

“Eventually, the foreign giants will take over everything. The competition will be among them. We will all work for them.

“Globalization can mean this. We have to ask ourselves whether we want to be employees of international foreign-owned giants, or owners and managers of our own little banks and industries.”

Dr. Mahathir said “the intellectuals and social activists” are still jousting at their favorite windmills. But real thinking people, concerned nations, must focus on what is being prepared for us. We have seen what capital flows across borders can do to us. When the giant corporations of the world step

over our borders, will we have the benefit of scale and size, or will we be just sat upon and squashed?

“At the moment we can still fight against the trend.” Dr. Mahathir said that Malaysians must learn to rely more and more on themselves and be cautious in accepting proposals from others.

“We welcome globalization, deregulation, liberalization and borderlessness, but we must know what all these mergers and acquisitions and the consolidation of giants are all about.

“Are they preparing for a world invasion, for worldwide monopolies, for economic hegemony? If they are, and it looks as if they are, then if we cannot halt them, we must appeal for time.”

Dr. Mahathir also spoke out against the use of the IMF “to prise open our markets to pick up things on the cheap.”

“Do not accuse us of cronyism if we try to protect our people from these predatory giants. We do not fight for independence only to be trampled under and made worker bees to foreign queens.”

Malaysia, he said, is a small country which survives and prospers through open trade, not aid. “But we know that there is no perfection in any system devised by man. Man will always find ways to abuse anything designed for their good. They will always find loopholes.”

He spoke of possible global deflation due to the destructive activities of currency traders and stock market raiders. “Today we are seeing the effects of that destruction. Real business and real profits are no longer contributing to the growth of the world. For a time there will be make-believe wealth in the form of inflated share prices.

“But the share prices do not reflect the real business or the profits made. They are just figures on the screen. Interest rates cannot be lowered forever in order to support the share market. Nor can the economists and the media talk up the market indefinitely. Sooner rather than later, the bubble will burst.”

And when it does, he said, Malaysia will also be affected. “So our problems are far from over. We must be prepared for a possible worldwide deflation. They say it would not happen. But they have been wrong many times before. And they can be wrong again.”

**Clovis Rossi, “Why Not?” *Folha de São Paulo, Brazil, Jan. 23:***

Rossi writes on the subject of Malaysia’s success with capital controls, as opposed to what is happening in the International Monetary Fund showcases, Thailand and South Korea.

“On Sept. 1, Malaysia adopted exchange controls, a measure which violates hegemonic ideology, which commands that everything be left to the will of the markets.

“Analyses poured out, that the country had jumped into the most profound abyss, and would never emerge from the darkness. Yesterday, the *Far Eastern Economic Review*, an

ultraliberal magazine, evaluated the almost five months of exchange controls. Theoretical conclusion: ‘Those who supported [exchange controls] have some reason to celebrate.’ Factual data: the local currency has stabilized; interest rates dropped (from 10.2% to 6.5%); exports grew (2%), strengthening their international reserves (which increased by \$2.5 billion); the sales of cars and real estate stopped falling; the capital market improved, and the weakened banks are being restructured.

“Of course, the magazine could not let the relative success of this violation of liberal principles pass without comment. Therefore, it adds that other problematic economies of Asia, particularly Thailand and South Korea, which follow the IMF’s liberal orthodoxy, exhibit similar data. That’s an exaggeration, when it is known that the Thai economy collapsed by 8%, and that of Korea fell by 7%.

“But, even if it were true, we have the following: the application of the liberal recipe or of interventionism, leads to the same results, in the liberal analysis. In other words, reality, at least until now, disproves the theory that the markets harshly punish the daring.

“What does this have to do with Brazil? Everything. If the rigid exchange policy of the period of Gustavo Franco failed; if the transition to a free float is becoming more turbulent than was foreseen, the alternative of exchange controls tends to become the only path. It is worthwhile to know that it was not the end of the world for Malaysia.”

**“Courage to Change,” editorial, *Folha de São Paulo, Brazil, Jan. 24:***

“It is time to change paths, to abandon the belief in the market’s ability to organize the economy, which should not be reduced to submission to the empire of speculation. On the other hand, the alternative is centralization [exchange controls], if possible with the support of the IMF. Operations with foreign reserves would be rationed by the Central Bank. It is a high-risk measure, but the crisis has reached the point which does not permit painless outcomes. A centralization would allow interest rates to drop, since such high rates would no longer be necessary to stop the outflow of dollars, blocked by the exchange controls. . . .

“The principal objection to centralization is, that by blocking the flight of capital, they discourage its entrance. But capital is no longer entering, despite the high interest rates. Exchange centralization is a temporary and insufficient measure. Beyond this, it is urgent to abandon the passivity towards foreign trade, public finances, and social policies. It is necessary to prepare a return to development, and make viable the battle against misery. Some economic sectors could be protected. It is not a matter of protecting inefficiency or re-establishing protected markets, but of creating the conditions so that, within a determined time, they can become competitive. It is fundamental to stimulate exports and provide financing for small and medium companies. . . .”

# In Russia, too, the IMF slides into the dustbin of history

by Rachel Douglas

Moscow, when an International Monetary Fund delegation came to visit, used to be like the town in Gogol's *The Inspector-General*, all bowing and scraping and wheeling and dealing to curry favor with the imagined great authority from afar. Now, under the Yevgeni Primakov government, the spell has been broken.

On Jan. 14, IMF Moscow representative Martin Gilman admitted that last summer's \$22.6 billion IMF-led package for Russia was a "dead letter." New loan issues would have to be the subject of new negotiations. Russian First Deputy Prime Minister Yuri Maslyukov, meanwhile, made quite clear that any significant payments by Russia to the IMF itself, on previous loans (\$4.8 billion is due in 1999), could be made this year only if such funds were forthcoming. The reality, that the IMF is more bankrupt than Russia, asserts itself. It was already indicated by Maslyukov in October, when he told an interviewer that Russia and the IMF could understand each other now, because the IMF was in just as bad shape as Russia. On Dec. 16, Foreign Minister Igor Ivanov suggested that Russia and the United States could make common cause against "a joint global adversary—the world economic crisis."

The week of Jan. 25, as U.S. Secretary of State Madeleine Albright arrived for talks with Ivanov, and IMF official Jorge Marquez Ruarte joined a Fund delegation already in Moscow, a bombshell exploded in the major Russian media. *Kommersant-Vlast*, the leading business weekly, came out Jan. 26 with a seven-page feature on the IMF, including a signed commentary by *EIR* founder and contributing editor Lyndon LaRouche. The time has come not merely to criticize the IMF, but to tell the truth that it is defunct and to point the road to recovery, so—let LaRouche say it!

LaRouche's article was titled by *Vlast* with a line from its text: "Scrap the Foolish IMF Package!" (or, literally, "Throw the Foolish IMF Package of Measures into the Garbage Bin!"). It put the international dimensions of the financial meltdown, and its solution, squarely before the public: The January 1999 outbreak of crisis in Brazil marks the third phase of the global, systemic collapse. "There is only one short-term measure which could bring the chain-reaction factor—the capital-flight factor—under control: Immediate

introduction of capital and exchange controls, followed by steps toward establishing a new international monetary order modelled upon the pre-1958 phase of the Bretton Woods system," wrote LaRouche. "Malaysia's [Prime Minister] Mahathir was right about almost everything. Unleash capital and exchange controls now. Scrap the foolish package of measures, proposed by the IMF. If you don't, you will soon see what you get!"

In an accompanying article, *Kommersant-Vlast* reviewed the record of IMF "structural adjustment programs," with a focus on Ibero-America in the 1980s. Out of the 28 countries of Ibero-America and the Caribbean which accepted IMF loans and monitoring in 1982-88, twenty-six of them ended up unable to service their foreign debt—even though they paid hundreds of billions of dollars in interest during those years. The article concluded, on the page next to LaRouche's commentary: "It is worth thinking over seriously, whether or not it is necessary to follow the Fund's recommendations. Of course, if the IMF gives cheap credit, it should not be turned down. And it is also possible to promise to implement a program that has been agreed upon. But, beyond that, it is worth thinking over what to do."

## A limit to austerity

The Russian government is working intensely on "what to do," while giving both Albright and the IMF group a cool, though diplomatically correct, reception. Ivanov emphasized, at his joint press conference with Albright on Jan. 26, that Russia will no longer "sell off its national interests" for the sake of foreign financial aid. Prime Minister Primakov, in a Jan. 18 speech to a trade union conference, warned Western lenders against advising Russia to adopt financial policies that don't include a social safety net. He blasted previous such advice, which was followed: "Not all the recommendations from our good partners were adequate to our reality."

According to State Duma (lower house of Parliament) Budget Committee head Aleksandr Zhukov, the IMF continues to demand that Russia provide a nearly 6% primary budget surplus, as against the projected 1.6% surplus. On Jan. 20, the day of the IMF delegation's arrival in Moscow,

## LaRouche tells Russia: 'Scrap the IMF package!'

*The following article, by Lyndon H. LaRouche, Jr., appeared in the Russian periodical Kommersant-Vlast on Jan. 26, under the headline, "Lyndon LaRouche, Economist: Scrap the Foolish IMF Package!"*

Since 1991, successive Russian governments have been following the prescriptions of the IMF for the decontrol of prices, radical economic and financial liberalization, and indiscriminate opening of markets to imported products. The basic result has been to transform Russia into a raw materials producer, rather than an agro-industrial country. The collapse of the financial system ultimately led to default. You could say, that a whole era of the world financial system based on radical free trade and globalization, ended on August 17th, 1998, with that Russian default.

The world is experiencing an ongoing global economic, monetary and financial disintegration process. Its first phase was the series of financial disasters in Southeast Asia. The second phase can be dated to Aug. 17, 1998 in Russia. The dramatic collapse of the Brazilian real should be seen as marking the onset of the third phase.

To those who wish to prevent the blowout of the world financial system, I say: There is only one short-term measure which could bring the chain-reaction factor—the capital-flight factor—under control. That is immediate introduction of capital and exchange controls, followed by steps toward establishing a new international monetary order modelled upon the pre-1958 phase of the Bretton Woods system. Malaysia's Mahathir was right about almost everything. Unleash capital and exchange controls now. Scrap the foolish package of measures, proposed by the IMF. If you don't, you will soon see what you get!

One of the leading consequences of the collapse of the \$41.5 billion Brazilian "rescue package" is the utter discreditation of the IMF, which had announced the package in early November 1998. Ever since the August 1997 IMF bailout package for Thailand, such IMF-led actions for Indonesia, South Korea, Russia, Ukraine and now Brazil, have all proven to be economic, social and financial disasters for the nations concerned, while at the same time saving the lives of the private creditors, who were promptly bailed out. Since the Thai "rescue" package, the IMF has committed an unprecedented \$180 billions to such actions. In each case, the IMF demanded severe budget cuts, slashing living standards of the population and depressing the real economy.

There are five leading factors for Russia's economic reconstruction:

First. Natural monopolies, those associated with the processing of primary mineral resources and, also, large-scale infrastructure systems for mass transport, power generation and distribution.

Second. Machine-building capabilities, with a special emphasis on surviving Russian capabilities from the former Soviet military-scientific industrial complex, which is the one sector of the Russian economy that can provide the core of that economy's ability to generate high rates of growth of the labor productivity.

Third. Other industrial capabilities that can be revived, expanded, and improved, to provide most of the requirements of Russia's population.

Fourth. Agriculture, which must be developed to secure domestic self-sufficiency. The failures of agriculture were the Achilles' heel of the former Soviet Union.

Fifth. Russia's Arctic regions, which have vast natural resources. The Russian North represents the natural economic frontier of Russia's future, which could have an enormous positive impact on the economic future of Asia as a whole.

*Kommersant-daily* quoted Maslyukov, who said that to fulfill that demand would mean for "the already meager social sphere to be dismantled completely." The Fund has criticized the government's plan to cut the value-added tax (VAT), and insists that tax revenues go preponderantly to the federal center, Moscow, where they can be used for debt service.

Returning to Moscow on Jan. 18 from talks with IMF and U.S. Treasury officials in Washington, Maslyukov reiterated that the Russian government no longer seeks IMF loans to cover current domestic expenses. "The only goal of our talks with the IMF is agreement on refinancing our debt to the IMF itself; we do not need other money from them," he said. At a press conference on Jan. 20, Maslyukov elaborated on the

areas of disagreement between the Russian government and the IMF: "They say that the tax burden should be increased and we say, no, the tax burden should be eased, because without it it is impossible to bring life to the real sector in the economy." Concerning the intended reduction of the VAT from 20 to 15%, Maslyukov said, "Any person engaged in production will tell you . . . [that the] value-added tax is the heaviest of shackles on our production, and everybody will tell you that a cut by 5% means greater circulating capital and the possibility to develop the enterprises. And this is what we need urgently."

Answering questions, Maslyukov again raised the point that some austerity demands cross the line of what is tolerable,

from the standpoint of social stability. Asked what could be new sources of revenue, if the IMF did not disburse loans, Maslyukov said, "There can be all sorts of additional sources. For instance, yet another price increase; bigger sales of government property at auctions, as compared with existing plans; instance, offering larger areas for concessions than planned. Also, cutting spending on social aims, on the payment of wages and pensions. This is totally unacceptable for us."

Maslyukov kept the IMF delegation waiting for two days in Moscow, citing a chronic illness, and finally met Ruarte on Jan. 28. At that meeting, according to Interfax, Maslyukov presented statistics showing 3.1% average monthly growth of real production in the fourth quarter of 1998, "the highest rate in all the years of reform," and vowed that the government will pursue its drive to raise the competitiveness of domestic producers, as the Russian market is "cleansed" of imports. As for the IMF, Maslyukov's spokesman said only that "one can see progress in moving toward achieving mutually satisfactory decisions."

Vice-Premier Maslyukov said at the Jan. 21 press conference, that there was disagreement with the IMF over the Russian government's allocation of funds to, and revenue expectations from, the regions of Russia. On Jan. 27, Federation Council Speaker Yegor Stroyev warned that the Russian upper house of Parliament (the Federation Council is comprised of the regional governors) might block the 1999 draft budget, unless amendments were added "to safeguard the regions' interests." Interfax reported that Stroyev had sent Duma speaker Gennadi Seleznyov a letter on this matter. The current government budget draft provides for the regions to receive 50.5% of overall tax revenues, and the federal center 49.5%. Regional leaders have voiced concern that they will lose from the reduction of the value-added tax (the easiest tax to collect). The IMF demands that the federal government get a larger share of tax revenues.

On Jan. 26, Prime Minister Primakov spoke to a conference on federal relations, presenting a seven-point policy to improve relations between Moscow and the regions of Russia. At stake is the territorial and political integrity of the Russian Federation. Primakov's point six dealt with the question of "financial flows," where "the currently existing criteria used to determine the size of transfers are untenable," but also "the spending part of regional budgets" needs reform. The main task, said Primakov, is "to provide the population with decent living standards, to create throughout the territory of the country such budget and financial conditions in which citizens would be guaranteed a social minimum regardless of the location where they are living."

The seriousness of the simmering social crisis came to the fore on Jan. 27, with the start of a three-day work action by nearly half a million teachers and other education workers, protesting wage arrears that stretch back as far as a year and a half.

## Attacks from the inside

In remarks reported by Interfax on Jan. 26, Maslyukov charged that members of Russia's former radical liberal governments were agitating against the release of any funds to Russia. Corroborating the evaluation of strategic analysts in Europe, that the London-centered core of financial swindlers would like to topple Primakov as soon as possible, Vice-Premier Maslyukov cited the activity of the Russian cronies of such international-scale thieves. Maslyukov said, "Some members of the previous government are travelling through Western countries, advising them against giving money to this Cabinet. They act like pigs."

On Jan. 26, *Nezavisimaya Gazeta*, co-owned by financial magnate Boris Berezovsky, escalated its campaign for the ouster of Maslyukov, or even Primakov. Its front-page article claimed that a Presidential decree on firing Maslyukov as First Deputy Prime Minister "has already been prepared." The paper cited anonymous sources, saying that the removal of Maslyukov would be needed in order to improve relations with Western creditors. Already that same day, Kremlin spokesman Dmitri Yakushkin called these reports "nonsense."

At the same time, several Moscow papers jumped on Prime Minister Primakov's proposal for a political truce until the year 2000—under which the State Duma would abandon impeachment efforts against President Boris Yeltsin, the President would refrain from dissolving the Duma, and former Russian Presidents would receive lifetime juridical immunity—to claim that Primakov had "broken out" in a fever of political ambition to run for President. *Segodnya* wrote that Primakov "has taken over the helm of state power" and "is acting independently of the will of Boris Yeltsin." This kind of language is designed to antagonize the President against Primakov. Deputy Chief of the Presidential Administration Oleg Sysuyev, however, confirmed to NTV that Primakov drafted the proposal at Yeltsin's request.

*Kommersant-daily* of Jan. 27 carried an unattributed report, that Primakov's proposal of the "concord package" followed his getting a whiff, during a visit from a group of Russian financial "oligarchs," of their intentions to try to smash his government. Primakov was reportedly told: "We still have a lot of power, and you have to make a choice. We are not satisfied by several persons in the government. If you don't listen to us, the whole government may not survive this summer."

Another *Kommersant* author, Konstantin Levin, quoted Maslyukov's press secretary on attempts by Berezovsky, Vladimir Gusinsky, and other business figures to exploit Maslyukov's two-day absence from illness, to push their clan interests; Rosbank, the recent alliance of Most (Gusinsky), Menatep (M. Khodorkovsky), and Oneksimbank (V. Potanin), obtained the privilege of handling the accounts of the customs service and the fund for credits to agro-industry, the approval being signed by a different deputy premier.

# Russian Agriculture Minister seeks collaboration to rebuild farm sector

by Marcia Merry Baker

On Jan. 24-26, U.S. Agriculture Secretary Dan Glickman was in Moscow, for discussions on U.S. food aid to Russia, meeting with Agriculture Minister Viktor Semyonov, Deputy Prime Minister Gennadi Kulik, who heads up the Food Commission, and also with Prime Minister Yevgeni Primakov, who reported directly on the state of the food situation in Russia.

The immediate cause of the crisis, is that last year's Russian grain harvest fell by almost half from 1997. The official estimate of the 1998 grain crop (all kinds), is 48.6 million metric tons (cleanweight), a 40-year low, and down from 1997 by 40 million tons, or 45%. Drought affected 25% of the production and caused huge losses, valuing more than 12 billion rubles. This came on top of years of decline in agriculture and all sectors of the Russian economy under the 1990s Bush/Thatcher-originated shock therapy policies. Then in August 1998, the financial crisis hit, when the ruble was devalued and the emergency acknowledged.

Over this period, Lyndon LaRouche urged that a nation-building approach to Russia's food need be taken, involving both humanitarian relief supplies, and also economy-building assistance, beneficial to both the United States and Russia, and at the same time, a signal to the world that strategic partnerships should be formed for economic development and for working out new financial and monetary arrangements. In *EIR*, Nov. 13, 1998, LaRouche spelled this out in "Food, Not Money Is the Crisis!" On Nov. 4, President Clinton announced a U.S. commitment to food aid for Russia, and said that more aid would be worked out in the months ahead. However, despite a commitment, there is no momentum, and the crisis worsens.

Secretary Glickman, speaking on Jan. 25 to U.S. reporters via a telephone hook-up from Moscow, gave a few details on the status of the food aid commitment, which involves some 3 million metric tons of grains (plus 100,000 tons of other food products). "Work plans" for logistics (point of entry, handling, etc.) are being supplied right now for receiving U.S. donations; and the Russian government was to issue a decree imminently, to exempt aid from Russian custom tax imposts. Grain is to begin arriving in February. In addition, Glickman said that 50,000 tons of poultry would be donated government-to-government.

(Glickman also referred to the talks under way about U.S.

financing for some 200,000 tons of potential commercial exports of U.S.-produced chicken parts to Russia, which is fraught with controversy because of the Russian desire to develop its own poultry sector, and avoid dependence on poultry imports, which are ridiculed as "Bush legs"—after George Bush's import-dependence/"free trade" policy, in Russia.)

On future aid, Glickman said, "I do believe the need is apparent," and spoke of the United States being open to consider more assistance in the near future. In particular, the need for livestock feed is acute. Glickman announced a pledge for 15,000 tons of feed, mostly corn.

On Jan. 26, the same day that Glickman departed Moscow, Nikolai Ryzhkov, the head of the National Commodity Producers Coordination Council, wrote to Prime Minister Primakov urging him to find means to import more livestock feed. Ryzhkov told reporters on Jan. 27, "The situation is so bad that we urgently need to buy several million tons of feed grain, as what we have now will last only 10 to 13 days."

The Russian state statistics agency said that last year's Russian barley harvest fell to 9.8 million tons from 20.8 million in 1997, while corn production fell to 0.8 million tons from 2.7 million.

## Semyonov: 1999 a 'critical year'

At a Jan. 21 press conference, Agriculture Minister Semyonov stated his hopes for collaboration between his country and the United States, in order to re-build Russian agriculture, in particular the livestock sector, starting with poultry. "As the minister, I would very much like to see the relations under the first tranche [of aid] to have a follow-up, in the first place in the area of fodder. We are well positioned to develop livestock breeding, and we would like that potential to be implemented."

Semyonov was asked on Jan. 21 what he intended to request from Glickman, "more humanitarian supplies, or credits to buy wheat or other food products?" Before replying to this specifically, Semyonov gave his overview: "Our vision for the year? We are sure that the year will be very difficult. In principle, this is a critical year. What do I mean? When we entered the year 1998, we had 20 million to 25 million tons of grain in storage. Estimates varied. The drought devoured



all these stocks and we will be entering the new year absolutely without any stocks, with empty pockets.

"This is why we cannot do a bad job. The economic situation is so complex, that agriculture should do everything possible to get the maximum results in any climatic conditions. I want to tell you that the potential of agriculture in Russia is simply tremendous. I can give you dozens and even hundreds of examples when the use of modern technologies, modern equipment, and modern management techniques, which is not commonplace in our agriculture yet, makes it possible—made it possible, even despite the drought, in the Orel region, a region which does not have good soils and climate, but which uses modern technologies and modern management techniques and managed to create a strong holding, which is also very important, to harvest twice as much as its neighbor, which does not have such trends yet.

"We simply have no right to work poorly this year. We must work well. This is what makes 1999 different from the previous year."

### 'Exchange technologies, not finished goods'

"As for the meetings with my colleague Glickman," the Russian minister continued, "we pin a lot of hope on them, and you were right to note that the talks will center not only on food aid or the aid which is already being provided. We

are already putting it on a footing that would underlie our future relations. What do I mean? Talks are now under way on the supply of a large shipment of corn and vegetable seeds free of charge. This is very important for us, because I think that in the future, our two great nations should exchange technologies and equipment, not finished products.

"Of course trade in food will go on even when Russia's agriculture meets the country's need for food in full. This is normal. But we will always want something that we do not have. We will sell something to somebody and somebody will sell something to us. This is a normal process.

"We believe that this is where our relations in the field of agriculture should go in the future. And the next set of issues which I hope will be discussed, concerns the development of our relations from the point of view of supplies of new equipment and technologies to us. I'd like to stress that the position of the ministry and the government on this issue is that where equipment supplies under lease arrangements will be made as part of intergovernmental programs, it is necessary to ensure investment in our agricultural machine-building. It is our fundamental position that while solving the current task of providing agricultural producers with modern agricultural equipment through imports we should create and strengthen our own capacities for the production of such agricultural equipment."

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# German government drops plans for immediate shutdown of nuclear power

by Rainer Apel

On Jan. 25, German Chancellor Gerhard Schröder announced that his government's intent to begin implementation of its stated policy of eliminating use of nuclear technology, with a ban on reprocessing of spent fuels as of January 2000, has been dropped. The content of the announcement was elaborated the next day, at a meeting of the nuclear power roundtable of industry, labor, and government representatives in Bonn: There will be no target date for a general ban on nuclear energy use, but individual timetables for the shutdown of each of the 19 nuclear plants, which together provide 34% of Germany's electrical power, will be negotiated in tripartite working groups assigned for each of the plants. Under the plan, industry will be given several years of breathing room to come up with alternatives: first, to reprocessing and the transport by rail of nuclear waste, and second, to reliance on nuclear energy altogether. Details of how this would work, will be defined at another big roundtable session in mid-March.

This compromise is a severe setback to the radical currents of the "red-green" government and to the ecologist movement, which insist that the withdrawal from nuclear technology begin on Jan. 1, 2000. The Green party, the Social Democratic Party's (SPD) government coalition partner, did not like it, but they chose to swallow the concession. This retreat on the part of the government, and particularly, Environmental Affairs Minister Jürgen Trittin (Green party), the frontman for the anti-nuclear radicals, was brought about by the combination of the strong resistance from labor, which threatened utility strikes, and from the nuclear industry and several state governments, which threatened legal action against the government. And, ironically, the British government, whose Labour majority has a green agenda, was one of the leading catalysts in the Jan. 25 decision by Chancellor Schröder to invoke his "Chancellor's guideline privilege" and overrule his coalition partner.

## The British hard line

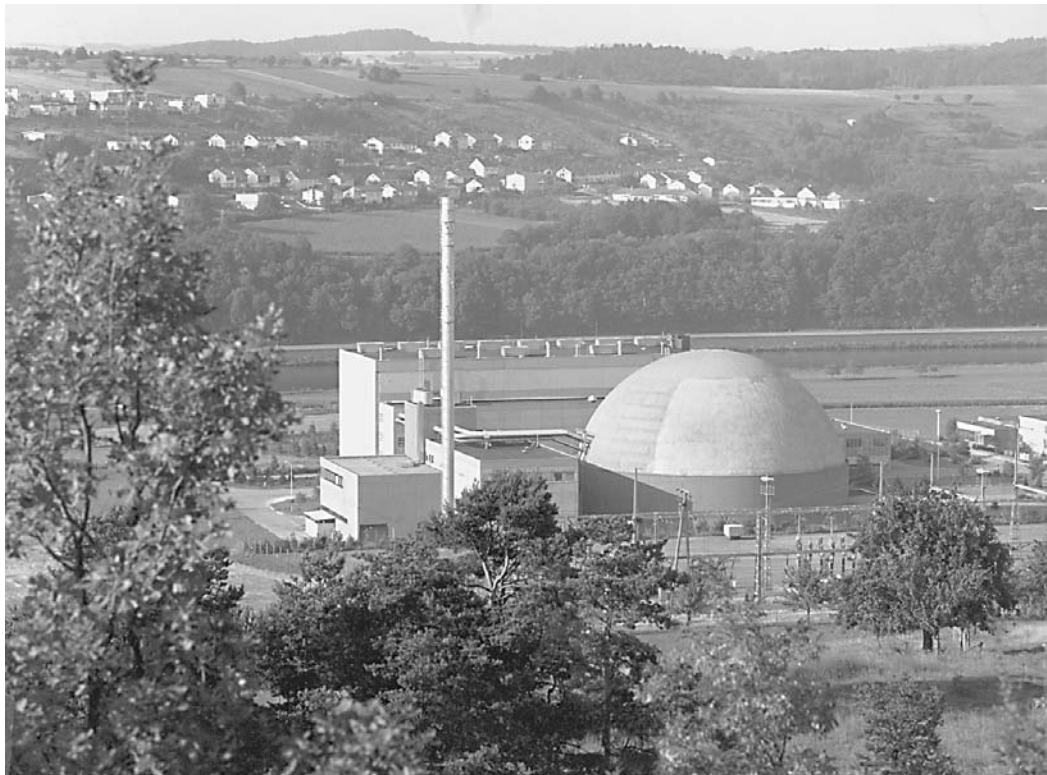
When Trittin came to London on Jan. 20 to discuss German plans for an end to nuclear reprocessing with U.K. Trade and Industry Secretary Stephen Byers, he was confronted with absolute nastiness from the British side. Byers told Trittin plainly that, if the German government stuck to its plans, which would invalidate long-term contracts into the year

2014, it would affect close to 4 billion deutschemarks (roughly \$2.5 billion) promised under these contracts to Britain's Sellafield reprocessing facility. The British view, Byers said, is that "it would be wrong for the company to suffer from a change in German policy over which they have no control. But I also stressed that the costs of that decision should not be borne by BNFL [British Nuclear Fuels, Ltd.], which had entered into legally binding contracts in good faith."

Byers said, "I made it clear that if the 650 tons of German spent fuel in store at Sellafield were not to be reprocessed, then it would have to be returned to Germany. The U.K. will not act as a storage depot for nuclear material." When Trittin argued that a change of government and, thereby, of nuclear policy in Germany, in his view, was a *force majeure* that invalidated all signed contracts, Byers shot back: "The German government is not God; therefore, there is no *force majeure* involved here."

The hard-line approach of the British seemed to have left its impact on Trittin, who had gotten away with a rather soft treatment from his colleague, French Environmental Minister Dominique Voynet, a few days earlier. Interviewed by British and German TV after his London talks with Byers, Trittin stuttered into the mikes, making rather incoherent statements on the affair. Back in Germany, he recovered somewhat, and said he was confident that his view would prevail over that of the British side. But in the meantime, the French government also woke up, declaring on Jan. 21 that it will insist on full monetary compensation for its own reprocessing contracts with Germany, which involves close to DM 9 billion.

The London affair demonstrated to German industry that the hard-line approach against Trittin and his supporters works. And, managers in the nuclear sector chose to arm-twist Chancellor Schröder, whom several of them also know personally. In memos and meetings between Jan. 21 and 25, nuclear industry managers made clear to Schröder that he would face legal action and claims for compensation and penalties for the breaking of treaties, in the range of several billion deutschemarks, maybe even more than DM 10 billion. It also became known in Bonn that an internal review on the issue at the Ministry of Justice has come to a similar conclusion, and urges the government to play strictly by the clauses of the law, in order to avoid such compensation payments.



*Under pressure from labor and industry, the German government was forced to retreat from its plan to shut down nuclear energy by next year. With the plan delayed, time has been gained for a vigorous offensive against the Green Party's anti-industrial insanity. Shown here is a nuclear plant at Obrigheim/Neckar, Germany.*

## **French workers welcome a Greenie**

The nuclear sector workers, who are organized in the public sector union OETV, were also remoralized, less by the British “no” to Trittin than by the treatment Daniel Cohn-Bendit, a leading German Greenie, got in France, when he visited the nuclear reprocessing plant at La Hague on Jan. 19. Cohn-Bendit, who heads the slate of the French Greens for the June 13 elections for the European Parliament, ran into deep trouble when he tried to enter the site, because several hundred enraged French nuclear workers blocked his way and told him to get lost, because he and his Green co-thinkers were about to kill their jobs at La Hague. French riot police had to escort Cohn-Bendit onto the site, as he was pelted by eggs. In the evening, when he tried to hold a public meeting with Greenies in nearby Cherbourg, he was forced to call it off, because utility workers threatened to turn the power off in the building where the meeting was to be held.

The affair was widely covered by German media, and caused German workers to reflect on their Green problem as well. In a discussion this author had on Jan. 20 with Rainer Dücker, chairman of the factory council at Preussen-Elektra, one of Germany's leading nuclear power producers, the labor leader said that he wished “that some of that French spirit would also be shown here, in our country,” that German workers would become more active against the Greenies.

Dücker said that nuclear workers would refrain from public actions before the scheduled Jan. 26 roundtable talks in

Bonn, in order to give Chancellor Schröder and the Social Democrats a last chance to push back Green demands for an instant withdrawal from nuclear technology. But, should the SPD make the exit from nuclear technology official government policy, Chancellor Schröder would run into a big conflict with labor. The nuclear sector workers would make the government feel what they think of this policy, Dücker said. Asked whether they would go as far as did the miners in early 1997, when they marched on the Bonn governmental district, Dücker said that the power sector workers have “other, far more effective means. . . . Just imagine, for example, an important soccer match, with all the broad attention that that has in the population, and immediately after the match is opened, the power to the stadium is turned off and stays turned off for the next 90 minutes. This will make clear to everybody what it would be like, if an important sector of our power supply is taken off the net—as the Greens want to do, and would do, with their policy.”

Dücker, as have other labor union members this author has talked to, hinted that selective power outages might also be used against other targets, similar to what was done in Cherbourg, which ruined Cohn-Bendit's planned panel against nuclear power, on Jan. 19.

## **‘Blackmail from abroad’**

German labor leaders view the French labor protests against the Greens, as justified. “We have a new generation

of nuclear power plants, the EPR, which is a joint Franco-German project, and if we say no to nuclear technology, it is the end for the German share in that promising, future-oriented technology,” Dücker said. Dücker added, when asked about other nuclear technologies such as the fast breeder and the high-temperature reactors, that it is highly regrettable that politicians lack the courage to get these technology projects built in Germany. He said that while the present government majority in Bonn is against nuclear technology, he is personally confident that the majority of the German population would vote for nuclear power, if properly informed about the consequences of an exit. “If Germany really walked out of nuclear technology now, it would be forced to return to it, after one generation, out of despair over secure power supplies,” he said. It would be a real catastrophe, and everybody would feel it, he said. Germany would be “blackmailed from abroad with a dictate on energy prices,” if it had no secure minimal national power supply of its own, which is only possible with modern nuclear technology.

The red-green government suffered a setback, and was forced to retreat. But it has not all of a sudden become pro-nuclear—not at all. The next round of conflicts is pre-programmed. A defeat of the anti-nuclear movement and a restored perspective for the development of nuclear technology in Germany can only be achieved by an activation of all those pro-nuclear people that have remained all-too-silent over the past years, because of frustration at the politicians’ sell-out of principles, at the concessions made to the Greens, because of fear of intimidation or even terrorism, as was launched at the peak of anti-nuclear protests in the mid-1980s. What Germany has been lacking—outside of the LaRouche movement, which has been an uncompromising defender of nuclear technology and an advocate of hard-line approaches against the Greens throughout the last 20 years—is a sufficient number of German workers, industrial managers, and politicians who show a commitment to fight the issue through.

For example, inside the SPD, there are many who disagree with the anti-nuclear course, but are too timid to go public with that. There are too few of the kind represented by Günter Supper, a nuclear engineer who joined the SPD after the oil crisis of 1973, when the party leadership still was for nuclear energy. Supper, who lives near Neuwied, in the state of Rhineland-Palatinate, has been in the engineering workforce that built up the big nuclear power complex at Biblis, in the neighboring state of Hesse, in the early 1970s, and was later involved in the construction of the Mülheim-Kärlich nuclear plant, in his own state. The plant was closed down in 1988 shortly after completion and a test-run of several months, under the impact of the post-Chernobyl hysteria, in which the SPD played a leading role. Resisting the temptation to quit the party membership, Supper then chose to stay, in order to be a voice for pro-nuclear views

inside the party. This, however, has not earned him merits; quite the contrary: In mid-January, Supper learned that his name was eliminated from an inner-party proposal for a slate for regional elections, and he found out that this was done by regional SPD leaders because they ruled his views were not opportune.

This is an incident typical of many which have occurred inside the SPD nationwide. But unlike many other SPD party members who retreated under pressure into anonymity and inaction, Supper took his case to the press, making the inner-party practices of the SPD public in statements he circulated. In one of these, he termed Trittin a “Rasputin” behind Chancellor Schröder, and called upon his fellow Germans to learn from the “French nuclear power workers [who] would, if faced with such attacks on their integrity, as they are launched here, rather show the population how quick the lights can be turned off!”

The fact that the labor leader Dücker also spoke of such selective power-turnoffs, shows that the potential for a forceful labor offensive against the Greens is there. Whether the ferment will be tapped, will decide whether nuclear power has a future in Germany. Those that want to fight the Greens on that issue, have a loyal ally in the LaRouche movement in Germany.

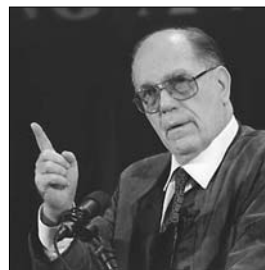
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# Plan to invest Social Security into stock market will prove injurious

by Richard Freeman and Marianna Wertz

The fact that President Clinton delivered his State of the Union message on Jan. 19, in defiance of the British-organized impeachment lynch mob, was an important accomplishment. But, the centerpiece proposal of that speech, to put \$600-700 billion of funds earmarked for the Social Security trust fund into propping up the U.S. stock market bubble, is ill-advised. This would not only risk the loss of the money, but simply making the proposal itself opens the door to a debate about proposals by Mont Pelerinite Republicans to put an even greater percentage into the stock market, including through individual personal retirement accounts.

The rationale for the stock market investment is that it would generate a higher yield on investment, which is alleged to be critical to add some years of solvency to the Social Security trust fund (which is formally known as the Federal Old Age and Survivors and Disability Insurance Trust Fund, or OASDI). However, the OASDI trust fund is not in any imminent danger, and investing a portion of it in the stock market is not a way to make it sound. It is further claimed that the \$600-700 billion would be part of \$2.7 trillion worth of funds that would be turned over for Social Security purposes over the next 15 years. The \$2.7 trillion is, in turn, to come from an alleged \$4.2 trillion U.S. budget “surplus” that will supposedly be generated over the next 15 years. But, this “surplus” is a hoax.

Thus, there is a proposal to put Social Security trust funds into the stock market, which would produce damaging consequences, linked to a budget surplus, which does not exist. In reality, the advisability of tossing a significant share of the Social Security trust fund into the stock market bubble has nothing to do with whether a U.S. budget surplus exists. Regardless whether there is an alleged surplus, putting the OASDI trust fund into the stock market is a bad idea. But the matter has been deliberately framed in a deceptive manner to link the two issues. The implication is that, because the economy is doing well — it is not — and that this led to a budget surplus, and because the “surplus” is the product of good work, one can experiment with it by playing the market.

We first show that the budget surplus is a hoax, and that the \$2.7 trillion that the plan calls for “giving” to Social Security over 15 years, is in reality the surplus that the OASDI trust fund would have built up on its own — which the government will appropriate, and then give back, as if it were a gift.

Next, we describe the plan to invest Social Security funds in the stock market. Finally, we demonstrate that investing the OASDI trust fund in the stock market is not what is needed to improve the trust fund’s soundness.

## The budget surplus hoax

Currently, the U.S. Federal budget has a deficit of more than \$100 billion, and it will continue to be significantly in deficit for the next several years. But, it is trumpeted in the press and on Capitol Hill that the fiscal year 1999 Federal budget (which runs from Oct. 1, 1998 through Sept. 30, 1999) will run a surplus of \$60-70 billion. What this refers to, however, is not the actual budget of the United States, but a phony construct called the “unified budget.” This concoction was developed about 15 years ago to hide the actual size of the deficits that the U.S. budget is running. It figures prominently in the hoax that the United States will have a \$4.2 trillion budget surplus current over the next 15 years.

Let us first determine what the actual U.S. budget deficit is, and then see how the “unified budget” has been used to distort it. There are two ways to determine the actual budget deficit.

The actual Federal revenue budget of the United States is the “general revenue budget,” sometimes called the “on-budget budget.” It provides for most of the functions of government: education, building infrastructure and public works, running the various departments of the Executive branch, the military, and so on. Its revenues come from a variety of sources: primarily, personal, corporate, excise, and estate taxes.

The Office of Management and Budget (OMB), which reports the official budget expenditures, revenues, and deficit, and makes future projections, reported its projections of future deficits of the “on-budget budget” in the official *Budget of the United States Government, Fiscal Year 1999*. This was reported in the “Historical Tables” appendix to the budget, on page 20. The data are presented in **Table 1**. The OMB projected that the “on-budget” U.S. budget deficit would be \$94.7 billion in FY1999, and that the United States would still have a deficit of \$62.7 billion in FY2003. It does not project beyond the year 2003. The size of the deficit may be revised downward, after correcting for increased tax revenues, but according to the government’s own official figures, there is no surplus.

However, the official “on-budget budget” incorporates

TABLE 1

**Projected budget deficit of 'on-budget' U.S. budget**

(billions \$)

1999	\$95.7
2000	104.9
2001	94.1
2002	44.6
2003	62.8

Source: Office of Management and Budget, *Budget of the United States Government*, "Historical Tables" appendix, p. 20.

TABLE 2

**Projected budget deficit of actual U.S. budget**

(billions \$)

1999	119
2000	127
2001	124
2002	82
2003	94
2004	81
2005	72
2006	31
2007	18

Source: Congressional Budget Office, *FY 1999 Mid-Session Review*, Table 2.6.

some accounting tricks whose effect is to understate the actual deficit. To correct that, a budget expert at the Congressional Budget Office (CBO) stated that the real budget deficit can be derived best by measuring the yearly increase in the "Federal debt outstanding." This is the cumulative outstanding debt of the United States. It is only increased each year for one purpose: because the U.S. Treasury has floated new debt obligations to cover that year's budget deficit. That is, when expenditures exceed revenues, that results in a budget deficit, and the manner by which the government covers the gap is by issuing new Treasury debt. That increases the Federal debt outstanding for the year. **Table 2** shows the result of using this more accurate method. (In this case, the data for this table are taken from the CBO estimate of the Federal debt outstanding, because it is more up-to-date than the OMB's data.) One can see that the actual U.S. general revenue budget deficit for FY1999 will be \$119 billion. Though this figure may be revised a little downward if tax revenues increase, it will exceed \$100 billion.

How, then, can one transmute an actual U.S. budget deficit of \$119 billion for FY1999, into a surplus of \$60-70 billion, as the media, the Congress, and the White House allege? This is done by the legerdemain of the "unified budget," whose function is to mask the actual budget deficit. What the unified budget does is to find various funds that are in surplus, and mix them in, quite improperly and illegally, with the actual budget deficit,

to produce an apparent surplus. This practice was started in a major way during the Reagan administration, because the administration was wracking up large actual deficits.

The favorite target to mix in with the actual budget deficit is the OASDI trust fund, because, since the Social Security reforms of the 1980s, this fund has been running growing annual surpluses (see below).

But this is quite illegal. The Social Security trust fund has its own dedicated tax, which produces a revenue stream earmarked only for the Social Security trust fund's purpose. *This special tax, by law, cannot be used to fund or to be mixed into the revenue stream of the general revenue or "on-budget budget."* Therefore, the ruse of the "unified" budget, which says that the actual budget is not in deficit, because we have now mixed in the surplus of the OASDI trust fund, is a complete fraud. Everyone who works on the budget knows that.

Let us show how this fraud works in FY1999. As stated above (Table 2), the FY1999 actual budget will have a deficit of \$119 billion. Let us assume that tax revenues are higher than originally projected, so the deficit is only \$100 billion. Now, in the current fiscal year, the OASDI trust fund will have a surplus of \$117 billion. Mixing the two together, one has produced a surplus of \$17 billion. The government also adds in, quite illegally, surpluses from other trust funds (such as the Highway Trust Fund), and employs other gimmicks. *Voilà!* It produces a surplus of \$60-70 billion.

But there is an additional key element in the government's work to produce an alleged \$4.2 trillion budget surplus over the next 15 years: The OMB has incorporated into its budget calculations, that U.S. tax revenues will continue to grow at an accelerating rate, because of the impact of the U.S. stock market bubble in swelling capital gains and other tax revenue. Thus, the OMB and all other agencies are counting on the continuance of the stock market bubble for revenues, a stinging commentary on the state of affairs of the U.S. economy.

The OMB does not take account of the deepening worldwide financial and economic disintegration, which will blow out tax revenues, whether generated from the stock market or the real economy, and send the budget deficit through the ceiling. Thus, the government's estimate of a \$4.2 trillion surplus is based on fraud combined with fantasy.

**Social Security surplus**

**Table 3** shows the CBO's projected Social Security annual surpluses. By fiscal year 2008, it is estimated at \$186 billion. During fiscal years 1999 to 2008, the OASDI trust fund is expected to build up a cumulative surplus of \$1.516 trillion. The CBO and OMB have not yet publicly released figures of what they project the Social Security surplus will be for the five fiscal years 2009 through 2013, but were the rate of growth assumed for 1999-2008 to continue, the sum for those five years would be approximately \$1 trillion. Hence, for 1999-2013, the OASDI projected surplus is \$2.516 trillion, or three-fifths of the total \$4.2 trillion "budget surplus" that the government is projecting for next 15 years.

TABLE 3

**Projected Social Security annual surplus**

(billions \$)

1999	\$117
2000	125
2001	130
2002	142
2003	146
2004	155
2005	165
2006	173
2007	181
2008	186

Cumulative total, 1999-2008: \$1.516 trillion

Source: Congressional Budget Office, *FY 1999 Mid-Session Review*, Table 2.6.

Therefore, when the government says that it will distribute, out of its imaginary \$4.2 trillion surplus, \$2.7 trillion to the Social Security fund over the next 15 years, all that it is doing is giving back to the Social Security trust fund money that already belongs to the Social Security trust fund, i.e., the \$2.516 trillion surplus that the Social Security trust fund would be building over the next 15 years. This act consists of finding the OASDI's surplus, taking it, and then giving it back. This is an elaborate ruse, but if the government did not use it, it could not so easily pretend that it had a \$4.2 trillion budget surplus.

**How the plan to invest works**

The proposal outlined in the State of the Union message, to put Social Security money into the stock market, has two parts. (*EIR* is investigating how this plan was advanced.) First, the plan calls for placing \$600-700 billion earmarked for Social Security into the stock market. Under this plan, National Economic Council director Gene Sperling briefed the press after the President's Jan. 19 State of the Union message, the Social Security trust fund would never have more than 15% of its assets in the stock market. However, were \$600 billion to be invested in the market, that would constitute one-fifth of what the projected asset level of the Social Security trust fund is to be in fiscal year 2014.

Second, the plan would create what are labelled "united savings accounts," or USA accounts, allegedly to encourage individuals to save. Most Americans would receive an initial government contribution of, say, \$100; additional personal savings would be matched by the government up to a maximum amount, with larger contributions for lower-income workers. A few sources say that this money could be held in a savings account, but the encouragement would be for individuals to put it into the stock market. The amount of money that the U.S. government would provide for USA accounts over 15 years would be \$500 billion.

Thus, the government would commit to the two plans together \$1.1-1.2 trillion, the lion's share of which would go

into the stock market.

Rep. Mark Sanford (R-S.C.), the proponent of one of the most radical Mont Pelerinite Social Security privatization plans, said on Jan. 20 that the presentation of this administration plan helps clear the way for others in Congress, like himself, to now bring forward their plans of how to invest Social Security funds into the stock market. Among other things, Sanford's plan would set up individual retirement accounts. Thus, we can now expect to see a flood of plans to put much larger sums of Social Security funds into the stock market.

**What Social Security needs**

The main rationale given for investing a portion of the Social Security trust fund into the stock market is that this will make the Social Security fund "solvent." Otherwise, it is claimed, the trust fund would go broke. This story is not true.

First, as a result of reforms of the Social Security System in the 1980s, the OASDI trust fund was mandated to build up a surplus over succeeding years to plan for contingencies. According to the mandate, the OASDI trust fund will go through three phases. First, by the year 2012, the revenue that the fund gets from a special dedicated Social Security payroll tax, will not be enough to cover payouts to retirees. At that point, the trust fund will also have to rely on the interest income it earns from the Treasury bonds it holds. In the second phase, by the year 2019, the combined tax income and interest income will not be enough to meet payouts to retirees, and the trust fund will then have to start drawing down the surplus it has built up. In the third phase, by the year 2032, all the trust fund surplus will be gone, and the rate of payout to retirees will exceed the income from the social security tax and interest. At that point, according to the story, the OASDI trust fund is broke.

Keep in mind that this last phase will not be reached until one-third of a century from now. The story that the collapse of the trust fund is imminent, is hokum. That is a lot of time to do something to reverse post-industrial society policies.

Second, the trust fund, by law (unless it is changed), is required to invest all of its money in U.S. Treasury securities. They are far sounder than stocks.

Third, the real issue is economic policymaking. The assumption that the OASDI trust fund will go broke by the year 2032 is premised on the assumption that U.S. GDP will grow by a real rate of about 1.9% per year between now and 2032. Were real transformation of the physical economy to occur—i.e., especially if President Clinton were to appoint Lyndon LaRouche as an economic adviser—the growth of the economy would take off like a shot. The other problem is that there are fewer younger workers, as a percentage of the total population, entering the workforce. It is the tax contributions of the younger workers which helps provide the money needed for retired workers. The demographic collapse is simply a part of the economic collapse. Were economic growth and optimism to return to the United States, families would have more children—not as a result of being told to, but as a

result of the enjoyment and confidence in the future that an advancing economy instills in a family.

Fourth, despite the official claim, that the purpose of putting the money into the stock market is to “make solvent” the Social Security system, in reality, it would bail out the stock market bubble. The Wall Street financier sharks want to have that new money in the stock market to prevent the its decline and to churn the market higher. They have been pushing for the trust fund’s money to go into the stock market for years. The speculative U.S. stock market bubble is wildly out of control. It will pop, and will lose perhaps 50 to 75% of its value. The OASDI trust fund is now invested in Treasury securities, which, following upon the proper changes in broader economic policymaking, are a reliable investment.

## Labor says ‘No’ to Social Security privatization

On Jan. 19, AFL-CIO President John Sweeney applauded President Clinton’s Social Security plan, saying that it provided “a positive blueprint for aggressive, progressive action by the nation.” “We are especially pleased with the President’s strong opposition to replacing the nation’s most important family protection plan with private accounts and his commitment to strengthen Social Security for the next century first and above all,” Sweeney said.

In other words, the AFL-CIO opposes privatization but has compromised on the question of putting some Social Security funds into the stock market, under government supervision. In its recent paper, “Options to Strengthen Social Security for Working Families,” the AFL-CIO supports changing the “investment mix” for Social Security funds by “moving a portion of the money into stocks to generate a higher rate of return” — which is what Clinton did. The labor federation claims, “This is a very different approach than individual investment accounts,” because “having the overall fund invest in stocks would minimize risks for individuals.”

The labor federation has launched a series of nationwide town hall meetings on Social Security, to create pressure from trade unionists across the nation on Congress, which will be debating Clinton’s proposals this year. Hopefully, in the course of nationwide debate, the dangers inherent in putting any portion of the trust fund into the market bubble will become clear. Such compromises are not necessary and should not be made with the future of America’s elderly population.

—Marianna Wertz

## Lugar hearing misses the mark on cartels

by Suzanne Rose

The Senate Agriculture Committee hearing on Jan. 26, to examine the effects of concentration, specifically the proposed merger of Continental Grain and Cargill, offers clinical proof that holding onto certain ideas such as free trade and freedom of the marketplace can make you crazy when the economy is in crisis. Senate Agriculture Committee Chairman Richard Lugar (R-Ind.) convened the hearing, which is intended to be the first of a series on the subject of mergers and concentration. The Jan. 26 witness list was composed so as to give the appearance of hearing from “all sides”—including Cargill and the American Meat Institute representing “Big (Agri) Business,” and farmer organizations representing farm families. But the clinical fantasy of belief in “free markets,” when markets are in various states of collapse, was present throughout the proceedings.

The producers panel, featuring what passes today for farm organization leadership, Leland Swenson of the National Farmers Union and Dean Kleckner of the American Farm Bureau Federation, demonstrated that they have so accepted the dogma of “free trade,” that they are incapable of mobilizing their membership to get out of the path of the freight train, even as it is mowing down their members. Faced with record-low livestock prices, and record farm bankruptcies, these leaders could only call for more studies of the train, the giant food monopolies like Cargill, and the beef cartel company Iowa Beef Processors (IBP), which have the power to crush farm prices because they dominate the marketplace. At the same time, the markets are disintegrating under the impact of the global financial crisis. Nevertheless, these farm leaders continue to worship at the altar of the free market.

Swenson, whose organization has taken action in the past to defend farm incomes, refused at this hearing to even reach a conclusion on whether concentration negatively affects the income of producers and the supply of food, preferring to call for further impact studies. “We urge a moratorium on further mergers until an impact study on income and whether they enhance or eliminate competition is done,” Swenson said. This, despite the fact that he himself produced the figures to make the case that cartelization enriches the cartels, while destroying producers.

Swenson reported that just four firms control 79% of the



U.S. beef-processing market, and that after the acquisition of Continental's grain division, Cargill will control 40% of U.S. corn exports and 45% of the global grain trade. If you add Cargill's "sister" cartel company, Archer Daniels Midland (ADM), into the equation, Swenson said, with ADM now controlling 30% of the global grain trade, then just two entities will control 75%! Swenson pointed out that consumer food prices are rising by 2-3%, while prices to producers are falling.

Swenson's proposals to alleviate the crisis condition in which this monopoly has left U.S. farmers, amount to asking a patient to cure his cancer by describing it. Swenson called for mandatory price reporting by the livestock packers (who set the price for producers, and often refuse to disclose the price they are offering, all the better to manipulate desperate farmers), and for the adoption of country-of-origin labeling of beef imports (in the expectation that Americans will boycott imported beef).

Swenson also called for a restoration of the farm safety net, without specifying what emergency measures should be taken in order to stem the rapid loss of farmers. Perhaps he didn't want to alienate Senator Lugar, the author of the infamous 1996 Freedom to Farm Act, which eliminated any government price protection.

### **'Oversupply' myth persists**

For his part, Dean Kleckner of the Farm Bureau expressed concern about the "over-capacity of grain," harkening back to the folly of policies adopted in the 1930s Depression, when low grain prices were deemed the result of "oversupply," and farmers were advised to plow under their crops, kill every third pig, and similar measures. This is a supremely uninformed policy, truly suicidal for U.S. farmers, and insane for national interests if it is adopted today in the midst of widespread famine in Asia and Africa, and the food crisis in Russia and elsewhere (see article on Russia, p. 14).

Representatives of three other producer organizations spoke, from the National Pork Producers Council (the pork promotion agency funded from farmers' pork receipt check-offs), the National Cattlemen's Association, and the chief executive officer of Premium Beef of Kansas, an entity which is both producer and packer.

The representative from the Pork Producers demonstrated that the so-called laws of "supply and demand," are not operating in the current crisis. Pork prices have collapsed, even though exports expanded 27% in the period from October 1997 to October 1998. She attributed the problem to under-capacity to process the pork as a result of packing-plant closings.

Paul Hitch from the Cattlemen asked rhetorically whether consolidation was causing the low cattle prices. He answered by affirming that the problem could be explained by the laws of "supply and demand." He said there has been

a loss of demand for beef which has caused a 12-14% drop in the price per hundredweight (cwt), accompanied by an increase in supply because of the closing of so many packing plants. His solution? "Independent producers need the information they need to relate to a rapidly changing world," he said.

Chairman Lugar put a happy face on one of the significant changes brought about by the cartelization of the food supply over the past 30 years, namely, the *contracting* of formerly independent producers to their buyers, as prices collapse in the marketplace, a form of enslavement. "Are we headed toward contracting for special qualities?" He asked. "And how does this affect small producers?" Kleckner replied that he didn't like it, but this was the way the world was moving, and they could survive by cutting their costs and producing for a "special quality" niche.

### **The free marketeers**

The hearing concluded with presentations from two representatives of the so-called market, Frank Sims, president of Cargill's North American Grain Division, and Mr. Boyle of the American Meat Institute, which represents the cartel-controlled meatpacking industry. They performed the remarkable feat of presenting arguments for how concentration actually benefits producers and consumers.

Sims said that the combined business of Cargill/Continental is too small to affect prices to producers, that they were merely responding to forces of change in the grain handling business, where a more "complex" domestic market is replacing the previous export pipeline down the Mississippi (i.e., the export markets are collapsing due to the financial crisis). Sims defended the expansion of Cargill's operations through the acquisition of Continental Grains, as bringing "greater efficiency" to the marketplace. Cargill intends to complete the merger next month sometime, by the end of the first quarter 1999.

Boyle of the AMI said that concentration results in a net gain for producer prices according to a University of Nebraska study. He denied that there is a growing price spread between the producer and consumer, claiming wholesale prices have dropped dramatically. He also claimed that there has been a "partial recovery" in producer prices since December 1998. He railed against any form of government intervention to protect producers, even the cosmetic proposals made at the hearing on labelling and price reporting, never mind the emergency measures mandated by the depth of the crisis.

Lugar concurred, claiming that if you increase government regulations the marginal packers go out of business. Boyle reiterated that the current crisis was nothing more than a temporary glut of demand caused by a decrease in processing capability (closing of packing plants). Lugar concluded by inviting the panelists to submit arguments for or against price reporting.

# Business Briefs

## Indonesia

### Recapitalization of banks questioned

Economists and members of the Indonesian House of Representatives have said that the scheme to recapitalize failing banks is too costly, given the financial difficulties endured by the nation, the paper *Suara Merdeka* reported on Jan. 15. The House has asked the government to scale down state budget funds earmarked for the program.

The government intends to fund the recapitalization program by selling bonds to Bank Indonesia. Under the plan, the government will provide up to 80% of the funds, while bank owners will be responsible for securing the remaining 20%. At least 70 banks, at a total cost of \$43.3 billion, are slated for recapitalization.

Finance Minister Bambang Subianto warned of a new economic disaster if the program is abandoned. He said that economic recovery in Indonesia would not be possible without bank recapitalization, and pointed out that banks would not be able to restructure domestic corporate debts unless they receive fresh capital.

## Biological Holocaust

### Russia faces outbreak of epidemic typhus

Epidemic typhus, which was thought to be under control in Russia, has returned, with an outbreak of the disease in a psychiatric hospital in Moscow, the German daily *Die Welt* reported on Jan. 12. Epidemic typhus is a rickettsial disease transmitted by body lice. A mild, non-lethal form, called Brill-Zinsser disease, can recur decades after the acute illness, especially under conditions of weakened immunity. In the presence of lice, however, Brill-Zinsser patients can communicate the rickettsial agent to uninfected persons.

According to German epidemiologist Professor Feldmeier, the latest outbreak in Moscow is due to the catastrophic economic

situation in Russia. One of the elderly inmates of the Moscow psychiatric hospital had suffered from typhus as a child, when the disease was still common in Russia. (During 1918-22, some 30 million people contracted epidemic typhus, with 3 million deaths.) The elderly patient came down with Brill-Zinsser when the heating and hot water system in the hospital broke down. The inmates had to sleep in their clothes to keep warm at night, and there was no ability to change and wash clothing and bedclothes, where lice inhabit.

Feldmeier warned, "This first small epidemic is only a foretaste of what can be expected in Russia, if the present economic condition continues, and hospitals, nursing homes, prisons, and apartments cannot be supplied with district heating or fuels."

Untreated, 10-20% of all cases lead to death. The disease can be treated with antibiotics, and there is also a vaccine available, but the Russian health care system is in a disastrous situation and the collapse of the ruble exchange rate has tripled the prices for medicine, 70% of which is imported.

## Nuclear Energy

### South Africa plans to produce HTRs

South Africa plans to produce 30 high-temperature reactor (HTR) modules per year, the German daily *Die Welt* reported on Jan. 20, in an article headlined "The Alternative Nuclear Power Project—Stopped in Germany, Now Being Built in South Africa."

Ten years ago, HTR development was shut down in Germany and in the United States, despite the extraordinary "inherent safety" properties of this reactor type. However, the South African power supplier Escom, the fourth biggest in the world, will now build an HTR reactor next to the existing Koeberg nuclear power plant, outside Cape Town. Escom is relying on the German HTR reactor type, while the Japanese national nuclear research center, Jaeri, is picking up the pieces of the HTR type developed in the United States. Once the first South African HTR goes into operation, the country is planning to start up production

of 30 HTR modules per year, of 114 megawatts of electrical power each. Plans are for 10 to be sited in South Africa, and for 20 to be exported. Indonesia, for example, is expected will be very interested in this kind of reactor.

*Die Welt* noted that after German reunification, there had been plans to use the HTR technology for supplying the huge Leuna chemical production facility in eastern Germany with HTR-generated electricity and process heat, but this plan was cancelled.

## Trade

### China's export crisis 'extraordinarily grim'

Chinese exports grew a mere 0.5% in 1998, which China's official news agency Xinhua on Jan. 19 called "an extraordinarily grim year for China's exports." The Trade Ministry had predicted a growth of 10% for exports in early 1998, a growth rate considered "prudent" at the time. But "the effects of the Asian financial turmoil . . . went far beyond people's expectations," Xinhua reported. Monthly exports declined for four consecutive months from August to November, with total exports hitting a 15-year low.

China exports primarily to Southeast Asia and other Asian nations, and was hit hard by the economic crisis there. China's exports to Asia in 1998 totalled \$98.2 billion, down 9.9% from 1997. The proportion of exports to Asia to total exports also declined, from 60% to 53%. China's exports to Japan, Hong Kong, the Association of Southeast Asian Nations members, and the Republic of Korea fell by 6.7%, 11.5%, 13.7%, and 31.3%, respectively.

The crisis has cut demand for raw and semifinished materials, cutting prices and export-generated revenue. The government undertook many measures to try to boost exports, and they did reach \$20 billion in December, an increase of 4.3% from the same period in 1997. Total exports reached \$183.76 billion.

Despite the overall drop in exports, capital- and technology-intensive goods exports

**THE UZBEK-CHINESE** inter-governmental commission met in Beijing on Jan. 13 to discuss expanding transportation infrastructure. China has now completed construction of a railroad with an annual capacity of 12 million tons of cargo, in southwestern Xinjiang, which will be linked to the town of Kashi later this year, the commission announced. The railroad is part of the "Shanghai-Paris transcontinental railroad," it said.

**ANGLO AMERICAN** Corp. has offered \$8 million for Zambia's Nkana and Nchanga coppermining and smelting complexes and the Konkola Deep deposit. Anglo American had once offered \$72 million, but is now claiming that since prices are so low, it should pay practically nothing. Anglo American refuses to assume any of the \$800 million debt of the Zambia Consolidated Copper Mines. The "donor community" has cut off all funds to Zambia, until the mines are sold, and this is the only "offer."

**THE SWEDISH** construction giant Skanska International Civil Engineering AB (worth \$8 billion), has lined up 12 infrastructure projects worth 100 billion rupees (\$2.6 billion) in India, and is likely to set up a subsidiary there. Half of the projects involve hydroelectric power production; others include roads, bridges, harbors, and the New Delhi Metro project.

**RUSSIAN** prisons have 120,000 inmates with acute cases of tuberculosis, according to a joint commission of the Public Health Research Institute in New York and Doctors Without Borders. One-sixth are infected with multidrug-resistant TB.

**KYRGYZSTAN** Prime Minister Zhumabek Ibraimov announced an agreement on defense industry cooperation, and said that Russia will be involved in major projects in Kyrgyzstan, primarily the construction of Kambarata-2 hydroelectric power station and a power transmission line to China, during a visit to Russia on Jan. 12-13.

rose in 1998. The value of mechanical and electronic products rose by 12.2% over 1997, to \$66.54 billion, and the proportion of related products to overall exports climbed, from 32% to 36.2%. Exports of primary goods fell 14%, to \$20.6 billion, with declining exports of labor-intensive products such as garments and related products.

China's exports to the United States increased by 16.1% last year, to \$37.98 billion, while exports to the European Union reached \$28.15 billion, up 18.1% from 1997.

China's imports fell 1.3% compared to 1997, with overseas-funded enterprises accounting for 54.7% of imports, worth \$76.72 billion. State-run enterprises are the second biggest importers, at \$59.93 billion worth, or 42.8% of imports overall.

## South Asia

### Insulate India from global financial swings

Former Prime Minister Chandra Shekhar has called for insulating the Indian economy from the vagaries of the international financial system, particularly given the traumatic experiences of the Southeast Asian countries, Russia, and Brazil. Addressing the press on Jan. 17 on the impact of the economic liberalization program initiated in India seven years ago, Shekhar said that it was important to reduce the vulnerability of the Indian economy to international finance capital. The opening up of the insurance sector to induce long-term capital flows could increase vulnerability, he warned.

According to Shekhar, the reduction of vulnerability could be achieved by placing greater reliance on domestic savings and reducing the role of speculative capital. He said that it was not spurts in the stock market index which created wealth, but enhanced productivity by the farmer and the worker. "This can only be achieved in an environment of equality, security, and dignity of the ordinary man. This will require greater, not lesser, space for the exercise of national sovereignty and greater democratization of the Indian polity. Both these processes are being undermined in the name of pursuit of

the economic reforms," he said.

Shekhar was critical of the results of seven years of liberalization. He said the data on economic growth clearly indicated that economic performance had been unsatisfactory. The projected massive inflow of foreign investment remained elusive, but even the small amounts that had come in had seriously affected market structures, without contributing to growth. Shekhar said that the drastic slide in the foreign exchange value of the rupee has not helped trade, and that the expanding trade deficit is causing strains on the balance of payments. Foreign exchange reserves, he said, have large components of "hot" money and debt.

Shekhar criticized the stagnation in public investment in agriculture, and said that successive good monsoons "seem to have us complacent." Greater emphasis was being placed on exports and on cultivation of cash crops at the expense of food crops and food security, he said.

## Debt

### Cancellation urged for developing countries

The Anglican Archbishop of Cape Town, South Africa, Njongonkulu Ndungane, at a conference he had organized, called on the leaders of the Group of Eight industrialized countries to make an unequivocal commitment of intent to cancel the developing world's unpayable debts, when the G-8 meets in Cologne in June.

"The astronomical debt" owed is a major contributor to poverty, he said. He cited World Bank figures showing that in 1996, African countries had transferred \$14.4 billion in debt payments to the member-states of the Organization for Economic Cooperation and Development.

Ndungane said that governments must be able to alleviate poverty in their countries. It is inappropriate that market forces on their own should dictate the way in which governments structure their economies. He said that the world was "haunted by the specter" of globalization, privatization, and deregulation.

## Washington must ally with China, not London

EIR has produced a new video, titled “*The Eurasian Land-Bridge: Washington Must Ally with China, Not London*,” featuring exciting recent developments that are totally unknown to those Americans who do not read the publications of the LaRouche movement. The speakers in the documentary include former Mexican President José López Portillo; Lyndon H. LaRouche, Jr.; Schiller Institute founder Helga Zepp-LaRouche, the wife of Lyndon LaRouche; and EIR Ibero-American Intelligence Director Dennis Small.

The following is the edited text of the video, which can be purchased from EIR for \$25, order number EIE-99-002.

The video begins with a film clip of former President López Portillo, speaking on Dec. 1, 1998 at the Mexican Society of Geography and Statistics. Dennis Small then proceeds to narrate the documentary.

**José López Portillo:** And it is now necessary for the world to listen to the wise words of Lyndon LaRouche.

**Dennis Small:** 1998 was the year in which the international financial crisis exploded on the world scene in a visible fashion. Country after country, from Indonesia to South Korea, Russia to Brazil—the international financial system went into a major world crisis. It happened in a way and with the timing, and in a fashion that had been forecast for decades by the leading American economist and statesman Lyndon LaRouche.

Now, as we enter 1999, in this year, that international financial crisis is going to crash like a tidal wave over the United States itself, and over Europe. But this is not only a financial crisis or an economic crisis. This is a civilizational crisis. This is a crisis in which the values, the moral questions, the financial issues, the political institutions, are all being swept aside by this tidal wave.

Humanity is poised at the edge of an abyss. And over that

abyss, is a New Dark Age, like that of the 14th century, when half of humanity disappeared. That will be the future of humanity, unless—and that “unless” is the topic of this video report today.

There is an alternative to this New Dark Age, and to this international financial crisis. It is an alternative that is being put together under the leadership of China, with other nations such as Russia, India, and nations of Asia, such as Malaysia, participating as well.

It is an alliance of sovereign nation-states that are saying “no” to speculation, “no” to globalization, “no” to British-sponsored free trade, and are instead rebuilding their economies in a sovereign fashion around productivity, around investment in technology and science, and most significantly, around a global infrastructure project which is called the Eurasian Land-Bridge.

The Eurasian Land-Bridge is not just an idea; it is being built today. And it is a project which must be joined in by the United States and by other nations of the world, if we are to avoid a plunge into a New Dark Age.

That political fight, to build a coalition of forces, an alliance internationally, to build the Eurasian Land-Bridge, has been prominently promoted internationally by Lyndon and Helga LaRouche. In country after country, continent after continent, through their direct travels and activities, they have been building the coalition of forces that is necessary to put an end to the British oligarchical speculative system.

For example, in April 1996, the LaRouches travelled to Russia, where they presented these ideas of the Land-Bridge, and the underlying economic policy issues that must be behind such a great infrastructure project, to leading economic policies thinkers in Russia—policy thinkers who today, are playing a prominent role around the Primakov government of Russia.

More recently, in November 1998, Helga Zepp-LaRouche was invited by the government of China to partici-



*Former Mexican President José López Portillo and Helga Zepp-LaRouche, at a meeting of the Mexican Society of Geography and Statistics, Dec. 1, 1998.*

pate in an international conference on the Eurasian Land-Bridge, which was held in four cities in that country. Then, in December 1998, she travelled to Mexico to report on these breakthrough developments to audiences in that country, and to broaden the alliance of forces to include emphatically the United States and its close neighbors such as Mexico, around the concept of the Eurasian Land-Bridge.

In many of these countries, from Russia to China to Mexico to Brazil, increasing numbers of political forces of influence are calling on the world and on U.S. President Bill Clinton in particular, to listen to the wise words of Lyndon LaRouche, in order to get out of this financial crisis.

Mrs. LaRouche reported on the matter in the following fashion to one of her many audiences in Mexico City in December of 1998:

**Helga Zepp-LaRouche:** It is extremely important that I report to you about an alternative which is shaping up. While on the one side, there is a grave danger that civilization is plunging into a Dark Age, such that if the policies of the international monetary institutions are continued, then many countries can suffer the fate of Honduras, Nicaragua, Indonesia, or most parts of Africa. So, while I'm absolutely clear on that danger, I also want to report to you that just in the last two weeks, something extraordinary has occurred: namely, that the countries of Eurasia are joining together in building the Eurasian Land-Bridge—the idea to integrate the Eurasian continent through infrastructure programs.

Now, when Jiang Zemin, the President of China, just went

to Russia, he announced a new cooperation between China and Russia. And the one speech I would like to bring to your attention is the one he gave in Novosibirsk, a famous science city of Russia in Siberia. This speech is one of the most outstanding speeches given by any statesman in the last years. It is a “Class A” speech, giving a vision for all of mankind for the next century. And this speech has been completely blacked out by all Western media. (And I hope that there are some patriotic press in Mexico that will just reprint the entire speech.)

What Jiang Zemin says in this speech is that the scientists of Russia will cooperate with China to once more make science and technology the key driver of the world economy, and that China will look into the resources of its 5,000-year-old history to become the avant-garde in science and technology for the next century.

Now, what is the background of this extraordinary development?

**Small:** That background was elaborated by Mrs. LaRouche in a February 1997 presentation to a Washington, D.C. audience:

**Zepp-LaRouche:** In 1988, Mr. LaRouche made the famous proposal for a soon-to-become-real unification of Germany, which he just referenced. He was, to my knowledge, the only Western economist and statesman predicting the collapse of the Soviet Union more than a year before it happened. He was the only one who predicted the unification of Germany



*Helga Zepp-LaRouche at the eastern terminal of the new Eurasian Land-Bridge in Lianyungang, China, October 1998. She headed a Schiller Institute delegation attending a conference on “Asia-Europe Economic and Trade Relations in the 21st Century and the Second Eurasian Bridge,” held in four Chinese cities.*

at a point where all German politicians called the unification of Germany the “lie of the century,” people should forget about it, and so forth.

And Mr. LaRouche said, “Let’s take a unified Germany, and use Western technologies to develop Poland and make that the model of how you can transform the economies of the Warsaw Pact with Western means, into a modern economy.”

Then, in 1989, at a point when you all remember the pictures on TV, the Berlin Wall came down, beginning of November. People were happy; this was an incredible historical moment. And again, I must say, given the fact that I and my friends Michael [Liebig] and Anno [Hellenbroich], were on the scene, busily trying to shape history, there was no one—not [Chancellor Helmut] Kohl for sure, not from the U.S. administration, or anywhere else, who had an idea of what to do, how to capture the historical moment of the fact that the Wall dividing the Eurasian continent would come down, really the first time since the Versailles Treaty—no one except Mr. LaRouche, who proposed the famous program of the Productive Triangle. This was the idea to take the territory in the triangular area between Paris, Berlin, and Vienna, which is about the size of Japan, and which still, to the present day, has the highest concentration of industrial capacity and skilled labor power.

We basically proposed that eastern Europe should be integrated through the development corridors, namely, the idea to build up transport lines—one corridor going from Warsaw to Moscow, St. Petersburg; another one to Kiev, another one to the Balkans, to the Black Sea; another one to Sicily, bridg-

ing into Africa; another one to Ibero-America.

In 1992, we presented a proposal for the Eurasian infrastructure alliance, because at that point, the Soviet Union had collapsed. And we proposed to combine the productive triangle, situated in western Europe, through infrastructure lines, all the way to China (see map, p. 30): Line A being the northern route, the Vladivostok Trans-Siberian Railroad; Line B going through Ukraine, Kazakstan, China; and Line C from Turkey, Iran, Kazakstan, China.

So, we proposed to integrate the Eurasian continent into one piece. And we had many conferences about this in Moscow, in other places. And especially because China at that point was still involved in a very dangerous mixture. On the one side, a state-planned economy, but at the other side, also being absorbed in the speculative bubble. And fortunately, we put out many warnings against “financial AIDS,” which was the financial speculation in the economy—these warnings were published widely in China.

So by 1993, the Chinese government consciously went away from the bubble economy, put more emphasis on a dirigist policy, and there was a clear revival of the famous policy of the founder of modern China, Dr. Sun Yat-sen, who in the 1920s had put out a beautiful document called the “International Development of China.” [The map he used] has a very elaborated system of integrated railways, water projects, and other infrastructure programs. . . .

In ’93-94, there were further important changes in the economic policy of the Chinese government to reduce the bubble, both in the real estate market and in other markets.

They implemented more dirigistic measures, put more stress on the Eurasian Land-Bridge, and basically announced that they had the intention to develop the northeast regions of China, to improve the relations between China and Europe and the rest of Asia.

In May '94, the vice minister of the State Commission on Science and Technology, Mr. Hui Yongshen, gave an exclusive interview to *Executive Intelligence Review*, in which he said that the Eurasian Land-Bridge would be the central feature of its international economic and foreign policy.

In May '96, I myself, together with a delegation of the Schiller Institute, participated as speakers at the Beijing conference with the title "Development of the Economic Regions Along the Euro-Asia Continental Bridge."

This conference was an absolute watershed, because the Chinese government announced there their strategic, long-term perspective for China until the year 2010, which is already written in government legislation. And they have no lesser goal, than to bring the entirety of China up to the level of the world as quickly as possible.

Different spokesmen, whose speeches you all can read in the report we published, basically announced that "a new era of mankind has started, namely, the Land-Bridge era," where, for the first time in human history, there will be no more regions of the world which will be disadvantaged because of their geographical positions. But because of the Land-Bridge conception, you can bring the development into all areas around the globe, and especially the landlocked areas will participate in the same kind of advantages that previously only maritime cultures had, or civilizations based on rivers.

But I think the most important thing was that this conference, in which I think 64 nations participated, expressed an incredible cultural optimism, an optimism which you do not find in the United States, in Europe, for sure not in Russia. And people were just completely excited about the idea that the underdevelopment of mankind, is coming to an end. . . .

**Small:** During her tour of Mexico, Mrs. LaRouche addressed the deeper historic issues behind the current battle over the Eurasian Land-Bridge. And she identified this as a 500-year-old battle between two opposing concepts, the concept of oligarchism and the concept of the nation-state, ideas which are completely irreconcilable, one with the other.

Of special significance, was her presentation before the Mexican Society for Geography and Statistics, one of the oldest and most prestigious intellectual institutions of Mexico. Speaking with Mrs. LaRouche from the podium, in response to her speech, as the official commentator, was the highly respected former President of Mexico, from 1976 to 1982, José López Portillo:

**Zepp-LaRouche:** Now, this is very important, because the fact that some countries of the world have abandoned the idea of globalization, and have started to impose protectionist

measures to protect their people and their economies against the effects of the financial storms, means that there are two dynamics in the world right now. And I think this is also important for Mexico to consider. Because in the coming weeks, we will see the next phase of the collapse of the world financial system. And these financial storms are without any precedent in known history. . . .

Now, what is the issue in all of this? The conflict which is coming now to its final resolution, is one which started in the 15th century. Up to the 15th century, all cultures in the world, were of an imperial form. The law which existed, was just the whim of an oligarchical elite imposing its will on a backward population of approximately 95%, who were illiterate, who had the status of human cattle, who did not participate in culture, in politics, in self-government.

The idea of the nation-state which emerged at that point, was that the government for the first time, had to take care of the well-being of its people; that the government had to foster science and technology as the precondition for the improvement of the population's living standard.

Through the work of teaching orders such as the Brothers of the Common Life, the proportion of the intelligentsia in the population increased. Through all of these developments, under the reign of Louis XI, the living standard under his rule increased by 50%, or doubled in 20 years.

The most important thinker of this period, was my favorite philosopher, Nicolaus of Cusa, who was the Foreign Minister of the humanist Pope Piccolomini in this period. He, in his writings, especially in his main work, *Concordancia Catholica*, developed the idea of the representative system, which was the idea put forward for the first time, that the individual could choose representatives, and that these representatives would have a dual reciprocal responsibility: on the one side, to represent the best interests of the state, but on the other side, to make sure that the well-being of the people would also be pursued.

It is this representative system, which actually is the only way in which the rights of the individual can be maintained, which is the reason why the sovereign nation-state is the most important defense of the people. It was this idea of the representative system, which laid the foundation for the American Revolution, and therefore the first truly republican state, abandoning the idea of the oligarchy.

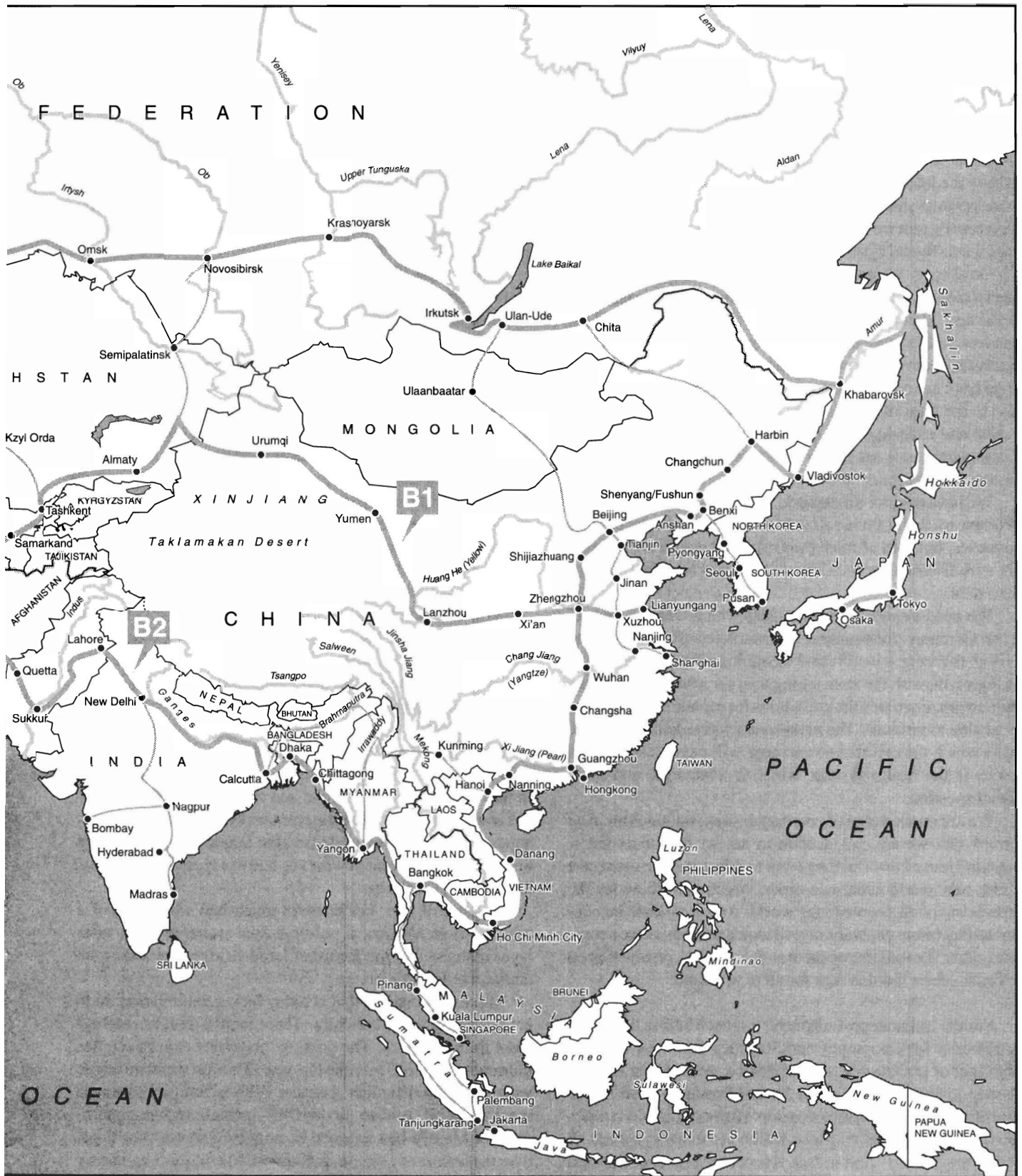
Nicolaus von Cusa also had the idea that peace and concordance among nations could only be guaranteed by the concept that peace in the macrocosm, is only possible through the maximum development of the microcosms, which is the idea that only if all nations of the world develop to their maximum, and that it is the interest of each nation to make an effort that other nations develop in the maximum way, that you can have peace.

These ideas of Nicolaus of Cusa and his successors like Leibniz, in my view, must become the basis for the New World Economic Order. So, the need to have an alliance of

**Eurasian rail network plan as first presented by LaRouche's associates in 1992**







sovereign nation-states, helping each other in their development, is the question on the table today.

The problem was that already in the 15th century, the oligarchical capital of that time, the city-state of Venice, recognized that the nation-state was the most important barrier to the looting of the population. In the last 500 years, these two systems of state — nation-state and oligarchical system — have been in a continuous fight with each other. Today, the efforts to have a globalized economy, to have globalization, to have the International Court overruling national society, to have the IMF and World Bank as dictatorships of the world, represents a renewed effort by the financial oligarchy, to impose a neo-feudal system.

Obviously, we need to remedy the situation today. We need a radical change in the value system which has emerged in the last 30 years. We have to throw everything out of the window which is a “sacred cow” today: globalization, free market economy, outsourcing, and similar ideas. And we have to go back not only to the sovereignty of the nation-state, but also to the right of the nation to protect its people, to impose capital and exchange controls, to have fixed parities, to have a completely new set of tariff and trade agreements among nations which are set up on a just basis.

We have to write off about \$150 trillion in worthless debt. We have to cancel almost all debt of especially the developing countries, but also of most industrialized countries, because not even Germany or the United States will be able to finance their debt.

We need to go back to the ideas which were successful when Germany, for example, reconstructed after the postwar period, favoring scientific and technological progress, industrial growth, with the state taking a larger role in creating the framework to provide the conditions for private entrepreneurs to be able to produce. The nation-state has to take over those tasks which the private entrepreneur will never take care of, which is the health system, which is education, and other social questions. . . .

We are on the verge of entering the next millennium. And I think that we are called upon to not let this crisis throw mankind into a New Dark Age, but to join our efforts to create a just, new world economic order, which will allow for the well-being of all people in the world. And we should be conscious that future generations will look back at us as the people who either allowed the world to slide into Hell, or who helped to create a new Golden Age for all of mankind.

**Small:** Helga Zepp-LaRouche’s speech before the Mexican Society for Geography and Statistics may have been the highlight of her ten-day tour to Mexico. And as you will see shortly in the response from former President José López Portillo, it was an historic occasion. However, it was characteristic of the kind of response which her remarks earned all across the country. And in fact, it is characteristic of the kind of response LaRouche’s ideas are getting around the world.

For example, when Lyndon LaRouche and Helga LaRouche travelled to Russia in April of 1996, they warned their high-level audiences about the onrushing financial crisis, and about the measures that had to be adopted to deal with it, unless they wished Russia to disintegrate as a nation.

When, in August of 1998, the world financial crisis crashed over Russia’s head, and the Russian government was forced to declare de facto state bankruptcy, those ideas of LaRouche were placed on the front burner. Similarly in China.

As a result of Helga Zepp-LaRouche’s trip in November of 1998, these same ideas are being taken with the utmost seriousness, and are actually being implemented to a significant degree by the Jiang Zemin government.

Helga Zepp-LaRouche spent 10 days in Mexico. She visited the three principal cities in the country, Mexico City, Guadalajara, and Monterrey, and in those cities, she spoke to audiences totalling over 1,000 people. They were public events organized by the LaRouche organization of Mexico, the MSIA, or the Ibero-American Solidarity Movement. There were other conferences organized by the Law Department at the University of Guadalajara in that city, and there was the event that we have referred to at the Mexican Society for Geography and Statistics.

That society was founded during last century, in 1833. And one of its earliest members was a German scientist and geographer by the name of Alexander von Humboldt. In fact, a bust of Humboldt graces the patio of the house in downtown Mexico City which houses the society.

Von Humboldt was an extremely important scientist. He travelled the world, including Mexico, and was in touch with all of the leading humanist organizers of his day. So in that sense, it can fairly be said that Helga Zepp-LaRouche’s trip to Mexico followed in the footsteps of Alexander von Humboldt.

In addition to her public presentations, Mrs. LaRouche held a series of press conferences, television interviews, and in fact she received very broad and widespread media coverage in all of the cities that she went to. Perhaps 20, 25 articles appeared in the Mexican dailies, the major dailies, covering her events, the content of what she had to say, and the political impact of her remarks.

In point of fact, her remarks unleashed something of a tidal wave in Mexico, a political tidal wave, as layer after layer realized that the Eurasian Land-Bridge was and is the alternative for Mexico.

Mexico is a nation that is today facing annihilation, both economically and politically. There is 50% real unemployment in the country. The price for its major export, oil, has plummeted by 50% over the last year. This has wreaked havoc with the federal budget, because 40% of budget revenues come from oil. And so, under IMF instructions, the government of Mexico has chopped its budget to shreds four times over the course of 1998, and there is still no hope of balancing that budget.

The policies of NAFTA, created by George Bush and Carlos Salinas de Gortari, have devastated Mexico. The country is facing not only poverty, but poverty that is rapidly becoming hunger, and hunger that will rapidly spread into African levels of starvation, if these policies and this economic system continue.

The current government of Ernesto Zedillo has unfortunately continued the policies of his predecessors in support of IMF-sponsored free trade and austerity cutbacks of the budget. He agrees with the policies of globalization, and has continued to sponsor them.

However, Mrs. LaRouche, in her visit to Mexico, made it very clear that her intention in visiting Mexico, was by no means to criticize the government of Mexico, but rather to offer to different political layers in that country, an alternative that is shaping up internationally, to break the blackout, to let Mexicans know that there is an alternative that they can choose to the IMF genocide which is currently wrecking their nation.

The other purpose of her trip, as she made very clear to her audiences, was to broaden the alliance of nations that are currently forging the Eurasian Land-Bridge, to emphatically include the United States and its close neighbors such as Mexico, and that Mexico, because of its close geographic and historic relationship to the United States, has a very special role to play in that strategically decisive process.

Mrs. LaRouche's remarks and her analysis resonated throughout Mexico, and were picked up in a politically significant way by different layers. Perhaps the most important of all, were the remarks made by President José López Portillo, President of Mexico from 1976 to 1982.

López Portillo's was the last administration where there was actual economic growth in Mexico. His government was committed to technological advance, to using Mexico's oil to trade for technology with the United States and other nations; it was committed to industrialization, it was committed to nuclear energy, it was committed to city-building, and it was committed to *stopping speculation, and replacing the global system of speculation and free trade with one committed to production.*

For all of these reasons, José López Portillo got into an enormous political fight with the International Monetary Fund. And he fought like a true statesman. President López Portillo was one of the very few sitting heads of state—Prime Minister Indira Gandhi was another—but López Portillo was one of the very few who met with Lyndon LaRouche, which he did in 1982, in order to discuss these policy alternatives. Mr. LaRouche subsequently wrote a book on the policy alternatives which he had discussed in Mexico, which was called *Operation Juárez.*

López Portillo's views coincided on many points with those of Mr. LaRouche. And he stated them without fear, and like a statesman, on many occasions. Perhaps one of the most historic was his October 1982 address to the United Nations

General Assembly, where he issued a clarion call for a New World Economic Order:

**López Portillo:** But the most constant concern and activity of Mexico in the international arena, is the transition to a New Economic Order. . . .

We developing countries do not want to be subjugated. We cannot paralyze our economies or plunge our peoples into greater misery in order to pay a debt on which servicing tripled without our participation or responsibility, and with terms that are imposed upon us. We countries of the South are about to run out of playing chips, and were we not able to stay in the game, it would end in defeat for everyone.

I want to be emphatic: We countries of the South have not sinned against the world economy. Our efforts to grow, in order to conquer hunger, disease, ignorance, and dependency, have not caused the international crisis. . . .

After major corrective efforts in economic affairs, my government decided to attack the evil at its root, and to extirpate it once and for all. There was obviously an inconsistency between internal development policies, and an erratic and restrictive international financial structure.

A reasonable growth policy was irreconcilable with freedom to speculate in foreign exchange. That is why we established exchange controls.

Given our 3,000 kilometer border with the United States, exchange controls can only function through a banking system that follows the policies of its country and government, and not its own speculative interests or the fluctuations of international financial chaos. That is why we nationalized the banks.

We have been a living example of what occurs when an enormous, volatile, and speculative mass of capital goes all over the world in search of high interest rates, tax havens, and supposed political and exchange stability. It decapitalizes entire countries and leaves destruction in its wake. The world should be able to control this; it is inconceivable that we cannot find a formula that, without limiting necessary movements and flows, would permit regulation of a phenomenon that damages everyone. It is imperative that the New International Economic Order establish a link between refinancing the development of countries that suffer capital flight, and the capital that has fled. At least they should get the crumbs from their own bread. . . .

The reduction of available credit for developing countries has serious implications, not only for the countries themselves, but also for production and employment in the industrial countries. Let us not continue in this vicious circle: It could be the beginning of a new medieval Dark Age, without the possibility of a Renaissance. . . .

We cannot fail. There is cause to be alarmist. Not only the heritage of civilization is at stake, but also the very survival of our children, of future generations, and of the human species.

Let us make what is reasonable possible. Let us recall the

tragic conditions in which we created this Organization, and the hopes that were placed in it. The place is here, and the time is now.

**Small:** It was the same José López Portillo, 16 years later and now the elder statesman, who responded to the LaRouche message in the following way, at the Mexican Society of Geography and Statistics on Dec. 1, 1998:

**López Portillo:** I congratulate Doña Helga for these words, which impressed me, especially because first they trapped me in the Apocalypse, but then she showed me the staircase by which we can get to a promised land. Many thanks, Doña Helga.

Doña Helga—and here I wish to congratulate her husband, Lyndon LaRouche. . . .

And it is now necessary for the world to listen to the wise words of Lyndon LaRouche. Now it is through the voice of his wife, as we have had the privilege of hearing. How important, that they enlighten us as to what is happening in the world, as to what will happen, and as to what can be corrected. How important, that somebody dedicates their time, their generosity, and their enthusiasm to that endeavor.

For my part, I fulfilled a period of responsibility, and I can report, in a somewhat dramatic way, what happens to national economies in an international financial order such as that which has ordered our affairs since Bretton Woods.

At Bretton Woods, as we all know, institutions were organized by the victorious powers, all capitalist: the International Monetary Fund, the World Bank, and in some way, GATT [the General Agreement on Tariffs and Trade], to organize the world through the control of currency, through the financing of development, and of trade, through the force of the powerful, and in their image and likeness, which, of course, did not turn out to be ours. No one outside the powerful were taken into account. I can report on what happened in my government, and perhaps it is important that I repeat it here. . . .

But at the same time, for geopolitical reasons, we had to insert ourselves into the international world, into the environment which surrounded us, and to enter, somehow, into the international bodies which ruled the world.

But, what happened when the Mexican Revolution clashes with those powerful bodies—expressions of powerful countries which have no reason to take into account the revolution of a developing country, which had lived through such a turbulent 19th century and which has so many social conflicts? Because we should recall that Mexico is a country of profound inequalities, as was observed since the 19th century by Baron von Humboldt himself. This is a country of inequalities, and as such, could be left neither to free trade, nor free competition, nor the values of liberalism, today called neo-liberalism.

As a result, when we would go to the international bodies, they disdainfully did not take into account either our political problems or our social problems. And, by dint of their rejection of the values of our Revolution, we became accustomed to disdain it, and even to forget it. And thus Mexico has forgotten its Revolution, and, as a result, the national economy which we had somehow wanted to establish.

And so I have heard, with special interest and even enthusiasm, that those who can do it in this world, are thinking of reforming the Bretton Woods agreements, in the right way, such that the world economy might function to resolve human problems, with humanism, and not to benefit capital, while forgetting or sacrificing the value of labor.

I remember that in the time of my responsibility, all of the prescriptions which the international bodies gave us, tended to depress demand—not to foster production, but to depress demand: “Pay less to your workers, to your peasants; sacrifice employment.” When, in our country, to govern is to create jobs.

When we tried, for example, to establish regional justice—this is also a form of inequality in Mexico, the different regions which also need to be developed, but for this, you need, for example, subsidies, privileges—and they threatened us: “Watch out! That’s encouraging dumping.” And we held back. Little by little, in this way, we lost the spirit of the Mexican Revolution.

This, briefly, is the experience of our national economy—and thus the importance that someone in the world is thinking on behalf of everyone, and is opening doors. Let us hope, Doña Helga, that your husband can influence the government of the United States, so that the proposals which you so brilliantly have laid out to us, can, in some way, be realized, and with them, that each people can express its uniqueness in the cultural realm, and in every possible aspect. Thank you.

*Lyndon LaRouche on videotape, May 10, 1997:*

**Lyndon LaRouche:** There are only two nations which are respectable left on this planet, that is, nations of respectable power. That is the United States, particularly the United States not as represented by the Congress, but by the President. It is the identity of the United States which is a political power, not some concatenation of its parts.

The United States is represented today only by its President, as a political institution. The Congress does not represent the United States. They’re not quite sure who they do represent these days, since they haven’t visited their voters recently.

The President is institutionally the embodiment of the United States in international relations. The State Department can’t do that, the Justice Department can’t do it, no other department can do it; only the President of the United States under our Constitution, can represent the United States as an entity, its entire personality, its true interests, its whole people.

Now, there's only one other power on this planet, which can be so insolent as that toward other powers. And that's the republic of China. China is engaged, presently, in a great infrastructure-building project, in which my wife and others have had an ongoing engagement over some years. There's a great reform in China, which is a troubled reform. They're trying to solve a problem. That doesn't mean there is no problem. But they're trying to solve it.

Therefore, if the United States, or the President of the United States, and China, participate in fostering that project, sometimes called the Silk Road Project, sometimes the Land-Bridge Project; if that project of development corridors across Eurasia into Africa, into North America, is extended, that project is enough work to put this whole planet into an economic revival. And I'll get into just a bit of that, to make it more sensuously concrete.

Now, China has had cooperation with the government of Iran for some time. Iran has actually been completing a number of rail links, which are an extension of China's Land-Bridge program, or Silk Road project.

More recently, we've had, on the side of India, from Indian leadership which has met with the representatives of China, to engage in an initial route among the land routes for the Land-Bridge program. One goes into Kunming in China. I was in that area, in Mishinaw, during part of World War II. When we were out of Mishinaw, and we had planes flying into Kunming, "over the hump," as they used to say in those days. I'm quite familiar with that area.

But if you have water connections and canal connections and rail connections, from Kunming through Mishinaw, that area, across Bangladesh into India, across into Pakistan, into Iran, up to the area just above Tehran, south of the Caspian, you have linked to the Middle East, you have linked to Central Asia, you have linked to Turkey, you have linked to Europe.

Then you have a northern route, which is pretty much the route of the Trans-Siberian Railroad, which was built under American influence and American advice by Russia.

You have a middle route which is being developed in Central Asia, with China and Iran. India is working on a plan which involves only a few hundreds of kilometers of rail to be added, though there are a lot of other improvements along the right of way, which would link the area north of Tehran through Pakistan, through India, through Bangladesh, through Myanmar, into Kunming, into Thailand, into Vietnam, down through Malaysia and Singapore across the straits, by a great bridge into Indonesia.

There's a plan also for the development of a rail link through what was northern Siberia, across the Bering Straits, into Alaska, and down into the United States.

There's a Middle East link—several links from Europe as well as China, but from China—a Middle East link into Egypt, into all of Africa. So that what we have here, is a set

of projects which are not just transportation projects, like the transcontinental railroads in the United States, which was the precedent for this idea back in the late 1860s and 1870s. But you have development corridors, where you develop, on an area of 50 to 70 kilometers either side of your rail link, your pipeline, so forth, you develop this area with industry, with mining, with all these kinds of things, which is the way you pay for a transportation link.

Because of all the rich economic activity every few kilometers of distance along this link, there's something going on—some economic activity. People working, people building things, people doing things, to transform this planet in great projects of infrastructure building which will give you the great industries, the new industries, the new agriculture, and the other things we desperately need.

There is no need for anybody on this planet who is able to work, to be out of work. It's that simple. And that project is the means. If the nations which agree with China, which now includes Russia, Iran, India, other nations, if they engage in a commitment to that project which they're building every day; if the United States—that is, the President of the United States, Clinton—continues to support that effort as he's been doing, at least politically, then what do you have?

You have the United States and China and a bunch of other countries ganged up together against the greatest power on this planet, which is the British Empire, called the British Commonwealth. That's the enemy.

And if, on one bright day, say a Sunday morning after a weekend meeting, the President of the United States, the President of China, and a few other people say, "We have determined this weekend, that based on our advisers and the facts, that the international financial and monetary system is hopelessly bankrupt; and we, in our responsibility as heads of state, must put these bankrupt institutions into bankruptcy reorganization in the public interest. And it is in our interest to cooperate as nations in doing this, to avoid creating chaos on this planet."

The result then, is that such an announcement on a bright Sunday morning will certainly spin the talking heads on Washington TV. But otherwise, it means that the entire system, as of that moment, has been put through the guillotine, and the head is rolling down the street—Alan Greenspan's head, perhaps.

That means we have, at that point, the impetus for building immediately a new financial and monetary system. Now, in putting a corporation which is bankrupt into viable form, what do you do? You've got to find the business that it's going to do, which is the basis for creating the new credit to get that firm going again. The Land-Bridge program, with its implications on a global scale, is the Great Project which spins off, directly and indirectly, enough business, so to speak, for every part of this world, to get this world back on a sound basis again.

## Gore pushes bureaucracies for a fascist world order

by Michele Steinberg and William Jones

On Jan. 15, the *Washington Post* aptly reported that Vice President Al Gore “was in another world” the previous day, when he convened his “Global Forum on Reinventing Government” for representatives of some 38 countries in Washington, D.C. In the real world, President William Jefferson Clinton was being put on trial by a runaway Confederate gang of Congressmen, whom columnist Mary McGrory calls “the Death Squad.” In the real world, the next phase of the global financial meltdown had reached critical mass on Jan. 13, when Brazil’s debt bomb exploded when one state governor, former President Itamar Franco, declared a debt moratorium.

The day before Gore opened the conference on bureaucracies, Brazil and the world were going through a financial earthquake — the Brazilian currency, the real, had fallen by more than 9% in one day; world stock markets plummeted, including the Dow Jones index, which lost 200 points at its opening; and the São Paulo stock exchange had been shut down when a 10% plunge in values triggered the circuit breakers. Completely ignoring the fact that Brazil, and the International Monetary Fund (IMF) bailout, which had been promised to be the “miracle cure” exactly two months earlier, were falling apart, Gore’s final speech said that the next “reinventing government” conference could be held in Brazil, which had offered — along with three other countries — to host the next conference.

If the “wooden Indian” Gore seems a bit ridiculous presiding over a conference on “bureaucracy” at the moment that the next ratchet of the global financial collapse is occurring, don’t be confused. The financier oligarchy likes it that way. The same financier oligarchy faction that used a series of crises, including a phony terrorist incident — the Reichstag fire — to install the unelectable Adolf Hitler into power in Germany, wants the dumb, corrupt Al Gore as “acting President” in the United States, at the point that the oligarchy’s financial system — and its political power, based on the paper empire of “fool’s gold” — unravels. And, in case Gore forgets his lines, James Wolfensohn, the New Age globalist head of the World Bank, and



*Vice President Al Gore opens his "Global Forum on Reinventing Government," in Washington, D.C. on Jan. 14. He is pushing four poisonous policies: the assault on the republican nation-state; anti-science ecologism; slave-labor austerity; and Malthusian population control.*

an intimate of His Royal Highness Prince Philip (also known as Prince Virus for his infamous statement that he wishes to be reincarnated as a deadly virus, to help reduce human population), was on hand as the virtual co-host of the "reinventing government" event, lecturing the participants on eliminating poverty—by means which include eliminating many of the poorest 2 billion of the world's people.

As *EIR* documented last week, it is Al Gore who should be impeached under the U.S. Constitution for "Treason, Bribery, and High Crimes and Misdemeanors." But, for the time being, Gore's crimes and corruption are being ignored by the oligarchy, which prefers to use him as a weapon against the nation-state, while Clinton is mired in the impeachment trial.

How does the oligarchy use Al Gore? Who are the shadowy, political "hit men" who comprise the Gore mafia? Leon Fuerth, the National Security Adviser to the Vice President, who may have more power than confirmed cabinet members of the U.S. government; Martin Peretz, the 1960s anti-war peacenik turned anti-Iraq warmonger, who runs the *New Republic*, a right-wing Zionist hate-sheet; Maurice Strong, the United Nations Undersecretary General who closely monitored and deployed Gore's environmentalist staff members, including Kate McGinty; and, last but not least, Australian Sir James Wolfensohn, who has been a leading campaigner for the "anti-corruption movement" and its global targetting mechanism, "Transparency International, Inc.," are the names that come to mind. Further reflecting the World Bank influence for which Wolfensohn is point-man, the next big

conference planned by Gore, on Feb. 24-26, 1999, is the Vice President's "Conference on Fighting Corruption and Safeguarding Integrity Among Justice and Security Officials."

### **A Presidential campaign platform**

Vice President Gore took center-stage at the "reinventing government" conference on the morning of Jan. 14, at one of the first events designed to underline the foreign policy of a Gore Presidential bid. The timing drew some criticism, as the conference began just as Gore's "New South" Confederate allies began the proceedings to remove the President.

While some Democrats explode in anger trying to convince others—and themselves—that Gore's actions help build support for Clinton, nothing is further from the truth. "Reinventing Government," the "Re-Go" project, as his "Newspeak" staffers call it, is part of a campaign to wipe civilization from the face of the earth by eliminating national sovereignty in favor of globalism.

This is a globalist austerity package, like the North American Free Trade Agreement that Gore brokered through Congress, and like the brutal 1996 welfare reform bill, rammed through by Gore and his ally, Republican infiltrator "Dirty Dick" Morris, the toe-sucking sexual pervert. According to several accounts, Morris and Gore teamed up during 1995-96 to undermine Clinton's economic policies. Their strategy was to "out-Gingrich Gingrich," and throw overboard the traditional base of the Democratic Party: African Americans, industrial workers, America's poor, farmers—the very peo-

ple who comprise the Franklin Delano Roosevelt coalition. Instead, Gore would orient to the globalist financial speculators. This strategy cost the Democratic Party control of Congress in the 1996 and 1998 elections, when ousting the fascist Gingrichite majority would have been possible.

“Reinventing government,” a high-fallutin’ term for cutting government expenditures, became Gore’s project at the beginning of the first Clinton administration. The task at hand, according to this outlook, was to find ways to cut government expenditures — and services.

But, it wasn’t until the 1994 elections and the “Gingrich Revolution,” that Gore and Morris succeeded in convincing a frustrated President that he had to move toward a “balanced budget.” At that point, the Gore “reinvention” agenda received critical backing from the President. Re-Go’s crowning achievement was the elimination of 351,000 Federal jobs, according to Morley Winograd, the head of the National Performance Review, a Re-Go task force — although Winograd and his “reinventors” argue that slashing the workforce did not lead to a reduction in government services or efficiency.

Claiming that the creaking government machinery of the

“Industrial Age” is out of date, Gore proposes for this new “Information Age,” governments which are “lean, nimble, and creative.” Speaking to an audience that was largely comprised of representatives of victim-countries of IMF and World Bank austerity, Gore said in his keynote: “You are now a part of an international movement for reinventing self-governance.”

Gore is taking a lesson from Hitler’s Economics Minister, the international banker Hjalmar Schacht. Faced with a global breakdown of the international financial system, and being an inveterate opponent of the measures recommended by economist Lyndon LaRouche to create a New Bretton Woods system — which would be a serious blow to the speculating high-rollers who bankroll the Gore machine — the Vice President is developing ways to lure Americans into accepting massive economic austerity measures, in a lame-brained, futile attempt to save the doomed financial system.

### Genocide under any name

Not that Al Gore necessarily reads Adolf Hitler’s *Mein Kampf*, or even the writings of Schacht, who took his orders from Bank of England Governor Montagu Norman. These

## Gore and Gingrich: same policy, same future

When voters went to the polls in November 1998, traditional Democratic Party constituencies — from the African-American and Hispanic minorities, to the blue-collar manufacturing areas of the United States, to the labor unions and Catholic Democrats — rallied to President Clinton, with an intense commitment to oust the fascist Newt Gingrich leadership of the House of Representatives that had been entrenched there since the so-called Conservative Revolution of November 1994.

Shocked by the unprecedented mid-term gains by the Democrats, the Republican leadership decided to dump Gingrich, and to go full force for, in their eyes, the next best thing: “President Al Gore.”

Gore’s “Reinventing Government” campaign is the Gingrich “Contract on America” with a new name, or, as the neo-liberal futurists of the 1970s called it, “fascism with a human face.”

Gore and Gingrich are the unlikely twins of futurism. Both developed under the tutelage of New Age whacko Alvin Toffler, who called them “the two leading futurists of American political life.” Toffler says, “Gingrich and Gore knew that this was a revolutionary situation . . . that

the old rules and old games no longer work.” For Toffler, the “old rules” are the nation-state — that is, a sovereign republic, in which the inalienable rights of the citizens are upheld only when the nation-state operates in the interest of the “general welfare” for its citizens and “for our posterity.”

Gingrich, Gore, Toffler, and their ilk, on the other hand, are “globalists,” proponents of a one-world nightmare, a dictatorship of social Darwinism in which only the “fittest” survive.

Gingrich’s mentor Toffler coined the term “anticipatory democracy” in his 1970 book, *Future Shock*; in Toffler’s 1975 book, *The Eco Spasm Report*, he designed a “one-world” government, where a single global commission controls all raw materials and employment.

In 1982, Gore wrote the introduction to *The Future Agenda*, put out by the Congressional Institute on the Future, in which he praised Toffler’s scheme for “anticipatory democracy.”

In 1991, David Osborne wrote the book *Reinventing Government*, with a chapter entitled “Anticipatory Government.” There, Osborne, who was a co-organizer of Al Gore’s Jan. 14-15, 1999 conference, had high praise for Toffler.

Osborne wrote: “Alvin Toffler said it well in *Anticipatory Democracy*: ‘. . . Simply put, the political technology of the industrial age is no longer appropriate technology for the new civilization taking form around us. Our politics are obsolete.’ ” — *Michele Steinberg*



ideas have already been filtered into popular American culture, and been cleansed of their Nazi origin, by such leading lights of the environmentalist movement as E.F. Schumacher and Amory Lovins, at whose altar Gore has worshipped.

While Gore personally didn't make a big play for the population-reduction aspects of his reinvention agenda, one of his partners-in-crime, Wolfensohn, did. Speaking to delegates at a luncheon sponsored by the World Bank on the second day of the conference, the World Bank chief alluded to the supposed "population explosion."

Wolfensohn told his listeners, "Unless you roll back that 2 billion people" living in poverty, and primarily from Third World countries, "we can never raise the GDP of all the nations of the world."

Another keynote speaker at Gore's conference was New Zealand Prime Minister Jenny Shipley, who has virtually taken her government out of the business of maintaining any "general welfare." "Perhaps the first, most significant thing in the early '80s," Shipley said, "was that we cut subsidies and industry protection across the board." And what happens to labor unions and labor negotiations in setting wages? The unions were busted. Said Shipley, "In the labor market, as the Vice President has also outlined as a critically important area, in the labor market in New Zealand you have the right to negotiate your own conditions and rewards for work or to choose the agent who does it for you."

Every man for himself, facing the employers. This particular aspect of the program was underlined by the Vice President himself, who used the conference to launch his proposal for performance-based wages for Federal workers.

### **Attack on the nation-state**

The other side of Gore's globalist foreign policy is the destruction of the nation-state. Building on the scorched-earth policy he introduced at the Asia Pacific Economic Cooperation (APEC) conference in Kuala Lumpur, on Nov. 14, where he attacked the host, Malaysia's Prime Minister Dr. Mahathir bin Mohamad, who has fought to protect his nation against speculators and the global financial collapse, Gore's model is to rank governments by a "democracy" or "corruption" index. This will be the subject of Gore's conference in February on government corruption. "Corruption," in Gore's gospel, means serving the nation's welfare by improving conditions of life for the population. (See relevant remarks on this matter by Dr. Mahathir, on p. 9 of this issue.)

The connection between the two conferences was made clear by Gore adviser Fuerth when he responded to a question from *EIR*. "The linkage between these two is implicit, not explicit, but I think of it in these terms. You not only need efficient government; you need honest government. And there is, in fact, a connection between efficiency and the ability to resist corruption in government. The fewer layers there are, places where people can say no to honest enterprise, the less opportunity there is for corruption."

As Gore put it in his keynote, "Let this be a first principle of twenty-first-century government: economic prosperity demands political legitimacy." But in Al Gore's world, the political legitimacy of a government is no longer a function of the will of the people, or of whether it provides for their general welfare, but is contingent on its compliance with Al Gore's, and the financial oligarchy's, political agenda.

## **Bankers endorse plan for 'anti-corruption' coups**

Michele Steinberg

On Dec. 7, the *Wall Street Journal* wrote that when "Al Gore last month took the bold step of criticizing the government of Malaysia on its own turf, and called for a campaign in Asia 'to root out corruption and cronyism,' the shock waves went round the world. . . . In Asian countries, Gore was denounced. . . . Back home, political observers took note of one of Gore's biggest moments yet on the world stage."

The *Journal* was referring to the Nov. 14, 1998 Asia Pacific Economic Cooperation (APEC) conference, where Gore praised the bloody anti-government riots in Indonesia, and called for a similar "movement" in Malaysia. While Gore was delivering his veiled threat to Malaysia and its Prime Minister, Dr. Mahathir bin Mohamad, U.S. Secretary of State Madeleine Albright was meeting with the wife of former Finance Minister Anwar Ibrahim, who is on trial. Albright's action, like Gore's, was a blatant act of sabotage of U.S.-Malaysian relations, not in the interest of the United States, but in the interest of the financier oligarchy who despise Mahathir for his actions to defend his nation's sovereign currency and economy.

The *Journal* was not only praising Gore's threats in Malaysia, but was endorsing "the next step in this process," the "Vice President's Conference on Fighting Corruption," scheduled for late February. Of a piece with the just-concluded "Reinventing Government," or "Re-Go" conference, the "anti-corruption" theme is a ploy to infiltrate law enforcement agencies and security services of debtor countries, to facilitate bankers' coups against any world leader who attempts to resist free trade or International Monetary Fund (IMF) austerity.

Gore told the *Journal*: "Tragically, our best worldwide efforts to build stronger economies and stronger democracies are sometimes undercut by corruption — and no corruption is more evil and destructive than the corruption of government officials. . . . This conference will bring together many of the world's top anti-corruption experts with leaders from all around the world to organize a new global effort to fight

corruption where it does the most damage—among key justice and security officials.”

Running parallel to Gore’s efforts is an evil, privately financed operation, known as “Transparency, International, Inc.” (TI), which works closely with IMF Managing Director Michel Camdessus and Gore intimate James Wolfensohn, president of the World Bank. Though Gore and TI deny that the Vice President’s conference is being run by TI, the intricate connections tell another story.

Some observers report that Wolfensohn, who addressed a meeting of TI in Peru in September 1997, may have been the godfather of Gore’s “anti-corruption” brainstorm.

The *Journal* quoted Nancy Boswell, the Washington, D.C. representative of Transparency International, about its efforts against corruption, including the bizarre “Corruption Perceptions Index” developed by TI’s Count Johann von Lamsdorff of Göttingen University in Germany. This index is a hit-list that rates 85 countries for corruption on a scale from 0 to 10. At the bottom of the list, in the *Wall Street Journal*’s chart, are Cameroon, Paraguay, Honduras, Tanzania, Nigeria, Indonesia, Venezuela, Ecuador, and Russia (the lower the rating, the worse corruption in the country, according to TI).

The head of TI is Peter Eigen, a former World Bank executive, and at the TI’s conference last January, the keynote was given by Camdessus, who specifically targeted President Suharto of Indonesia, as well as Korea and Thailand, as countries where the governments should be overthrown because of “corruption.” Within a few months, Indonesia was in flames and President Suharto had resigned, as a result of the economic crisis caused by the IMF and derivatives speculator George Soros, another Gore intimate. The campaign against President Suharto of Indonesia continues to this day.

## Labor says Gore is reinventing ‘Dark Ages’

As aides to Vice President Al Gore were boosting his Washington, D.C. “Global Forum on Reinventing Government,” they bragged that Gore had eliminated 351,000 Federal jobs between 1993 and 1998. While Gore may be proud of the large number of “pink slips” he handed out, the overall scheme is part and parcel of the slave labor and “labor recycling” that marks the policies of austerity and economic depression. After Gore “reinvented” employment into the trash bin, Federal agencies turned, in many cases, to “outsourcing,” where workers are no longer full-time employees with pensions and health benefits, but have to paste together their wages with several short-term, temporary, and part-time jobs, none of which have benefits.

Gore’s policy has drawn labor opposition. On Jan. 15, 1999, Kenneth T. Lyons, national president of the National Association of Government Employees (NAGE), announced that he had notified key Congressional members that NAGE will “fiercely oppose” Gore’s proposal to “re-invent” the Federal government personnel system. NAGE is an independent union which affiliated with the AFL-CIO in 1982, as part of the Service Employees International Union.

Lyons’s opposition was noted in a *Washington Post* column on Jan. 21 under the title “NAGE Leader Is No F.O.A.” (Friend of A.I.). The *Post* reported that a couple of years ago, “while other unions were cheering the humane way agencies were eliminating jobs and promotion opportunities, Lyons demanded that Gore resign. He said ‘RE-GO’ was wrecking the government.”

In a Jan. 15 press release issued from Boston, Lyons stated: “For more than 40 years I have fought—and this organization has fought—to remove favoritism and patronage from the Federal civil service system, and now once again under the guise of meritocracy, the Vice President proposes sending us back to the Dark Ages where if you don’t genuflect when your boss walks by, you won’t get a raise.

“It is simply outrageous that he calls his re-invention proposal a new idea. It is the oldest of ideas, a system that was discarded for the best of reasons; because it was widely abused and good, hard-working Americans suffered as a result of mean-spirited bosses who were put into positions of power by people like the Vice President.

“If the Vice President really wanted reform we urge him to empower the system that’s already in place. He could begin by making the Federal Labor Relations Authority . . . independent . . . rather than the rubber-stamp that it now is . . . [with] agendas which, in fact, change with each administration. . . .

“ . . . [Our] members are model employees and citizens. These are the people behind the scenes who ensure our nation’s defense, the men and women who take care of our veterans, and the scientists and engineers who develop solutions to our nation’s problems.

“If the Vice President truly had courage, he would address the problems that actually exist instead of continuing to use Federal employees as scapegoats to anchor his political agenda. NAGE will continue to vigorously and vocally fight the Vice President’s so-called ‘reinventing’ program, even when it would probably be more politically expedient to remain silent, an option other unions have exercised, in the event that he becomes the nation’s next President.”

While other unions have not come out as strongly, reports in the *Washington Post* show that Gore’s pushing of “performance pay” for Federal workers provoked a hostile reaction from trade union leaders who were at the meeting. Bobby Harnage, head of the American Federation of Government Employees (AFGE), said that Gore’s proposal is just “political fodder.”

# The conspirators in Gore's Cabinet

by Michele Steinberg

There is a dangerous dual power situation in the United States. In a usurpation of the powers of the President, Vice President Al Gore has launched an international diplomatic drive using his crony, Secretary of State, Madeleine "Meddling" Albright, to launch a full-scale war with Iraq in the near term. Gore himself has replaced President Clinton in representing the United States at the annual conference of the World Economic Forum at Davos, Switzerland, where he will hold crucial meetings with international leaders, including Russian Prime Minister Yevgeni Primakov and ex-Prime Minister Viktor Chernomyrdin, Gore's co-conspirator in the plot against Clinton and Yeltsin (see "Will Al Gore Be Impeached?" *EIR*, Jan. 22, 1999). From Davos, Gore goes to London to meet British Prime Minister Tony Blair and other leaders of the British conspiracy against the United States.

Aiding and abetting Gore in this operation, are a handful of globalist "mind-melders" who have worked over Gore since the 1970s. The key figures in this network, described below, are running two major tracks of policy: war with Iraq; and stopping the movement for a New Bretton Woods monetary system, as proposed by Lyndon H. LaRouche, Jr., to replace the current bankrupt, collapsing system.

This rule by secret committee against the elected leader of a nation is not new. It is best described in the Dec. 22, 1998 article by LaRouche, entitled "Al Gore and Adolf Hitler" (see *EIR*, Jan. 8, 1999): "The currently ongoing coup d'état, aimed to bring Vice President Al Gore quickly into the U.S. Presidency, was proposed publicly by former U.S. Secretary of State Henry A. Kissinger in the October 15 London *Daily Telegraph*. More recently, in the December 15 edition of the *Wall Street Journal*, former Nixon aide Clay T. Whitehead, described that type of secret committee which Kissinger was proposing for a Gore coup d'état, as it had operated inside the Nixon administration. This was, in fact, the so-called 'Watergate' operation which Kissinger coordinated under Vice President Ford.

"Whitehead's version of Kissinger's proposal, then and now, coincides exactly with a series of coordinated actions, which have been operating within the Clinton Administration, largely behind President Clinton's back."

Here are profiles of some of the most significant members of Gore's secret team.

## Martin Peretz

One of the most powerful "Third Way" Zionists on the political scene is Marty Peretz, owner of the *New Republic* and a Harvard professor, who was once considered a financial "angel" of the New Left anti-Vietnam War and other radical causes. Peretz exerts a good deal of control over Gore's policies, while he ridicules President Bill Clinton, both in print, and in conversations.

In an interview just after the "Desert Fox" bombing of Iraq, which was set up by the fraudulent report by UNSCOM head Richard Butler, Peretz told journalist Scott Thompson that there are very serious differences between Clinton and Gore on the Middle East, on Russia, as well as on just about every other front.

Peretz, who has styled himself as Gore's "mentor" since 1965, when the 17-year-old Gore first joined Peretz's Harvard seminar, proclaimed, "Al Gore has a much deeper understanding of foreign and defense policy." Peretz said that President Clinton had long held the view, as he had expressed it in 1993, that he would rather confer and reach a diplomatic solution with Saddam Hussein than fight him. Peretz said, "Clinton still holds to this belief, although the Vice President never talks publicly about his differences with the President."

There are two little known facts about Peretz that underscore his crucial part in the Gore conspiracy.

First, Peretz hates Lyndon LaRouche, and played a significant, although not high-profile role in the "Get LaRouche task force," which went into high gear in 1982-83, when two crucial LaRouche policies came to the fore: an anti-International Monetary Fund, pro-nation-state policy known as "Operation Juárez," implemented by Mexican President José Lopez Portillo; and the March 23, 1983 announcement by President Ronald Reagan of the Strategic Defense Initiative (SDI), which would be developed *cooperatively* between the United States and the Soviet Union, as LaRouche had proposed. Like his toady, Gore, Peretz has an unofficial job to keep any President of the U.S.A. from ever again collaborating with LaRouche.

The "Get LaRouche task force," which ultimately framed up LaRouche and had him sent to prison ten years ago, was financed by Richard Mellon Scaife, the right-wing billionaire who today finances the persecution of President Clinton, through the "private sector" side of the "Get Clinton task force." In 1984, Peretz used the *New Republic* to expose sensitive connections between President Reagan and LaRouche, who had been acting in 1982-83 as a back channel for Reagan in discussions with the Soviets over a proposed joint implementation of what became known as the SDI.

Second, Peretz is a Zionist fascist, who believes that anything is excusable in the name of Zionism. In his essay "The God that Did Not Fail," for the *New Republic's* symposium on "Zionism at 100," Peretz wrote: "The Zionists . . . invented modern Palestine. . . . [It is] true that there were Arab *felaheen* . . . but they had little or no conception of Palestine as a coun-

try.” Peretz continued: “Didn’t Jewish soldiers sometimes beat up on innocent Arab town-dwellers and even drive some of them into another part of historic Palestine? The answer is . . . ‘yes.’ . . . But Zionism permits us to admit this without flinching.”

Peretz’s Zionist networks are precisely those who support the Jewish fanatics who carried out the Nov. 4, 1995 assassination of Israeli Prime Minister Yitzhak Rabin, President Clinton’s close collaborator in the peace effort. In February 1998, when the most recent Iraqi war crisis began to erupt—with much help from Israeli Prime Minister Benjamin Netanyahu—Peretz teamed up former Reagan Undersecretary of Defense Richard Perle, who is widely identified as the most important Israeli spy in the United States. Acting through a hastily formed ad hoc committee on national security, Peretz and Perle co-signed a letter to Clinton with some 40 other former U.S. military, political, and elected officials, to demand that *nothing short of overthrowing Saddam Hussein* should be the policy of the United States. When Clinton ignored the pressure, Peretz and Perle, operating through the Zionist lobby’s Washington Institute on Near East Policy (WINEP), went to the right-wingers in Congress, to have them pass the “Iraq Liberation Act.” This hare-brained scheme aimed to appoint a “provisional government” made up of mostly London-based opposition groups, and to give them about \$100 million, with back-up from U.S. military forces to overthrow Saddam Hussein.

By September 1998, with Kenneth Starr’s witchhunt against the President burning white-hot, Peretz used the *New Republic* to promote the “deviant Democrats” who demanded Clinton’s resignation.

But it was Clinton’s decision in November 1998 to call off the Iraqi bombing that most enraged Peretz.

Even the “Desert Fox” attack on Iraq on Dec. 16, 1998, didn’t appease Peretz, who said, “70 to 120 hours of missile attack are not really going to disturb Saddam Hussein’s hold on Iraq. . . . One of the differences of a Gore administration is that a President Al Gore, Jr. would not be embarrassed to embrace the idea of the overthrow of Saddam Hussein.”

Peretz charges that almost everybody in the administration is constrained by Clinton’s reluctance to destroy Iraq, and that Albright only “gives lip service” to ousting Saddam Hussein. Although Peretz claims to play a significant role in Gore’s choice of Albright as Secretary of State, he qualifies, “You must remember that despite her tough talk, [she] came from the dovish side of the Democratic Party. . . . On the one hand she calls Hussein another Hitler,” he complains. “And then she takes the first deal with [UN Secretary General] Kofi Annan” for the February 1998 settlement with Iraq that averted war.

Peretz blames Clinton for Gore’s fundraising scandals. Peretz, who married a wealthy heiress, seems to disdain the need for political fundraising. He wrote in the *New Republic* that Gore “positively hates” asking for money, but “he did

what he was expected of him by a President hungry for cash at whatever cost. . . . Before he made those calls for his boss, no one ever thought to question his character.”

Peretz’s clout in the Democratic Party comes in part from some of his Harvard “children.” In addition to Gore, there are: White House aide Sidney Blumenthal; *Washington Post* writer E.J. Dionne, Jr.; Hollywood film producers Paul Attanasio and Ed Zwick; former Deputy Attorney General Jamie Gorelick; and the late Eric Breindel, the venomous former

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*“One of the differences of a Gore administration is that a President Al Gore, Jr. would not be embarrassed to embrace the idea of the overthrow of Saddam Hussein,” says Gore’s self-styled mentor, Marty Peretz.*

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aide to Sen. Daniel Patrick Moynihan (D-N.Y.), who ended his career as an editor at the Clinton-hating *New York Post*, owned by Rupert Murdoch.

### **Madeleine Albright**

The appointment of Albright to the Cabinet is widely admitted to have been a Gore “coup” following the 1996 election victory. Albright is particularly dangerous because of her vanity and incompetence. She loves the limelight, even if she must start a crisis to get it. Despite her incompetence, Albright is included in our profile, because of her usefulness to Gore on the “Principals’ Committee,” the group of Cabinet officials involved in matters of national security, who make decisions—without the President!

The appointments of Albright and Defense Secretary William Cohen were blatant efforts by Gore and his adviser Leon Fuerth to stack the Committee. But they were also aided by the Confederates in the Senate and the media, who obstructed Clinton’s nominees from being confirmed to appointments where they could advise the President on national security matters. Former National Security Adviser W. Anthony Lake was the victim of a political lynching by Senators Jesse Helms (R-N.C.) and Richard Shelby (R-Ala.), when Clinton nominated him as CIA director in 1997; his nomination was withdrawn. U.S. Army General Ralston was nominated as Chairman of the Joint Chiefs of Staff, but his nomination was shot down, when decades-old stories of adultery were dredged up against him. Ralston’s ouster paved the way for the appointment of Confederate “good ol’ boy,” Gen. Henry Hugh Shelton, the first Special Forces general to ever attain the chairmanship of the Joint Chiefs. Shelton’s Special Forces plan is the core of the Iraq war plan being promoted by Gore and Albright.

Albright is determined to keep the flames of war burning. As efforts in the UN National Security Council were being made in late January to pull the Iraq situation away from the precipice of war, and as U.S. Central Command chief, Gen. Anthony Zinni was warning Congress about the fallacies of the Iraq Liberation Act, Albright was busy bombarding Arab states with diplomatic discussions designed to head off nations' efforts to end sanctions against Iraq, or to criticize the work of Anglo-Zionist agents like Richard Butler and Scott Ritter inside UNSCOM.

After her meetings in Egypt, Albright declared that the "fundamental goals" that Egypt ought to "share" with the United States, included "preventing Iraq from threatening its neighbors [and] blocking Saddam Hussein's efforts to reconstitute or use his weapons of mass destruction." A detailed review of all her statements about Iraq and the Middle East, including her appearance with Gore on the "Larry King Live" broadcast on the night that the Iraq bombings began, shows that she has not uttered one word about Iraq for the past year that did not originate with either Israeli or British intelligence.

Albright was drilled in national security matters by her former professor, Zbigniew Brzezinski, including his "Arc of Crisis" ideology, that geopolitical interests were served by a state of perpetual war in the Middle East, which could be achieved by promoting "Islamic fundamentalism."

Reflecting her dogged dependence on Israeli and British disinformation, Albright branded the nation of Sudan a "viper's nest of terrorists," accusing the government of having plotted to assassinate Egyptian President Hosni Mubarak, during the 1995 summit of the Organization of African Unity in Ethiopia. The allegations against the Sudanese government turned out to be a tissue of lies. In August 1998, when U.S. missiles rained down on a pharmaceutical factory in Khartoum, Sudan, Albright was a member of the Principals Committee that made the decision. Later, both the CIA and members of the Joint Chiefs of Staff who had been excluded from the bombing decisions, showed that the "intelligence" against Sudan was, again, faulty.

### **Gore's Canadian connection**

Next to Prince Philip himself, Maurice Strong is the most powerful figure alive within the New Dark Ages faction of the international financial oligarchy, associated with the World Wildlife Fund, the International Union for the Conservation of Nature, the 1001 Club Nature Trust, and a myriad of other eco-fascist front groups, all allied to the United Nations and bankrolled to the tune of billions of dollars a year by governments and tax exempt foundations. Strong summed up his Dark Ages beliefs, as he was heading up preparations for the 1992 Earth Summit in Rio de Janeiro. "Isn't the only hope for the planet that the industrialized civilizations collapse?" he asked. "Isn't it our responsibility to bring that about?"

It is therefore a matter of U.S. national security that Maurice Strong is among the most powerful figures within Gore,



*Secretary of State Madeleine Albright, a member of Gore's Principals Committee, is determined to keep the fires of war burning in the Middle East.*

Inc., the advisers and policy gurus who exert tremendous control and influence over the Vice President. In an interview that appeared last week in *EIR*, Strong traced his collaboration with Gore back to the mid-1980s, when, then-Sen. Al Gore launched an international parliamentary movement to peddle the most rabid anti-industrial, "deep ecology" programs, all of which seek the drastic reduction of the human population.

Strong is presently a senior adviser to World Bank President Sir James Wolfensohn, whose career he helped launch in the early 1960s. He is the President of the World Economic Forum, now holding its annual conference in Davos, Switzerland (and where Gore delivered a keynote preaching for population reduction). Strong makes no secret of the fact that he wishes to close out his career as the Secretary General of the United Nations, the would-be world government, whose environmental program he has run since 1972. Consider the strategic fallout of an Al Gore Presidency, with genocidalist Maurice Strong presiding over the United Nations!

Born in Canada in 1926, Strong was brought into the the British-American-Canadian oligarchical apparatus by the end of World War II, when he was introduced to David Rockefeller, and given a post at the newly formed UN. Within a few years, Strong had been placed in charge of the Power Corporation, the nationwide Canadian electrical power cartel. Although he only completed 11 years of school, Strong was, by the 1960s, a multimillionaire, and a member of Prince Philip's inner circle. In 1967, Strong helped pick the Canadian membership of the 1001 Club, the secret funding arm of the ecologist "green revolution."

## Is Gore's 'mind-meld' the Mossad's 'Mega'?

by Jeffrey Steinberg

Leon Fuerth bristles at the suggestion that he has been the source of high-level White House national security leaks to Israel's Prime Minister Benjamin Netanyahu, thereby enabling the Greater Israel hawk to persistently sabotage the Middle East peace process. "Ridiculous," he told the *Washington Post's* Thomas Lippman, during a rare interview, published on June 16, 1998.

Fuerth had good reason to, in Lippman's words, "sputter with anger" at the charges, emanating from the State Department. As Vice President Albert Gore, Jr.'s foreign and national security policy chief, as the only non-Cabinet member of the powerful Principals Committee, and as the Clinton administration's number-one war hawk, Fuerth is unquestionably aware of the FBI's two-year hunt for an Israeli mole in the White House who is code-named "Mega."

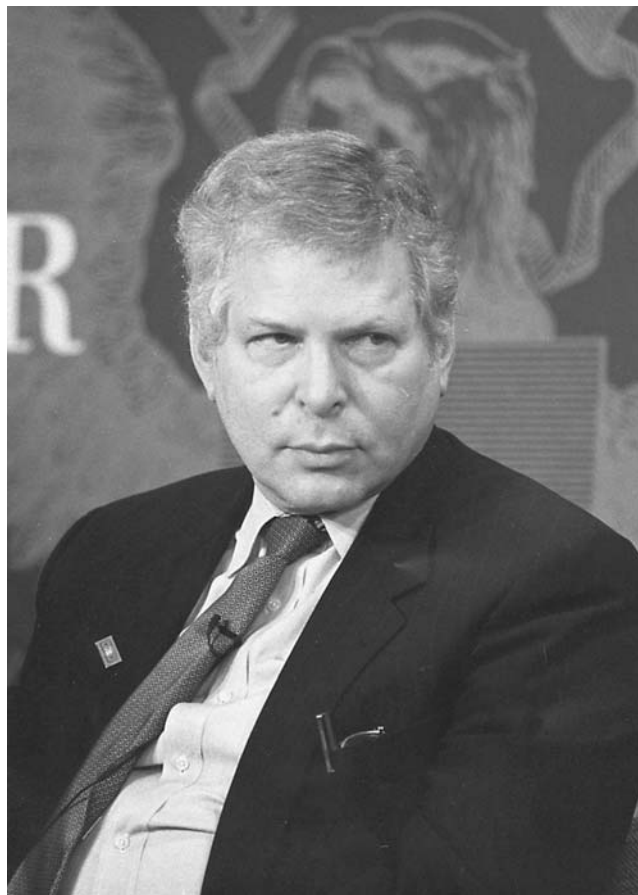
In January 1997, the National Security Agency (NSA) intercepted a phone conversation between a Mossad agent at the Israeli Embassy in Washington and the then-Mossad boss, Danny Yatom, in Tel Aviv, in which the field agent sought permission to ask "Mega" to obtain a particularly sensitive diplomatic communiqué between Secretary of State Warren Christopher and Palestinian Authority President Yasser Arafat. The Mossad chief angrily reprimanded his agent, as well as the Israeli ambassador in D.C., for raising the Mega matter. Mega's job was to steer Clinton White House policy in support of Israeli national interests—not to steal documents or carry out other lesser tasks.

Last year, one well-placed U.S. intelligence source told *EIR* that the hunt for Mega was still ongoing, and that it had been determined that the mole was in the office of Vice President Gore—not on President Clinton's staff.

### Shadow warrior

Whether or not the Mega probe leads to Fuerth's door, the Veep's longest-serving aide, the man who has been described as Al Gore's "mind-meld," is shrouded in mystery—a mystery sure to generate a good deal of media attention as Gore cranks up his 2000 Presidential campaign.

Maybe his fears of exposure are the subliminal message behind Fuerth's odd reply to a reporter, who asked him about



*Leon Fuerth, the biggest pro-Israel hawk in the administration and national security adviser to Vice President Gore, wakes up at night saying to himself, "They're going to find out about me!"*

his influence in the White House: "Do you ever wake up at night saying, 'They're going to find out about me? I'll be exposed as a complete fraud?'"

These nightmares aside, Fuerth's name surfaces as a future National Security Adviser, or, perhaps even Director of Central Intelligence, should Gore be installed in the Oval Office, through insurrection or election.

Yet, according to a wide range of Washington policymakers interviewed by *EIR*, by the *Washington Post*, and even by the fanatically pro-Gore *New Republic*, Fuerth has gone out of his way, throughout his 30-year career in government, to shun public attention, almost to a point of obsession.

After a three-year stint as a second lieutenant in the U.S. Air Force, where he was assigned to intelligence work at Keesler Air Force Base in Mississippi, Fuerth briefly returned to New York University, where he enrolled in a Ph.D. program in Russian diplomatic history, a program which he never completed. By 1968, he was in Washington, as a Foreign Service Officer, assigned to the State Department's Bureau of Intelligence and Research (INR). He did one brief overseas

stint in Zagreb, Yugoslavia, but spent most of his 11 years—at the height of Henry Kissinger’s power in the Nixon administration—in an obscure office at INR, the Office of Strategic Analysis. Fuerth says that this was “a place that nobody really knew about . . . the place where the State Department is connected with the rest of the intelligence community on strategic intelligence matters.”

In 1979, Fuerth left State to work for the House Permanent Select Committee on Intelligence. He was assigned to work with one of the Committee’s junior Democrats, Al Gore.

Gore had already singled himself out as the House’s leading “futurist,” and now, under Fuerth’s tutelage, Gore, an asset of Soviet agent-of-influence Armand Hammer, threw himself into the world of arms control, a field historically dominated by advocates of world government through nuclear terror. Gore described the tutorials with Fuerth, to the *Post’s* Lippman: “We spend 13 months studying, probably eight hours a week, every aspect of the nuclear arms race.” A *Business Week* senior reporter, Stan Crock, called it a “mind meld.”

Riding Gore’s coattails, Fuerth quickly emerged as the biggest hawk in the Clinton administration, and, as some former White House personnel report, his position with Gore is unassailable.

*Item:* When ex-President George Bush travelled to Kuwait in April 1993, a bogus report was surfaced that Iraq’s Saddam Hussein had dispatched a hit team to exact revenge on the “man from Desert Storm.” While both the CIA and FBI were still pursuing leads on the alleged hit plot, Gore and Fuerth conducted their own probe and “concluded” that the story was accurate. Fuerth pressed for bombing Iraq, arguing that President Clinton would lose all foreign policy credibility if he failed to act.

In June 1993, Fuerth, with the full support of Gore, convinced the President to launch a missile attack on Iraq. The CIA and FBI both later weighed in with proof that the story about the planned hit against Bush was a hoax (in 1991, at Fuerth’s urging, Gore was one of the few Democrats—but the decisive one—to fully support Bush’s Desert Storm).

Since 1993, there has hardly been a Middle East showdown that Fuerth has not pushed. *The New Republic*, owned by another Gore mind-melder, his former Harvard professor Martin Peretz, predicted, with confidence, in early December 1998, weeks before the Desert Fox operation, that Fuerth would prevail in the White House faction fight, and that there would be a bombing campaign against Iraq.

One week later, President Clinton, boxed in by the Fuerth-dominated Principals Committee, okayed the bombing. Ashton Carter, an ex-Department of Defense official, told *The New Republic* for its article, “Fuerth in Line,” that “nobody would make a decision without including Fuerth.”

And, of course, with the Vice President in charge of a string of bilateral government-to-government commissions,

the most infamous of which is the Gore-Chernomyrdin Commission (now, technically, the Gore-Primakov Commission), Washington sources confirm that Fuerth is the day-to-day manager of U.S. relations with Moscow, a position he has used to peddle sanctions against Russian military firms, to sabotage the revival of Russia’s domestic food-production and -processing capacities, and to undermine U.S.-Russian space collaboration.

A former leading Gore staffer recently told a Washington-based reporter that it was also Fuerth who arranged Vice President Gore’s behind-closed-doors sessions with George Soros, Maurice Greenberg, David E. Shaw, and a dozen other Wall Street big-wigs—sessions that involved impeachable actions on the part of the Vice President. Fuerth’s involvement in the suspected Gore-Wall Street bribery and influence-peddling scheme could land the secretive staffer in front of a Congressional Committee, where he will have no choice but to divulge his role in the events of August-September 1998.

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## Documentation

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### Al Gore: ‘We’re in the global paradigm’

At the “Reinventing Government” conference, Vice President Al Gore, flanked by Secretary of State Madeleine Albright, World Bank President James Wolfensohn, and his National Security Adviser Leon Fuerth, three out of his top half-dozen key operatives for world government, set out the foreign policy aspect of his Presidential campaign for the year 2000, making it absolutely clear that he is a *globalist* who will abolish sovereign nation-state government, including here in the United States. What does this mean? Gore says: “Back when our economies were defined by our political borders [i.e., the nation-state and the American System of economics], reforming and reinventing government was far less of an economic imperative.”



Now, he says, we know that “we cannot compete and thrive in the global marketplace,” if the United States and other nations hold onto “the creaking governmental machinery of the Industrial Age” and fail to “make the most of the

Information Age.”

Admitting that “reinvention and reform” is nothing but Newspeak for austerity, Gore says that we should not look at the necessity to “tighten our belts for its own sake—as if sacrifice were a first principle.”

Rather, Gore believes, as did the Nazi Economics Minister Hjalmar Schacht, that austerity is a matter of survival. “In this fast-moving, fast-changing global economy—when the free flow of dollars and data sustains economic and political strength, and whole new industries are born every day—governments must be lean, nimble . . . or they will surely be left behind.

“. . . I want us to stand together, and forge a new global coalition for smaller, smarter governance. Over the next two days—and at a parallel conference I am convening in February, on ways to fight international corruption and cronyism.”

Without ever admitting there is an international financial crisis, Gore is confident that the globalist paradigm can feast off the troubled times: “For many [nations], the catalyst [for reform] was economic crisis or calamity: crippling deficits, rising taxes, declining living standards, or international defaults.”

For the Third World and developing sector, Gore gloats that “reinvention” has meant “the privatization of state-owned assets,” the biggest criminal thievery in the history of the human race, as evidenced by Gore’s own cronies in Russia, like former Prime Minister Viktor Chernomyrdin and other International Monetary Fund collaborators who are known as the “kleptocracy.”

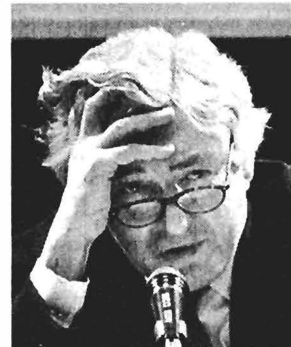
### Gore’s ‘common imperatives’

Gore has no other agenda than bowing down in worship to the practices of the financier oligarchy, who in his estimation, are a higher authority than any nation or citizenry. To survive in the world ruled by these forces, Gore lays down the law—and these are not suggestions, but “common imperatives”: “Economic competitiveness. . . . Government [must] lay the foundation for economic prosperity, instead of being a drag on it—which means cutting deficits and wasteful spending. We all share an interest in the transparency of government operations—so that global investors have confidence in us, and are less prone to the rapid withdrawals of capital that we saw throughout Asia in the past year and a half. . . . In a global economy where capital can be invested anywhere, red tape is like an economic noose that says: If you send your investments here, we’re going to strangle them with bureaucracy.”

In the United States, Gore, having eliminated 351,000 jobs, now wants to eliminate job security under a new euphemism: “pay for performance,” instead of service and seniority. This is a fancy, lying concept to cover for more austerity; it was aptly dubbed a return to the “Dark Ages” by the head of the National Association of Government Employees (see accompanying article).

## James Wolfensohn: ‘Big Brother’ is here

Addressing the plenary luncheon meeting of Al Gore’s Reinventing Government conference on Jan. 15, World Bank President James Wolfensohn, in his understated, mild-mannered way, announced a campaign by the World Bank, in league with Gore, to stop population growth completely in the next 25 years, through a combination of eliminating those poor people who currently exist, and preventing new poor from being born.



Expressing the fatalistic thinking that characterizes his own philosophy, Wolfensohn said: “Poverty . . . is not being alleviated or helped fast enough. Inequities between rich and poor are in fact increasing, not diminishing. The environment is not improving, it is degrading. Forests are going at the rate of an acre a second.

“I look at the statistics and then think that in another 25 years, we’ll have another 2 billion people on the planet to add to the 3 billion people who already live on under \$2 a day and the 1.3 billion who live on under \$1 a day, and the 2 billion people who don’t have power and the 1.5 billion who don’t have clean water. . . .

“Unless you roll back that 2 billion people [who will be born to live in poverty] we can never raise the GDP of all the nations of the world.”

The thread going through Wolfensohn’s speech is one-world government, administered through regional World Bank offices, where government officials of every impoverished nation can be indoctrinated.

“The Mellon Foundation,” said Wolfensohn, “has put 6 million pages of literature online so that through us . . . we can put you on line so that sitting wherever you are, whether it be in Senegal or in Côte d’Ivoire or in Brazil or in Nepal, we have this hub of knowledge. . . . And if you don’t have the [computer] link . . . there is a room in every one of our [100] missions for people to come in and take advantage of our satellite link and our technology.” As governments are shrunk by the “reinventing” austerity, globalist institutions like the World Bank, would fulfill the “service” of telling governments how, and what to learn.

Wolfensohn praised the “increasing availability of family services”—e.g., birth control, abortions—which the Bank is helping finance, in order to “roll back the 2 billion” souls that were to have been added to the human population in the next quarter century.



And in an almost humorous admission, Wolfensohn identified the Archbishop of Canterbury, the highest official of the Church of England except for Queen Elizabeth II, as a resource in the “global Re-Go” coalition. Wolfensohn reminisced on his collaboration with the Archbishop in spreading ecologism and population control through churches, accomplished by arranging a Conference of Religions under the patronage of his friend Prince Philip. (See *EIR*, Jan. 22 for Gore’s relation to the Prince in this dirty operation.)

Wolfensohn sees the usefulness of his British friends in the “Re-Go” movement. As he told the Archbishop of Canterbury, “You have a helluva of a network through which to get out your message.”

## New Zealand’s Shipley: Eliminate sovereignty

Jenny Shipley, Prime Minister of New Zealand, was the highest-ranking government official to attend the conference. A few days before her appearance, members of Parliament in New Zealand exposed that under present conditions, New Zealand would be so bankrupt within five years, that it would have to give up being an independent country, and would have to petition Australia to become one of its states. (See *EIR*, Jan. 3, 1997 and Jan. 15, 1999 for a full analysis of the economic collapse caused by New Zealand’s privatization and free-trade policy.)



“In the early 1980s, I think you could genuinely describe New Zealand as the sick dwarf of the OECD,” Shipley said. “We had frozen, we had fixed, . . . almost all the main indicators in the New Zealand economy. Wages, rents, exchange rates, and interest rates were all controlled. And through subsidies we picked winners, and we in fact ignored the innovators. We were binding our human and our physical resources into straitjackets and into economic inefficiency, and we were fooling no one but ourselves.”

“Since then, I am proud to say that successive governments in New Zealand, from across the political spectrum, have cast a path to a different future for our people. The reforms we have pursued—in our opinion—have drawn on, and now helped to define, new standard orthodoxies in economic policy.”

She then went on to indicate some of the elements in that “New Zealand model.” “Perhaps the first most significant thing in the early ’80s that we did was that we cut subsidies and industry protection across the board. Apart from contestable

funding to support research and development, we no longer subsidize agriculture or industry. We want business acumen, not government protection, to drive investment. And today, that is true in New Zealand. Secondly, we pursued comprehensive taxation reform, reducing the rates of personal and corporate taxation and introducing a broad-based valued-added tax. . . . The third area was that we pursued wide-ranging trade policy reform to open our economy to the world and to provide New Zealand consumers and businesspeople with access to the world’s best products at the world’s prices. Just last year, we committed ourselves to, and have now legislated for, the removal of all import tariffs by the year 2006.”

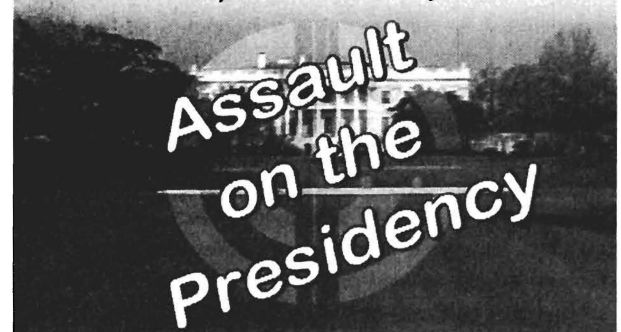
Similar to Al Gore’s proposal to introduce “performance pay” for Federal workers, Shipley has also helped block the ability of trade unions to negotiate wages.

“In the labor market, as the Vice President has also outlined as a critically important area, in the labor market in New Zealand you have the right to negotiate your own conditions and rewards for work or to choose the agent who does it for you,” Shipley said, “subject to particular protections from the abuse of employers. This change in New Zealand dramatically improved the flexibility and productivity of the New Zealand labor market.”

Similar to Newt Gingrich’s “Contract on America,” Shipley envisions reinventing government as “a contract with the people.”

**“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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## Jordan succession shakeup bodes ill for war on Iraq

by Our Special Correspondent

The moves toward renewed military aggression against Iraq are being carried out according to the strategy outlined by Commander of the U.S. Joint Chiefs of Staff, Gen. Henry Shelton. That strategy is based on the insane calculation that with air superiority and “information warfare” techniques, elite Special Forces units can be infiltrated into the country, seize one or two beachheads, in Basra and northern Iraq, and declare the existence of a puppet regime. Despite the fact that should be obvious to any competent military person, that such a “Contra”-style invasion would trigger only bloody civil war, and chaos throughout the region, the plan is moving ahead, step by step, as if on automatic pilot.

Since mid-January, daily “incidents” have escalated, involving British and American aircraft firing on Iraqi anti-aircraft installations, allegedly in response to Iraqi threatening postures. As the number and frequency of the incidents increased, both in the south around Basra and the north near Mosul, Pentagon officials prevailed upon the beleaguered President Clinton, to grant pilots more maneuvering room. A change in the rules of engagement was the result, whereby American pilots can now attack Iraqi sites at their discretion. What emerges from the sequence of U.K.-U.S. air strikes, is a clear pattern of targeting air defense systems, to clear the way for the second phase of the operation.

Just as significant as the military encounters inside Iraq, is the diplomatic activity in the region, by leaders of the war party, U.S. Secretary of State Madeleine Albright, British Foreign Secretary Robin Cook, his regional hit-man Derek Fatchett, and Defense Secretary George Robertson. Their visits in late January to Egypt, Saudi Arabia, Kuwait, the

U.A.E., and Qatar, all had one purpose: to bring the governments on board for the next stage. The Egyptian government hosted a farcical meeting of the foreign ministers of the Arab League on Jan. 24, during which the Iraqi Foreign Minister stormed out, after his colleagues refused to condemn the U.K.-U.S. air strikes. Egyptian President Hosni Mubarak was immediately visited by Albright, who boxed him into the U.S. position. From there, Albright travelled to Riyadh, where she reportedly openly discussed a change of regime in Baghdad, and expressed support for the gaggle of “opposition” groups that Washington has started financing. Thence she moved to Jordan, where she met with the newly designated Crown Prince Abdallah. Meanwhile, her British colleagues were focussing on twisting the arms of the reluctant emirates, especially the U.A.E. and Qatar, which have balked at support for further military assaults on Iraq. Simultaneously, in New York, constructive proposals for lifting the sanctions against Iraq and finding a political solution to the issue, presented by Russia and France, were cheerfully ignored, and discussion stalled *sine die*.

### Change of succession in Jordan

The most ominous development related to the Iraq crisis, occurred in neighboring Jordan. There on Jan. 25, King Hussein, who had just returned home to cheering crowds a week earlier, following six months of chemotherapy treatments in the United States, dropped a political bombshell. In a letter to his brother Prince Hassan, which was made public, the King announced that he was relieving Hassan of the title which he has held for 34 years, and conferring the

crown to his eldest son, Prince Abdallah. Among the reasons given, are that Hassan had interfered unduly in the political affairs of the country, had made changes inside the military, had (with his wife Sarvath) spread rumors against the King's wife Queen Noor, and mistreated his children. Beyond these charges, essentially, that the Prince had usurped the King's power in his absence, were more serious, obscure references in the King's letter, to dangerous events on the horizon.

King Hussein referred in his 14-page letter to the peace process with Israel, reiterating Jordan's commitment to a just peace. Then, without specifically naming Iraq, he wrote:

*"We are trying to achieve the objective of all people seeking a just peace in this region. We stand strongly against any tendency towards destruction and death and against the use of weapons of mass destruction. We demand that the whole world stand united against any party seeking destruction or backing terrorism, wherever they might be.*

*"After a thorough examination, it is clear to me that the situation has become extremely dangerous and is a source of constant concern to the world in view of the capability and ease of developing weapons and the access to expertise to make those weapons and use them"* (emphases added).

This was followed by a digression on biological weapons, and how smallpox can be spread artificially. The letter insinuated the existence of plots and plotters, intent on eliminating the King, and creating strife within the royal family and the nation's leadership. Due to this emergency situation, wrote the King, he deemed it necessary to interrupt his treatment, fly back to Jordan and make the changes in the succession. He was rushed back to the Mayo Clinic shortly thereafter.

## **Two particularly disturbing aspects**

There are two aspects to the King's letter which are particularly disturbing, when considered in the light of related events. These are his references to the threat of use of weapons of mass destruction, particularly biological weapons, and to the threat of terrorism.

Just days earlier, on Jan. 21, President Clinton had given an interview to the *New York Times*, in which he focussed primarily on the same area, the danger of chemical and biological weapons. Clinton went so far as to state that he considered it "highly likely" that a biological or chemical attack could be launched inside the United States. Saying that he wanted to "raise public awareness of this . . . without throwing people into unnecessary panic," he added that such an attack would trigger "at least a proportionate if not a disproportionate response." Clinton said, "A chemical attack would be horrible, but it would be finite," whereas, a biological attack would not be so, and could spread.

The fact that the President dedicated such attention to this theme, and called for \$2.8 billion to be allocated for defense against them, reflects the fact that this discussion is taking place among the Principals Committee, the political

agents pushing for a major offensive against Iraq.

To close the circle, on Jan. 28, the mouthpiece of the British Foreign Office, the London *Times*, carried an article retailing not-better-identified "reports" that "Abu Nidal, one of the world's most feared terrorists, has been in Baghdad since early December and enjoys Saddam's protection." The paper argues that the Iraqi leader, out of despair, "might help the Palestinian renegade, responsible for killing hundreds of people in the 1970s and 1980s, to revitalize his terrorist network to strike at Baghdad's enemies." To drive the point home, the article adds, "His presence in Iraq, if confirmed, would add yet another dangerous element to the increasingly unstable situation in the Gulf."

In light of the madness reigning in the minds of those carrying out the escalating drive against Iraq, the hypothesis must be seriously considered, that a major terrorist incident, in the United States or against American targets, could be in preparation. Such an atrocity, if attributed to Abu Nidal, could then be tracked to Baghdad, creating the situation in which Israel could follow through on its official threat, that it would respond to such an event with nuclear weapons.

Whether such a scenario was presented to King Hussein during his prolonged stay at the Mayo Clinic in the United States, where he was reportedly "kept up to date" by Albright, is not documented. Nor is it clear what the King discussed with British government representatives Blair and Cook, during his stay in London, en route to Amman.

What is undeniable, is that King Hussein has been given reason to believe that such a threat is real, and perhaps imminent. Furthermore, there are factors in the personalities of the succession change, which must be taken into consideration, above and beyond any issues of infighting within the royal family.

## **The new Crown Prince**

First and foremost, is the person of the new Crown Prince. Unlike Prince Hassan, a seasoned diplomat, known as an intellectual with expertise in economics, among other things, the young Crown Prince Abdallah is a military man from A to Z. The son of King Hussein's second wife, Princess Muna al-Hussein, the British-born Toni Avril Gardiner, Prince Abdallah, 37, is married to a Palestinian woman from the West Bank. He was educated in England, at St. Edmund's school in Surrey, then at Deerfield Academy in the United States, and then at Oxford, for a one-year program in International Politics. He studied one year at the Georgetown University School of Foreign Service.

Prince Abdallah received his military training at Sandhurst Royal Academy (as did his father), then at Fort Knox Armor School (Company Commanders Course). Following that, he was in the All Arms Tactics Course, at the British School of Infantry, then the British Command and Staff College in Camberley.

After years of military service, from 1981 to the present,

he has become an army major general. In 1994, the year Jordan signed a peace treaty with Israel, he was promoted to brigadier, and was appointed Commander of the Jordanian Special Forces. The Special Forces were reorganized in 1996 as the Special Operations Command, to include the Special Forces Brigade and the Royal Guard. The missions of this unit, according to the British publication *Jane's Intelligence Review*, include unconventional warfare missions, counterinsurgency, internal security, counterterrorism, counter-sabotage, etc. It is stressed, that these forces carry out assignments in counter-sabotage both inside Jordan and abroad. They are tasked to carry out military operations "beyond the scope and abilities of the conventional Jordanian army," and are responsible for riot control.

The leading international contacts of the Crown Prince are with military: in the United States, with the Pentagon, where he has lobbied for American military assistance to Jordan, and in Israel, with the top brass. He is credited with having promoted normalization, particularly between the two countries' militaries.

One of the considerations made in King Hussein's letter, in motivating his decision to appoint Prince Abdallah, was related to the role of the Army, which has always been central in Jordanian history. The King charged Prince Hassan with having made personnel and other changes. "I have intervened from my sickbed to prevent meddling in the affairs of the Arab Army," he wrote. "This meddling seemed to be meant to settle scores, and included retiring efficient officers known for their allegiance and whose history and bright records are beyond reproach. At the forefront were the Field Marshal and the Chairman of the Joint Chiefs of Staff. . . . I was asking myself, why is there insistence on change in the Army since we know the need for reform and development and the Chairman and myself were busy all the time providing our army with all available experience, local and international. I have used my authority as Supreme Commander of the armed forces to stop any action that would have led to the fragmentation and politicization of the Army. We have ensured that service in the Army would achieve all our ambitions in its continuous development on the strongest basis as a shield for the country and as our pride."

Clearly, in the event of a sustained U.K.-U.S. intervention into Iraq, with or without an act of biological terrorism to "justify" it, the political-social situation inside the Hashemite Kingdom is bound to be explosive, including in the army. Given the evident power struggle which occasioned the King's dramatic actions, the succession process itself may not be smooth. Such factors must have played a role in the decision to give the crown to a man of Prince Abdallah's very special military training and capabilities.

On Jan. 27, the London *Times*, endorsed the selection of the new Crown Prince, saying that King Hussein had "tackled a dynastic challenge that was threatening Jordan's stability."

# PKK heroin cartel threatens Europe

by Joseph Brewda

The November 1998 arrest of Kurdish Workers Party (PKK) leader Abdullah Ocalan in Rome, his subsequent release from prison, and his Jan. 16, 1999 flight to parts unknown, has again focussed attention on the scandalous role that western Europe has played in fomenting the Kurdish insurrection in southeast Turkey, in which 30,000 have died since 1984. Among the imperious responses to the arrest was the European Union announcement that it intends to convene a conference on the "Kurdish question," in which Turkey's borders would be subject to proposed revision.

But while the European Union condemns Turkey's war against the PKK as a violation of "human rights," the reality is that western Europe has itself become a primary victim of the war, because the PKK and Kurdish mafia are major traffickers of heroin into Europe.

The evidence compiled by western European, Turkish, and U.S. law enforcement agencies documenting the PKK role, is dramatic. According to published reports by these agencies, Turkey serves as the land-bridge for three-quarters of the heroin transported for use in western Europe, some 60 tons a year, from its origin in Afghanistan. According to several reports, the PKK and its allied Kurdish clan mafia is one of the main groups bringing that heroin into Europe. The PKK's proceeds from this smuggling, and its control of street-level distribution networks throughout western Europe, fund the PKK's war.

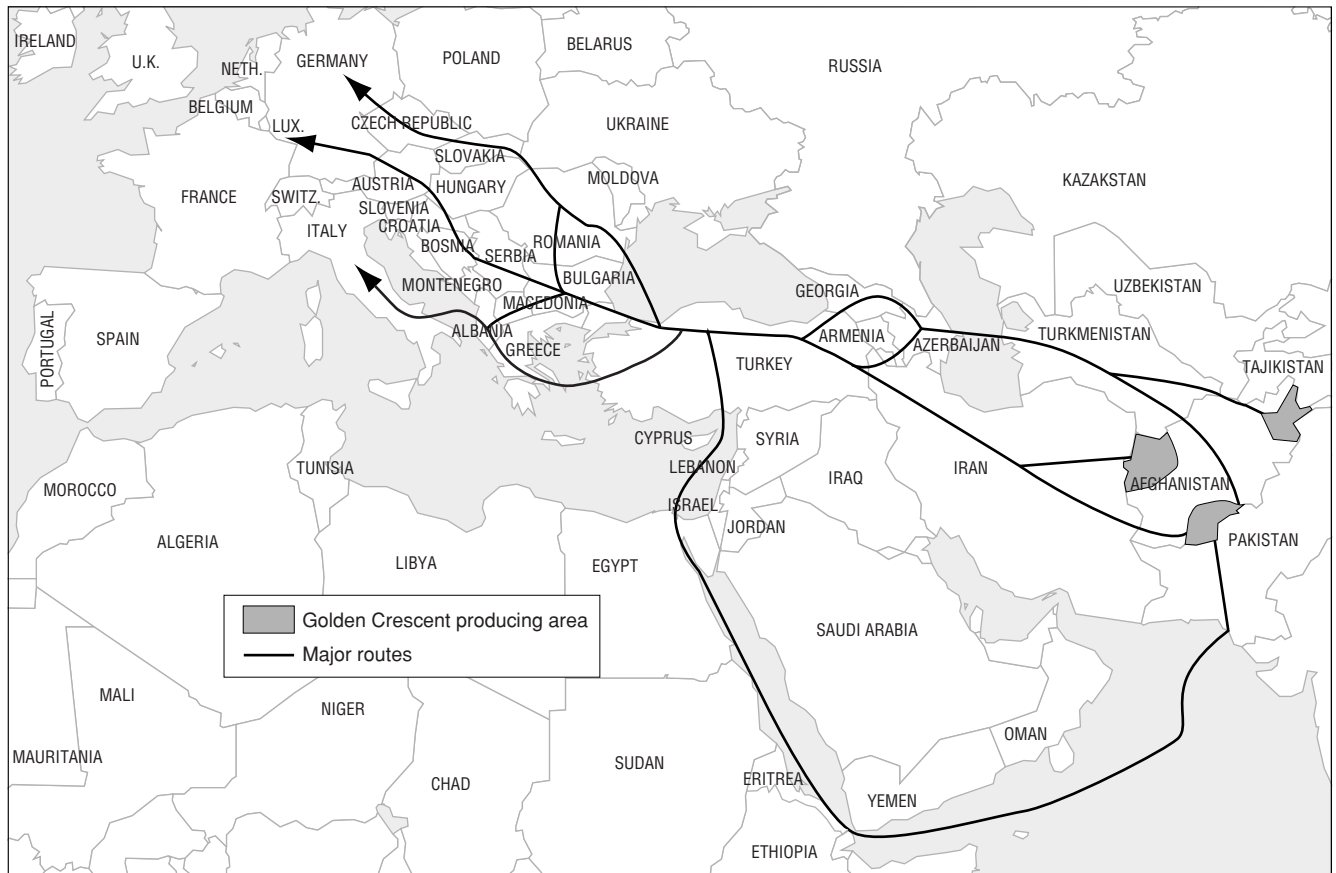
Heroin also provides the basis for the PKK's alliances with other separatist armies operating in the war-zones of Afghanistan-Tajikistan, the Caucasus, eastern Turkey, and the Balkans, which constitute the highway through which the heroin reaches western Europe. Control of the heroin trade has become a primary objective in many of these conflicts.

Here we summarize some of the evidence compiled by U.S., western European, and Turkish law enforcement sources which documents this criminal role, supplemented by interviews with their investigators.

## The Kurdish and PKK narcotics role

Turkey's role as the main highway used to transport opium and heroin from the "Golden Crescent" opium poppy cultivation zone in Afghanistan and Central Asia, into western Europe, has long been reported. According to the U.S. State Department's most recent annual *International Narcotics Control Strategy Report*, released in March 1998, "Turkey's position astride the main overland trade route between

FIGURE 1  
**PKK narcotics-trafficking routes**



Asia and Europe, makes it a significant transit point for narcotics.” The report states that the U.S. Drug Enforcement Administration estimates that “between four and six tons of heroin transit Turkey each month,” and that “three-quarters of the heroin abused in Europe transits Turkey.”

A 1997 internal report of the German Federal Criminal Investigation Office (BKA), leaked to the German magazine *Focus* and cited in its March 3, 1997 issue, makes similar charges. According to the BKA report, “80% of the heroin” used in western Europe, reaches its destination via Turkey.

Ethnic Kurds, whether from the PKK or Kurdish mafia, are central to this trafficking. “Most of the deadly dealers come from the Anatolian province, Van, a Kurdish region,” the BKA report states. “The gangs possess laboratories where they refine morphine base into heroin, and transport it to Istanbul. From there, the dealers smuggle the drugs mainly via Bulgaria, the former Yugoslavia, and Austria, to Germany.”

This is not a new phenomenon. According to Interpol, 34% of the 42 tons of heroin seized in continental Europe during 1984-93 was found on Turkish nationals. And of the 503 Turkish nationals seized carrying this heroin, at least 298

were PKK members or were tied to the PKK.

The German police have calculated that heroin trafficking brings in more than \$120 million a year for the Turkish Kurdish crime families, both the politically minded and common criminals combined. The British National Criminal Intelligence Service estimated in 1993 that the PKK earned \$38 million from drug-trafficking. Turkish law enforcement sources estimate that the PKK’s annual turnover from heroin and hashish sales is currently \$100 million. For such reasons, Turkish Foreign Minister Ismail Cem estimated in November 1998 that the PKK has a \$40 million war-chest.

Italian authorities concur with these estimates of the importance of Turkish-based drug-running in general, and the Kurdish mafia and PKK in particular.

The director of the Italian Police Force’s Central Operations Service, Alessandro Pansa, issued a report, “New Guide to Fighting Money Laundering,” on the issue to the Italian Bankers Association in December 1998. He stated that Turkey is the main source of the heroin used in Italy, and that the PKK is the main group behind the heroin trade. “Heroin from Anatolia [the Turkish peninsula] has now taken over as the

main product on the market,” the Dec. 15 Italian daily *Il Giornale* quoted Pansa. Moreover, Kurdish networks run it all: “Thirty percent of the laboratories for refining heroin scattered around Turkish territory are currently in the hands of the PKK Kurdish rebels; the remainder, on the other hand, is allegedly run by the Kurdish mafia.”

A 1998 report by the Italian Financial Police, SCICO, came up with similar estimates, *Il Giornale* reported. The police agency determined that the PKK is “directly involved” in “international drug-trafficking,” while also earning illicit proceeds from the “immigrant trade” and the “systematic levying of ‘protection’ payments from Turkish businessmen and workers abroad.”

Turkish law enforcement sources say that the PKK’s heroin and refugee smuggling, and its extortion operations, constitute one integrated business. The PKK smuggles in Kurdish and other refugees into western Europe via Turkey, at the price of \$5-10,000 a head. Once there, many of these Kurds are forced to work as street vendors retailing heroin as part of their emigration agreement; if they find legitimate work, they are subject to “revolutionary taxation.”

### **Relations with the Kurdish clans**

The PKK was spun out of the Federation of Revolutionary Youth of Turkey in 1974, as a Maoist sect professedly dedicated to Kurdish liberation. As such, it condemns the Kurds’ extensive clan system, whereby the Kurdish *aghas*, the landlords, exploit an impoverished peasantry. But such leftist rhetoric has little to do with the PKK’s activities. The relations between the PKK and the old Kurdish clans, and their criminal structure, are actually so closely intertwined that it is impossible to separate one from the other, Turkish security consultant Ali Koknar emphasizes in the Summer 1997 issue of *Counterterrorism and Security International*. Moreover, several of these clans have a history of rebellion against the Turkish state, further deepening the relationship.

These incestuous ties were examined in a 1996 report by the Paris Criminological Institute, entitled “Two Typical ‘Degenerate Guerrilla Groups’: The Liberation Tigers of Tamil Eelam and the Kurdish Workers Party.”

Among the examples cited is the Baybasin clan, led by the currently imprisoned Hussein Baybasin, a notorious figure who has been repeatedly incarcerated for heroin smuggling over the last two decades. Two of his cousins, Mehmet Ermin and Mehmet Serif, have close ties with Kurdish separatists, and the latter is known to German police as a PKK arms-trafficker.

Similarly, the Kitay clan. One clan leader, Hakki Kitay, has been tied to 22 cases involving the importation of 1.2 tons of heroin into Germany between 1990 and 1993. His brother, Vahdettin, was the head of a PKK regional guerrilla operation, until he was killed in a clash with Turkish police; his son, Nizamettin, trained at the PKK’s training camp in Lebanon, and is now a cadre in the PKK’s guerrilla unit in Bingol province.

The Sakik clan is another example. Semdin Sakik was the PKK’s number-two leader until his 1998 arrest in Turkey; his cousin, Idriss Sakik, runs the clan’s wholesale heroin sales in Germany.

Some U.S. military observers say that this tangled web of the PKK and clan networks may pose the biggest challenge to Turkish sovereignty, because it has drawn the PKK into ongoing clan wars. Because of repeated PKK attacks on some of these clans, these observers add, the Turkish military has organized loyal Kurdish clans into a village-guard system, to protect themselves and combat the PKK. But, unfortunately, some of these clans have also been implicated in the narcotics trade.

The potential corruption that could result from such a counter-insurgency policy came sharply into focus in November 1996, following a fatal car accident in Susurluk, Turkey. The driver of the car, Hussein Kocadar, was a former deputy police chief of Istanbul. Accompanying him was Sedat Bucak, a Kurdish clan leader and member of Turkey’s parliament whose militias are at war with the PKK. Another passenger was Abdullah Catli, a notorious international drug smuggler, active with the terrorist Grey Wolves, which is also allegedly at war with the PKK.

### **Narco-routes into Turkey**

According to western European and Turkish law enforcement sources, the “Golden Crescent” of Afghanistan is the source of opium that the PKK and other Kurdish mafia networks use to supply heroin to western Europe. That war-ravaged country produces 28% of the world’s illegal opium poppy crop, according to U.S. State Department estimates. This Afghan supply has replaced the PKK’s earlier reliance on opium plantations that it, or allied groups, ran in the Syrian Army-run Bekaa Valley in Lebanon in the 1980s. Since the early 1990s, these sources say, those plantations have fallen under the exclusive control of Lebanese Hezbollah.

PKK trafficking routes from Afghanistan to Turkey, and then to western Europe, are various, all sources report, and depend on shifting alliances with intermediaries. One striking feature of these routes is that they primarily flow through war zones: Afghanistan and Tajikistan in Central Asia; Armenia, Azerbaijan, Chechnya, and Georgia, on the route through the Caucasus into Turkey; and on through the Balkans from Turkey into western Europe. Control over the narcotics-routes, and hence profits, is a major factor, if not the primary aim, in many of these conflicts, intelligence sources report.

The main route from Central Asia to Turkey, Turkish law enforcement sources report, proceeds from Karachi, Pakistan, which has become a major outlet for Afghan opium, by sea to Turkey. The importance of this route was dramatically revealed in 1992, when a Turkish cargo ship bound from Karachi, the *Kismetim-I*, went down in the Mediterranean during a storm, with more than three tons of morphine base on board.

In order to retrieve the drug from Pakistan, the PKK relies on a network of Kurdish mafia traffickers active there, and also on the far-flung networks of the Liberation Tigers of Tamil Eelam (LTTE, a.k.a. Tamil Tigers), which has been waging a bloody war to “liberate” the Tamil region of Sri Lanka since 1972.

The Tamil Tigers are the only “international terrorist” organization which maintains a deep-sea cargo fleet, and sophisticated radar and communications system, which it uses to smuggle opium and heroin from Asia to Europe, often via Turkey, and to smuggle back arms to Sri Lanka. For example, Turkish law enforcement sources say that a Cyprus-based shipping firm, Carleton Trading, is a Tamil Tiger proprietary used to smuggle Afghan heroin to the PKK.

The source of the Tamil Tigers global opium and heroin trade is not only the “Golden Crescent” in Afghanistan, but also the “Golden Triangle” of Southeast Asia, where it also picks up weapons. According to *Regional Security Implications of Sri Lanka Tamil Insurgency*, a 1997 book by Sri Lankan researcher Rohan Gunaratna, the Tamil Tigers maintain secret naval stations on Myanmar and Thai islands in the Bay of Bengal to facilitate this trade. Narcotics from this source is also smuggled to the United States.

The PKK and Tamil Tigers have been closely allied since they were trained together by the Syrian Army in the Bekaa Valley in the 1980s, despite the fact that they have no common ethnic, religious, geopolitical, or ideological basis for their alliance. Rather, the basis for their alliance is that they share common international patrons, and narcotics. Both groups fall under the umbrella of the Revolutionary International Movement, the London-based narco-terrorist international formed by the head of the U.S. Revolutionary Communist Party, Bob Avakian, which has brought together other narco-terrorist groups, such as Peru’s Shining Path and the Nepali Communist Party Marxist-Leninist.

The PKK and Tamil Tigers also maintain ties to other veterans of Syria’s Bekaa Valley training camps, including the African National Congress, now the ruling party of South Africa, which has reportedly provided support to both groups. Both organizations have also forged ties with the Tigray People’s Liberation Front and Eritrean People’s Liberation Front, the current ruling parties, respectively, of Ethiopia and Eritrea, which in turn reportedly give the PKK and the Tigers additional logistical support for their Indian Ocean and Red Sea arms- and drug-smuggling rings.

In addition to this maritime route, there are several overland and air routes from Afghanistan to Turkey.

One of the main overland routes involves transporting opium or morphine base from the Baluch tribal region straddling Afghanistan, Pakistan, and Iran, through Iran to eastern Turkey. Smuggling into Turkey is made easier by the fact that Kurds are the majority ethnic group on both sides of the Turkish-Iranian border. This is two-way trafficking. According to *Geopolitical Drug Dispatch*, a monthly newsletter published in Paris, the caravans returning to the Baluch tribal

regions are said to carry weapons. Other intelligence sources stress that this tri-state Baluchi area is being primed to become a major new zone of conflict, spreading the Afghan conflict into Pakistan and Iran.

Another route proceeds from Afghanistan through Turkmenistan, and then, via the Caucasus war zone (Azerbaijan, Armenia, Chechnya, or Georgia), to northeast Turkey. Here again, we see how the dope trade helps foster business ties between otherwise warring terrorist and insurgent groups. For example, the PKK and the Armenian Revolutionary Federation, the Dashnag, claim the same vast area of Turkey as, alternatively, “Kurdistan,” or “Greater Armenia.” Nonetheless, they still closely cooperate in trafficking heroin through the region. Similarly, the Grey Wolves, a Pan-Turkic group violently opposed to both the PKK and Dashnag, nonetheless cooperates with both groups in the narco-business.

## Onward to western Europe

According to western European and Turkish law enforcement sources, most of the narcotics that arrive in Turkey from Central Asia, come in the form of opium or its derivative, morphine base. It is in Turkey that this opium or morphine is refined into heroin, prior to shipment to western Europe. Most PKK refineries are located in eastern Turkey, bordering Iran, and in northeast Turkey, near Armenia and Azerbaijan. Additional heroin labs are located outside Istanbul in western Turkey, and in Turkish Thrace, bordering Greece. Kurdish mafia refineries that are not under PKK control, are often subject to PKK “taxation.”

After being refined in Turkey, this heroin is shipped to western Europe, its ultimate destination, along several shifting routes.

The primary direct route that the PKK and Kurdish mafia used before the outbreak of the Serbian-Croatian war in 1991, went north through then-Yugoslavia, and then to Austria and points west. This was made easier by the heavy truck transport connecting Turkey to western Europe through the Balkans. Despite the intensity of the wars there, this route is still used when possible. The PKK continues to enjoy good relations with the Serbian military, just as it had with the military of pre-war former Yugoslavia, which was also Serbian-dominated. Serbia, along with Greece, still provides the PKK with sophisticated arms. For example, shoulder-launched surface-to-air missiles, which the PKK used to shoot down two Turkish Army helicopters in 1997.

Another, alternative Balkans route, Italian and Turkish law enforcement sources report, goes through Macedonia, closely paralleling the border with Greece, and on to Italy, via civil war-ravaged Albania. Through this route, the PKK has built strong relations with the Albanian mafia. This route is also a major one for smuggling Kurdish and other immigrants into western Europe, and, increasingly, for Albanian-grown marijuana. And through this route, the PKK has also established close business ties with the southern Italian, Pugliese mafia, the so-called Holy United Crown.

# Republic of Yemen targetted by British for destabilization

by Hussein al-Nadeem

In the third week of December, as U.S. and British forces were bombing Iraq, a London-based terrorist group was planning to launch operations to destabilize the Republic of Yemen. Members of the Ansar Al-Sharia, directed from London by Mustafa Kamel (a.k.a. Abu Hamza Al-Masri, a British citizen and former CIA-Afghansi "mujahid," who trains groups of young people for terrorist activities at his Finsbury Mosque in north London under the guardian eye of British domestic intelligence, MI5), were arrested on Dec. 23, 1998 in Yemen, as they were planning armed terrorist operations. These terrorists were in contact with the Islamic Army of Abeen-Aden (affiliated with the London-based Egyptian Islamic Jihad), which had kidnapped 16 British and Australian tourists a few days earlier.

A rescue operation on Dec. 29 by the Yemeni security forces resulted in the kidnappers killing three British hostages and one Australian; 12 tourists were freed. British press and, later, government officials, accused the Yemeni security forces of "provoking the murders," because they refused to negotiate with the terrorists.

In response, the Yemeni authorities did not mince words. In one day, Yemen kicked out the British Scotland Yard officers who had been invited to observe the investigations (the officers were trying to privately debrief the arrested suspects), withdrew its application to join the British Commonwealth, and announced that a group of British citizens had been arrested while attempting a massive terror-bombing campaign in Aden. On Jan. 25, Yemen President Ali Abdullah Saleh demanded from British Prime Minister Tony Blair that Abu Hamza Al-Masri be handed over for trial in Yemen on charges of carrying out terrorist acts in Yemen and several other Arab states. This was expressed in an official message Saleh sent to Blair, conveyed by the British Ambassador in Sanaa, Victor Henderson. The London-based daily *Al-Hayat* reported that, according to governmental sources in the Yemeni capital of Sanaa, the message from President Saleh stressed that the Yemeni government has the right to demand that the British government hand over Abu Hamza, and evidence and documents which prove its description of Abu Hamza as a "terrorist" and "extremist."

However, British law does not consider it a crime for individuals and groups based in Britain to plan, incite, or

conduct terrorist operations outside Her Majesty's domains. Britain has previously refused to extradite terrorists seeking asylum in Britain, while the individuals were charged with committing murders and assassinations in Egypt and other Middle Eastern countries.

Abu Hamza's case is even more complicated, because he is not only an asylum seeker, but has British citizenship. The Yemeni request came in the context of investigations conducted by the Yemeni security authorities into the group whose members were arrested on Dec. 23, including five British citizens (one of them the son of Abu Hamza) and one French citizen, who were in possession of weapons and explosives and were said to be involved in carrying out "terrorist and destructive plans which undermine Yemen's security and stability."

The Yemeni investigations found that Abu Hamza has relations with this group, in addition to his "firm links to the Islamic Army of Aden," led by Abu Hassan al-Muhdar, who is in custody. Al-Muhdar's group carried out the kidnapping of the tourists in December. The Yemeni governmental sources added that the message of the Yemeni President to the British Prime Minister expressed Yemen's great regret over the "terrorist activities carried out by Abu Hamza al-Masri" and others from the British territories, acts which it said undermine Yemen's security and stability, as well as similar terrorist acts in several Arab states.

Eight days earlier, Abu Hamza called for killing Yemeni officials if the Yemeni authorities sentenced the kidnappers to death. Replying to a question from the Qatari al-Jazira satellite station on Jan. 14, he said: "If Zein al-Abidin al-Muhdar were to be executed, there will be revenge acts and massacres."

## The terrorist operations

Usually, when a destabilization operation is carried out against a Third World country, some British-based fanatic group claims responsibility for the operation. The ugly picture of the leader of this or that group is put on the front pages of almost every newspaper in the country, and the British mass media usually label the man "a religious fanatic who fights against Christians and secular governments in the Middle East." Once, in 1996, a Libyan Islamist group,



which no one had ever heard of before, carried out an assassination attempt against Libyan leader Muammar Qaddafi. In fact, the attempt had been carried out by agents of the British foreign intelligence agency MI6, former MI5 and MI6 agents revealed in 1998.

The kidnapping of the tourists by the Abeen Islamic Army and the actions by the Ansar Al-Sharia group were one operation coordinated from London. Abu Hamza stated in a television debate on Jan. 18 that he had been contacted by the leader of the group that carried out the kidnapping before the rescue operation, "who asked me for advice." Abu Hamza accordingly issued a communiqué and threatened the Yemeni authorities.

According to Ansar Al-Sharia, the targets of the bombing would allegedly have been the British Consulate in Aden and the Anglican Church, in revenge for the Anglo-American bombing of Iraq. This lie was spread immediately in the international press. Yemen was one of the first countries that had denounced the Anglo-American bombing and is regarded as a supporter of Iraq: a black sheep in the eyes of allies of the British and the U.S. State Department in the Gulf.

However, the actual target of these operations has been the government of the Republic of Yemen itself. Abu Hamza made this clear in the television debate, in which he said that the ultimate goal is to overthrow the secular regime in Sanaa, and that there are already supporters in Yemen who are ready to fight for establishing an Islamic state. Al-Muhdar, during his trial, confirmed that the objective of his group is to overthrow every secular government in the region. Abu Hamza and the other members of the "London zoo" of international terrorists are willing tools in a British strategy which has affected even its closest ally, the United States, and its friends in the Middle East.

Yemen has been targetted by British- and, reportedly, Saudi-backed operations to turn the country into a lawless, non-sovereign field of proxy war between London-backed terrorist groups, anti-Saudi Islamists such as Osama Bin Laden, separatists from the former government of southern Yemen lurking in neighboring states on the Persian Gulf, Saudi-backed tribal forces, and all against the government in Sanaa.

Two days before the rescue operation, a Yemeni tribal clan blew up the main oil pipeline in the country. A Yemeni official source said that a group of tribesmen had blown up the oil pipelines in Maareb, 170 kilometers east of Sanaa. The U.S.-based Hunt Oil and Exxon companies monitor the oil fields in this very rich oil province. The Yemeni daily *al-Ayam* said that tribal leaders had warned oil workers in Maareb to evacuate the area, and many of those workers fled in fear for their lives. The paper did not mention the name of the tribe that carried out the attack, but noted that the warning stated that the Maareb oil fields are the private

property of the al-Kharis tribe, one of the main tribes in Maareb.

One month earlier, Yemeni tribal leader Sheikh Muhammad Bin Shaje (from the tribe of Wayla in northern Yemen), whose house was the target of a car bomb, accused Saudi Arabia of trying to kill him. He added that the Saudis had sent "mercenary elements" to carry out this act against him, after the differences had widened between him and Saudi officials on solving the border dispute. He added that he "refuses bargaining on any inch of his country's borders with Saudi Arabia." The more credible background of the incident is that Bin Shaje, while in London for "medical care," told the daily *Al-Quds Al-Arabi* on March 9, 1998 that he was preparing his tribe to host Osama Bin Laden and his fighters. He stated that his 20,000 well-armed men are in the service of Bin Laden, who wants to move from Afghanistan to Yemen, where he could fight against the Saudi Kingdom and the U.S. troops in the Gulf.

Ironically, Bin Laden's family, the richest non-royal family in Saudi Arabia, and also other families such as the Al Olayan and Bin Mahfouz, are originally from Hadhramaut in southern Yemen, the former British protectorate. Two days before the attack on Bin Shaje, Saudi Defense Minister Prince Sultan Bin Abdul-Aziz, who is in charge of negotiations with Yemen, pressured Yemen not to resort to international arbitration concerning the decades-long dispute on border demarcation between the two countries. A few weeks earlier, an international arbitration court ruled in favor of Yemen in its dispute with Eritrea over the islands of Hanish in the Red Sea, which were occupied by Eritrea, with help from Israel, in 1995.

### **Current history of Yemen's troubles**

In the past few years, the Republic of Yemen has rapidly become another hot spot in the geopolitical destabilization taking place in the southern part of the Red Sea, one of the world's most important trade waterways, due to its location on the eastern end of the Bab El-Mandab, which controls navigation from the Mediterranean through the Red Sea to the Indian Ocean through the Arabian Sea. Added to this, is the huge untapped oil and gas reserves, estimated by international oil market experts to be one of the world's largest, of which a great part exists under territories disputed with neighboring Saudi Arabia and Eritrea.

The current history of Yemen has been one of turmoil and a stubborn struggle for independence and sovereignty, in a region long dominated by the policies of the British Empire, and by British-installed kingdoms and sheikhdoms whose political systems do not favor the republican Yemeni tradition that was established following a military coup by army officers lead by Brigadier Salal in September 1962, against Sultan Imam Yahya. The coup was followed by a proxy war between Gamal Abdul Nasser's Egypt, which

supported the republican revolutionaries, and Saudi Arabia, which supported the royalists and the northern tribes allied with them. Britain had its Aden protectorate at that time, which it later practically handed over to the Marxist National Liberation Front (NLF), upon the signing of the British-Yemeni Treaty in 1967. The left wing of the NLF formed the People's Democratic Republic of Yemen (southern Yemen) in 1969.

Britain was fighting against both nationalist elements in southern Yemen and the young (northern) Republic of Yemen. Starting in 1958, it was recruiting southern Yemeni tribal leaders to form a "tribal federation" under British control in the south, in order to prevent the emergence of another independent republican state, or a union with northern Yemen with support of Abdul Nasser. In northern Yemen, during the war of 1962, Britain was helping the Saudis to arm the royalist tribes. Then-Crown Prince Faisal Bin Abdul-Aziz and Prince Sulatan were in charge of the war efforts against Yemen. The two were financing young arms-dealer Adnan Khashoggi's purchase and transport of British rifles and other arms, with the covert help of the British government.

A significant change took place when President John F. Kennedy's administration recognized the new government in north Yemen, despite huge pressure from Britain, France, and, according to some sources, from John Foster Dulles. Prince Faisal was in Washington to meet with Kennedy in September 1962, but he could not change Kennedy's mind. The U.S. administration recognized the Republic of Yemen in December 1962, despite the fact that civil war had just begun. The war ended in favor of the republicans, when Abdul Nasser and King Faisal were reconciled in 1967, motivated by the Israeli war against the Arab states.

The next civil war began in 1994, when the union of South Yemen and North Yemen, which was reached in 1988-89 with Iraqi support, collapsed, as a result of separatist intrigues by officials from the former southern Yemen government.

Most recently, the "Somaliaization" of Yemen, a term used frequently by President Ali Abdullah Saleh, started, following the 1991 Persian Gulf War. Yemen opposed the military buildup, and favored a political solution. Yemen became isolated from two of its supportive big brothers, as Iraq was destroyed and blockaded, and Egypt fell in behind the Bush-Thatcher war mobilization. Ending up as the "ugly duckling" of the Gulf, Yemen, the Arab world's poorest state, was left at the mercy of the International Monetary Fund, the World Bank, and the international oil cartels. Most of the land area of Yemen is divided by oil and gas concessions for mainly American, British, and French companies.

In June 1998, armed clashes, the biggest since the civil war of May-July 1994, took place between the dominant tribes in the north and government regular army forces.

These were triggered by price hikes on fuel and other basic food items, according to an IMF-World Bank-advised package. The most serious combat took place in the governorates of Maareb and Al-Jouf, claiming the lives of dozens of tribesmen and army soldiers, and wounding more than 200. These tribes are well-armed and -organized, a situation the government was forced to accept during the civil war against the secessionist south in 1994, as the tribal chiefs supported the government. These tribes also gained a major political position after the war, as the Yemen Party for Reform (Al-Islah) became the second-biggest party in the country, at the expense of the ousted Socialist Party, and formed a grand alliance with the ruling party (Congress) after the 1997 elections. Al-Islah, headed by Sheikh Abdallah Al-Ahmar, the chief of the Hashid tribes of northern Yemen, is currently the biggest Islamic opposition force in the country.

Saudi Arabia has been engaged in endless negotiations with Yemen on the demarcation of the border between the two countries, which has been left open since the Tayif agreement in May 1934, which followed the failed invasion by King Abdul Aziz Al-Saud.

Recently, this developed into a dispute which escalated into armed skirmishes. On July 20, 1998, President Saleh, in a press conference in Sanaa, declared that Saudi armed forces had occupied the Yemeni island of Al-Duwayma, and warned Saudi Arabia against supporting Yemeni insurgents. Saleh demanded the extradition of a number of those who were involved in the clashes in June, who, according to Saleh, are being treated and protected by Saudi authorities. Yemeni sources reported that the Saudi forces had previously occupied other islands since May. These moves coincided with the riots in Yemen. The crisis was solved through the intervention of Saudi Crown Prince Abdullah, who formally took charge of the Yemeni negotiations from Prince Sultan. But the problem is still unresolved, and could be used again for further provocations between the two countries.

As the countdown for renewed war against Iraq continues, with the objective of carving up the country, the Middle East, and especially Jordan and the Gulf, will head into a prolonged state of instability and, potentially, anarchy. Yemen, isolated and impoverished, could be exposed to larger-scale destabilization efforts against its security and national unity.

The fact that the Yemeni government has countered British-backed terrorism in such a manner, is indicative of the Yemeni leadership's realization of the dangerous situation facing not only Yemen, but the whole region. Yemen, in its efforts to bring about a unified stance in the Arab League in support of Iraq, and in its fight against terrorism, is acting not only in its own interest, but in the interest of the whole region. Yemen's current lack of economic and financial resources does not seem to deprive it of courage and pride.

The U.S. President has yet to demonstrate the degree of courage and statesmanship which was previously demonstrated by President Kennedy in the case of Yemen.

# Museveni to make himself permanent dictator in Uganda

by Linda de Hoyos

With a bill presented to the Ugandan Parliament on Dec. 18, Ugandan President Yoweri Museveni took a dramatic step to entrench himself in power in a permanent military dictatorship. The action went unnoticed by the Western press. The bill in question is the Political Organizations Bill which, following the mandate of Article 270 of the 1995 Ugandan Constitution, regulates the registration and activities of political organizations, of which political parties are defined as a subset.

The bill has been condemned by opposition leaders Paul Ssemogerere, chairman of the Democratic Party of Uganda, and Cecilia Ogwal, chairman of the Interim Executive Committee of the Uganda People's Congress, and others. The bill carries forward the ban on the activities of the political parties, which was codified in Article 269 of the Constitution. Thus, although political parties have not been banned in Uganda, their activities have been banned, making a mockery of their so-called existence.

The bill is all the more dangerous because it is preparatory to a national referendum mandated by Articles 73 and 74 of the Constitution, and scheduled for the year 2000, by which the Ugandan population will be ordered to vote on whether they will accept a permanent ban on the very existence of political parties and embrace 100% the "movement system of government" without the threat of any political competition.

The previous U.S. Ambassador, Michael Southwick, was on record as being opposed to the referendum, but nothing has been heard from his successor, Ambassador Nancy Powell, nor from other Western quarters. Inside Uganda, however, the idea of the national referendum has come under severe attack. In a Christmas Day message, Emmanuel Cardinal Wamala declared that the referendum violates Ugandans' basic rights. In the first week of January, the Rt. Rev. Dr. Paul Kalanda, chairman of the Catholic Episcopal Conference, said that the Conference of Bishops "agrees with its spokesman, Cardinal Wamala, that it should not be held because it is against basic human rights. That is our position." Catholic priest Father Paul Semwogerere appealed to the Parliament to change the articles in the constitution which restrict the basic right of freedom of association. "This basic right is God-given and nobody has a right to deprive it from others," he said.

Anglican Archbishop Livingston Nkoyoyo has also stated, "There is no point in holding the referendum before peace and unity are achieved in Uganda." Sheikh A. Mukasa, speaking on behalf of the country's Muslim leadership, came out against the referendum, charging, "The government again wants to . . . deny the people their basic right to associate freely. It might come another time on religion, since they [religions] have also been blamed for dividing people."

Nevertheless, the Ugandan potentate stated that the referendum will proceed. "The referendum will be held. There is nobody who will stop the referendum. Those saying the referendum will not take place are wasting their time," Museveni said. He declared that the right to free political association is "not absolute. Most human rights are not divinely ordained and are subject to modification to fit the political and socio-economic conditions of the societies to which they are applied." Even so, under Article 74 of the Constitution, Museveni cannot hold the referendum on political parties unless there is a resolution passed by a majority of the Parliament for it; a resolution passed by a two-thirds majority of half of the Movement District Councils in the country; or, a petition signed by 10% of the voters from 214 directly elected constituencies.

The referendum is to decide whether political parties will be permitted to exist at all in Uganda. The Political Organizations Bill has been presented to Parliament for passage in order to ensure not only that the referendum is held, but that Museveni's "movement political system" will win that referendum, by destroying the political parties' capacity to campaign in their own defense.

## Under a blanket of lies

"In order to understand what this bill does," explained opposition leader Cecilia Ogwal, "it is necessary to understand that Uganda is right now under a military dictatorship, and Museveni is now moving to make this permanent. When he came to power in 1986, by the power of the gun, he banned the activities of political parties as an 'administrative measure.'" Museveni's National Resistance Movement (NRM) was installed as the government, and all Ugandans were declared to be members of the NRM system.

Then in 1994-95, Museveni organized a Constituent Assembly, dominated by his own NRM, to write a constitution. The 1995 Constitution cited by Museveni as his authority for holding the referendum is a contradiction in itself. Although Articles 29(e) and 43(2c) guarantee the right of political association, and Article 72 guarantees the right to form political parties, these rights are essentially abrogated by Articles 69, which defines the government as the "movement political system," and more precisely, by Article 269. There, in subsection (e), the Constitution states that "*political parties should not hold open branches, hold public rallies, or carry out any other activity that may interfere with the movement system.*"

This wording is carried over directly to Article 32 of the Political Organizations Bill, which in subsection 2(a) states that the minister for Presidential and parliamentary elections and referenda “may prescribe such conditions in relation to the opening of branch offices, holding of delegates’ conferences, public rallies, and any other activities of political organizations as may be reasonably necessary to prevent interference with the operation of the movement political system when that system is in existence in Uganda.”

The trick embedded in the Constitution and again in the Political Organizations Bill is that Museveni’s NRM, which is a political entity run at the top by his cronies, is not characterized or treated as a political party. Museveni’s NRM is *the government*, with all the powers of the government—most emphatically military power—at its disposal to stay in power. Hence, Uganda’s religious leaders and democratic leaders are rejecting the fraud of a “referendum.”

Other features of the bill are designed to place the political parties in a legally noxious environment with implicit threats to any organization or opposing political leader. As pointed out in a paper issued by the Democratic Party’s Ssemogerere:

- The bill carries forward Article 269(d) of the Constitution, which prohibits political parties from “sponsoring or offering a platform to or in any way campaigning for or against a candidate for any public office.” Article 24(a) of the bill states that “a) individual merit should be the basis of election to any political office and no political organization and no person on behalf of a political organization shall sponsor or offer platform to or in any way campaign for or against a candidate in any Presidential or parliamentary election or any other election organized by the Commission;

- “b) no person shall use any symbol, slogan, color or name identifying any political organization for the purpose of campaigning for or against any candidate in a Presidential or parliamentary election or any other election organized by the Commission.”

- Article 22 of the bill stipulates that “no two or more political organizations shall hold a meeting in the same place and time.” This is stipulated in order to prevent by legalized force of arms the coming together of any effective opposition coalition against the “movement political system.”

- Although the Constitution gives the right of political association, the minister may summarily prohibit any political organization and ban it, as stated in Article 25(1): “Where a political organization contravenes any of the provisions of this Act, the minister may, by order published in the *Gazette*, after consultation with the [Electoral] Commission, declare the political organization to be a prohibited organization.” It has the nominal right of appeal, but given its banning, no means to do so. Furthermore, the “provisions of this Act” include full disclosure of expenditure, donations, names and addresses of founding members, and other regulating (and terrorizing) measures, by which a party can be prohibited on the basis of an infraction on a technicality.

It is perhaps an irony as to the actual content of the bill and Museveni’s regime that it was presented on Dec. 18 by Minister of State for Defense Steven Kavuma, although he was mistitled on the bill’s front page as “Minister responsible for Justice and Constitutional Affairs.”

### Is there a way out?

Perhaps the most dangerous aspect of the bill and the referendum Museveni is insisting upon, opposition leaders agree, is that it closes off all avenues for open and fair debate; it closes off the channels for a peaceful transition to power in Uganda. There is no question that Museveni is becoming increasingly—and understandably—unpopular at home. While he is spending millions deploying the Ugandan Popular Defense Forces outside the country in the Democratic Republic of Congo and Angola, insurgencies inside Uganda have forced the internal displacement of 700,000 people. Cholera epidemics are now reported in camps in northern Uganda, where people are herded without food, clean water, sanitation, or medical services. Epidemics are also breaking out in eastern Uganda, and even the central Rakai region faces famine this year. Further, the “high crimes and misdemeanors” carried out by the Museveni “movement system” in government continues to shock the nation, as scandal after scandal hits the press (see “Paris Club Bankrolls Central African Wars,” *EIR*, Jan. 8, 1999).

If Uganda is not to descend into a holocaust of violence and chaos over the next months or years, then the political parties must be enabled to survive. For this to occur, says Cecilia Ogwal, the first step is that “Museveni must be forced to give up the falsehood that his National Resistance Movement is not a political party. There must be a separation of his party and the state. Museveni is able to use the entire state treasury, state agencies, including the military, to entrench himself in power. The political parties are being forced to compete against the state. The playing field must be leveled.

“Second, the ban on political parties’ activities must be lifted. We must enable the citizenry to operate in accordance with Articles 29 and 43 of the Constitution, which guarantee them their rights.

“Third, the parties should stand shoulder to shoulder. There must be serious dialogue among all the parties, including the National Resistance Movement, on how we should move forward to the 2001 general elections on a true democratic footing. From that dialogue there must evolve a spirit of cooperation, of give-and-take, of reconciliation, of tolerance, which will enable us to arrive at a code of conduct to regulate the interplay between the parties and for full democratization. That means we all play by the rules that we have all agreed upon.”

It is doubtful whether solutions can be taken up, if there is no support from the “donor countries” for Uganda’s democratization. But so far, Museveni’s masters have protected him well.

# Colombian government provides hit-list to ‘Third Cartel’ narco-terrorists

by Valerie Rush

In an effort to lure the Third Cartel, otherwise known as the Revolutionary Armed Forces of Colombia (FARC), back into the farcical “peace dialogue” upon which he has staked his administration, Colombian President Andrés Pastrana has delivered to the FARC a list of names of military and police personnel reportedly under investigation for alleged complicity with “paramilitary” death squads. In terrorist hands, those names constitute a “hit-list” for exterminating military opposition to a narco-terrorist takeover of the country. The list is of individuals *accused* (often by terrorist supporters)—but not found guilty—of human rights violations, and under Colombian law the list is a secret document available only to the courts and other authorities.

Thus, in one stroke, Pastrana has moved from a policy of cowardly appeasement, to outright criminal collaboration with the narco-terrorists out to destroy his country, on London’s orders.

The hit-list that the FARC received, was, in fact, compiled by the Colombian Attorney General’s office, a pro-terrorist agency and outpost of London’s Amnesty International. The first time such a hit list was published in 1992, in the form of a 400-page book sponsored by international non-governmental organizations (NGOs) and entitled *State Terrorism in Colombia*, the main contributor was former Colombian Attorney General Alfonso Gómez Méndez. Gómez Méndez today holds the post of Prosecutor General in the Pastrana cabinet.

Pastrana’s betrayal follows on the heels of his meeting in Havana with Fidel Castro, whom he pleaded, as one of the FARC’s closest friends and sponsors, to act as a “facilitator” in the peace talks. What Pastrana offered Castro for his services is not known. Also attending the meeting was Venezuelan President-elect Hugo Chávez, a participant in Castro’s São Paulo Forum who has endorsed the “peace talks” and offered to mediate as well.

Incredibly, Madeleine Albright’s U.S. State Department, which has fully backed Pastrana’s peace farce all along, publicly endorsed the appeal to Castro, claiming that anything which stops the violence and the drugs is worth the risk. The State Department has adopted the ludicrous argument, that the FARC Third Cartel is only “somewhat” involved with the drug trade, and therefore can be believed when they say they will help “reduce” drug activity in the areas they control—

over the next decade! The State Department sent a U.S. official to Costa Rica in mid-December to hold two lengthy meetings with FARC representatives, despite the fact that the FARC is on the State Department’s List of Foreign Terrorist Organizations. According to State Department spokesman Jamie Rubin, the meetings with the FARC were not official negotiations, and therefore did not violate U.S. policy against dealing with terrorists.

## Peace ‘farce’

Pastrana’s “peace talks” were formally launched on Jan. 7, at a gala ceremony in the town of San Juan de Caguán, in a demilitarized portion of southern Colombia about the size of Switzerland, which—on Pastrana’s orders—has been under the official control of the FARC since last November. Some have dubbed that area “Narcolandia,” since it lies at the epicenter of Colombia’s cocaine trade. Pastrana arrived at San Juan with a handful of bodyguards, and was permitted to enter the town by a patrol of armed FARC narco-terrorists, who paid him full honors due a visiting foreign dignitary. Pastrana and FARC chieftain Manuel “Sureshot” Marulanda—who has waged bloody war against Colombia for half a century—were slated to meet, shake hands, and endorse negotiations in this “laboratory of peace.”

In the presence of 5,000 diplomats, journalists, NGO representatives, and others, Pastrana waited on a platform—next to an empty chair. Marulanda eventually sent word that he was concerned about security arrangements, and would not be coming. His speech, a “revolutionary” diatribe including violent attacks against both the Colombian military and the U.S. government, was read by a colleague instead. It was later learned that Marulanda had been in the audience all along, and, after Pastrana’s departure, held court with a number of foreign delegations.

Pastrana’s humiliation continued, as the FARC leaders began to lay down new conditions for beginning the peace talks. First, they demanded passage of new legislation that would establish a mechanism for exchanging prisoners, currently not permitted under Colombian law. There are approximately 400 FARC terrorists in Colombian prisons, for crimes ranging from subversion to kidnapping, rape, and murder. The FARC is currently holding hostage some 250 soldiers

and police officers. Not only would an exchange significantly boost the FARC's cadre force, but more importantly, such legislation would remove the stigma of "insurgency," and give the FARC the respected status of a "belligerent force" under the Geneva Convention.

When the President doubted that Congress would be willing to pass such a law, FARC military chieftain "Mono Jojoy" gave an interview (see *Documentation*) in which he threatened to order a rash of kidnappings that would change their minds. If there is no prisoner exchange, he said, "There will be many politicians joining the 'retained' military and police officers." Not surprisingly, Pastrana succeeded in "convincing" the Congress to approve a temporary exchange mechanism; whereupon the FARC turned around and insisted that only a *permanent* exchange law, which could survive any possible breakdown in the peace talks, would be acceptable.

Before Pastrana could act on this new demand, the FARC proclaimed the peace talks "frozen," until further notice. The FARC presented another condition — total "restructuring" of the Armed Forces and elimination of the military's internal justice system. The FARC then announced that the talks would not resume until April 20, requiring an automatic government extension of the 90-day demilitarization of "Narcolandia," which was otherwise scheduled to end in a few weeks.

Fully aware that his surrender of national sovereignty to an army of narco-terrorist criminals is not exactly winning popularity at home, Pastrana has planned a nine-day trip to Europe (he calls it his "diplomacy for peace"), where he will be meeting with the heads of nearly every one-worldist institution, especially the World Bank, and other UN organizations. At the end of his trip, Pastrana plans to have a private audience with Pope John Paul II, where he hopes to pry some form of blessing of his peace farce from His Holiness.

No matter how many endorsements Pastrana brings home with him, however, it will not still the opposition to his treason. Former Armed Forces Commander Gen. Harold Bedoya (ret.), also a former Presidential candidate, is one of Pastrana's more outspoken critics. In a column published Jan. 23 in the daily *El Tiempo*, Bedoya writes: "In withdrawing the Army from the [southern] region, Pastrana Arango also withdrew from governing, and from his role as Commander-in-Chief of the Military Forces. He presented himself [in San Juan de Caguán] as a foreign personage, without the dignity and respect that only the legitimate forces of the state are capable of guaranteeing him. . . . And now, the President — like the Wandering Jew — travels the world seeking sponsors for a peace which is what neither [FARC leader] 'Sureshot' nor the Colombian people want. . . . We ask President Pastrana: How much further are you going to take the country, when violence, kidnapping, hunger, and thirst clamor for justice and find no response whatever, and when national unity, sovereignty, and territorial integrity are shattered by Colombia's own President?"

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## Documentation

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### 'Mono Jojoy' speaks

*The following are excerpts from an interview with FARC military commander Jorge Briceño (a.k.a. "Mono Jojoy") in the weekly Semana, published just days before the peace talks between the FARC and the Pastrana government started.*

The interviewer stated that legal specialists in Colombia were insisting that a law allowing prisoner exchange could only be approved by tearing up the Colombian Constitution.

**"Mono Jojoy":** If the exchange law isn't approved, some of the political class will end up keeping the [hostage] soldiers company. . . . If they don't want to do it the easy way, there are other means. But the law must be passed. We don't give a damn about the Constitution and the laws, because we are outside the law.

**Q:** Then the legal arguments against the [prisoner] exchange mean nothing to you?

**A:** They mean something to the state. That is something they will have to deal with. Not us. . . .

**Q:** You are referring to plans to kidnap politicians and Congressmen?

**A:** So far, no decision has been made. Politicians will have to be taken, as was done with [ex-President] Gaviria's brother.

**Q:** And when are you going to start kidnapping?

**A:** There will be a meeting on the 20th of this month [January]. We hope to see solutions so that more prisoners won't have to be taken. But there will be more prisoners with each week that passes. The best thing would be to solve this immediately. We are more than willing. Further, the little we have to give are the prisoners. We hand them over, and you release ours. That's easy.

**Q:** How do you view the participation of the United States in the Colombian conflict?

**A:** The United States has wanted to invade us militarily, politically, and economically. They have already done so. What we propose is that they get to know the FARC and why we are fighting. We are inviting the gringos to look closely at the Colombian situation. To avoid problems and not to confront them. If they force us, that will be another story. If some day those troops invade this territory, we will do battle with them.

**Q:** The FARC feels prepared to engage in combat with an army like that of the United States?

**A:** Of course. If they set foot on Colombian territory and come to kill us, we will have to strike first. If they come, we will await them with open arms, either to dialogue or to shoot, because there is no other way.

# Battle rages in Australia over phony ‘republic’ referendum

by Allen Douglas

On Nov. 6, Australians will go to the polls for a referendum on whether to change their federal constitution, so as to replace the British monarch with an Australian head of state. If the “yes” vote receives a majority nationwide, as well as in at least four of the nation’s six states, the new form of government—universally referred to in Australia as a “republic”—will be inaugurated on Jan. 1, 2001, precisely 100 years to the day after the six British colonies on the Australian continent united to form a federal commonwealth.

However, the huge debate which has now ignited in the country on the issue of the “republic,” is not, as one might expect, between republicans and monarchists, but among the republicans themselves. Although polls have repeatedly shown that some two-thirds of Australians favor a republic with a directly elected President, the “republican” model which emerged from the constitutional convention held on Feb. 2-13, 1998 in Canberra, proposed that the President—who would replace the Queen (and her Australian representative, the governor-general) as head of state—be *appointed by the Prime Minister*, subject to ratification by two-thirds of parliament; it is this proposal on which Australians will vote in November.

This attempt to cheat the Australian population of the ability to directly elect their head of state, to thus maintain a British-style parliamentary system (while calling it a “republic”), has caused a bitter split within the pro-republican camp, with those favoring direct election of a President now campaigning for a “no” vote in the referendum. As former independent member of parliament from Melbourne, Phil Cleary, now a leader of the “Real Republic” movement, put it in early January, “What they are offering is not a republic, it’s an oligarchy. I want a real republic, they want a phony republic. Well, bugger ‘em!”

Or, as Craig Isherwood, the national secretary of Lyndon LaRouche’s co-thinkers in Australia, the Citizens Electoral Council (CEC), more precisely analyzed the present pell-mell push for a “republic,” “If you look at the history of this referendum, it’s ‘all the Queen’s horses, and all the Queen’s men.’ And, aside from this phony ‘republic,’ no one but ourselves has raised the other crucial issue—that, even under this new ‘republic,’ Australia will remain as a key member of the new form of the British Empire, the Commonwealth. Given the global financial crash now unfolding, Australia, now more

than at any time in its history, desperately requires a truly sovereign republic.”

## The history of a con job

The history of the present referendum began, at least in the public eye, with a speech by former Labor Prime Minister Paul Keating on June 7, 1995, in which he called for the establishment of a “republic” by Jan. 1, 2001, with the precise features (including the method of appointment of the President) which were later adopted by the Constitutional Convention in early 1998. However, the *éminence grise* behind what is still referred to as the “Keating model,” as well as behind all subsequent developments in the “republic” campaign, was the Constitutional Centenary Foundation (CCF) established in 1991, a collection of “all the Queen’s horses, and all the Queen’s men.” The CCF and its personnel dominated the Constitutional Convention, which the CCF, no doubt with a typically sadistic British chuckle, refers to in its printed literature as, the “Con Con.”

That Keating would be chosen to initiate the drive for a “republic,” is indicative of this “Con” job: Beginning 1983, first as federal treasurer and then as Prime Minister, Keating opened the country to takeover by foreign financial interests, by lifting Australia’s exchange controls, floating the dollar, and dropping the country’s tariffs. These, and additional globalization measures produced the worst foreign debt blowout in the nation’s history, from AUS \$38 billion to AUS \$206 billion, according to even the Keating government’s own, highly understated figures.

The CCF, the guiding hand behind Keating’s push for a “republic,” was established by the cream of Australia’s Anglophile establishment. Its founding chairman, Sir Ninian Stephens, was Her Majesty’s former Governor-General of Australia and a member of Her Majesty’s Privy Council, while its four major private financial sponsors are Rio Tinto, the world’s largest mining company, in which the Queen holds a dominant share; the nation’s single-largest financial institution, the AMP Society insurance giant; the Commonwealth Bank of Australia, the now-privatized former national bank; and the Big Six accounting firm, Arthur Andersen and Co. Leading board members include John Ralph, the former longtime head of Rio Tinto in Australia, which dominates much of the country’s politics, and Gary Sturgess, one of 12

members of the Mont Pelerin Society, the chief economic warfare unit of the British Crown. The CCF's vice chairman since 1991, who actually runs the organization day to day, is Cheryl Saunders, a professor of law at Melbourne University. Her own activities demonstrate why the CCF is organizing the "republic" drive: not to establish sovereignty, but to splinter what shards of sovereignty Australia presently maintains. The CCF, for instance, in its meetings and in statements by its personnel, has called for enshrining "indigenous law" and "Aboriginal land rights"—for which the Queen's Rio Tinto has been the chief funder—in a new, rewritten constitution, paving the way for the creation of "independent Aboriginal states."

And, Saunders's own scholarship is typical of the frauds perpetrated by the nation's white-run "Aboriginal lobby," which was founded by Britain's Prince Philip, through the Australian Conservation Foundation, a branch of his World Wildlife Fund which he set up in 1963, and which has led the charge for "land rights." On the basis of Saunders's report that Hindmarsh Island in South Australia was a "sacred site" for Aboriginal women, the government banned the construction of a bridge to the island. An uproar ensued, during which it emerged that the "secret Aboriginal women's business," as it was called, had in fact been cooked up wholesale by white anthropologists. In related attacks against other shards of Australian sovereignty, other CCF spokesmen emphasize that the constitution must be rewritten, to "update it economically," to enshrine a "balanced budget" and "globalization."

### **Kerry Packer's republic?**

The chief public front for the CCF's "republic" drive, is the Australian Republican Movement (ARM), which officially organized the Feb. 2-13, 1998 "Con Con," which was chaired by longtime MP Ian Sinclair—Her Majesty's ranking Privy Councillor in Australia. Virtually all of the ARM's key personnel, including Malcolm Turnbull, whom Keating appointed as founding chairman, are present or former employees of multi-billionaire press magnate Kerry Packer, a key figure in the British American Canadian (BAC) cabal originally established around press baron Lord Beaverbrook during World War II. This cabal included Kerry's father, Sir Frank Packer, a notorious toady of the British Crown, and Sir Keith Murdoch, the father of Packer's fellow BAC press baron Rupert Murdoch. And, the old royal ties have continued: Kerry Packer is seen from time to time in Her Majesty's box at the Ascot races in England, and is business partners with several of the Queen's favorite financiers, including Lord Jacob Rothschild and the late Sir Jimmy Goldsmith, while World Bank head Sir James Wolfensohn and United Nations Undersecretary General Maurice Strong sat on the board of Packer companies for many years. Her Majesty keeps some strange company: In the early 1980s, the Costigan royal commission investigated Packer for possible involvement in pornography, tax evasion, drugs, corporate fraud,

money laundering, and murder, before that commission was abruptly wound up by the incoming Labor government of self-professed Packer-admirer, Prime Minister Bob Hawke, and Treasurer Paul Keating in 1983.

Note the Packer pedigree of the following high-profile ARM personnel: ARM's founder and present chairman is international merchant banker Malcolm Turnbull, who defended Packer before the Costigan royal commission, and who was his in-house lawyer for years, in addition to establishing *Playboy* magazine's Australian subsidiary; Turnbull's deputy at ARM is former New South Wales premier Neville Wran, also a Packer intimate; and, ARM head in the state of Victoria is Eddie Maguire, a highly paid sports commentator for Packer's Channel 9 TV.

Then, when the "Real Republic" movement led by former independent MP Phil Cleary and others, emerged strongly in early January to lead a republican "vote no" movement, and opinion polls showed that the November referendum might fail, a new group suddenly popped up to attack Cleary et al.: "Conservatives for an Australian Head of State." This silver-spoon outfit includes a number of the country's top business executives, including Charles Goode, chairman of ANZ Bank, the "veddy British bank," which was headquartered in London until 1977. And who is leading this grass roots movement of bankers and bigshots for a republic? None other than former Liberal party federal director Andrew Robb, now a senior figure in the Packer organization!

A member of this new group, academic Greg Craven, expressed the panic in establishment circles, of what a failure in the November referendum might lead to. "If this fails, then the logic of Australian constitutionality is that we will end up with a direct election for a President, which would be an unmitigated disaster," he said. Meanwhile, ARM head Turnbull claimed, in the *Sydney Morning Herald* of Dec. 30, 1998, that "there is virtually no support for a U.S.-style system"—a blatant lie, according to virtually every poll ever taken during the past several years, which repeatedly show a majority in favor of direct election.

### **The great preamble scam**

Besides the nominal change of substituting an Australian oligarch for the British Crown, as head of state, Packer's Feb. 2-13, 1998 "Con Con" also recommended that a new preamble be written for Australia's constitution, nominally because the 1901 act of the British Parliament which contained that constitution, and which established the Commonwealth of Australia, does have a preamble, but the constitution itself does not. Among the things which a new preamble should include, said the Con Con, are: "gender equality"; homosexual rights; "acknowledgment of the original occupancy and custodianship of Australia by Aboriginal and Torres Strait Islander" (i.e., land rights); and "affirmation of respect for our unique land and the environment" (as specified by Prince Philip's Australian Conservation Foundation).



Since constitutional preambles are used to help determine the meaning of the body of the constitution itself, inserting a seemingly minor preamble such as that above, has extremely far-reaching implications. Even the largely hand-picked delegates to the “Con Con” recognized this, and apparently revolted, demanding that Section III of Australia’s constitution be changed, so as to specifically state that the new preamble would *not* be so used.

The CCF, meanwhile, through the “working draft” on the constitution which it issued in January 1999, has launched a nationwide “Preamble Quest,” to brainwash the population to both include such a preamble in the November election — and to accept that it be used to interpret the document as a whole. Compare the grab-bag of indigenist, homosexual, “culturally diverse” clauses which the CCF champions — which are clearly designed to splinter the Australian nation-state — with the natural law-derived eloquence of the Preamble to the Constitution of the United States. This latter reads: “We the people of the United States, in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America.”

As statesman Lyndon LaRouche has emphasized, this “general welfare” clause, rooted in concern for the physical and spiritual well-being of all Americans, both today and of generations yet unborn, is the bedrock upon which the Constitution is anchored in “Temporal Eternity.” Such a natural-law concept of sovereign nationhood, is fundamentally opposed to the passing whims of “special interests,” such as “land rights,” which are usually whipped up by the oligarchy.

### The battle for a true republic

Indeed, the example of the U.S. Preamble is extraordinarily relevant to the republic debate raging in Australia today. As the CEC’s Isherwood emphasized in a discussion with this news service on Jan. 28, “It is totally lawful that almost two-thirds of Australians favor a directly elected President, on the U.S. model, because we have a proud and deep tradition of republicanism which goes back to at least the mid-19th century. Our organization has documented this history — which has been covered up, and which is therefore unknown to most of my fellow countrymen — in our groundbreaking work, ‘The Rise and Fall of Australia: The British Crown’s Assault Against the Commonwealth,’ which we wrote a few years ago, and just recently re-issued in our pamphlet, ‘Stop the British Crown Plot to Crush Australia’s Unions.’ The fight of our forefathers, many of whom were fierce republicans from Ireland and Scotland who were shipped here as political prisoners, and who organized the labor movement in this country, continues today against the exact same enemy whom they fought then — the British Crown.”

As that CEC pamphlet documents, in the 1890s the Crown

sent out its personal representative, Lord Charles Robert Carrington, Marquis of Lincolnshire, one of the closest friends of the degenerate Prince of Wales (later Edward VII), and great-uncle of today’s Lord Peter Carrington (a former High Commissioner to Australia, and former chairman of ANZ Bank), precisely to head off attempts to establish an American-modeled republic. Carrington worked through a frontman, the slavishly Anglophile Premier of New South Wales, Sir Henry Parkes — the so-called “Father of Federation” — to establish a British parliamentary system with the Crown as head of state. As Parkes put it, “There are disruptive organizations here in favor of pure republicanism. . . . To those who think most loosely, the lodestar is the United States.”

Trade unionists, meanwhile, regularly denounced the Parkes-Carrington version of a “commonwealth” as a “British imperial plot.” Written by fanatical Australian Anglophiles such as Sir Samuel Griffiths, a favorite of the Colonial Office, the Australian constitution was secretly sent back to London to be rewritten to, as one Colonial Office official put it, “remove any residual American tendencies.”

Almost 100 years later, the issue of a republic has again taken center stage in Australia. But, will Her Majesty’s servants, once again, dominate the outcome? Given the global financial crash, in which Western civilization faces its greatest peril in centuries, LaRouche associate Craig Isherwood concluded, “This time, we better do it right.”

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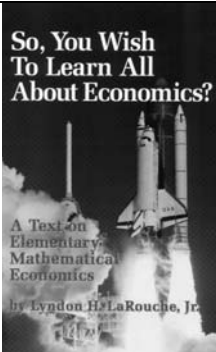
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# International Intelligence

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## *Scottish parliament goes after feudal land rights*

Scotland's new parliament is saddled with the task of challenging over a century of feudal land ownership, according to a report in the Jan. 13 London *Financial Times*. Scotland's Parliament, which came into being this year, is planning land reform that includes correcting "Highland clearances of the 19th century, during which hundreds of thousands of crofters [tenant farmers] were evicted from large estates," reports the *Times*. The huge estates that were thus created still exist, and often encompass dozens of villages, which have no say when the estates are sold or change hands through inheritance. "For a First World country, the concentration of land ownership in Scotland is shocking. About 600 individuals—usually aristocrats or reclusive foreigners, or fat cats from the City—own 50% of the land," admits the mouthpiece of the City of London.

Scottish Secretary Donald Dewar has proposed that local communities should have "first refusal" on buying big estates when they come up for sale, at a price set by a government-appointed value, rather than by the market. Money from the National Lottery would be available to help. However modest, this land reform raised a cry from landowners who claim that it would bankrupt agriculture—meaning their right to hunt deer and grouse on vast estates.

Next door in England, 80% of the land is still owned by the aristocracy, a very large part of it by the Crown.

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## *Senior MP blasts 'New Labour' as 'old Tory'*

Senior Labour Party Member of Parliament Derek Foster charged that British Prime Minister Tony Blair is "prostituting" the party's traditional trade union-based philosophy with his "Third Way" ideology, in an interview with the Jan. 17 issue of Newcastle's *Sunday Sun*. Foster, who represents the Bishop Auckland district in England's impoverished Northeast, has been a Labour

Party activist for four decades (almost longer than Blair has been alive), including Chief Whip from 1985-95 and parliamentary private secretary to Labour MP Neil Kinnock. He currently heads the Parliamentary Working Group on Manufacturing Industry.

A week earlier Blair had given a speech hailing New Labour as the party of the expanding middle classes. Foster responded that Blair's statement was a "prostitution of the vision which created Labour out of the trade union movement." He charged that "this New Labour government is not fit to polish the boots of the postwar Labour government" headed by Clement Attlee. "New Labour are neither new nor Labour in my book. They look like old Tory."

"Unemployment and poverty" are the main issues now facing Britain, Foster asserted, adding that, under Blair, Labour "has lost its grasp of the common thread. . . . I don't think there is an economist in the Cabinet. . . . Tony Blair wants a coalition with the Liberal Democrats, he wants to forget us. . . . Labour doesn't seem to take manufacturing industry seriously. Monetary policy is designed for the prosperous financial services businesses in the south and southeast."

The *Sunday Sun* covers Foster's comments as its lead story, under the banner headline: "Blair Doesn't Even Like Labour."

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## *Raúl Salinas convicted in Ruiz Massieu murder*

On Jan. 21, a Mexican judge found Raúl Salinas de Gortari, the older brother of former President Carlos Salinas de Gortari, guilty of helping to order and plan the 1994 murder of José Francisco Ruiz Massieu, the Secretary General of the ruling Institutional Revolutionary Party (PRI). Salinas received a 50-year prison sentence. He was also found guilty of unrelated charges of using false documents and making false declarations. The *Wall Street Journal* quoted an unnamed senior law enforcement official: "This is the most wonderful thing. It means there is one less rat on the street."

"It couldn't have been any worse," was

the comment of Salinas family lawyer Juan Velásquez.

But, it can get much worse, especially for the Salinas family, Citibank, and President Salinas's political friends, former U.S. President George Bush and his sons, Texas Gov. George Bush and Florida Gov. Jeb Bush. Mexican authorities are still pursuing drug-trafficking charges against Raúl Salinas, following up on the Swiss government's official finding in October 1998, that the money he stashed in Switzerland, was paid to him by top leaders of Colombia's Cali and other drug cartels. Salinas was paid millions, the Swiss found, to secure protection for the transformation of Mexico into a major cocaine transshipment route, at a time when President Carlos Salinas and President George Bush were laying the groundwork for the North American Free Trade Agreement, which vastly facilitated drug smuggling.

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## *Romania's fascists manipulate miners*

Romania's fascist parties are manipulating the legitimate rage of the nation's coal miners and other unionists, for the purpose of overthrowing the government of Prime Minister Radu Vasilyev and President Emil Constantinescu. In the past two years, because of International Monetary Fund (IMF) "reforms," 100,000 miners have lost their jobs, and another 100,000 are now slated for lay-off. In response, miners were sucked into making a protest march on Bucharest by trade union head Miron Cozma, who happens to be an executive member of the fascist Greater Romania Party (PRM). The protest was timed to coincide with the opening of talks between the government and the IMF, making it more difficult for the Bucharest government to offer compromises to the unionists.

On Jan. 21, the protesting coal miners were stopped about 100 miles from the capital by a large contingent of special police. Cozma, together with PRM head Vadim Tudor, have called for a general strike and the overthrow of the government in retaliation. Other parties backing the PRM action are

**HELGA ZEPP-LAROCHE** aired a short TV ad in the German state of Hessen, where her party, the Civil Rights Movement Solidarity, is running in the Feb. 7 state elections. She detailed the danger of the coup d'état in the United States, urging, "President Clinton must, together with China, Russia, Germany, and other nations, initiate a New Bretton Woods System. The way out of the world economic crisis must lie in the construction of the Eurasian Land-Bridge. These questions determine our life and our future."

**THE PHILIPPINES** Supreme Court ruled on Jan. 20 that convicted child rapist Leo Echegaray should be put to death "without further delay," clearing the way for the first judicial execution in 23 years. Fourteen more people are scheduled to be executed.

**THE SUDAN** government and Sudanese People's Liberation Army agreed to extend their cease-fire over certain areas of southern Sudan, particularly the famine-stricken Bahr el-Ghazal region, in mid-January. The extension, worked out through a special envoy for UN Secretary General Kofi Annan, is the third three-month cease-fire in the area, and military operations are dormant for now.

**THE GERMAN** "Gauck" agency, responsible for investigating the crimes of the East German secret police (Stasi) and foreign intelligence (HVA), has deciphered the latter's decoding manual, which now opens the door to discovering where the HVA planted its operatives in both foreign government agencies and other organizations.

**CAMBODIAN** Premier Hun Sen has said that he may consult South African Archbishop Desmond Tutu on how to put on trial leaders of the Khmer Rouge. Hun Sen gave firm backing to a trial, but demanded that justice also be applied to the Khmer Rouge's global supporters. "We should find justice for those who died from 1970-75, from 1975-79, and from 1979-98," he said.

the ultra-chauvinist, anti-Hungarian National Unity Party of Romania (PUNR) of Gheorghe Funar, and the former Communists, the PDSR, of Ion Iliescu, which have become National Bolsheviks in outlook.

Romanian living standards are so horrendous that the country is a powder keg. Even official statistics show 68% of the population below the poverty line. Monthly pensioners get roughly \$10-12, teachers earn \$50, while the "average wage" (which includes the nouveaux riches) is a pathetic \$100.

## *Iran, Russia discussing strategic partnership*

Manfred Quiring, writing from Moscow for Germany's *Die Welt* on Jan. 16, reports on plans for a strategic partnership between Moscow and Tehran. Quiring's main source is his discussions with Rajab Safarov, who is the Vice President of the Coordinating Center for the Russian-Iranian Program, and an adviser to Russia's State Duma (lower house of Parliament) on security questions. Safarov commented on the U.S. decision on Jan. 12 to sanction three Russian scientific institutions for, as U.S. National Security Adviser Sandy Berger put it, allegedly supplying "sensitive missile or nuclear assistance to Iran." According to Safarov, the United States decided to sanction the institutions precisely to prevent a Russia-Iran strategic partnership, and he denied that the institutions had any direct contact with Tehran, or that they had anything to do with missile and nuclear development.

Safarov pointed to Prime Minister Yevgeni Primakov's recent proposal for a strategic triangle among China, Russia, and India. He said that the Chinese had reacted coolly to the idea, but that Iran could take part. "The strategic partnership among Russia, India, and Iran is a realistic thing," he said.

Safarov said that the Russians had earlier hesitated to give this idea an official form, out of deference to the West, but that now "the idea is being discussed on a very serious level." He said that he thought the eventual loss of the \$300 million Russian-American missile trade would be compensated for by

a strategic partnership with Iran, but noted that Russia might risk losing its important trade with the European Union. Among the projects Safarov says are being discussed are the establishment of a legal status for the Caspian Sea (on which topic the two nations essentially agree), a pipeline from the Caspian Sea via Iran (and not Turkey), as well as a Russian air defense system from the Persian Gulf to Central Asia, a broader defense system including "an electronic early warning system, and modern coast guard ships."

## *African wars displace millions in two months*

Under a shroud of international silence, millions of Africans have been displaced by wars in the last two months:

- **Angola:** As of the beginning of January, the UN suspended aid flights to Angola, where presently 800,000 people have been displaced because of the renewed war by the British-backed Jonas Savimbi against the Angolan government. Starvation is now a possibility for thousands of refugees in Huambo and Kuito. Food stocks have completely run out in the provinces of Bie, Huambo, and Malanje, and the war has blocked all access to the people there. Savimbi's UNITA is laying siege to the cities of Malanje, Huambo, with 300,000 people; and Kuito, with more than 300,000 displaced residents.

- **Congo:** Congolese refugees are fleeing into the Central African Republic and Uganda. In the latter country, they were forcibly returned to Congo, in violation of international law.

- **Somalia:** More than 5,000 Somalis, displaced by fighting between forces allied to Aideed and the Rahaweyn Resistance Army in the Bay and Baykool regions, have fled to Kenya, where they are now in dire need of food. The refugees started flooding into Kenya in early December.

- **Sierra Leone:** Thousands of people have been newly displaced in Sierra Leone, where the capital city Freetown was swollen with hundreds of thousands of displaced who were fleeing the December blitzkrieg of the British-backed Revolutionary United Front.

## The Gore coup attempt is already succeeding

by Edward Spannaus

Even though Congressional Republicans concede that, at this point in time, they do not have the 67 votes in the Senate necessary to remove President Bill Clinton from office, the coup d'état against the Presidency is relentlessly proceeding. Every day that the Senate "trial" drags on, and the President continues to be under this foreign-run assault, represents a day that the U.S. government is slipping away out from under the control of the Chief Executive and Commander-in-Chief. If the President cannot be legally removed, he can be humiliated and immobilized—and that is a major purpose of carrying the impeachment process on, as the world sinks deeper into financial collapse and strategic destabilization.

With the President under siege, foreign policy and military policy are being made and carried out by the Principals Committee—Vice President Al Gore and his allies such as Secretary of State Madeleine Albright and Defense Secretary William Cohen. "Co-President" Gore has likewise tried to assume control of domestic policy, and is putting forward a higher and higher profile within the administration. And the "permanent bureaucracy" of the Justice Department, State Department, and other agencies is reasserting its power.

The most immediate danger is that, with the Principals Committee making and conducting policy behind the President's back, the United States is heading toward a new and dangerous confrontation in the Middle East around Iraq (although the comments by Gen. Anthony Zinni, the head of the U.S. Central Command, in Senate hearings on Jan. 28, represent the beginning of an open fight over Iraq policy), and relations with Russia and China are rapidly deteriorating. If this is not quickly stopped and reversed, the damage may be irreparable.

Make no mistake, the architects of the coup know exactly what they are doing.

### The coup-makers speak

During the Senate impeachment trial on Jan. 16, House manager Rep. Lindsey Graham (R-S.C.) declared that Al Gore is waiting to take over as President, and called for the Senate to let him do it. Graham concluded:

"The Vice President will be waiting outside the doors of this chamber. Our constitutional system is simple and it's genius all at the same time. If that Vice President is asked to come in and assume the mantle of chief executive officer of the land, chief law enforcement officer of the land, it will be tough, it will be painful, but we will survive and we will be better for it."

And to hear it even more directly from the horse's mouth, listen to the comments of Emmett Tyrrell, the editor of the London-linked *American Spectator* magazine, which launched the "Troopergate" scandals at the end of 1993, which was pushing the impeachment of President Clinton by the end of 1996. Tyrrell was speaking on C-SPAN's "Washington Journal" on Jan. 22:

"I think one of the under-appreciated people in all this is, oddly enough, Al Gore. He must go home at night feeling rather bad thinking the Democratic Party wouldn't welcome him as President of the United States. He certainly would be a much steadier hand at the helm today than Bill Clinton is, and the notion that there's going to be some sort of chaos if Al Gore steps in as President of the United States. . . . Was there chaos when Gerald Ford stepped in as President of the United States? I don't think so. So, Al, I just want you to know, I'm for you and if you're President tomorrow, I'll rest easy with you at the helm."

This is also how it is increasingly being seen abroad. During an ABC "Nightline" discussion on Jan. 27 with the Washington correspondents of various foreign news media, host

Ted Koppel asked Claus Kleber, the correspondent for Germany's ARD television network, what do the Germans have the most trouble understanding about the impeachment? Kleber said that at first it looked like just a sex scandal. "But now, since it drags on so much, the emphasis for us, of our viewers, goes onto the political side. Why do the Republicans push for President Gore? This is the question that is always asked."

## **GOP self-destruction**

Perhaps the strongest indication that this operation is being run from outside—certainly from outside the United States Senate, and in some respects from outside the United States itself—is that that Republicans are so obstinately persisting in what many of them realize is a suicidal course.

In his widely syndicated column, conservative political commentator Robert Novak wrote that Republican Senators are caught between two forces: the House Managers who are insisting on bringing witnesses onto the Senate floor, and, on the other hand, "fear that the Grand Old Party is sinking into oblivion under the weight of the impeachment case." Novak cited private polls which show the Republicans have lost 8 to 12 percentage points to the Democrats since the November elections, in large part because of the impeachment. "The panic in GOP ranks cannot be exaggerated," Novak declared.

Yet, they persist. Since the Jan. 27 vote on dismissal of the case, in which 44 Senators voted to dismiss the Articles of Impeachment without further proceedings, it has been clear that, barring a drastic shift, the Republicans will not be able to muster the two-thirds necessary to convict and remove the President. Yet, the next day, the Republicans rammed through, on party-line votes, procedures to take testimony from witnesses demanded by the House Managers, leaving the door ajar for still more after that.

"The Managers' hope to call more witnesses is simply a product of their desire, their hope, their prayer that something will come to rescue their case," White House counsel David Kendall said. "I think it comes from desperation."

It is indeed quite obvious that the House Managers, and those pulling their strings behind the stage, are desperately hoping that something new will somehow emerge, that can change the situation in their favor.

This quality of desperation became obvious on Jan. 22-23, when it was disclosed that Rep. Henry Hyde (R-Ill.), the leader of the Managers, was secretly working with independent counsel Kenneth Starr to force Monica Lewinsky to appear, to be interrogated by the Managers.

The Managers had already attempted to obtain an interview with Lewinsky, but her attorneys had refused. Hyde then went to Starr and asked him to intervene. On Jan. 21, Robert Bittman, one of Starr's deputies, contacted Lewinsky's lawyers and demanded that Lewinsky meet with the Managers. Lewinsky's lawyers still refused.

Starr then filed a secret motion with Chief Judge Norma

Holloway Johnson of the U.S. District Court in Washington, asking her to order Lewinsky to be debriefed by the House Managers. As the Senate trial was under way on the morning of Jan. 23, Chief Judge Johnson ordered that Lewinsky appear to be questioned by House Managers, with the presence of prosecutors from Starr's office.

The actions of Hyde and Starr became the leading topic of debate, and White House counsel Charles Ruff charged that Hyde and the Managers were using the threat of jailing to force Lewinsky to talk to them, since Starr can prosecute and jail her if he claims she is not "cooperating" with his office under her immunity agreement.

Starr's unwarranted (and, as Sen. Tom Harkin [D-Iowa] charged, unconstitutional) intervention into the Senate trial served two useful purposes. First, it broke the facade of "bipartisanship" which had dominated the Senate proceedings since the procedural agreement of Jan. 8. ("Bipartisanship" simply meant that most Democrats refused to denounce the Senate trial for the charade it is.) Second, it demonstrated that Starr and the "Get Clinton" cabal surrounding him are still lurking in the shadows, and that they intend to still be running the show no matter what ultimately happens in the Senate.

This point was forcefully made by Sen. Ernest Hollings (D-S.C.) on NBC's "Meet the Press" on Jan. 24, as he argued that the case against President Clinton should be dismissed. "This political charade has gone on long enough," Hollings said. "It started four and a half years ago, \$50 million, old Kenneth Starr, the most starkly partisan prosecution harassment."

"You know, in the very early days, we declared in the Declaration of Independence against sending hither swarms of officers to harass our people and eating up their substance. That's happened for four and a half years. They've gone from Vince Foster to Whitewater, Filegate, Travelgate, any and every kind of challenge they've made. Now they're trying misuse the impeachment laws."

During the week, as the Senate moved to take testimony and gather additional evidence, the White House was coming under heavy pressure to back off from its demand for full access to all of the material given by Starr to the House Judiciary Committee, including the "secret evidence" which has been trumpeted by some of the House Managers. By Jan. 28, White House spokesman Joe Lockhart was conceding that the White House might not be able to obtain the discovery it was demanding. "Every time we turn around, the rules get changed," Lockhart complained.

With removal fading away as a likelihood, the President's adversaries began cooking up a new constitutional monstrosity: conviction without removal. Under the guise of a "finding of fact," or some variety of "censure," the President would remain under a cloud of condemnation for the remainder of this term, while Vice President Gore, the Principals Committee, and the permanent bureaucracy run the U.S. government.

# 'Treason in America' will be back in print

EIR is pleased to announce that Anton Chaitkin's *Treason in America*, one of the seminal works of the LaRouche movement, will soon be back in print. With the current escalation of British-sponsored treason against the U.S. Presidency, it is particularly important that this book be once again available to policymakers and political organizers. The following are excerpts from the preface to the new printing.

## From the author's preface

*Treason in America: From Aaron Burr to Averell Harriman* first circulated as a feature series in *New Solidarity*, the newspaper of the Lyndon LaRouche political movement, beginning Jan. 17, 1983. In March 1984, Chapters 1-13 of the *Treason* series were gathered together in the 317-page first edition of this book.

Chapters 14-19 appeared in *New Solidarity* from April 1984 through July 1985. The completed, 607-page second edition, with footnotes, index, and bibliography, was released in December 1985.

A certain steady demand having continued for the book while it has long been out of print, this second printing of the second edition is now issued. No changes have been made, except for the substitution of this preface for those of the previous printings, and the updating of the author's biography.

The historical method employed in this book arose from the author's association with Lyndon H. LaRouche, Jr., since 1966, in a political war against the power elite of the London-New York financial axis. That conflict reached a climactic intensity in the period the *Treason* series first appeared. LaRouche's fight for a just economic order and Third World industrialization, rallied nationalist leaders everywhere, and led to Mexican President José López Portillo's 1982 call for a debt moratorium. LaRouche aides wrote a key part of U.S. President Ronald Reagan's March 23, 1983, national address announcing the Strategic Defense Initiative, the beam-weapons defense program developed and fought for by LaRouche over the preceding several years.

Such initiatives, designed to break Western policy out of the paradigm imposed by British and Anglophile "globalists," brought responses of fearful fury from LaRouche's opponents. Over many years, an arena of this global scope and at this level gave to the participants a uniquely elevated vantage point from which to appreciate the realities of politi-

cal combat. For example, the disguised use of sundry varieties of political radicals, or of supposedly neutral press outlets, as fronts for assaults by the oligarchy and its controlled police agencies, became increasingly easy to anticipate and unmask. Ultimately, massive judicial and other force was used in the unsuccessful attempt to shut this movement down.

Such a real-life academy affords the student of history special advantages. Being an active participant in an intense contest for some policy, allows one unusual facility to detect lying concerning such a policy in the popular press, in particular when events are described as accidental and not the outcome of a bitter fight between two sides. It was quite natural to apply such observations to original study of the struggles of one's predecessors in the republican tradition, from Plato through the Renaissance into the American Revolution and the modern world, once this tradition had been identified and revived by Lyndon LaRouche.

*Treason in America* was preceded by Nancy Spannaus's 1977 essay, "Uncovering the Treason School of American History," in her *The Political Economy of the American Revolution*, rebutting the Anglophile and Marxist historians' burial of the universal values of the American Founding Fathers; and by W. Allen Salisbury's 1978 book, *The Civil War and the American System: America's Battle with Britain, 1860-1876*, with its rediscovery of Abraham Lincoln's economic adviser Henry C. Carey, restoring the Lincoln-Carey nationalism to the center of U.S. history, as was understood by all educated men of that era.

The *Treason in America* story was conceived as a kind of family biography of the Anglophile U.S. Eastern Establishment, seen in their conflict with republican patriots from the American Revolution into the present era. The bad repute of "conspiracy theories" in polite society was no deterrence to such a study, nor was Karl Marx's attack on the pro-American System economist Friedrich List: "Since his own work conceals a secret aim, he suspects secret aims everywhere. . . . Herr List, instead of studying real history, looks for the secret, bad aims of individuals, and, owing to his cunning, he is very well able to discover them . . . making [his enemy] an object of suspicion. . . . Herr List casts aspersions on the English and French economists and retails gossip about them."

Using mainly primary sources, so as to go beyond mere gossip, an attempt has been made in this work to reconstruct the pivotal political wars in U.S. history from the 1780s to the mid-20th century. This is a confidential exposition of the employment record, so to speak—not only the "secret, bad aims"—of Benedict Arnold, Aaron Burr, Albert Gallatin, the blue-blood dope pushers, the Free Traders, the secessionists, the backers of Hitler, and the Anglo-American forerunners of the recent decades' New Agers. It is believed that this work is the first serious chronicle of the anti-nationalist side of American history yet written. . . .

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# National News

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## Supreme Court denies Billington habeas

The U.S. Supreme Court on Jan. 14 rejected the request of LaRouche associate Michael Billington that they review his case. Billington is currently serving an outrageous sentence of 77 years in Virginia, on frame-up charges of “securities fraud.” In responding to his request, the Rehnquist court issued its characteristic one-sentence order that the petition was “denied.”

Billington’s case is a judicial atrocity. Three times indicted by the “Get LaRouche” prosecutorial task force, he was convicted along with LaRouche and five other co-defendants in the Alexandria, Virginia, Federal railroad of 1988, and received a sentence of three years. While still serving his Federal sentence, he was convicted again of essentially the identical charges in the state of Virginia, and was handed a 77-year sentence by an overtly hostile judge.

In his 1989 state trial, Billington’s lawyer, the late Brian Gettings, suddenly turned on him, on the eve of trial. He insisted that Billington was insane, because he had refused a plea bargain or a bench trial (which would have ensured a short sentence). Prosecutor John Russell, Gettings, and Judge Clifford Weckstein ordered two mental evaluations of Billington, who was found to be perfectly sane. But Gettings continued throughout the trial to seek to have him confined to a mental institution. Judge Weckstein refused to allow Billington to fire Gettings, although another lawyer familiar with Billington’s case was prepared to enter the case immediately.

Meanwhile, in an extraordinary series of breaches, Gettings conveyed to the judge and prosecutor what Billington was saying to him, refused to prepare Billington to testify in his own defense, or to allow Billington any other meaningful role in presenting his case, and himself made public accusations against Billington.

Although Billington first filed for his *habeas corpus* rights in the U.S. District Court in October 1994, his *habeas* rights were undermined by the procedural bars in the Anti-Terrorism and Effective Death Penalty Act of 1996. The act practically eliminates the right to *habeas* review in Federal courts except in the most extraordinary circumstances. It substitutes the goals of “comity”

(state’s rights) and “finality” for what was the ancient purpose of the Great Writ: ensuring that no one is imprisoned unjustly, as Billington manifestly is.

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## Hebrew-speakers sought in Greenberg break-in

Three suspects—two Hebrew-speaking men and a woman—are being sought in the Jan. 18 break-in of Stanley Greenberg’s Washington office, D.C. police sources told the *Washington Post*. Political consultant Greenberg is working on the election campaign of Israeli Labor Party leader Ehud Barak for Prime Minister. Working with him is James Carville, President and Mrs. Clinton’s longtime friend. The first break-in of Greenberg’s office was on Jan. 11, and an earlier burglary had taken place at his office in Israel. The burglaries required defeating security systems and motion detectors.

In addition to a witness, police now have physical evidence, including blood and pieces of clothing torn during the suspects’ entry through a skylight. The witness is a cabdriver who dropped off the three people on the evening of Jan. 18, in the vicinity of Greenberg’s office at 515 Second St., NE. The driver said that they had asked him to drive around the block three times before being let off at different locations; the woman, he said, went into the backyard of the building. During the ride, they were talking about security systems, and alternated between speaking Hebrew and English. While the men had accents, the woman spoke English without an accent.

D.C. Police Executive Assistant Chief Terrance Gainer told *EIR* that the department is working with police in Israel, where the break-in is now being referred to as the “Israeli Watergate.”

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## Roger Winter protégé to coordinate ‘Tibet issues’

The State Department announced on Jan. 22 that Julia V. Taft, the Assistant Secretary of State for Refugee Affairs, will also take over the post of Special Coordinator for Tibetan Issues. China has repeatedly objected to the

recently created post, previously held by Clinton attorney Gordon Craig, as demonstrating interference in its internal affairs. A reported objective of the post is “to promote substantive dialogue between the Chinese government and the Dalai Lama and his representatives.” Taft will also pay special attention to human rights issues, including “the preservation of the unique religious, cultural, and linguistic heritage of Tibetans.”

Julia Taft was president of Inter-Action, which coordinates a group of refugee aid and human rights non-governmental organizations run by Roger Winter, during most of the 1990s. Taft worked directly under Winter, who heads the U.S. Committee for Refugees, in running wars in Congo-Zaire, Rwanda, Burundi, Ethiopia, Eritrea, Uganda, and southern Sudan. In 1998, Taft was appointed to the refugees affairs post, where she continues to work with Winter.

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## Carvilles victimized by ‘family-values’ hate radio

On Jan. 21, the American Family Radio network, an arm of the American Family Association, pulled a lying story that James Carville had been arrested for domestic violence, from its air waves and its website. The story was that Carville, a longtime friend of the Clintons who worked on the 1992 and 1996 campaigns, had been arrested and jailed on Jan. 18, in Rockville, Maryland, for firing a gun and wielding a knife, in a fight with his wife, Republican campaign consultant Mary Matalin. The story was false in every respect. The American Family Association is headed by the Rev. Donald Wildmon, a so-called Christian activist, whose website has encouraged the ouster of President Clinton.

Marvin Sanders, the manager of the American Family Radio network, said that he “made an immediate retraction” after finding out that the story “was a hoax.”

The story showed up on an anti-Clinton Internet discussion group site, reporting the incident as taking place at Carville’s home in Rockville, Md. (the Carvilles live in Virginia), on Jan. 11 (Carville was in Arizona and Tennessee at the time). The article was attributed to the *Montgomery County Ledger* (it doesn’t exist). The supposed arresting officer also doesn’t exist.

## Hill reacts to Clinton's Social Security proposal

President Bill Clinton's proposals to reform Social Security began generating a buzz on Capitol Hill even before he delivered them in his State of the Union address on Jan. 19. The President proposed that a portion of the projected Federal budget surplus to be set aside for shoring up the Social Security Trust Fund, should be invested into the private sector, "just as any private or state government pension would do." He said that this would earn a higher return and keep Social Security on a sound footing for 55 years. He also proposed a new pension plan, called universal savings accounts, with which "Americans can invest as they choose, and receive funds to match a portion of their savings, with extra help for those least able to save."

House Ways and Means Committee chairman Bill Archer (R-Tex.) told reporters hours before the speech that he was "stunned" that the President was going "to propose that the Federal government invest sacred Social Security trust fund monies not in government bonds, but in the private sector, where the Federal government will then potentially own controlling interest in major corporations in this country."

Sen. Don Nickles (R-Okla.) said, "I think it's a terrible idea." The GOP supports the idea of "personal retirement accounts," in which a portion of the payroll tax is placed into an individual account to be managed by the taxpayer himself. Legislation to this effect has been introduced by Senate Finance Committee chairman William V. Roth (R-Del.).

The House Democratic leadership, by way of attacking GOP plans for across-the-board tax cuts, supported President Clinton's proposals.

At a Jan. 21 press conference, Minority Leader Richard Gephardt (D-Mo.) charged that Republican tax cuts benefit the richest Americans while short-changing working families. Bob Matsui (D-Calif.), a member of the newly appointed Democratic retirement legislative task force, played down concerns about government investment in the equity markets, pointing out that several states invest as much as 10% of their state pension plans in the equity markets.

A second group of Democrats, led by Dennis Kucinich (D-Ohio), and that includes Socialist Bernie Sanders (I-Vt.), while conditionally supporting the President's plan, warned that it also "opens the door to the privatizers."

Not factored into the debate, however, is the onrushing global financial crisis, which will wipe out any projected budget surplus.

## Dems take up unfinished business from 105th

The Democrats' legislative agenda for the 106th Congress is a mixture of many proposals, including some from President Clinton's State of the Union address and unfinished business carried over from the 105th Congress. Foremost among the unfinished business is the Patients' Bill of Rights, which the President called on Congress to pass. The bill has been re-introduced in both houses. However, unlike in 1998, the new Speaker of the House, Dennis Hastert (R-Ill.), while supporting the GOP approach, has promised that the issue will be taken up through committees, rather than through a task force like the one he headed last year, which excluded Democrats from the process of formulating the bill.

The other key bills on the Democrats' agenda include a managed care reform bill, a public school modernization bill, a crime bill, and a bill to allow people aged 55 to 64 who otherwise do not have health insurance, to enroll early in Medicare. On this last bill, Sen. Edward Kennedy (D-Mass.) said that it "will offer help and hope to more than 3 million Americans aged 55 to 64 who have no health insurance today. They are too young for Medicare, and unable to obtain private coverage they can afford."

Also on the agenda is a \$1 an hour increase in the minimum wage that has been endorsed by President Clinton, and campaign finance reform. No less than 12 pieces of legislation dealing with campaign finance reform have so far been introduced, by both Democrats and Republicans.

## GOP agenda: tax cuts, tax cuts, and tax cuts

Congressional Republicans have introduced their legislative agenda for the 106th Congress, and not surprisingly, it focuses heavily on tax cuts, including an across-the-board 10% tax cut and reductions in the capital gains tax. It also includes an education bill, a bill to increase military pay and benefits, and an anti-drug bill. Sen. Mike Dewine (R-Ohio) called the anti-drug bill "the beginning of a critical and comprehensive examination of our entire anti-drug strategy."

Sen. Rod Grams (R-Minn.) was given the privilege of introducing the official GOP tax-cut bill in the Senate on Jan. 19. He motivated the bill with the usual Republican rhetoric about the bad effects of taxes on working people. This was highlighted by the claim that the typical family pays more in taxes, including the hidden effects



of government regulation, than on food, clothing, and shelter combined. "We have entered an era of budget surplus," Grams said, "and it is our moral duty as well as our fiscal responsibility to lower taxes on those hard-working Americans who pulled us out of the era of budget deficits." At least 13 other bills containing tax cuts of one form or another have also been introduced.

Bill number one in both houses is reserved for a Social Security reform plan—the President's plan, the GOP plan, or some other. Nine different bills have been introduced in the House, mostly variations on setting aside and investing some part of the alleged budget surplus or some part of the Social Security trust fund into the private markets.

## Supreme Court rejects sampling in census

Congressional Republicans declared victory, when the Supreme Court ruled 5-4 on Jan. 25, that statistical sampling methods could not be used as part of the year 2000 census. The Clinton administration had hoped to use sampling methods to avoid an undercount, as occurred in the 1990 census when an estimated 4 million people were not counted. However, the GOP had been blocking funding for sampling and had forced the White House to accept a compromise that funded the Commerce Department, which oversees the Census Bureau, only through June 15, until a court decision was reached on the matter.

Writing for the majority, Justice Sandra Day O'Connor concluded that the 1976 Census Act "prohibits the proposed uses of statistical sampling in calculating the population for purposes of apportionment." Left open, however, is whether sampling violates

the Constitutional requirement for an "actual enumeration," and whether sampling can be used for other purposes, such as distribution of Federal funds based on population.

However, there was no doubt among Republicans as to what the decision means. "The Supreme Court reaffirmed a basic constitutional principle," said House Speaker Dennis Hastert (R-Ill.). "The census must not be a poll and everyone must be counted. The administration should abandon its illegal and risky polling scheme and start preparing for a true head count."

Democrats and administration officials, while disappointed with the ruling, remain hopeful about using sampling for other purposes. But that depends on Congress providing the necessary funding, which is unlikely, given the opposition of the Republicans to the use of sampling for any purpose.

## Steel industry crisis prompts legislation

The growing crisis in the steel industry has led to the introduction of two pieces of legislation in the Senate which are intended to cushion the effect of cheap imports being dumped onto the American market and to protect jobs in the American steel industry. The bills and the companion legislation sponsored in the House by Ralph Regula (R-Ohio), which have bipartisan support, fail to address the global financial breakdown as the cause of the crisis, even though supporters of both bills admit that it is the global crisis that has triggered the surge in cheap imports from Russia, Korea, and elsewhere.

One bill, sponsored by Senators Mike Dewine (R-Ohio), Ernest Hol-

lings (D-S.C.), and six others, would transfer duties and fines on imports dumped onto U.S. markets collected under the Tariff Act of 1930 directly to injured U.S. companies, rather than to the U.S. Treasury. Dewine said that, under his bill, foreign producers would get "a double hit from dumping," i.e., not only paying a fine, but also seeing the fine go to aid their American competitors.

The second bill, introduced by Senators Arlen Specter (R-Pa.) and John D. Rockefeller IV (D-W.V.) with 11 other co-sponsors including Dewine and Hollings, would lower the threshold in U.S. trade law for determining when injury has occurred to U.S. industry as a result of foreign dumping. It also establishes a reporting program which will allow the Commerce Department to monitor the flow of imports into the United States in a "timely" manner, which it cannot now do until long after import-related damage to U.S. industry has occurred. Specter said that his legislation is "essential to allow the President to respond promptly to the current steel import crisis. It will allow steel companies to compete in a more fair trade environment, preventing bankruptcies that would cause the loss of thousands of high-paying jobs in the steel industry."

Both the Clinton administration and the source countries of the imported steel targeted by the legislation, came in for criticism at the press conference where the bills were announced. Sen. Barbara Mikulski (D-Md.) called the administration's response to the crisis "tepid and anemic." Sen. Rick Santorum (R-Pa.) accused the administration of allowing "the steel industry to become the foreign aid package to bail out a bunch of countries that are having tough times economically."

### *Some bombshells from Asia*

In upcoming issues, *EIR* will be presenting a number of political bombshells, gathered by Southeast Asia desk editor Gail Billington during a recent trip to that part of the world. A preview is in order.

The highlight of the trip was Mrs. Billington's presentation to approximately 40 diplomats at the Institute of Strategic and International Studies, Malaysia's leading think-tank, on Jan. 26. She spoke on the subject of "Human Rights, an American Perspective," to a group which had representation from Asia, Ibero-America, Europe, and the United States.

As reported in a release from the state news agency Bernama, which was printed in the Malaysian daily *The Star*, Billington stressed the importance of Malaysia's selective capital controls in putting a priority on people's welfare, over the interests of financial institutions, and in serving as a model for other nations in that respect. "It is the ideal of national sovereignty that the primary responsibility of government is for citizens, not for financial interests, not for speculators, and not for the international market," Billington is quoted saying.

Billington also stressed that *EIR* has provided its readers with much of the documentation of what Malaysia has done, taken from Malaysian sources, and letting them speak for themselves. This has led to many other nations, notably including Brazil, taking a more serious look at what is increasingly called the "Malaysian model" of currency controls.

Three major interviews which Billington procured during her trip will help *EIR* continue to serve this function.

One of those interviews is with Samdech Hun Sen, the Prime Minister of the Government of Royal Cambodia, who addressed the issue of how to prevent a new civil war from arising out of dealing with the aftermath of the Khmer Rouge genocide of the 1970s.

From Cambodia, Billington travelled to Malaysia, where she did extensive interviews with the Finance Minister, Tun Daim Zainuddin, and with the Prime Minister, Datuk Seri Dr. Mahathir bin Mohamad.

From the interview with Dr. Mahathir comes the

most explosive bombshell of all. The Prime Minister, who has taken the point internationally in attacking the criminal role of international speculators, exposed the nature of the counter-operation against economist Lyndon LaRouche and *EIR*. In response to a question about what he thinks of the idea of LaRouche being appointed economic adviser to President Clinton, Dr. Mahathir said:

"Yes, I think advice and discussion are very important here. Firstly, we all need to understand what the problem is all about. We need to learn about each others' experience and how we tackle the problem. So this kind of contact must serve a useful purpose. And we would welcome that certainly.

"Unfortunately, of course, the word is passed around [that] the *EIR* is a fascist group. . . . This is told to me by some of your detractors, including my former deputy [Anwar Ibrahim—ed.], who told me in fact that *EIR* is a fascist paper. So, that is the way of undermining any attempt on your part to try to promote the kind of ideas that *EIR* has always focussed upon."

Clearly Dr. Mahathir has had the strength to resist such slanders of *EIR*. It could not have escaped his attention that those who retailed those slanders, have also been the strongest opponents of the measures he has taken to defend his population against the modern pirates called speculators. We have also begun to see other people getting the courage to associate openly with LaRouche, as the publication of LaRouche's commentary in the Russian weekly *Kommersant-Vlast* (see *Economics*) underscores.

LaRouche's economics is based on the idea that governments must provide the conditions under which human beings can develop their unique capabilities, as made in the image of the Creator. The opponents of his views have always hidden behind such whispering campaigns. Now, at the eleventh hour, when LaRouche's ideas are so desperately needed to prevent the collapse of civilization into a New Dark Age, the power of that intimidation campaign must be broken. These bombshells from Asia should help do the job.

# SEE LAROUCHE ON CABLE TV

All programs are *The LaRouche Connection* unless otherwise noted. (\*) Call station for times.

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- ANCHORAGE—ACTV Ch. 44  
Thursdays—10:30 p.m.

## ARIZONA

- PHOENIX—Access Ch. 98  
Wednesdays—4 p.m.
- TUCSON—Access  
Ch. 62 (Cox)  
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Thursdays—12 Midnight

## ARKANSAS

- CABOT—Ch. 15  
Daily—8 p.m.
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Saturdays—6 a.m.

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- CONCORD—Ch. 25  
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- LANCASTER/PALMDALE  
Jones—Ch. 16  
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- MODESTO—Access Ch. 8  
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Mondays—11 p.m.
- SAN FRANCISCO—Ch. 53  
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- SANTA ANA—Ch. 53  
Tuesdays—6:30 p.m.
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MediaOne/T-W Ch. 20  
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Fridays—5 p.m.

## COLORADO

- DENVER—DCTV Ch. 57  
Saturdays—1 p.m.

## CONNECTICUT

- BRANFORD—TCI Ch. 21  
Thursdays—9:30 p.m.  
Fridays—9 a.m.
- NEWTOWN/NEW MILFORD  
Charter Ch. 21  
Thursdays—9:30 p.m.

## DISTRICT OF COLUMBIA

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Sundays—2 p.m.

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1st Wednesdays—8:30 p.m.  
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- WATERLOO—TCI Ch. 15  
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## KANSAS

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- LATONIA  
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## MASSACHUSETTS

- BOSTON—BNN Ch. 3  
Saturdays—12 Noon
- WORCESTER—WCCA Ch. 13  
Wednesdays—6 p.m.

## MICHIGAN

- CANTON TOWNSHIP  
MediaOne Ch. 18: Thu.—6 p.m.
- DEARBORN HEIGHTS  
MediaOne Ch. 18: Thu.—6 p.m.
- GRAND RAPIDS—GRTV Ch. 50  
Fridays—1:30 p.m.
- PLYMOUTH  
MediaOne Ch. 18: Thu.—6 p.m.

## MINNESOTA

- DULUTH—PACT Ch. 24  
Thu.—10 p.m.; Sat.—12 Noon
- MINNEAPOLIS—MTN Ch. 32  
Wednesdays—8:30 p.m.
- NEW ULM—Paragon Ch. 12  
Fridays—7 p.m.
- PROCTOR/HERMAN—Ch. 12  
Tue.: between 5 pm & 1 am
- ST. LOUIS PARK—Ch. 33  
Friday through Monday  
3 p.m., 11 p.m., 7 a.m.
- ST. PAUL—Ch. 33  
Sundays—10 p.m.
- ST. PAUL (NE burbs)\*  
Suburban Community Ch. 15

## MISSOURI

- ST. LOUIS—Ch. 22  
Wednesdays—5 p.m.

## MONTANA

- MISSOULA—TCI Ch. 13/8  
Sun.—9 pm; Tue.—4:30 pm

## NEVADA

- CARSON CITY—Ch. 10  
Sun.—2:30 pm; Wed.—7 pm  
Saturdays—3 p.m.
- RENO/SPARKS  
M-One Ch. 30; TCI Ch. 16  
Wednesdays—5 p.m.

## NEW JERSEY

- MONTVALE/MAHWAH—Ch. 27  
Wednesdays—5:30 p.m.

## NEW YORK

- AMSTERDAM—TCI Ch. 16  
Fridays—7 p.m.

## BROOKHAVEN (E. Suffolk)

- CABLEVISION Ch. 1/99  
Wednesdays—9:30 p.m.
- BROOKLYN—BCAT  
Time/Warner Ch. 35  
Cablevision Ch. 68  
Sundays—9 a.m.

## CORTLANDT/PEEKSKILL

- MEDIAONE Ch. 32/6  
Wednesdays—3 p.m.
- HORSEHEADS—T/W Ch. 1  
Mon. & Fri.—4:30 p.m.

## HUDSON VALLEY—Ch. 6

- 2nd & 3rd Sun.—1:30 p.m.

## ILION—T/W Ch. 10

- Saturdays—12:30 p.m.

## IRONDEQUOIT—Ch. 15

- Mon. & Thurs.—7 p.m.

## ITHACA—Pegasys Ch. 78

- Mon.—8 pm; Thu.—9:30 pm  
Saturdays—4 p.m.

## JOHNSTOWN—Ch. 7

- Tuesdays—4 p.m.

## MANHATTAN—MNN

- T/W Ch. 34; RCN Ch. 109  
Sun., Feb. 7 & 21: 9 a.m.  
Sun., Mar. 7 & 21: 9 a.m.

## N. CHAUTAUQUA COUNTY

- Gateway Access Ch. 12  
Fridays—7:30 p.m.

## ONEIDA—PAC Ch. 10

- Thursdays—10 p.m.

## OSSINING—Ch. 19/16

- Wednesdays—3 p.m.

## PENFIELD—Ch. 12

- Penfield Community TV\*

## POUGHKEEPSIE—Ch. 28

- 1st & 2nd Fridays—4 p.m.

## QUEENSBURY

- Harron Cable Ch. 71  
Thursdays—7 p.m.

## RIVERHEAD—Peconic Ch. 27

- Thursdays—12 Midnight

## ROCHESTER—GRC Ch. 15

- Fri.—11 p.m.; Sun.—11 a.m.

## ROCKLAND—T/W Ch. 27

- Wednesdays—5:30 p.m.

## SCHENECTADY—SACC Ch. 16

- Tuesdays—10 p.m.

## STATEN ISL.—CTV Ch. 24

- Wed.—11 p.m.; Sat.—8 a.m.

## SUFFOLK, L.I.—Ch. 25

- 2nd & 4th Mondays—10 p.m.

## SYRACUSE—T/W Ch. 3

- Fridays—4 p.m.

## SYRACUSE (burbs)

- T/W Ch. 12—Sat.: 9 p.m.

## UTICA—Harron Ch. 3

- Thursdays—6 p.m.

## WATERTOWN—T/W Ch. 2

- Tue: between Noon & 5 p.m.

## WEBSTER—WCA-TV Ch. 12

- Wednesdays—8:30 p.m.

## WESTFIELD—Ch. 21

- Mondays—12 Noon  
Wed. & Sat.—10 a.m.  
Sundays—11 a.m.

## WEST SENECA—Ch. 68

- Thursdays—10:30 p.m.

## YONKERS—Ch. 37

- Saturdays—3:30 p.m.

## YORKTOWN—Ch. 34

- Thursdays—3 p.m.

## NORTH DAKOTA

- BISMARCK—Ch. 12  
Thursdays—6 p.m.

## OHIO

- OBERLIN—Ch. 9  
Wednesdays—7 p.m.

## OREGON

- CORVALLIS/ALBANY  
Public Access Ch. 99  
Tuesdays—1 p.m.
- PORTLAND—Access  
Tuesdays—6 p.m. (Ch. 27)  
Thursdays—3 p.m. (Ch. 33)

## RHODE ISLAND

- E. PROVIDENCE—Cox Ch. 18  
Sundays—12 Noon

## Texas

- AUSTIN—ACT Ch. 10\*
- EL PASO—Paragon Ch. 15  
Wednesdays—5 p.m.
- HOUSTON—Access Houston  
Mon., Feb. 8: 5-7 p.m.  
Mon., Feb. 11: 5-6 p.m.  
Mon., Feb. 15: 5-7 p.m.  
Wed., Feb. 17: 7-8 p.m.  
Thu., Feb. 18: 5-6 p.m.

## UTAH

- GLENWOOD, Etc.—SCAT-TV  
Channels 26, 29, 37, 38, 98  
Sundays—about 9 p.m.

## VIRGINIA

- ALEXANDRIA—Jones Ch. 10\*
- ARLINGTON—ACT Ch. 33  
Sun.—1 pm; Mon.—6:30 pm  
Wednesdays—12 Noon
- CHESTERFIELD—Ch. 6  
Tuesdays—5 p.m.
- FAIRFAX—FCAC Ch. 10  
Tuesdays—12 Noon  
Thu.—7 p.m.; Sat.—10 a.m.
- LOUDOUN—Cablevision Ch. 59  
Thursdays—7:30 p.m. & 10 p.m.
- P.W. COUNTY—Jones Ch. 3  
Mondays—6 p.m.
- ROANOKE COUNTY—Cox Ch. 9  
Thursdays—2 p.m.
- SALEM—Adelphia Ch. 13  
Thursdays—2 p.m.

## WASHINGTON

- KING COUNTY—Ch. 29  
Mondays—9:30 a.m.
- SPOKANE—Cox Ch. 25  
Wednesdays—6 p.m.
- TRI-CITIES—TCI Ch. 13  
Mon.—12 Noon; Wed.—6 p.m.  
Thursdays—8:30 p.m.

## WISCONSIN

- KENOSHA—T/W Ch. 21  
Mondays—1:30 p.m.
- OSHKOSH—Ch. 10  
Fridays—11:00 p.m.
- WAUSAU—Marcus Ch. 10  
Fri.—10 p.m.; Sat.—5:30 p.m.

## WYOMING

- GILLETTE—Ch. 36  
Thursdays—5 p.m.

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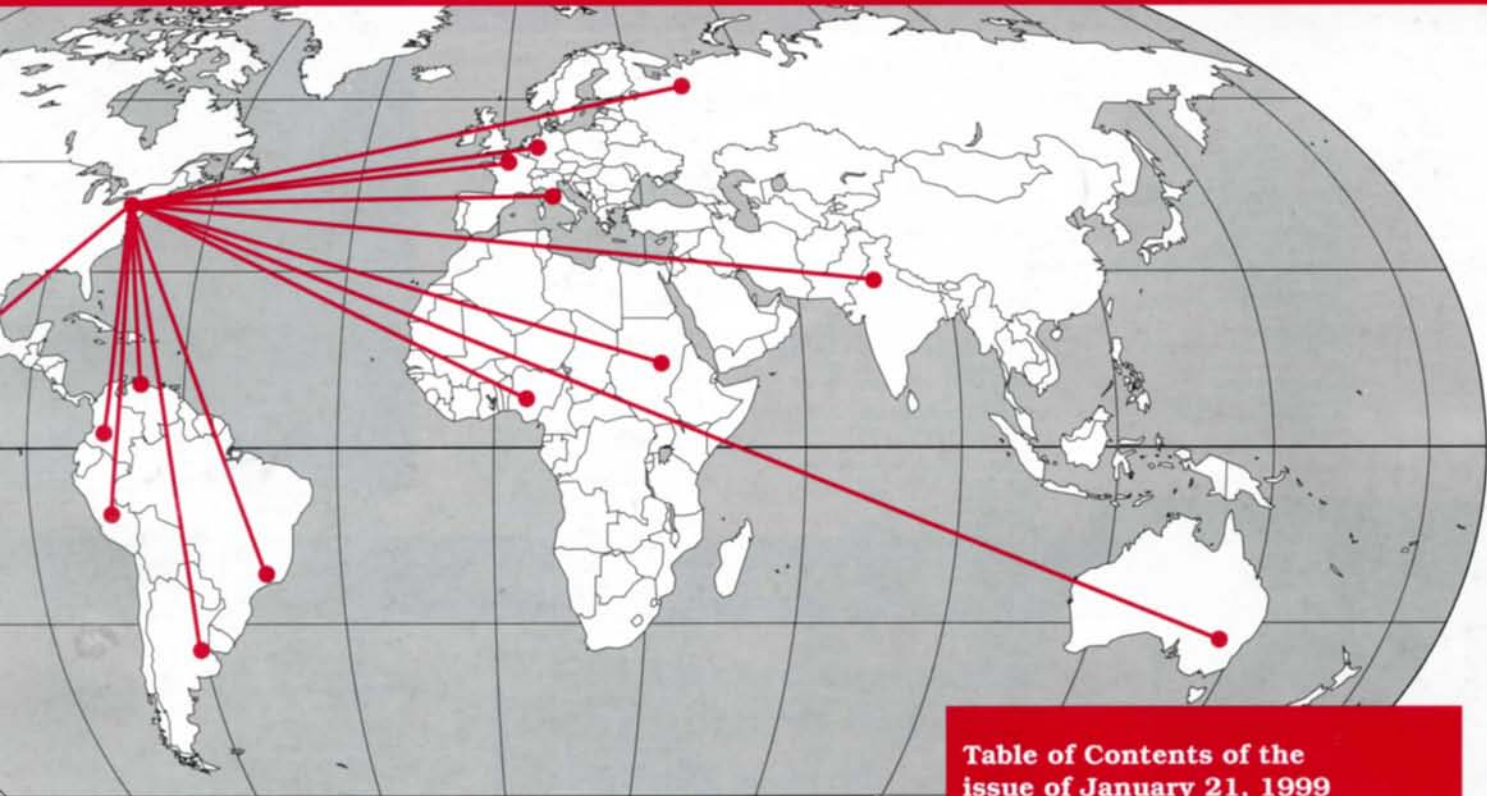
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