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Exposed! The British-American-Commonwealth bloc
Thailand challenges IMF's so-called 'success'
Zhu visit boosts frayed U.S.-China partnership

**Blair makes case for NATO
bombing of Buckingham Palace**



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From the Associate Editor

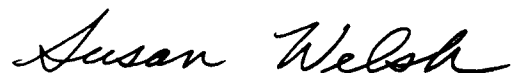
Some of our readers have lately been surprised to find a strange creature, known as the “BAC,” cavorting through the pages of *EIR*. The fellow made his first appearance in our issue of Aug. 7, 1998, in an article by Lyndon H. LaRouche, Jr. titled “The Eagle Star Syndrome.” Pointing to the fact that “since no later than 1971, the U.S. economy, like that of the world in general, has been looted with a rapacity whose cumulative effect rivals the reputation of Genghis Khan,” LaRouche posed the question: “What powerful agency has done this to us?”

“Since the middle to late 1970s,” he wrote, “we have possessed, and reported, repeatedly and publicly, conclusive evidence of proof, that the North America-based agency most conspicuously arrayed behind all leading news media and other assaults against both Lyndon LaRouche and the tradition previously associated with President Franklin Roosevelt, always was, and remains today, a circle of the Queen’s own British-American-Canadian (BAC) establishment, which had been brought together, earlier, as elements of London’s ‘Beaverbrook’ spy network of the 1938-1946 period. We have also documented the evidence, showing that the same establishment has been a key player in shaping, mostly directly, most of the crucial changes in policy introduced during the same period.”

In this week’s issue, we provide a detailed profile of that BAC factional grouping, and some of its operations historically. (For space reasons, we have had to omit some key players, such as Henry Kissinger and George Soros. We will certainly have more to say about them in the future. Also, see p. 66 for a news article on Soros.)

As our dossier makes clear, the BAC has nothing whatever to do with *American* national interests. BAC policy is made in London, but is implemented by operatives on Wall Street, in Washington, and in the countries of the British Commonwealth, in particular.

Complementing this dossier, is LaRouche’s cover story, “Blair Makes Case for NATO Bombing of Buckingham Palace.” While showing how the BAC is operating in the current strategic and economic crisis, bringing us to the brink of world war, he also slams those foolish people—especially Americans—who are allowing it to happen.



EIR Contents

Departments

70 Report from Bonn

Rough awakening to war danger.

80 Editorial

How insane are the American people?

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Economics

4 Thailand challenges IMF's so-called 'success'

The IMF has done "nothing to strengthen the real sectors of the economy," a former minister told IMF officials at a conference in March. "When industries operate at 50% capacity, common sense tells us that these industries can't service their debt. . . . I'm worried that our economic problems will quickly transform into social problems."

6 LaRouche in Russian press, urges decisive action on economy

7 Argentine agriculture, industry in death throes

8 Dr. Enéas Carneiro in Argentina: 'We are facing the unpredictable'

The former Presidential candidate of Brazil, an advocate of Hamiltonian economic policies, received a warm reception.

12 Brazil crisis is 'solved' — save for being 'struck by lightning'

The illusion that the crisis is solved is not likely to last long, because the physical state of the economy is one enormous calamity.

14 Business Briefs

Feature

16 Know your enemy: The British-American-Commonwealth bloc

Jeffrey Steinberg introduces a dossier on the oligarchical grouping that is steering the world toward war and economic collapse.

19 The American System vs. British treason

An historical overview of the battle between two factions that has defined American political life since the Revolution.

22 The Federal Reserve: How the BAC controls credit, U.S. policy

The Hamiltonian system of national banking was overturned, with the 1913 creation of the Federal Reserve.

25 The Sun never sets on the new British Empire

The British monarchy is not the merely ceremonial group that most people think it is.

29 Her Majesty's grand knights of treachery

29 BAC control: the raw materials cartels

36 Derivatives: The British Empire destroys banking

Dossiers

- 38 **Chatham House: home to the BAC brain trust**
- 39 **London's IISS steers U.S. strategic doctrine**
- 39 **The Hollinger Corp. propaganda empire**
- 42 **Inter-American Dialogue dictates British policy**
- 43 **Rupert Murdoch's mass media octopus**
- 43 **Maggie Thatcher's New Atlantic Initiative**
- 47 **CSIS: making 'policy impact' for the BAC**
- 49 **The 'X Committee': BAC's Zionist hydra**
- 50 **Heritage Foundation's British 'revolutionaries'**
- 51 **The BAC's Gore, Inc.**
- 52 **British lackeys on the Principals Committee**
- 53 **BAC 'moles' steer Congress' foreign policy**
- 54 **House Policy Committee: another BAC 'mole hill'**

International



British Prime Minister Tony Blair and the British royal family's Buckingham Palace.

- 56 **Blair makes case for NATO bombing of Buckingham Palace**
By Lyndon H. LaRouche, Jr. "The most extensive and horrid violations of human rights of the present decade, have been . . . the British use of its Museveni puppet-dictator for orchestrating currently the long-standing Rhodes Plan, a Holocaust now reaching beyond 6 millions African victims." Americans have not acted to replace the bankrupt global financial system, which is fuelling the oligarchs drive toward war and genocide, writes LaRouche, because they are too concerned about "my money!"
- 63 **Russia's military response to NATO deployments is not a joke**
- 64 **India pushes ahead with its missile program**
- 66 **Fight rages in Italy over Soros's crimes**
- 67 **Scotland revolts against money deal with Pat Robertson**
- 68 **SNP opposes Yugoslav bombing**
- 71 **International Intelligence**

National

- 72 **Zhu visit boosts frayed U.S.-China partnership**
In the face of the "new NATO" aggression in the Balkans, which is designed to disrupt U.S.-China relations, the decision to allow Prime Minister Zhu Rongji to come to the United States had not been taken lightly by the Chinese leadership. It was important in getting President's China policy, to build a strategic partnership with China in the 21st century, back on track.
- 74 **'Technology is the common heritage of mankind'**
- 77 **Starr loses big as McDougal is acquitted**
- 78 **Judge rules that Texas prisons are unconstitutionally cruel**
After more than 27 years under Federal jurisdiction, Texas prisons are still in violation of the U.S. Constitution's prohibition against the use of "cruel and unusual punishment."

Thailand challenges IMF's so-called 'success'

by Michael O. Billington

"Can I ask you how the IMF [International Monetary Fund] can be accountable to the Thai people for the pain and suffering caused by their apparent policy error? . . . I fear that if we don't quickly do something, the situation here in Thailand will deteriorate to the level of Indonesia." So said Prof. Dr. Pasuk Pongpaichit, a noted economic historian at Chulalongkorn University, a member of a panel confronting IMF Deputy Director Stanley Fischer at a March conference in Bangkok sponsored by *The Nation* newspaper. Joining Dr. Pasuk in roasting Fischer were several of the nation's leading economists, bankers, and business leaders, nearly all with similar warnings.

Dr. Virabongsa Ramangkura, who was Thailand's Finance Minister at the time of the initial speculative assault on the Thai currency, which triggered the global crisis in 1997, told Fischer that the IMF has done "nothing to strengthen the real sectors of the economy. . . . Non-performing loans from banks alone have reached 54%. There are reasons to believe the economy hasn't reached bottom yet. . . . When industries operate at 50% capacity, common sense tells us that these industries can't service their debt. . . . I'm worried that our economic problems will quickly transform into social problems."

The battle lines are drawn

With both the economy and the conditions of life continuing to collapse, there is mounting resistance to the conditionalities of the IMF coming from every level of society—including even the King. Many prominent voices have pointed

to the sovereign measures taken by neighboring Malaysia, which refused to make any deals with the IMF and imposed selective currency controls to stop the speculation—measures which have saved that country from the mass unemployment, hunger, disease, and social chaos which have become the hallmark of the IMF-dictated austerity policies across Asia. Dr. Pasuk told Fischer that "the IMF policies have squeezed the real sector to death. Thailand . . . should go back to a fixed exchange rate. Think back to the debate after World War II. Why did the world go to fixed exchange rates?" Dr. Ammar Siamwalla of the Thailand Development Research Institute agreed, and challenged Fischer's defense of IMF policies: "What was not said here today? Capital controls. We need advice. A country with continuing capital outflows needs advice on appropriate control mechanisms."

In contrast, Fischer's colonialist demeanor at the conference exposed the actual intent of the IMF's programs. Fischer assured the incredulous panel that the reform was "going rather fast," and insisted that more of the same was required. As to currency controls, as in Malaysia, Fischer denounced them as "a bad way of dealing with the crisis," insisting on "market-based controls," such as hedging all capital flows—i.e., plunging deeper into the Casino Mondiale of the global derivatives bubble, which caused the crisis in the first place. Fischer's primary advice was that the government must use its dwindling resources to bail out the banks; but, he insisted, in the interest of "social justice," the *previous* owners of the banks (who are Thai) must receive nothing, since they (not the IMF or the speculators) are to blame for the bank failures.

Instead, the money should go to the *new* owners, i.e., the foreigners who are looking to buy the banks for a song when they hit bottom.

However, on April 2, Chirayu Issarangkura Na Ayutthaya, the director general of the Crown Property Bureau (which runs the royal family's business interests) and chairman of the Siam Commercial Bank, made a startling announcement which could slow the rush toward foreign takeover of the banking system: "The Siam Commercial Bank is the inherited asset of His Majesty King Rama V. The Crown Property Bureau will do everything it can to maintain it." He said that the Crown Property Bureau would even sell its non-core business interests in order to maintain a majority stake for Thai nationals in the bank, adding: "Although eventually all other banks would be taken over by foreigners, Siam Commercial Bank would remain the only Thai bank in this country even if it costs us everything."

Such a rallying cry coming from the representative of the much-revered King Bhumiphol Adulyadej, Rama IX, could provide a new spark to the already significant nationalist ferment in Thailand. The King has often intervened in political and economic affairs when a crisis threatens to destroy social peace and welfare, while both he and Queen Sirikit have consistently acted on behalf of the poorest layers of society. That category has been rapidly increasing since July 1997.

A March survey estimated that the average income of the poor in Thailand has fallen by 25% since 1997, while the cost of living has risen by 40%. Official unemployment has doubled in the past year to 2.68 million, but, considering those who have returned from the cities to marginal employment in the countryside, the number is far bigger. Hundreds of thousands of students have dropped out of school due to the crisis, including nearly a half-million primary school students. Secondary school attendance has fallen to 37.5% (compared to 70% in China). Girls, especially, are affected, since they are barred from attendance at the hundreds of Buddhist temple schools, which subsidize their students' expenses. Many youth are driven into prostitution, drugs, and other criminal activity.

One horrifying result is that HIV infection rates in Thailand (and across much of Asia) have skyrocketed, and could soon surpass even those in sub-Saharan Africa. A quarter of a million Thais have already died of AIDS.

Seventh letter of intent

On March 30, the Thai government of Prime Minister Chuan Leekpai announced a new stimulus package of \$3.5 billion, as part of the seventh letter of intent with the IMF. The plan will draw on funds from Japan, as part of that country's Miyazawa Plan of \$30 billion in assistance for Southeast Asia, and from the World Bank, while also cutting taxes on primarily the working poor and small and medium-size businesses. The IMF is graciously allowing the budget to run an 8% deficit

to cover the tax cuts. The stimulus package will create more than 400,000 new jobs in the rural sector.

While such relief is desperately needed, it is clearly not adequate to reverse the collapse, anymore than similar stimulus packages in Japan have reversed the crisis there. Without reversing the global collapse, no such bandaids will have any lasting effect. The Research Center for the Thai Farmers Bank, one of the nation's largest, pointed out that "the package will not be enough, given this year's export earnings decline of 11.3% in baht terms, or a loss of 240 billion baht [\$6.4 billion], which is larger than the value of the stimulus package." The enormity of the problem is indicated by the rate of capital flight: It is estimated that the net outflow of foreign funds in the last two years exceeds the total investment inflow since 1988!

Nor are foreign funds coming back into Thailand, despite the blood-letting of the IMF conditionalities. New capital investment is virtually nonexistent. The government tried to auction off the viable assets of the 56 finance companies closed down in 1997 on orders of the IMF, hoping to pay off the investors in those firms, but received almost no foreign purchases, even with the assets discounted to an average 18% of their value.

With such bleak prospects for the economy, waiting for foreign assistance is increasingly recognized as a fool's dream. Dr. Virabongsa concluded the conference with the following dose of reality: "We need not only debt restructuring, but corporate recapitalization," he said. "Regional and international efforts have to be established. If the whole region doesn't recover together, this country will not recover," he said. An editorial in *The Nation*, which sponsored the conference, showed that the scope of the global crisis is well understood: "As the crisis has rippled through Asia, Russia, and Latin America, there has been a net flow of capital from Europe, Japan, and the world as a whole to the U.S. This tidal wave has pumped up a bubble economy in the U.S., which is every bit as distorted as Thailand was in mid-1997. The stock market index has lost contact with reality. As many American analysts lectured Thailand two years ago, the first reaction to a crisis is always denial. The same is now true in the U.S. From the President downwards, people are talking about a new miraculous stage in American capitalism. But it's a bubble, and bubbles burst."

U.S.A.: Friend or foe?

The government of Prime Minister Chuan Leekpai is itself divided and may soon be forced to call new elections. The recent IMF letter of intent, and the "more of the same" policy promoted by Finance Minister Tarrin Nimmanahaeminda, has been publicly criticized by Deputy Prime Minister and Commerce Minister Supachai Panitchpakdi, who has consistently argued that saving the real productive economy is the first necessity, before bailing out banks and foreign creditors.

Supachai has called for lower interest rates, even if the value of the currency were to fall as a result, in order to enhance industrial production and exports. He also called for the government to take over some of the banks' non-performing loans, rather than push the banks to foreclose on the indebted companies.

A new bankruptcy bill rammed through the Senate at the end of March by Finance Minister Tarrin and the IMF, against vociferous opposition, allowed banks to foreclose on debtor companies and strip their assets to collect their debt payments. There were efforts to exclude those companies that were otherwise viable, but had been caught by the collapse of the baht, with extensive foreign debts. This was rejected by Tarrin in order to please the IMF.

International ramifications

The conflict between Ministers Tarrin and Supachai has important international implications, in that Supachai is one of the two final candidates to become the new head of the World Trade Organization (WTO). A meeting on March 31 to make the final selection between Supachai and New Zealand's former Premier Mike Moore ended in a deadlock, and the decision was postponed to the week of April 12. Thailand, sensing that the United States was planning to strongarm other nations to go with the more IMF-compatible New Zealander, extracted a pledge from U.S. Secretary of State Madeleine Albright during her recent Asian tour that the United States would not block a consensus in support of Supachai.

Supachai has expressed support for Malaysia's imposition of selective capital controls, and is less sympathetic than Moore to slapping sanctions on countries over sovereign questions such as labor policy and the environment. These facts force one to consider whether Vice President Al Gore and his Principals' Committee, which is functioning within the U.S. administration to subvert President Clinton's policy of strengthening ties with Russia, China, and the rest of Asia, is also behind the effort to prevent Supachai's appointment (see *EIR*, April 9, pp. 58-62). Vice President Gore's infamous and disgraceful antics last November in Kuala Lumpur, where he declared support for anarchist riots against the Malaysian government taking place in the nation's capital, and Albright's equally insulting pandering to deposed Malaysian Deputy Prime Minister and Finance Minister Anwar Ibrahim, indicate that the Principals' Committee could be, once again, up to no good.

The decision on the WTO chief could also influence the crucial negotiations between President Clinton and China's leaders over China's entry into the WTO—another target of the Principals' Committee and their anti-China allies in the Republican Congress. President Clinton would do well to back Thailand's candidate over that of the British Commonwealth, and further his strategically crucial ties with Asia.

LaRouche in Russian press, urges decisive action on economy

Kommersant-daily, the leading Russian business newspaper, has featured Lyndon LaRouche's call for joint action by the United States, Russia, China, and India to solve the world economic crisis. In February, the same paper had interviewed LaRouche on the prospects for Russian economic science, and on Jan. 26 its sister weekly, *Kommersant-Vlast*, carried a commentary by LaRouche under the headline, "Scrap the Foolish Policies of the International Monetary Fund."

In its April 13 issue, *Kommersant-daily* published answers from notables, to the question, "Can the ruble be stabilized with respect to the U.S. dollar?" The reply, provided by LaRouche to *Kommersant* on April 12, appears here in full:

LaRouche's reply

"The question can be read in two ways: Is there a way in which the ruble's value can be defended against rapid erosion during the short term? The answer is that there are available emergency measures, including strict capital, exchange, and financial controls, which can minimize the undermining of the ruble during the short term. These kinds of measures are within the competence of Prime Minister Ye. Primakov and his distinguished advisers. For the medium to long term, more drastic measures would be required, which I, were I a Russian official, would be prepared and committed to taking as necessary.

"The long-term solution for Russia's present difficulties lies in the mobilization of the resources of the former Soviet scientific-military-industrial complex as the basis for a greatly expanded machine-tool industry. The new trends in cooperation among China, Russia, India, and others, point toward the possibility of the kind of revival of Russia's economy which is needed for a strong ruble during the medium to long term.

"My hope, is that President Clinton will refresh his options for cooperation with Russia. The world is in a crisis, which can not be overcome without cooperation among a leading group of nations including the U.S.A., Russia, China, India, and at least one or two nations of western continental Europe. Under those conditions, the vital interests of the planet as a whole can be defined in ways indispensable for solving the world's present economic crisis and avoiding the growing danger of a global spread of warfare. An agreement

in principle, under which the U.S.A. and at least one relevant nation of western continental Europe enters into an agreement in principle for global economic cooperation, based on cooperation with the emerging pattern of Eurasia cooperation among China, Russia, and India, would represent the most powerful concert of power imaginable on this planet at this time. The cooperation among the nations representing such a concert of power, becomes the instrument to resolve the increasingly dangerous pattern of conflicts confronting us today.

“Under such circumstances, what I have proposed as the principled form of a ‘new Bretton Woods agreement’ could be promptly established among the members of such a concert of cooperation. The new system of cooperation among perfectly sovereign nation-states, would put the existing world monetary and financial system through long-overdue bankruptcy reorganization, and launch a new system of international credit. The reorganization of existing currencies and national debts, through creating a new system of medium- to long-term state credits issued among and within nations. By coupling such new systems of credit with combinations of long-term development of basic economic infrastructure, and by cooperation in science-driven expansion of machine-tool sectors to create the machine-tool and related assistance needed for the development of such regions as the vast areas and populations of Eurasia, solid national currencies can be established and maintained.

“Within the potential of what was once the Soviet Union’s scientific-military-industrial sector, there exists Russia’s greatest source of economic strength for the decades to come. With that potential mobilized, the goal of a durable and strong ruble is within reach. I am confident that Russia has the available leadership which can meet such a challenge.”

From the Kommersant package

In its April 13 package, headlined “Who Can Restrain the Dollar?” *Kommersant* published a summary of LaRouche’s reply, which it presented as direct quotations, under his by-line, as “Lyndon LaRouche, Economist (U.S.A.)” The paraphrase said, “This question is essentially within the competence of Primakov and his government, insofar as special measures are concerned. On the other hand, Russia still has a powerful industrial potential, which ought to be used. Finally, President Clinton could undertake certain efforts for this purpose. It is essentially a question, today, of revising the basis of the current economic system, known as the Bretton Woods agreements. An economic crisis is raging throughout the planet. Countries with rather developed economies may fall victim to it tomorrow. Therefore, the leading nations of our planet—the U.S.A., Russia, China, India—should create a new economic alliance, making it possible easily to endure the burden of the crisis. This also entails, by the way, the creation of a new international credit system.”

Argentine agriculture, industry in death throes

by Gerardo Terán and Gonzalo Huertas

Between the international financial crisis and the Menem government’s killer economic program, the so-called “Convertibility Plan,” Argentina’s agriculture and industry are being destroyed. Facing “extinction,” as one industrialist put it, producers now are rising up against the government’s economic policy.

The “Convertibility Plan,” adopted in 1991, is a variation of the British Empire’s currency board scheme. The government set the value of the peso equal to the dollar, and decreed that every peso in circulation had to have a dollar in the Central Bank backing it up. Thus, the government renounced its sovereign right to issue credit, and tied the national money supply to the vagaries of international finance. The austerity which resulted brought down inflation, but killed production.

Many farmers, however, placed their bets on the success of the plan. Falling for the initial, illusory “monetary stability,” many went heavily into debt to import the technology that would allow them to “insert themselves” into the global economy upon which the Convertibility Plan was premised.

But the plan never backed up producers, for example, with investments in infrastructure which could have lowered transportation costs. Nor did it reduce the tax burden, to stimulate productive reinvestment. On the contrary, highway tolls in Argentina are among the highest in the world, fuel prices are at international levels, and public services are taxed by as much as 41%, by a government desperate to raise revenue to pay debt. The government also slapped a tax on farmers’ interest payments, on top of usurious rates on their loans.

As Rene Bonetto, president of the Argentine Agrarian Federation, said, this “competitiveness” led to the mortgaging of 70% of the countryside. This occurred despite the fact that 50-60% of Argentine exports are from the agricultural sector, earning about \$15.29 billion in 1998 on record production of 67 million tons of grains and vegetable oils. According to the Intercooperative Farming and Livestock Federation’s magazine, farm debt grew from \$3.899 billion in 1992, to \$7 billion in 1998. Debt service is projected to reach \$3 billion in 1999, and total losses for agriculture in 1999 are expected to reach \$3.4 billion.

Even the Argentina Rural Society (SRA), which represents the 10,000 biggest landowners—heretofore globalization loyalists—has begun to protest. In March, producers’ protests grew throughout the country, as protesters blocked roads, held province-wide strikes, and organized tractor-

acades. Leaders of the farm federations were forced to confront the government.

Nor is industry silent. The Argentina Industrial Union (UIA) organized a “Day of National Reflection” on March 23, in which 400 businessmen, representing every branch of industry, participated. At least 50 of them issued some kind of public statement. As *Clarín* recognized, “panic” had united the industrialists. Exemplary of the environment, was the declaration by Aldo Esposito, a member of the UIA of Buenos Aires, that “instead of diagnostics, the economic team is carrying out autopsies.” Leopoldo Orsay, from the dye industry, declared: “This model does not function. It only serves to brake inflation. . . . We cannot continue to be so ingenuous. We have to be realistic and strip bare the underlying problem, which is the Convertibility Plan.” Abelardo Lago, from the machine-tool sector, declared that in his branch of industry, “we are becoming extinct.”

Oswaldo Rial, UIA president of Buenos Aires province, told *Página 12* that the problem “is not that the government is slow to react, it is that the government does not react at all. We are facing a very prolonged recession, and we could even say that it is becoming a depression. . . . It is true that the world situation complicates our situation, but it is also true that there are domestic problems . . . the loss of competitiveness due to the heavy tax load, and the lack of measures to encourage and energize our productive apparatus. . . . If we keep running on automatic pilot, we are going to end up destroying all our industry.”

The government stays the course

SRA president Enrique Crotto emphasized that “we are striking, because there are two matters which are pushing our producers into grave crisis, matters which the government refuses to discuss: the tax upon interest payments for loans, and the tax on projected income.”

Economics Minister Roque Fernández responded: “No matter how many tractors they put out on the streets, the government is not going to devalue [the currency]. No matter that some industrialist makes high-sounding declarations, the government will not devalue, either. . . . We wish to be very clear: The taxes on projected income and on interest rates are going to be collected. . . . No way are we going to accept sectoral pressures to loosen the macroeconomic equilibrium. We are not going to accept any corporative and sectorial pressure to devalue. We are going to maintain convertibility.”

To demonstrate that he has no intention of negotiating with what he dismisses as “sectoral” interests, Fernández expelled Gumersindo Alonso, the Secretary of Agriculture, Livestock, and Fishing, from the economic cabinet. According to a farm leader, Alonso had been trying to mediate between the farmers and the government, and set up a meeting between President Carlos Menem and the farm associations. Fernández fired Alonso without even consulting Menem, and said that Alonso had opposed the policy directives of the government.

Dr. Enéas Carneiro ‘We are facing the

Dr. Enéas Ferreira Carneiro, former candidate for the Brazilian Presidency of the Party for the Rebuilding of Order (PRONA), was in Buenos Aires on March 10-12, invited by *EIR* representatives in Argentina. Despite the brevity of his stay and the fact that the media chose not to write a word about his visit, the enthusiasm and political leadership evinced by Dr. Enéas—as he is popularly known in Brazil—deeply impressed those who had the opportunity to hear him. Dr. Carneiro was accompanied on his trip by *EIR* Brazil correspondent, Lorenzo Carrasco.



Dr. Enéas Carneiro

During his visit to Buenos Aires, Dr. Carneiro ignited a debate over the global financial crisis, and how nations can adopt a development program, instead of the disastrous shock therapy of the International Monetary Fund (IMF). The most important presentation of his tour, and the one with the greatest impact, was at an *EIR*-organized conference on March 12, entitled “Brazil in Danger and the Third Phase of World Collapse.” Among the 85 people who attended were leaders of the national movement headed by former Army Col. Mohamed Alí Seineldín, congressional advisers, former national parliamentarians, current and former federal magistrates, at least 20 high-ranking retired military officers, professors familiar with the economic method of Lyndon H. LaRouche, Jr., a dozen university students, a representative of a provincial government, labor leaders, and subscribers to *EIR* and to the newspaper *Solidaridad Iberoamericana*.

During the question and answer period, Dr. Carneiro emphasized that from the earliest beginnings of his political career, his economic proposals were based on the ideas of Alexander Hamilton, even before getting to know *EIR* and LaRouche. “After we met each other,” he explained, “and ever since, we have been in this fight together.” He stated that the solution to the international crisis must involve economic integration of the continent, and he presented Carrasco as an expert on this issue. Carrasco gave a brief explanation of LaRouche’s proposal for a New Bretton Woods global financial reorganization, and on the need for the United States and Ibero-America to join the “Survivors’ Club”—the alliance

in Argentina: unpredictable'

which currently includes China, Russia, India, and some other countries.

Carneiro participated in a round-table discussion at the Buenos Aires branch of the University of Salta. Led by the school's dean, the round-table included the participation of a select group of members of political parties, former national congressmen, journalists, and labor leaders. The discussion centered on the future of the Southern Cone Common Market (Mercosur), in the face of the Brazilian financial crisis. In his presentation, Carneiro also acknowledged the key role that LaRouche and *EIR* are playing in addressing the current crisis.

Following is the speech given by Dr. Enéas Carneiro at *EIR*'s March 11 conference in Buenos Aires. Subheads have been added.

'Why I entered politics'

One question which I naturally always carry in my pocket is why, being a professor of medicine and, until the age of 50, never having participated in any political process, at a certain moment in my life, in 1989, did I suddenly, precipitously, without any prior preparation, without any link to the establishment, suddenly decide to enter politics? And I answer, for the first time outside my country, on foreign soil, here in your country, and I am going to say exactly what I have been saying for the past 10 years: I entered the political process for one reason only—outrage, and nothing else!

I spent my entire life studying and working. I never participated in strike actions. I was a disciplined soldier. I graduated in medicine, in mathematics, and in physics. I got a diploma as Professor of Portuguese. Although I did not get diplomas, I studied paleoanthropology, cybernetics, philosophy, psychology, structuralism, astrophysics, and in the past 10 years, macroeconomics.

In 1989, after 30 years without elections in my country, an historic perspective opened up. For the first time following a military government, there were Presidential elections, and candidates were allowed to explain their views, on radio and television networks, before the whole country. Our country has 160 million inhabitants. At that time, acting and working as a doctor and professor, I was fully, totally aware of the terrible problems the Brazilian health system was facing.

There were interminable lines of patients at the public hospitals, heaped together, dying on line, medical attention of the worst quality, which was not the fault of the doctors,

but because there did not exist, and still do not exist, the proper conditions for medical attention.

Randomly choose any public hospital; there are about 5,000 public hospitals in Brazil. Whoever arrives at a public hospital—40 years ago there were problems, today the problems are much worse. Sometimes there is no alcohol, sometimes no cotton, sometimes no bandages. Not everything is lacking all at once; no, one thing is lacking here, another there. When you get into an elevator, sometimes the garbage is mixed with the persons. You enter a ward, you see cockroaches everywhere. I used to say, in 1989, when everything began, that they were the grandchildren, the great-grandchildren, and the great great-grandchildren of the cockroaches that were there in my student days!

You don't read about this in the newspapers. The established authorities talk about another world, a virtual world, a two-dimensional world, a multicolored world, animated with personalities and announcers who convince everyone—while the poor and the disinherited wither in long lines. I was outraged!

I am mentioning these examples, to explain to you why I entered politics. I could also say, for example, that a high school youth, in my time, knew things, knew who Aristotle and Plato were, knew who Newton and Leibniz were. Today, when asked, the student thinks Plato is a football player. Do you doubt it? The educational process has fallen through the floor. The lack of respect for our values is notorious on every level; lack of respect for moral values, spiritual values, lack of respect for the Fatherland, lack of respect for the flag, lack of respect for the national anthem, lack of respect for the family, lack of respect for life.

Take a look at the terrible statistics. Twenty-four people are murdered every day in Rio de Janeiro and in São Paulo, one murder per hour. During our presentations, mine and Mr. Lorenzo Carrasco's, of one hour, a person was killed in Rio de Janeiro. Public security has reached the lowest level in the history of the country. What I am telling you is absolute reality, and I have the courage to say it, and now you gentlemen will understand why I am presented as a public enemy.

I have no link with any existing structure. I gathered former colleagues of mine, former companions, former students, of whom I have had more than 30,000, and I created a political structure, a party, and I launched my candidacy for the Presidency of the Republic, saying these things, telling the truth. At that time, I did not know the size of the monster, I did not know the process in all its magnitude, I was ignorant of the political process, I was a beginner. I spoke to the entire nation for 15 seconds, of course not at the speed with which I am speaking to you, one word per second. No, then I had to speak at a rate of 3 to 4 words a second, so that the great majority only heard the final statement, in which I said, "My name is Enéas." And this was repeated by the entire country. It was not possible, with that 15-second speech, to understand that I had a project.

In 1994, I was much better prepared for the political ques-

tion, not the scientific question which had been the object of study for my entire life, but the political question. Five years later, in 1994, I won a whole minute on television—an eternity—and with a powerful message, already having studied macroeconomics, I talked to the population about the Hamiltonian macroeconomic policy of credit. I hadn't known *Executive Intelligence Review*. We discovered each other through a convergence of ideas. Among all the various models, from the disgraced Adam Smith, passing through the Marxist models, and all the rest, I liked much, much more the models of Alexander Hamilton, and I proposed them. At that time, we won the third-largest vote in the country, with nearly 5 million votes. But that was a scandal, because, to our honor, we did not belong to the oligarchy, we were not linked to the perverts, we were not the loyal opposition.

Free debate is shut down

From 1994 to now, all the openings shut down. There were no more debates, we were no longer permitted to present our ideas on any subject. From 1994 to now, the international control, which had already been felt, clamped down. On all levels of government in Brazil, the alien power, the foreign power, is clear and undeniable. There is no more national power. We are in the presence of a Machiavellian, diabolical project for the destruction of the sovereign nation-state, a wanton rush to destroy all the values that humanity has conquered and cultivated for centuries.

In 1997, everyone in Brazil witnessed the worst crime yet to have been perpetrated against our nation. It was what was called the privatization of [mining giant] Companhia Vale de Rio Doce (CVRD). I will quickly give you a few numbers. CVRD in Brazil is the greatest mineral reserve of the country. To give you some idea, CVRD has in one single place in the subsoil, the largest iron deposit on the planet. The estimate is some 37 billion tons of hematite. If it is difficult today to know how much a gram of gold will be worth one week from today, how can anyone say—given the variation in prices—how much a ton of iron will cost in 500 years? Don't be afraid, the iron in Brazil's subsoil is sufficient to last for 500 years, half a millennium.

But CVRD also has manganese. It has already mined millions of tons that today form part of the strategic reserve of the United States.

The price of a ton of iron today covers the cost of a single night in a five-star New York hotel. See the absurd level to which we have come?

Allow me to speak a bit about something which makes me sad, called niobium, of which our country has 98% of world production. Niobium is critical for airplanes. In the state of Minas Gerais alone, in the region of Araxá, there is a mine with more niobium than exists on the entire planet.

How are computers going to be built without quartz? The purity of Brazilian quartz is among the highest in the world, [with impurities only] reaching 10^{-12} . Brazil's gold mines in the next century will be richer than those of South Africa,

which are on the wane.

With that inestimable wealth of more than \$1 trillion, CVRD was sold—donated!—for \$3.332 billion. The money that entered the public coffers from its sale was not enough to pay even the interest on the domestic debt.

But the government says that it cannot spend more than what it collects, and says that this is why it must privatize. Already, Usiminas, the National Steel Company, and many others, have been sold off. With the sale of Ecelsa of the state of Espírito Santo, a few days of interest were paid. This process is destructive. But it is said that this is the price we have to pay, as the only way for us to insert ourselves, to enter, to participate in the global world, in the center of which exists a highly privileged group, and outside of which are those in misery. What kind of globalization is this?

The fraud of Brazil's debt

It was against this entire process that we, as a political party which accepts no compromise, launched ourselves. Already in 1991, we said in a pamphlet entitled "Brazil in Danger," that the domestic debt was \$200 billion, because the dollar and Brazil's currency, the real, were artificially paired, and Brazil's currency overvalued. At that time, interest costs reached monstrous figures of \$5 billion a month, for an annual average of \$60 billion. And we got into the debate, and we said that we were going to capsize, that we were going to sink. There would be no money for anything, not for hospitals, not for schools, not for anything.

His Excellency, the President of the Republic, held absolute control, and said that the only way out for the country was his reelection. He opened up the country, just as one would open the doors of a house and allow thieves to come in and take everything. I referred to CVRD because it was the most conspicuous, most perfect example of the explicit piracy they call globalization.

We came to the final results. In the elections, there was no opportunity offered for any kind of debate, and so we saw the infamous reelection of Mr. Fernando Henrique [Cardoso].

I now turn to the current macroeconomic analysis. Today, we have a domestic debt on the order of 400 billion reals, some 20% of which is linked to the dollar. All that debt creates commitments, which can be examined in the form of three scenarios. Here we are, in March 1999. All the analyses that Mr. Lorenzo Carrasco and myself make have to be constantly revised, because everything is changing constantly, for the worse.

The government says interest rates will be, on average, 20% a year. Twenty percent of the 400 billion gives us R\$80 billion in interest—and that's the best hypothesis. There is an intermediate situation possible, with interest rates around 30%—30% of 400 equals R\$120 billion. Real interest rates were, until a few days ago, at 40%, and Central Bank president Arminio Fraga raised them to 45%. But let's work with 40%. Forty percent of 400 is R\$160 billion.

I'm not talking about foreign debt, mind you, only domes-

tic debt. Foreign debt is another story. Foreign debt has one part that is the responsibility of the Treasury, and another part that is private; \$80 billion is the Treasury's and \$160 billion is private. The government says the private debt of the companies is not a cause for concern. But the fact is that the country's solvency demands that there be dollars in the Central Bank. If the companies, at any point, decide to seek dollars from the Central Bank, there would be instantaneous bankruptcy. The reserves we have today are approximately \$20 billion, but not all of that \$20 billion is reserves, and a good part is loans from the international financial system.

If we put to one side the interest on the private foreign debt, and only work with interest on the Treasury's foreign debt, we are talking about \$7 billion, or more than R\$10 billion (at the current exchange rate).

Through the exchange of payments between the states and the federal government, it is possible to reduce this, perhaps, by R\$5 billion. But in the current picture, we are paying R\$160 billion in interest on the domestic public debt; less those 5, plus 10 from the foreign public debt, is equal to R\$165 billion.

It just so happens that the tax revenues anticipated for this year, revenues that have been growing by gouging the productive part of the economy, are not going to be able to pay for this. Tax revenue was R\$60 billion in 1994; R\$96 billion in 1996; R\$120 billion in 1997, and last year, R\$132 billion. By grabbing from the pensions, from the retirees, from the professors, grabbing everything, revenue today is expected to be R\$140 billion. But in view of the scenario we face today, we will need 165 billion.

Everything that Brazil can collect from all the taxes, will still be insufficient to pay even the interest on the public debt.

I ask you, why bother talking about educational projects? To the devil! That is why, when I refer to the Brazilian leaders, I always say that they lack respect for human intelligence, that they lack perception, they treat us as if we were retarded, imbeciles. They treat us as if we were stupid, as if we were irrational animals. What kind of country is it that collects 140 billion in taxes and has to pay more than it collects in interest payments?

The history of the world is full of examples. Yesterday, I said in a conversation with some friends at the Military Club: No empire lasts forever. There are tons of examples in the history of the world. The Roman Empire, the Ottoman Empire. These people have formed an empire. We are the barbarians. Brazil, Argentina, Mexico, all of Latin America, are serfs. They are the masters of the Empire.

But I always say in my messages, that if we understand history, we know that things are absolutely unpredictable. I studied mathematics, the exact sciences, and I know that this process isn't linear. I have no more functions of the $y = ax + b$ sort. The historic process tells us that we are heading toward an encounter with the unforeseeable, toward change.

These people are involved in a process that carries within it the worm of their own destruction. There is no way for the financial bubble to maintain itself, because it lives parasitically off the organism that it inhabits. And so, my message at any point in the process has been, that we have to have hope. We have to be ready at all times. We have to be prepared. We have to be aware that our fight is between the light and the shadows, between life and death. It is a fight between good and evil, between Christian truth and Satanic lies. And it is with this thought, that I say to you that we must stand firm, with the certainty that truth will triumph.

'Colonel Seineldín is an example for us'

During the question and answer period, Dr. Enéas spoke of his meeting with Col. Mohamed Alí Seineldín:

Yesterday, in your land, our sisterland, I had one of the most beautiful experiences. I went to visit Colonel Seineldín, who is a prisoner. Rogues and swine, the enemies of the Fatherland, travel and are put up in Presidential suites, and the heroes are imprisoned.

I expected to find there a broken man, fallen, head low. I expected to find a defeated man, and was instead shocked. When we arrived, he was full of life, full of energy, hungry for battle. "I am Enéas II," he said. "No," I said, "I am Seineldín II."

I felt strengthened to see that imprisoned man ready for battle. He cannot be here now, but his thought certainly is. He is in jail, and we are anguished to see a man of such courage, imprisoned.

Gentlemen, for me, there is only one struggle. Someone has to rise up; it has always been so. If not, we give up and we don't get anywhere. When we left our visit with Colonel Seineldín, I looked at my friends and said, "We are idiots, because we were so bothered by the elections, so saddened by the results, and Seineldín is an example for us, a demonstration of unequivocal strength."

Upon leaving, the impression that remains is, in witnessing Colonel Seineldín's terrific internal strength, that he is the one who is free, and it is we who are imprisoned. Because true freedom is internal freedom, freedom of the spirit. Colonel Seineldín was well known for his writings; now I know him in my soul. And after knowing individuals like him, I am prouder to belong to the human race. Thank you, and I am going to continue the struggle.

Brazil crisis is 'solved'—save for being 'struck by lightning'

by Lorenzo Carrasco

The reestablishment of international credit lines to Brazil, and the timid reentrance of capital encouraged by the raising of annual interest rates to 45% and a reduction of barriers to speculative capital, had the immediate effect of triggering euphoria on the part of Central Bank president Arminio Fraga, who is a key chesspiece of the international bankers and speculators in their control over Brazil. Fraga, together with Brazilian Finance Minister Pedro Malan and President Fernando Henrique Cardoso, are wishfully imagining that everything will return to "normal," that is, at least to what existed before Russia declared its debt moratorium last Aug. 17. However, this is a fantasy, since the physical state of the economy is one enormous calamity.

The reality is that the so-called "normality" of capital flows has been artificial since at least October 1998, when Federal Reserve Chairman Alan Greenspan, as a representative of the London-Wall Street banking interests, decided to keep the speculative bubble afloat by injecting more liquidity, thereby increasing the hyperinflationary potential of the world economy. And it was the enormous explosive potential in Brazil—the central topic of discussion at the annual meeting of the International Monetary Fund (IMF) and Group of Seven—which accelerated that decision.

Fraga, despite all the power he can wield inside Brazil, is only the instrument of this hyperinflationary strategy, baptized by his godfather, George Soros, at the annual Davos meeting, as a "Wall of Money." It was Fraga's commitment to this policy which was ratified during the March tour he conducted, along with the rest of the Brazilian economic cabinet, to Frankfurt, Bonn, London, New York, Tokyo, and Paris, promising the immediate implementation of a program to cut public expenses and hike taxes. It was Fraga who met personally with the heads of the Federal Reserve and with the main New York banking houses, as well as with Bank of England president Eddie George.

The main purpose of this excursion by Fraga, Malan, and company, was to establish an agreement with the banks, whereby they would "voluntarily" maintain open lines of commercial credit to Brazil, at least for the next six months, which added up to \$42 billion by late February—\$22 billion in commercial credit and \$20 billion in interbank lines. This agreement was unveiled by Citibank vice-president William

Rhodes, and by the Institute of International Finance, which represents the 300 largest banks in the world. Rhodes, who in mid-March became the coordinator of the international banks with the Brazilian government, declared that "the level of confidence is growing, both internally and externally, because it is already believed that the government will de facto implement the measures it announced, and I would say that the country's perspectives are the best of the last 18 months."

Banking pestilence

But this interest in Brazil by the banks is not Platonic love, or anything of the sort. During the so-called "exchange fluctuation," the banks pulled in enormous profits, much greater in one month than in the entire previous year. For example, Morgan Guaranty Trust made 275.9 billion reais (Brazil's currency) in one month, eight times its 1998 profits. According to the Central Bank's information system (known as Sisbacen), J.P. Morgan bank, which is part of the Morgan Guaranty Trust group, made R\$193.5 billion in profit in January, bringing the group total up to R\$469.5 billion in just one month.

Also in just one month, other banks brought in three to four times more profit than they had in the previous year. Chase Manhattan, R\$310.1 billion; Citibank, R\$258.2 billion, not including its commercial bank, Citibank NA, which suffered losses in 1998 and still brought in R\$132.5 billion in profits in January of this year. Other banks got "only" double their profits of the previous year, such as BBA Creditanstalt, with R\$248.8 billion. The level of usurious pestilence is so absurd, that in the case of Morgan Guaranty and Morgan Trust, January earnings were 295% higher than those of December.

According to Roberto Setubal, president of the Brazilian Banking Federation, the banks' exceptional profits in January, derived from the devaluation of the real, came from three fronts: the Treasury bonds issued by the government, dollar purchases on the futures market, and subsidiaries abroad. He also states, with a good dose of cynicism, that the government was, to some degree, the other side of the coin. "All those holding dollar debts lost, and the government was one of these," he said. Which reveals what the game was all along: a transfer of public money to the banks.

The devaluation of the real caused an increase of debt linked to the exchange rate by R\$33 billion. In December, it was R\$67 billion, and by the end of January, it had risen to R\$110 billion. This means a near doubling of the income obtained from the privatization of Telebras, or R\$22 billion.

The total debt in government paper rose in January to R\$364 billion, more than a 12% increase in one month, and 489% higher than that of 1994, the year the Real Plan was launched. More serious still is that the Central Bank lost R\$7.6 billion in January and February 1999, with the sale of dollars on the São Paulo Futures Market. And so, the big loser in this financial casino was the federal government. The head of the Central Bank's economic department, Altamir Lopes, explained that operations on the futures market serve as a kind of security for dollar-indebted companies, what is technically known as a "hedge." The operations were conducted through the Bank of Brazil, which operated in the name of the Central Bank, as per the instructions of the then-president of that institution, Gustavo Franco.

As a result of this speculative orgy, the nominal public deficit, which includes expenditures plus interest payments, surpassed 8% of Gross Domestic Product, according to official statistics. In absolute values, this equals R\$72.7 billion, since nearly the entirety of these expenses were from payment of interest on government debt.

IMF agreement: bailing out insolvency

In the face of this disastrous picture of Brazil's public finances, the only plausible reason for the international financial system to continue a flow of capital into the country, is the understanding that there still exists some margin for further looting, before the government collapses under social explosion. And this is the basis for the recent pact with the IMF. The government hopes to finish 1999 with a primary surplus (i.e., excluding debt service payments) of 3.25% of GNP, which will mean dramatic budget cuts and tax increases totaling some R\$4.5 billion. For example, expenses for education were reduced from R\$4.6 billion to R\$4 billion, which is a crime if we compare these figures with the R\$70 billion spent in 1998 on interest payments on the public debt.

These comparisons are so scandalous that, for the first time in history, the IMF has agreed to accept as a criteria for fiscal performance the primary, and not the nominal, budget performance—the difference being that the nominal criteria includes debt service payments, which today are sacrosanct. Thus, according to the agreement with the IMF, the primary result of the public sector will be 3.1% of GNP this year, going to 3.25% in the year 2000, and 3.35% in 2001.

This agreement is pure illusion. For example, the inflation rate set for 1999 is 16.8%, 6.5% in the year 2000, and 2% for 2001. The exchange rate, according to the deal with the IMF, should be at 1.70 by the end of 1999, 1.77 in December of 2000, and 1.84 at the end of 2001. The average interest rate goal for this year is set at 28.8%, 16.6% in

2000, and 13.7% in 2001. And here is where the problems begin, because even with a rate of 29%, which is what they hope for, it would mean interest rate payments on an internal debt of more than R\$400 billion, of approximately R\$116 billion, representing 13-15% of GDP, which, according to the IMF agreement, will contract 4% during the course of this year. The R\$116 billion equals more than 80% of all tax revenues garnered in 1998.

More serious is that the interest rates have stayed above 40% so far this year, meaning that things may reach the absurd point that interest on the debt could surpass the entirety of the nation's tax revenues. And there are only two solutions to this picture: either there is a tremendous Weimar-style hyperinflationary explosion, or the explosion is contained through even higher interest rates and more budget cuts, triggering a depressive implosion that would have the same devastating effect.

In exchange for "running the risk" of financing a bankrupt nation, the international banks are demanding that the remaining public companies, such as Petrobras, Banco do Brasil, and Caixa Economica Federal, be privatized, after which the Brazilian economy will be left a mere husk, ready for the garbage heap. The government has committed itself to handing over some R\$27.8 billion through the privatization program.

But leaving aside numerology, in which it becomes apparent that even if Brazil wants to, in the short term it will be in no condition to pay its debts, we must now analyze some of the data of the real economy. As mentioned earlier, the government is expecting a contraction of the economy on the order of 4%. In reality, the contraction could reach 8% or more.

For example, during January, the industry of São Paulo declined nearly 11% in relation to January 1998 production levels. According to the Brazilian Institute of Geography and Statistics (IBGE), it was the sixth consecutive decline, and the largest. This collapse of the greatest industrial state of Brazil was the consequence of a 24.8% decline in production by the transport sector, 17.5% by the metal machine industry, and so on. The situation is equally serious in the other Brazilian states.

At the same time, the São Paulo Federation of State Industries reported that more than 28,000 industrial jobs were terminated in the first two months of this year, and that since the beginning of the Real Plan in 1994, there has been a loss of 535,000 jobs, representing nearly 25% of what had been the labor force of São Paulo state.

In sum, the country is facing a picture of social desolation. Perhaps most shocking is the IBGE report that, over the past two years, life expectancy of Brazilians has declined by three years.

So, if this all adds up to the Brazilian crisis being "solved," then the old adage also holds: "The only thing missing is to be struck by a bolt of lightning."

Business Briefs

Economic Policy

Asia, Ibero-America economic forum proposed

A heads-of-state forum of Asian and Ibero-American leaders has been proposed for early next year, to improve economic ties between the two continents, Japan's *Nihon Keizai Shimbun* reported on April 4. These governments are said to be "united in their opposition to the IMF's [International Monetary Fund] prescription of high interest rates and tight fiscal policies for countries hit by the financial crisis," Singapore's *Straits Times* commented on April 5.

The forum was proposed by Singapore Prime Minister Goh Chok Tong, and the Japanese paper reports that, in principle, China, South Korea, Japan, members of the Association of Southeast Asian Nations, and some 30 Ibero-American states, including Brazil and Argentina, have agreed to it. Singapore is to host a senior officials' meeting later this year. Further motivation for the forum is the disappointing result from the Asia-Europe Meeting in addressing economic issues.

The *Straits Times* alludes to an "anti-American" element, implying that the United States and IMF are synonymous, but unnamed Japanese Finance Ministry officials said that the United States would not likely oppose the forum.

The British Empire

Her Majesty's CDC to seek partners in Israel

Queen Elizabeth II's Commonwealth Development Corp. (CDC) is seeking partnerships with Israeli firms for investments in agricultural and other projects in Africa, Ibero-America, Asia, and the Commonwealth of Independent States. The CDC is part of the complex of semi-governmental organizations, such as Crown Agents Ltd., which have been created by Her Majesty's government to run the new empire. The CDC has been particularly active investing in African, Asian, and Ibero-American companies and

other public and state enterprises that are being privatized under the orders of the International Monetary Fund and the World Bank.

A delegation from the CDC was scheduled to visit Israel in mid-April. CDC manager Andrew Hamilton told the Israeli daily *Ha'aretz*, "We are very impressed with the Israeli companies. . . . Our goal is to aid private companies looking for a financial partner with connections in, and familiarity with the target market, in order to diffuse the risks associated with emerging markets, in a period in which investing in these markets is considered especially risky."

Labor

Steel Workers decry manufacturing loss

United Steel Workers of America (USWA) President George Becker condemned free trade policy, in testimony to the U.S. Senate Finance Committee on March 23. "The current steel crisis, the inadequacy of the WTO [World Trade Organization], and the negative effects of NAFTA [North American Free Trade Agreement], are all symptoms of a profound long-term problem facing America: the loss of our industrial manufacturing base."

Becker testified in support of S. 395, designed to stop steel dumping into the United States, by Russia and other nations that are under International Monetary Fund orders to "export out of the crisis." The bill was part of a campaign launched by the USWA and the steel industry. On March 17, the House voted up its version, H.R. 975. In a March 17 press release, Becker stated, "Our government has not embraced a policy of preserving this nation's industrial manufacturing base. . . . The victory [of H.R. 975] signals Congress' unwillingness to continue pledging allegiance to a failed system of global trade that sacrifices American jobs to bail out international bankers."

Meanwhile, in Russia on March 25, Aleksandr Barantsev, director of Krasnoyarsk Aluminum, in an interview with *Moscow Rossiyskaya*, said that Russia's metal

producers couldn't survive by exporting on the basis of a cheapened ruble. Rather, he said, "it is vitally important for us to expand the use of aluminum in our country. . . . The current Russian government has declared support for domestic producers to be one of its top priorities. . . . In France, this is called indicative industrial planning."

Unfortunately, a perspective for global economic recovery, such as Lyndon LaRouche's proposal for a New Bretton Woods, combined with the Eurasian Land-Bridge project, has not been forthcoming from the USWA or Russian or U.S. industry leaders.

Colombia

Economy is in worst shape in 60 years

The first three months of this year have revealed a devastating collapse of the Colombian economy, on all fronts. Unemployment is now at an unprecedented 19%—some 1.6 million people out of work in a country where the narco-terrorists are recruiting by offering stipends. Economic growth is an official negative 4% for the first trimester. Car sales fell 63%, energy consumption fell nearly 3%, industrial production collapsed 13%, exports fell 18%; the demand for gasoline fell 16%.

The Pastrana government is meeting round-the-clock with farmers, industrialists, merchants, and labor, asking for suggestions on dealing with the crisis, in particular with the soaring unemployment, which is acknowledged to be a time bomb. One suggestion, by former Presidential candidate and head of the opposition Liberal Party, narco-Senator Horacio Serpa, urged cutting the work week from 48 hours to 40 hours, in order to "provide jobs for the jobless." The government is already cutting back expenses, by pledging to lay off 200,000 state workers.

As trading partners like Venezuela and Ecuador sink deeper into recession, the Colombian economy will fall even faster. It is into this crisis situation that Harvard Prof.

Jeffrey Sachs will soon be landing, to peddle his poisonous "adjustment" recipes.

Japan

Employment shifts away from manufacturing

As the labor market shrinks in Japan, more and more jobs are shifting from the manufacturing sector to the service sector, a report by Fuji Research Institute said on March 31. During the six-year period that began in 1992, workers in manufacturing industries decreased 10%, while positions in the service sector have risen about 10%. A September 1998 survey by the Japan Institute of Labor found that after changing jobs, the average worker took home 254,000 yen a month, down from 300,000 yen before the switch; with less money coming in, households are forced to cut back on spending and the economy falls further.

Mitsubishi Electric Corp. announced extensive cost-cutting measures on March 31 "to improve its group profitability." It plans to reduce its workforce by 14,500, after decreasing staff by 2,600 people this fiscal year. Hitachi will reduce its workforce 10%, to 60,500, by the end of fiscal 1999.

Meanwhile, McDonald's Japan is undertaking an "aggressive expansion." It has recruited record numbers of new workers for fiscal 1998 and 1999.

Due to this trend, Fuji Research projects that Japan's unemployment rate will rise from about 4.4% now, to 5% in fiscal 2000.

The introduction in Japan of a new accounting method is exacerbating the problem. It emphasizes "consolidated results rather than the parent-only account," meaning that a parent company must now report not only its own losses, but those of all its subsidiaries, which used not to be so closely examined by the stock market profit mavens. This is forcing parent firms to lay off workers in the subsidiaries in a frantic effort to cut duplication and costs. NEC Corp., for example, announced on March 31, the day the new law went into effect, that it will sell off its entire stake in its affiliated heavy electric machinery maker Nippon Electric Industry

Co., which will result in thousands of layoffs.

"Only six months ago, Japanese companies were reluctant to adopt drastic restructuring measures, saying that they had to protect the livelihoods of their employees," Nikkei reports. "But in a complete policy reversal, they now cite shareholder accountability as the reason for carrying out sweeping rationalization" and layoffs.

Space

NASA considering all-female mission

As the first Space Shuttle mission led by a female commander nears, there has been increasing speculation that the space agency is considering an all-female mission. Air Force pilot and NASA astronaut Eileen Collins will lead the Shuttle mission scheduled for July, to deploy the Chandra X-ray telescope.

The reason for an all-female crew would be to accelerate the accumulation of physiological data on the effects of microgravity on women, which is expected to be different than that of men. Of the 278 people who have flown on U.S. spacecraft since 1961, only 31 have been women. There are currently 29 women in the astronaut corps of 119.

In a recent interview, NASA head of life sciences Dr. Arnauld Nicogossian said that NASA is seeking outside evaluations of whether more gender-specific research is needed. When studies are completed at the end of June, he said, "then we'll decide if it makes sense to have a mission dedicated specifically to fly women, and how often we have to continue that type of mission." He said it would not be a one-flight project. It is well known that one of the major effects of space flight is the loss of calcium in bones. Since women are more prone to develop osteoporosis, especially after menopause, they may need different prophylactic measures in space than men.

Millie Hughes-Fulford, who flew on the Space Shuttle in 1991 and is now a professor at the University of California, said that as an osteoporosis researcher, she would be interested in the results of such a flight.

KAZAKSTAN'S currency, the *tenge*, lost almost half of its value on April 5 and 6, after the government decided on April 3 to let it float. There is widespread fear of a new round of Central Asia currency devaluations. Kyrgyzstan's Central Bank said on April 6 that it is intervening to support its currency, the *som*, which lost 70% of its value since August 1998.

THE FEELING is growing among international banking circles that maybe, after all, the Malaysian capital controls are effective," a London financial expert told to *EIR* on April 8. "The view . . . is now that, in the long run, . . . what [Prime Minister] Mahathir did last September . . . might have stabilized the situation and prevented far worse from occurring. This is quite a change for these circles."

JAPAN'S domestic sales of automobile units fell 11.2% during the fiscal year ended March 31, to 4.2 million units, compared to a year earlier, the second straight year of collapse, a survey released April 1 by the Japan Automobile Dealers Association showed. The figure, the lowest in 12 years, was an output cut of 30%, or 1.7 million units, from Japan's peak production in fiscal 1990.

SOUTH AFRICA'S unemployment rate is more than 30%. At least 1.5 million jobs have been lost since 1994, and 5-6 million people are virtually unemployed. "There is a division in wealth," said one economist, "and it is not between white and black, but between those who have jobs and those who do not." "The country is sitting on a powder keg," the *Die Burger* newspaper commented on April 2.

BRITAIN reports an increase in deaths of patients with Creutzfeldt-Jakob disease, which has been linked by some experts to bovine spongiform encephalopathy, or "Mad Cow" disease. In 1998, twelve people died of CJD. Prof. John Collinge, of the Control Commission, warns that an epidemic "is absolutely possible."

Know your enemy: The British-American- Commonwealth bloc

by Jeffrey Steinberg

On April 11, 1999, Lyndon LaRouche issued the following warning, about the latest British efforts to throw the planet into a new dark age:

“At present, the world is being pushed toward World War III. The sole cause for such a World War is Her Majesty’s present government of Prime Minister Tony Blair, the actual author of: a) The presently ongoing war against Iraq; b) The presently ongoing war against the rump state of Yugoslavia; c) And the effort to eliminate all capable military forces from this planet, to be replaced by a ‘new NATO’ controlled by Her Majesty’s Commonwealth empire, in concert with a U.S. government controlled by London’s Wall Street ‘cousins.’

“This now-looming threat of world-wide war does not mean a copy of models such as World Wars I and II, nor the imagined thermonuclear sequels of the 1945-1988 interval. It means a world war, ‘enhanced by’ nuclear and thermonuclear arsenals, which degenerates from several ‘local military conflicts’ into a form of warfare seen in the post-Wallenstein phases of the 1618-1648 ‘Thirty Years War’ in Central Europe, but world-wide. It would be a nuclear-enhanced version of the generalized, global ‘irregular warfare’ which I discussed, back during the mid-1980s, in the framework of Professor von der Heydte’s doctrine of modern irregular warfare. Such an outcome is inherent in the current British and U.S.A. formulations of the ‘new NATO’ doctrine already being implemented against Iraq and Yugoslavia.

“Notably, Russia and China (among others), are denouncing the application of that ‘new NATO’ doctrine as it is being implemented, because they recognize: a) That the attacks against Iraq and Yugoslavia are being conducted as rehearsals for threat of war against Russia and China; b) That the very nature of the world situation means, that failure to abort such ‘new NATO’ or kindred doctrines now would mean the spread of warfare globally, until it must reach the level of a nucleated firestorm of generalized warfare; c) That a new Balkans war, if it passes into the ground-war phase, must inevitably spread into a global conflict.



Leading lights of the British-American-Commonwealth policy grouping that is now propelling the world toward war: Margaret Thatcher and George Bush. They are shown here in March 1991, after Operation Desert Storm against Iraq.

“The driving force behind the currently ongoing implementation of this ‘new NATO’ doctrine, is a fit of lunacy which has gripped London and Wall Street since the August-September collapse of the LTCM-centered group of hedge funds. Presently, the world is dominated by the most lunatic form of hyperinflationary explosion in all history. Under the influence of the hyperinflationary explosion launched by the G-7 governments and central banking systems, during mid-October 1998, there has been a qualitative change in the mental condition of most members of the U.S. Congress, and others: into wild-eyed fantasies, reminding historians of the Seventeenth-Century tulip bubble and the early-Eighteenth-Century John Law bubbles of England and France. Under these lunatic conditions, the present wild-eyed drive toward a potential World War III was set in motion, jointly, by Her Majesty’s Blair government and by Vice-President Al Gore’s circle of Principals Committee cronies, beginning the exact same October-November time-frame as three other events: a) The hyperinflationary bail-out scheme sometimes termed ‘Alan Greenspan’s Miracle;’ b) The drive for a ‘new NATO’ policy used in the war against Iraq, using the British Commonwealth’s faked ‘Butler report’ as a pretext; c) The post-election effort to eliminate President Clinton, by impeachment, making the super-ambitious Blair asset, Gore, President.

“The present situation finds most of the population only less gripped by mass insanity than we observe such relative sudden, radical changes in mental state among so many Democratic members of the Congress. In all my life, I have never

seen such widespread madness within the U.S. population, including the 1930s Depression years, as now. The weakening of the authority of the U.S. government by these developments, combined with the collapse of popular confidence in the governments of western Europe, has created a most dangerous strategic situation.

“It is urgent that these institutions and populations quickly return to sanity. The sooner the world’s present hyperinflationary financial bubble disintegrates, the better for us all. Meanwhile, let us rid ourselves of the influence of that would-be Circe of a failed British government named ‘The Clapham Common Committee,’ and back any efforts President Clinton launches to free the world from rule by the British Commonwealth and such Wall Street-owned lackeys of the British monarchy as loony Zbiggy Brzezinski.”

The BAC apparatus

In asserting that the British are steering the current war and depression policies of NATO, the International Monetary Fund (IMF), and the U.S. government, LaRouche is challenging the popular delusion that it is the U.S. government, headed by President Clinton, that has devised these policies. The actual evil agency, which LaRouche identified in his year 2000 campaign report *The Road to Recovery*, is the “British-American-Commonwealth bloc” (“BAC”).

Its headquarters is in London, but its power extends to the British Commonwealth of states—57 countries with 1.6 billion inhabitants—and beyond. Its agents and assets are in

key positions in governments, intelligence services, banking institutions, etc. in many leading countries of continental Europe, forming a powerful faction within the “European bankers’ club,” and the “Third Way” Eurosoci-alist movement.

Under the present Netanyahu-Sharon regime in Israel, the BAC has finger-tip control over that nuclear-armed “crazy state.” Just as BAC “Temple Mount” irregular warfare assets assassinated Prime Minister Yitzhak Rabin to prevent the Rabin-Arafat-Clinton Oslo peace agreement from succeeding, the BAC will stop at nothing to ensure that Israel remains firmly in their treasure chest of geopolitical assets, following next month’s Israeli elections. Thus, while the world media, and far too many world political leaders, fixate on the admittedly horrific situation in the Balkans, one cannot rule out a new war in the Middle East, at British-Israeli instigation, timed to deliver a pre-May 17 election boost to the murderous Netanyahu-Sharon combine.

Treason in America

The British have historically maintained three power centers of treason within the United States: a) the New England “clipper ship” families who made their fortunes as junior partners of the British East India Company’s Far East opium trade; b) dominant elements of Wall Street, associated with the Morgan, Harriman, Rockefeller, and Warburg-Schiff interests, who speak through the Dow Jones *Wall Street Journal* and the *New York Times*; and, c) the Confederate legacy in the South, today associated with such Congressional Republicans as the recently retired Newt Gingrich, Senate Majority Leader Trent Lott (Miss.), British Mont Pelerin Society poster-boy Dick Arme-y (Tex.), and Senate Foreign Relations Committee Chairman Jesse Helms (N.C.).

The increasingly cartelized major media of the English-speaking world is another leading BAC asset, centered around the Hollinger Corporation and the jingoistic press empire of Rupert Murdoch, in particular.

Unfortunately, both the average citizen and leading politicians of most of the nations of the world today—including the United States—have not an inkling of an understanding of the BAC phenomenon. Instead, they view the current antics of NATO and the IMF as policies “made in Washington,” and associated with the Clinton White House and the Robert Rubin-led U.S. Treasury Department.

This has led to a new, virulent outbreak of anti-Americanism in many leading world capitals, much to the joy of the House of Windsor, the City of London, and their puppet-on-a-string, Tony Blair.

Clinton versus the BAC

Many of the most egregious policies now being carried out under the banner of the “new NATO,” and the hyperinflationary efforts of many of the world’s central banks, are policies *opposed*, on the record, by President Clinton, throughout his Presidency. For example:

- President Clinton warned, in 1993, that Russia needed “less shock and more therapy,” a repudiation of the IMF’s “Polish model” of shock therapy, associated with George Soros’s Harvard punk, Jeffrey Sachs.

- In July 1994, and again in 1998, President Clinton invoked a new “strategic partnership” with Germany, to help rebuild the economic foundations for peace in Central Europe. The British went berserk over the notion that a U.S. President had relegated the “Anglo-American special relationship” to also-ran status.

- The President has defined the economic development of Africa, including much-needed infrastructure development, and a \$100 billion debt moratorium, as an administration priority, while the British and allied European colonial powers have looted Africa’s raw-materials patrimony, and launched genocide that has claimed at least 6 million lives since 1994.

- President Clinton defied Chatham House and the London International Institute for Strategic Studies (IISS), two leading BAC brain-trusts, by attempting to forge a “strategic partnership” with a China that London targetted for destabilization, in preparation for a future military confrontation—what BAC scribbler Samuel Huntington has branded “the Clash of Civilizations.”

- In 1993, President Clinton directly intervened *against* Britain and France’s geopolitical antics in the Balkans, achieving, several years later, in league with Russia, the Dayton Accord, which should have been the guidepost for his handling of the present Kosovo crisis.

- The President dared to intervene in London’s backyard, Northern Ireland, to press for an end to the decades-old conflict between Protestants and Catholics, which had been manipulated by British psychological warfare teams associated with the Special Air Services (SAS) and Tavistock Institute.

- Clinton has pressed for peace in the Middle East, where the BAC’s Israeli marcher-lords, Netanyahu and Sharon, have threatened first use of tactical nuclear weapons against a list of Islamic states. In February and November 1998, President Clinton, in collaboration with Russia’s Yevgeni Primakov and United Nations Secretary General Kofi Annan, prevented a senseless bombing campaign against Iraq, prompting both Margaret Thatcher and Tony Blair to scream, in chorus, “Never again!”

- When the Russia debt crisis of the summer 1998 proved, conclusively, that the so-called “Asia contagion” was, as LaRouche had warned from the outset, a systemic breakdown crisis of the world financial and monetary regime, President Clinton, in a Sept. 14, 1998 speech at the New York Council on Foreign Relations, advocated a “new global financial architecture,” a faint echo of LaRouche’s elaborated call for the President to convene a New Bretton Woods Conference.

The fact that, over the past year, President Clinton, under immense BAC attack, has failed to implement many of his own stated policy goals, should not be a cause of confusion

between American policies and BAC policies. The British-orchestrated attempt to oust President Clinton from office in an illegal, unconstitutional coup d'état, failed to install Al Gore into the Oval Office, but the President's survival came at a dear price.

U.S.A. should join the 'Survivors' Club'

The last best hope for the world to avoid war and further financial and economic catastrophe, is for a rejuvenated President Clinton, supported by anti-BAC forces in the United States and around the globe, to take the lead in crushing London and its lackeys, including those penetrated into his own administration and both political parties' Congressional caucuses.

As LaRouche noted in *The Road to Recovery*, the post-October 1998 actions of the BAC—the hyperinflationary binge, and the war drives in the Persian Gulf and the Balkans—have driven leading Eurasian nations, led by China, Russia, and India, to form a “Survivors' Club” of nations, opposed to the lunacy coming out of nearly all Western capitals.

In a recent commentary, published, in part, in the prestigious Russian financial daily *Kommersant* on April 13 (see p. 6), Lyndon LaRouche observed, “My hope, is that President Clinton will refresh his options for cooperation with Russia. The world is in a crisis, which can not be overcome without cooperation among a leading group of nations, including the U.S.A., Russia, China, India, and at least one or two nations of western continental Europe. Under those conditions, the vital interests of the planet as a whole can be defined in ways indispensable for solving the world's present economic crisis and avoiding the growing danger of a global spread of warfare. An agreement in principle, under which the U.S.A. and at least one relevant nation of western continental Europe enters into an agreement in principle for global economic cooperation, based on cooperation with the emerging pattern of Eurasia cooperation among China, Russia, and India, would represent the most powerful concert of power imaginable on this planet at this time. The cooperation among the nations representing such a concert of power, becomes the instrument to resolve the increasingly dangerous pattern of conflicts confronting us today.”

A combat manual against the BAC

To further that objective, *EIR* has prepared the following dossier on the BAC. It is vital that the BAC treason be swept from the corridors of power in Washington and on Wall Street, so that the United States, under a revived Clinton Presidency, can, as LaRouche has demanded, assume its historic, rightful place as a leading nation pursuing policies in the best interests of all of mankind.

For that to be achieved, the BAC must be defeated. Such a fight must proceed on the basis of sound intelligence. This dossier is intended to be a good start.

The American System vs. British treason

by Anton Chaitkin

The American republic's unique, pro-human economic and social character was born in the Revolution and shaped over time by such revolutionary economic nationalists as Benjamin Franklin, George Washington, Alexander Hamilton, Henry Carey, Henry Clay, Abraham Lincoln and, later, Franklin D. Roosevelt. The British assassination of President John F. Kennedy preempted his efforts to revive the tradition; and President William Jefferson Clinton has, on occasion, shown an “FDR impulse” to revive this essential American republican outlook and policy.

The progress of the whole society was the U.S. national mission, whose success required secure independence from the grasping enemy empire. Having lost the Revolutionary War (1775-83), having failed to reconquer its colony despite burning Washington (in the war of 1812-15), having backed the Southern slaveowners' rebellion and lost the Civil War (1861-65), Britain's aristocratic rulers in the late nineteenth century faced their most dangerous opponent, an energetic America setting the example of national freedom for Ireland, India, China, Japan, Russia, Germany, and Ibero-America; a world moving into alliance with America against Britain.

That notion of political freedom from imperial tyranny and slavery was rooted in vigorous economic development. The Trans-Continental Railroad project, which consolidated the United States as a continental republic during the middle of the nineteenth century, was exported to Eurasia, through such great projects as the Trans-Siberian Railroad. American diplomats such as E. Peshine Smith, and the American-trained German economist Friedrich List, spread American System ideas and technologies to Prussia, to Meiji Japan, to Tsarist Russia, and to China, where the economic grand design of Sun Yat-sen was explicitly based on the American System success. The 1876 Centennial Celebration in Philadelphia brought together republican statesmen, scientists, engineers, and artists from all around the globe, to partake freely of the scientific and technological revolution accomplished by the United States and its friends.

The desire of the United States, during the epoch of the Founding Fathers and their immediate heirs, to spread the republican ideal worldwide, was best expressed, in diplomatic terms, by Secretary of State, and, later President, John Quincy Adams, in his anti-British, anti-European-imperialist Monroe Doctrine. Up to the present day, whenever an American President has attempted to use the Monroe Doctrine and

the John Quincy Adams's notion of a "community of principle" among sovereign nation-states as a guide to foreign policy, America has been able to reassert its role as the world's "beacon of liberty." It is this lingering tradition of American System diplomacy that strikes fear in the hearts of the British oligarchy to this day.

Recolonization by other means

The British oligarchy — Crown, bankers, cartels — determined to regain power over America through U.S.-based private bankers and related agencies, who were allied to Britain and to British Canada. They would form a trans-Atlantic power structure to control the U.S. economy and government, aiming to reverse the American Revolution.

This British-American-Canadian faction sought to suppress the "upstart" American national character.

Unlike the European empires, in the United States the government was run by the vote of productive and aspiring segments of population, in their own interest.

Committed to scientific and technological advancement, overcoming poverty by revolutionizing man's power over nature, the U.S.A. used high tariffs, cheap government credit, and government-financed transportation, to build iron and steel mills, settle the wilderness, and achieve great power status.

Against slave or peasant labor, the nation promoted an educated, skilled, urban labor force for the nationally protected machine industries. Creating private family farms was a calculated national strategy, achieved through special initiatives in land access, education, scientific advice, and public infrastructure.

These measures to increase man's dignity created an independent population that could defend a republic. For the first time in history, these ideas were set down in the founding documents of the American Republic: the Declaration of Independence (the "inalienable rights" of "Life, Liberty, and the pursuit of Happiness"), the "General Welfare" clause of the Preamble to the U.S. Constitution, and the *Federalist Papers* of Hamilton, John Jay, and James Madison, which fostered the public debate for ratification of the Constitution.

Against this successful national mission, a hostile ruling power emerged which is now eliminating manufacturing and family farms and reducing public infrastructure to ruins. Its news media cartel feeds ignorance to a degraded mass culture. Its free-market regime, flavored with aristocrats' environmentalism, would outlaw industrial and social progress.

This enemy power arose from old British-allied (Tory) families in the northeast and among the southeastern plantation slaveowners, ultimately concentrating in a tight group of British-directed financiers in New York.

At the clique's center were enterprises under the names Morgan, Rockefeller, Schiff/Warburg, and Harriman — all of them British assets.

John Pierpont Morgan, New York representative of his

father's London bank, established Drexel, Morgan & Co. in 1871 to spearhead London's anti-U.S. financial warfare. The new firm ran slanders against, and sabotaged the credit of, Jay Cooke, the Philadelphia railroad builder and the Federal government's chief private banker. Cooke's downfall under the Morgan onslaught caused the 1873 national financial collapse, weakening the Philadelphia-based American nationalist political faction which had sponsored Abraham Lincoln. Morgan, in a British banking syndicate with Rothschild, stepped in and took monopoly control over U.S. government bond financing.

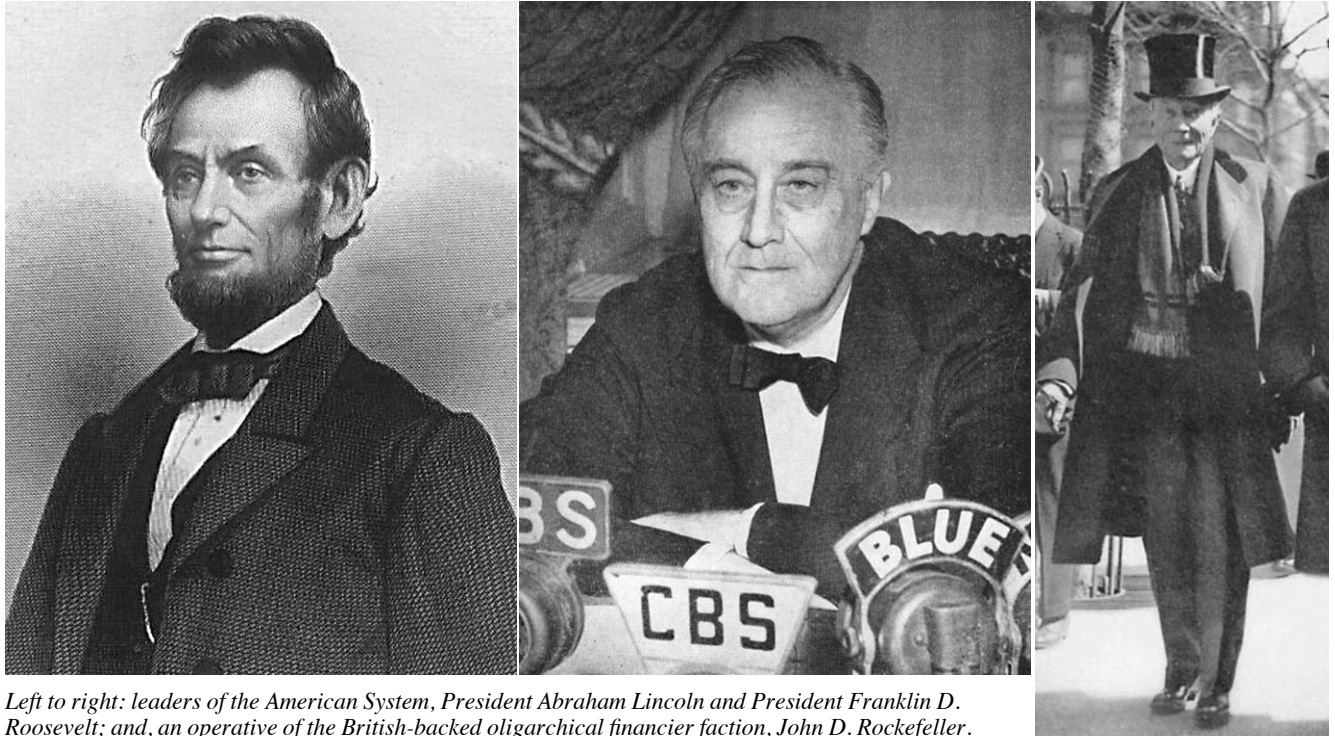
By the early twentieth century, the J.P. Morgan bank on Wall Street had gained control over most of America's heavy industries. During World War I, Morgan was the official agency within the United States for the British Crown and Empire.

John D. Rockefeller entered business in Cleveland in 1859 with British capital, as a partner of Englishman Maurice B. Clark ("Clark & Rockefeller"). In 1863, Rockefeller got into oil refining as a junior partner to Clark and Englishman Samuel Andrews ("Andrews & Clark"). Conspiring with Cornelius Vanderbilt and other Anglophile New York financiers, Rockefeller, Andrews, and others built up the Standard Oil refining monopoly into a weapon against both American industrialists and labor.

As Morgan attacked Jay Cooke, Rockefeller assailed the Pennsylvania Railroad (PRR), the biggest underwriter of the protectionist leaders who sponsored Thomas Edison, Andrew Carnegie, and most great U.S. industrial projects. Rockefeller stopped shipping his own and others' oil on the PRR, while Rockefeller's robber-baron allies drastically cut freight rates, forcing the rival PRR to cut wages to survive. The scenario, guided by Standard Oil Vice President Henry H. Rogers, was capped in 1877 when striking workers and provocateurs rioted, burning millions of dollars' worth of PRR equipment. Less than two months later, in September 1877, the PRR surrendered to all Standard Oil demands, sold off its oil industry assets, and retired from any further challenge to the London-New York power axis.

John D.'s brother **William Rockefeller**, founder of National City Bank (later Citibank), employed, in a private capacity through William's New York social club, a British secret intelligence service officer named Claude Dansey. As the United States prepared to ally itself in World War I with its old enemy Britain, Rockefeller employee Colonel Dansey reorganized U.S. Army intelligence into an adjunct of the British secret service. Dansey's loyal U.S. follower, Gen. Marlborough Churchill, soon became director of U.S. military intelligence. The Rockefeller Foundation was set up as a particularly aggressive channel for British Empire political projects, such as sponsoring the white race purification (eugenics) movement in America and Germany.

Jacob Schiff, chief of New York's Kuhn Loeb & Co. private bank, was junior partner to his London mentor and



Left to right: leaders of the American System, President Abraham Lincoln and President Franklin D. Roosevelt; and, an operative of the British-backed oligarchical financier faction, John D. Rockefeller.

guide to power, Sir Ernest Cassel, personal banker to King Edward VII. Edward was “Prince of the Isles,” whose approach to building a global British imperium has been followed by today’s “Club of the Isles” boss, Prince Philip. At King Edward VII’s request, Schiff issued bonds in America to finance Japan’s 1905 war against Russia. This was the sole “American” participation in the British sponsorship of the war, but it helped ruin Russia and destroy the Russian-American alliance.

The director of British Intelligence operations for North America during World War I, Sir William Wiseman, was a partner with Jacob Schiff and the Warburgs; Wiseman remained at Kuhn Loeb, New York, until his death in 1962.

Edward H. Harriman was an Anglophile New York stock broker and minor railroad speculator, allied to Rothschild New York representative August Belmont. In 1898, Sir Ernest Cassel arranged to put British Crown money through Kuhn Loeb & Co., to finance Harriman’s purchase and reorganization of the giant Union Pacific Railroad. Son **Averell Harriman** created a bank which merged with London’s Brown Brothers, the family firm of Bank of England Governor Montagu Norman.

The British Crown-affiliated Harriman group, managed in New York by President George Bush’s father, sharing Morgan’s lawyers (the Dulles brothers), financed Britain’s promotion of Hitler’s rise to power in Germany.

Aided by the Anglomania of U.S. President Theodore Roosevelt (who was ludicrously called the “trust-buster”), the Morgan, Rockefeller, Schiff/Warburg, and Harriman central

clique formed trusts to wrest the steel, electrical, machinery, and railroad industries from their American builders. The British government, through a Morgan-brokered loan worth ten times the value of the Du Pont company, took power over that munitions firm and made it a British political agency (Du Pont was a particularly prime target for British takeover, because earlier generations of the du Pont family had played a pivotal role in the early development of the U.S. economy under “American System” methods). Morgan and his Du Pont partners then seized control of General Motors, the automobile manufacturer.

The *New York Times* aided the British takeover. The *Times*’s post-Civil War owner Leonard Jerome was intimate with British Tory Party leaders and became the grandfather of Winston Churchill. With Morgan money and British blessing, southern racist Adolph Ochs acquired the *Times* in 1896. Ochs hired British spy “journalists” and flagrantly promoted American subordination to British Empire interests. Ochs’s descendants, the Sulzbergers, continue the tradition as *Times* proprietors.

The Federal Reserve System, created by the British Wall Street Group in 1913, gave the Bank of England an instrument for hands-on manipulation of U.S. government finance; this has usually been managed through the New York Fed branch, in conjunction with J.P. Morgan.

Following World War I, the British formed an organization to direct the U.S. government’s foreign policy, the New York Council on Foreign Relations, as a twin of the Royal Institute of International Affairs. Based on Britain’s Wall

Street banking clique and their lawyers, the CFR later became more broadly synonymous with the Anglophile Eastern Establishment.

President Franklin D. Roosevelt reasserted America's national mission from the 1930s through World War II. But after FDR's death, the London-Wall Street axis, now joined by Canada-based British Empire financiers, clamped a vise grip on American policymaking.

The premature death of FDR provided the opening for Winston Churchill, Bertrand Russell, and other leading lights of the "new" postwar British Empire, to orchestrate a Cold War divide between the wartime allies, the United States and the Soviet Union.

The National Security Act of 1947 and accompanying measures reorganized the U.S. Armed Forces along lines mapped out by Britain's Lord Maurice Hankey, for the reform and coordination of the U.S. and British military and secret services. Britain's New York banking clique (Harriman et al.) ran President Truman's global policy (1946-53), and (through the Dulles brothers) much of President Eisenhower's (1953-61). In this era, British-Soviet triple agent Kim Philby tutored the American CIA, and Montreal-based British intelligence operative Maj. Louis Mortimer Bloomfield counselled J. Edgar Hoover's FBI.

President John Kennedy, echoing Lincoln and Franklin Roosevelt, moved America back on the path of industrial and scientific progress, giving hope to the world that the post-colonial era had arrived. But following Kennedy's 1963 assassination, British-imported social and political changes—the New Age—swamped the U.S.A., under the management of the Ford and Rockefeller foundations, and other agencies of the Wall Street octopus.

This is the origin of the post-industrialism, "globalism," and cultural insanity which has so dangerously undermined America's uniquely positive contribution to world civilization, a contribution that can still provide a margin of victory, if properly marshalled, against the British-American-Commonwealth faction.

For further reading: Anton Chaitkin, *Treason in America: From Aaron Burr to Averell Harriman*, second edition (Washington, D.C.: Executive Intelligence Review, 1998); Webster Tarpley and Anton Chaitkin, *George Bush: The Unauthorized Biography* (Washington, D.C.: Executive Intelligence Review, 1992); Chaitkin, "Leibniz, Gauss Shaped America's Science Successes," *EIR*, Feb. 9, 1996; Chaitkin, "The 'Land-Bridge': Henry Carey's Global Development Program," *EIR*, May 2, 1997; Nancy Spannaus and Christopher White, editors, *The Political Economy of the American Revolution*, second edition (Washington, D.C.: Executive Intelligence Review, 1996); W. Allen Salisbury, *The Civil War and the American System: America's Battle with Britain, 1860-1876* (Washington, D.C.: Executive Intelligence Review, 1992).

The Federal Reserve

How the BAC controls credit, U.S. policy

by Richard Freeman

In 1913, the financier oligarchs of the City of London and Wall Street effected a profound change: They created the Federal Reserve System to impose a dictatorship on the United States, through control of the nation's credit. Through this means, economic and national policy can be dictated. Over the years, the Federal Reserve ruined America's productive economy, and destroyed its economic sovereignty. This became all the more important in 1913, because by then, America was the most powerful industrial nation in the world, producing fully one-third of the world's industrial output.

As a centralized authority, with the final say over most credit policy, the Federal Reserve handed to the City of London and Wall Street powerful levers, to set the level and price of credit, and to determine how much would flow, and for what purpose. The principal controls of the Federal Reserve are: 1) power over the discount rate, the rate at which commercial banks borrow directly from the Federal Reserve by discounting paper with the Fed; 2) power over the federal funds rate, which is the rate that controls the injection or withdrawal of 24- to 48-hour money into the commercial banking system (carried out through Treasury security "repurchase agreements"); 3) power to set the level of reserve requirements for banks; 4) power to own and market U.S. Treasury securities; and 5) power to issue credit, as only the Federal Reserve has the authority to purchase Treasury securities by monetizing them, that is, printing up new money.

Through the first and second powers enumerated above, the Federal Reserve sets the floor for interest rates for the economy as a whole. Showing the full wrath that can be inflicted on the economy through these combined powers, in October 1979, then-Federal Reserve Board Chairman Paul Volcker began instituting a policy of "controlled disintegration of the economy." During the week of Oct. 6-12, 1979, he started a process of continuously raising the discount and federal funds rates, which sent the prime lending and other interest rates into the stratosphere. The economy buckled. This produced an enduring effect: Between 1979 and 1985, one-third of America's high-technology machine-tool capacity was permanently shut down, and there was a close-down of a similar percentage of other capital-intensive industries throughout America's industrial heartland.

National banking

The Federal Reserve was instituted to stop the national banking tradition of Alexander Hamilton. As America's first Treasury Secretary (1789-95) and afterward, Hamilton effectively directed the policy of the Bank of the United States. A *national bank* acts for the *sovereign* interest of a nation, its population, and its progress. The bank made inexpensive credit available for America's manufacturing, agriculture, and internal improvements, such as road and canal building.

The 1913 Federal Reserve was created, modeled on the Bank of England, in opposition to a national bank. It was a *central bank*, a bank privately owned and operated for the interest of financier bandits: Though the Federal Reserve has a public board, the stock of the 12 district Federal Reserve Banks is privately owned by the commercial banks in those districts. That is, the New York Federal Reserve Bank's stock is owned by J.P. Morgan Bank, Citibank, Chase Manhattan, and other commercial banks. Combined, the commercial banks own the Federal Reserve System; on top of that, their patrons in the City of London give policy direction. The objective of the private owners of the Federal Reserve is to direct credit to build up a speculative bubble, and to finance such things as derivatives, while destroying America's development in a capital-intensive, energy-intensive mode. They make the claim that the Fed is "independent," a fourth branch of government; that is an unconstitutional assertion: There are only three branches of government in America, the Executive, the Legislative, and the Judiciary.

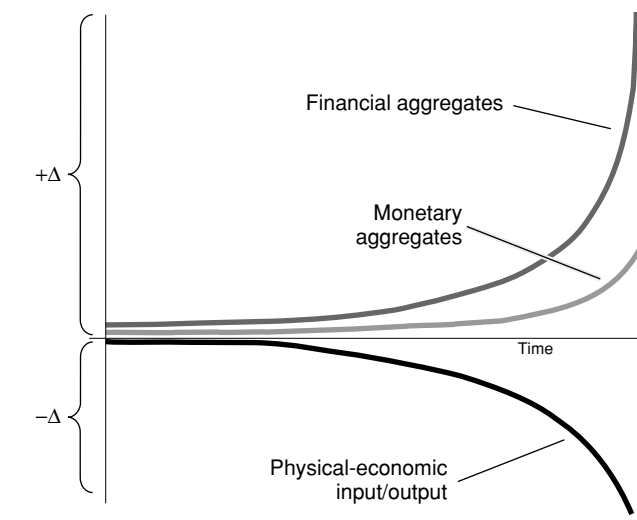
The key figures in foisting the Federal Reserve upon the United States were the tightly knit leaders of the London-directed Wall Street financier group: John Pierpont Morgan; Paul Warburg and Jacob Schiff of Kuhn Loeb investment bank; Rockefeller's National City Bank of New York; and Nelson Aldrich, the powerful Republican Senator from Rhode Island, who was chairman of the Senate Banking Committee and the father-in-law of John D. Rockefeller II.

The Specie Resumption Act

J.P. Morgan, acting on behalf of the interests of the London-based firm of his father, Junius Morgan & Co., began the process of creating the Fed by pushing the Specie Resumption Act through a lame-duck session of the U.S. Congress in 1875. Even though a number of incumbent Republican Congressmen had been voted out of office in November 1874, and a large number of incoming Congressmen opposed the Specie Resumption Act, Morgan pushed it through, acting together with Levi Morton of the Republican Party and August Belmont, the head of the Democratic Party and the leading representative of the Rothschild banking interests in America. The act put the United States on a deflationary gold standard, in which dollar issuance could only occur on a strict one-to-one backing with gold. The act sought to undo President Abraham Lincoln's great industrialization program of 1860-76, and targeted Lincoln's very helpful Greenback is-

FIGURE 1

A typical collapse function



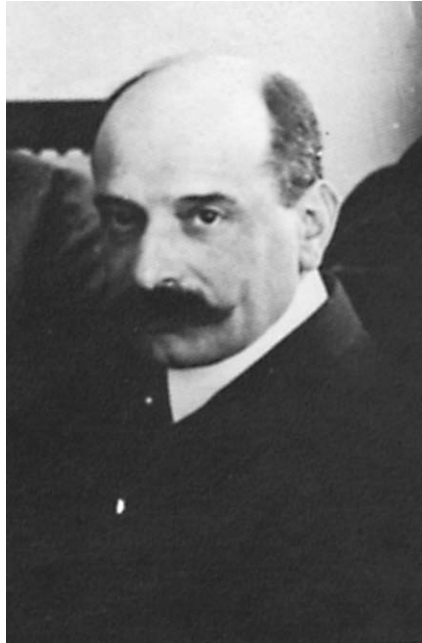
suance policy. A self-feeding deflationary spiral set in.

The Specie Resumption Act prolonged the financial crash of 1873 until 1877, produced the crash of 1883-85, the panic and depression of 1893-97, and the panic of 1903. The ensuing deflation, during 1875-1900, led to the slashing of wages by 20 to 30% and the fall in farm prices of 30 to 50%, depending on the commodity. Specie Resumption was the first in the one-two punch that led to the creation of the Fed.

In 1905-07, another panic occurred, leading to a credit crunch in the American midwestern and southern banks. Acting on this, J.P. Morgan declared that America needed a central bank, and in 1909, he helped set up the Indianapolis Monetary Commission, later renamed the National Monetary Commission, to "study" and promote the project. In December 1910, the financiers met at Jekyll Island, off the coast of Georgia. According to economist Dr. James L. Laughlin, a participant in the meeting, the group wore disguises en route. Among those participating were Dr. Laughlin; Sen. Nelson Aldrich; Henry J. Davison, a senior officer of J.P. Morgan & Co; Benjamin Strong, then an officer of the Morgan-run Bankers Trust, and later the head of the New York Federal Reserve Bank; Paul M. Warburg, the managing director of Kuhn Loeb; and Frank Vanderlip, president of National City Bank of New York. The meeting concluded that an offensive was needed to establish a central bank. They founded the National Citizen's League for the Promotion of a Sound Banking System, with Dr. Laughlin as its head.

Between 1910 and 1912, Senator Aldrich, as chairman of the Senate Banking Committee, repeatedly introduced legislation to create the Federal Reserve. But it was broadly seen as Wall Street legislation for a bankers' dictatorship, and rejected.

In 1912, the strategy was changed. Instead of running the



Among those who rammed through the unconstitutional creation of the federal reserve were (left to right): John Pierpont Morgan, Jr., Paul M. Warburg, and President Woodrow Wilson.

legislation through the pro-Wall Street Republicans, why not make the legislation appear that it was “anti-Wall Street”? The Democrats took control of the House and Senate in the 1912 elections. Rep. Carter Glass (D-Va.), chairman of the House Banking Committee, took essentially the same legislation as Senator Aldrich had submitted (with a few important variations and compromises) and introduced it as a Democratic measure. For the strategy to work, a President who was a Democrat was needed. J.P. Morgan senior partner George Perkins became Finance Committee chairman and ran the 1912 “Bull Moose” Presidential campaign of Teddy Roosevelt. The Republican vote was split between Roosevelt and the incumbent, President William Howard Taft. With the Republican vote split, Democrat Woodrow Wilson won the Presidency with less than 42% of the vote.

Immediately, an investigation of Wall Street was started up. Between March 1912 and June 1913, House Banking Committee Co-Chairman Arsene Pujo, and his Wall Street lawyer, Samuel Untermyer, held hearings that investigated every Wall Street wrongdoing—in a carefully controlled fashion. Though the investigation provided some of the outlines of Morgan control of Wall Street, the scandal was used to create a populist anti-Wall-Street sentiment that would allow Wall Street’s principal legislation, the creation of the Federal Reserve, to go through.

Many saw through the act. Sen. Charles A. Lindbergh, Sr. (R-Minn.) led the opposition in the Senate. In the House, Rep. Robert Link Henry from Texas, a spokesman for farm interests, addressed the Congress in July 1913: “The bill as now written is wholly in the interests of the creditor class, the banking fraternity . . . without proper provision for the

debtor classes, and those who toil, produce and sustain the country.”

President Wilson lied and cajoled to get the act through Congress. On Dec. 22, 1913, the House and Senate voted passage of the Federal Reserve Act, the House by a 298-50 margin, the Senate by 43-25. Wilson signed the act into law the next day.

On Dec. 25, 1913, Kuhn Loeb investment bank patriarch Jacob Schiff wrote to his firm’s managing director, and the act’s co-author, Paul Warburg, “This is a great day for rejoicing. It’s a great victory.”

The act’s implementation

The act marked a turning point in America’s history, institutionalizing the transfer of control of economic and credit policy from the nation to the financiers. This entailed a great loss of sovereignty. The Wall Street-London forces had the mechanism for a credit dictatorship, using the five powers enumerated above. They could monetize U.S. Treasury debt to create new credit for *their purposes*. They had the power to raise interest rates, making credit expensive, and to withhold it from manufacturing, agriculture, and infrastructure; this has been used, ever since, to collapse these sectors.

The act had a second purpose: to finance Britain’s war effort during World War I. Britain could not finance its war by itself. The pound sterling was stretched to the limit; it needed the United States, but the United States could not have done that with the methods that existed before 1913. In creating the Fed, the British created an international dollar, by issuing it against the real industrial wealth of America, and then having America lend dollars to Britain. Thus, the Federal

Reserve was also a British instrument for World War I.

Through Federal Reserve Board chairmen Arthur Burns (1970-78), G. William Miller (1978-79), Paul Volcker (1979-87), and Alan Greenspan (1987-), the Fed has carried out the purpose for which it was created in its most forceful form: building up a cancerous speculative bubble, while withering agro-industrial production and infrastructure. Since 1971, the physical economy has contracted at a rate of approximately 2% per year, while the speculative financial instruments have grown hyperbolically. Following the August-October 1998 eruption of a new phase in the world financial crisis, Fed Chairman Greenspan has moved against America's national interest, using the powers of the Fed on behalf of purely private financier interests, in his insane attempt to bail out the bankrupt world financial system, which will result globally in 1921-23 Weimar Germany-style hyperinflation.

The Sun never sets on the new British Empire

by Scott Thompson

From October 1994 through September 1997, EIR published a series of studies of the new British Empire; it was reprinted in September 1997 as a Special Report titled "The True Story Behind the Fall of the House of Windsor," which also included EIR's earliest coverage of the death of Princess Diana, revealing, for the first time, her private correspondence with a representative of Lyndon LaRouche. Space does not permit us here to duplicate that profile of the British monarchy, its worldwide tentacles of power, or its genocidal agenda. Nevertheless, critical features of that dossier form the necessary starting point to any competent understanding and road map of the "BAC phenomenon" today.

One of the most dangerous, widely held myths in the world today is the idea that the British monarchy is a "toothless tiger," with little more than ceremonial power, and little purpose beyond the attraction of tourists to Buckingham Palace to watch the changing of the guards.

In fact, the Queen of England, Elizabeth II, is the wealthiest individual in the world today, with vast real estate holdings, Crown treasures, and a cash-flow of investments estimated in the tens of billions of dollars, largely concealed through blind trusts and offshore accounts. The notorious hedge fund swindler, George Soros, is but one of many "handlers" of the Queen's portfolio.

As head of the British Commonwealth, Elizabeth II enjoys absolute sovereignty over 16 countries, and substantial authority over 60 additional countries and dependent territories. The new British Empire presides over 1.6 billion people,

representing more than 29% of the world population; and it occupies nearly 32 million square kilometers, or just below 24% of the world land-area. The nations of the British Commonwealth constitute the largest voting bloc in many multinational organizations, from the United Nations, to the Organization of African Unity (OAU), to the Association of Southeast Asian Nations (ASEAN).

The United Kingdom, Australia, New Zealand, and Canada are 4 of the 16 countries where Queen Elizabeth II is the sovereign. The governments and parliaments of those countries serve at her pleasure, and she has the unchecked authority to dismiss a government without cause or explanation. In 1975, a rebellious, popularly elected Australian government, under Prime Minister Gough Whitlam, was sent packing by order of Her Majesty.

Among the other states where the Queen is sovereign, are the British Caribbean offshore money-laundering centers, which harbor more than half a trillion dollars a year in illicit drug trade. This trade has been associated with the British Crown since Prime Minister Lord Palmerston dispatched the Royal Navy to fight two Opium Wars to impose drug addiction on the people of China, during the nineteenth century.

Among the "Prerogative Powers" enjoyed by the Queen to the present day: She alone has the authority to declare war; as commander-in-chief of the Armed Forces, the Queen may choose and appoint all commanders and officers on land, sea, and air; she can choose and appoint all judges, councillors, officers of state, and magistrates; she can appoint all archbishops of the Church of England, including the Archbishop of Canterbury, who is *primus inter pares* in the Anglican Communion, which consists of 40 separate national churches on every continent.

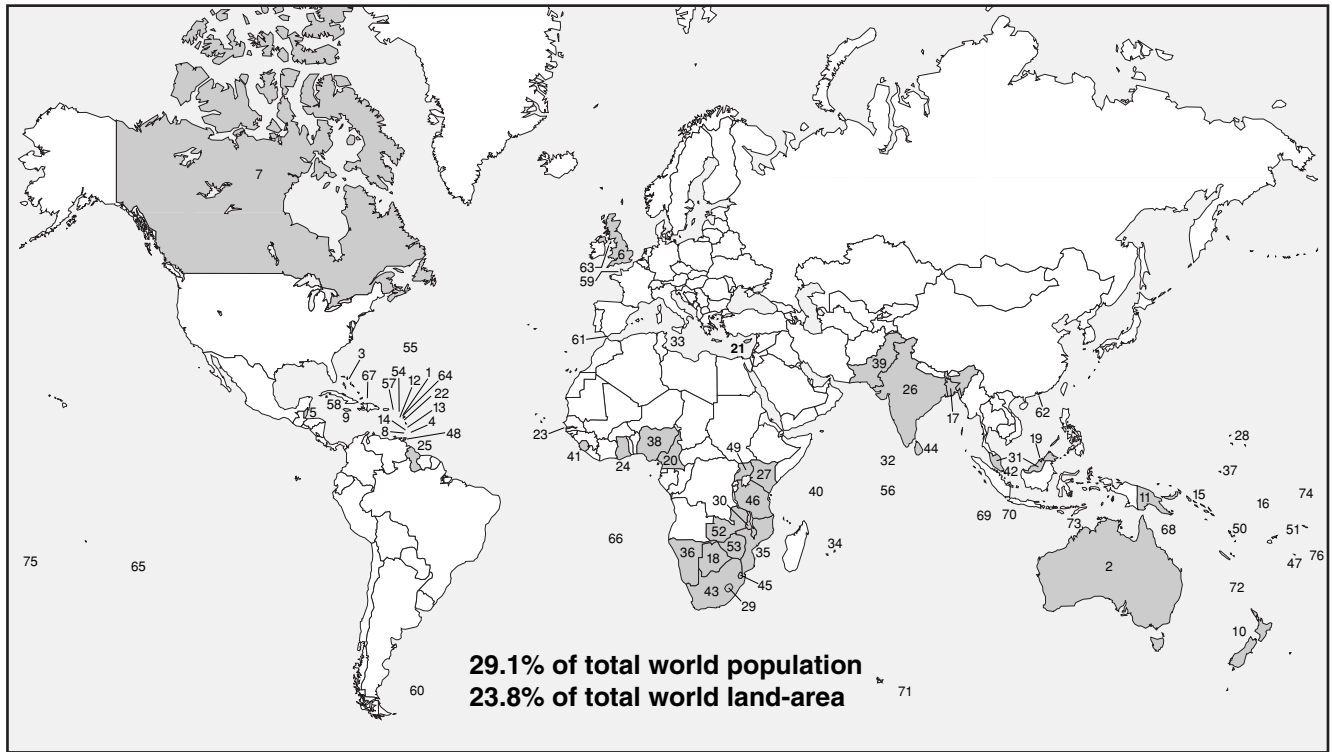
While these absolute powers reside exclusively with the monarch, the vehicle through which the Crown carries out its formal policies is a body with roughly 400 members, the Privy Council. Members are appointed, by the Queen, for life; they are drawn from the ruling party in the Parliament, from the "loyal" opposition, from the leading figures within the City of London, from the landed aristocracy, etc. Thus, British Prime Minister Tony Blair was appointed to the Privy Council on July 27, 1994, at the point that he moved into the opposition Shadow Cabinet, years before he was "elected" to the post of Prime Minister.

The Judicial Committee of the Privy Council, appointed by the Queen, functions as a secret Supreme Court for the majority of nations of the British Commonwealth. Many Commonwealth member-states that are not under the sovereign grip of the British Crown, "voluntarily" designated the Judicial Committee as their highest appellate court, above their own judicial systems.

The Queen is also the commander of all of the British intelligence services. At the Queen's discretion, the Prime Minister receives "the boxes," the top-secret communications of the various British intelligence services, at the Queen's discretion. During the 1991 Persian Gulf War, this developed

FIGURE 1

The British Commonwealth



Country	Population	Land-area (km ²)	Country	Population	Land-area (km ²)	Country	Population	Land-area (km ²)						
Where Queen Elizabeth II is Sovereign:														
1. Antigua and Barbuda	65,000	442	29. Lesotho	1,900,000	30,355	57. British Virgin Islands	16,108	153						
2. Australia	17,800,000	7,682,300	30. Malawi	9,500,000	118,484	58. Cayman Islands	29,700	259						
3. Bahamas	300,000	13,939	31. Malaysia	19,500,000	332,370	59. Channel Islands	142,975	311						
4. Barbados	300,000	431	32. Maldives	200,000	298	60. Falkland Islands and Dependencies	1,900	12,173						
5. Belize	200,000	22,965	33. Malta	400,000	316	61. Gibraltar	28,848	6						
6. United Kingdom	57,649,000	244,100	34. Mauritius	1,100,000	2,040	62. Hong Kong	5,800,000	1,077						
7. Canada	29,100,000	9,976,186	35. Mozambique	15,800,000	799,380	63. Isle of Man	69,788	572						
8. Grenada	100,000	344	36. Namibia	1,600,000	824,296	64. Montserrat	12,617	98						
9. Jamaica	2,500,000	11,424	37. Nauru	9,882	21	65. Pitcairn Island	65	5						
10. New Zealand	3,524,800	270,534	38. Nigeria	98,100,000	923,853	66. St. Helena and Dependencies	6,698	310						
11. Papua New Guinea	4,000,000	462,840	39. Pakistan	126,400,000	803,936	67. Turks and Caicos Islands	12,697	500						
12. St. Kitts and Nevis	40,000	262	40. Seychelles	100,000	453	<i>Australian:</i>								
13. St. Lucia	100,000	616	41. Sierra Leone	4,600,000	71,740	68. Coral Sea Islands Territory	0	5						
14. St. Vincent and the Grenadines	100,000	389	42. Singapore	2,792,000	639	69. Cocos Islands	597	50						
15. Solomon Islands	400,000	29,785	43. South Africa	47,966,000	1,317,365	70. Christmas Island	929	135						
16. Tuvalu	9,666	26	44. Sri Lanka	17,900,000	65,610	71. Heard Island and McDonald Islands	0	409						
Where Elizabeth II is not formally sovereign:														
17. Bangladesh	116,600,000	143,998	45. Swaziland	800,000	17,363	72. Norfolk Island	2,620	36						
18. Botswana	1,400,000	600,360	46. Tanzania	29,800,000	945,037	73. Ashmore and Cartier Islands	0	1						
19. Brunei Darussalam	300,000	5,765	47. Tonga	103,949	751	<i>New Zealand:</i>								
20. Cameroon	13,100,000	475,442	48. Trinidad and Tobago	1,300,000	5,128	74. Tokelau	1,600	10						
21. Cyprus	725,000	9,251	49. Uganda	19,800,000	236,880	75. Cook Islands	17,977	241						
22. Dominica	100,000	751	50. Vanuatu	200,000	14,763	76. Niue	1,751	259						
23. The Gambia	1,100,000	10,600	51. Western Samoa	200,000	2,831	Total								
24. Ghana	16,900,000	238,537	52. Zambia	9,100,000	752,618		1,632,477,973	31,858,455						
25. Guyana	800,000	214,969	53. Zimbabwe	11,200,000	390,308									
26. India	911,600,000	3,185,019	Dependent territories of Britain, Australia, New Zealand:											
27. Kenya	27,000,000	582,646	<i>British:</i>											
28. Kiribati	76,320	726	54. Anguilla	8,800	91	<i>Australian:</i>								
			55. Bermuda	60,686	52	<i>British:</i>								
			56. British Indian Ocean Territory	0	220	<i>New Zealand:</i>								

as a point of friction between Queen Elizabeth II and Prime Minister Margaret Thatcher, when the Queen, on more than one occasion, withheld the “boxes” and excluded Thatcher from briefings by the chiefs of military intelligence and MI6, the foreign intelligence service.

The Way Ahead Group

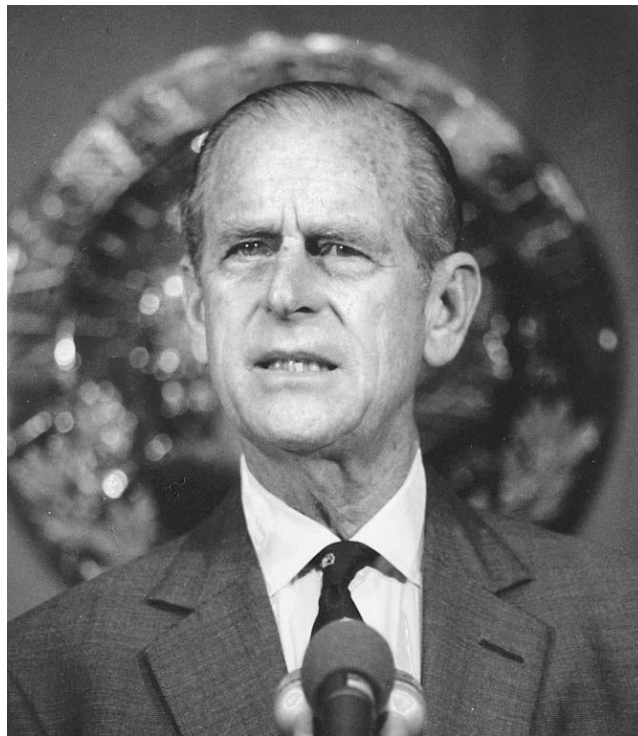
The withholding of “the boxes” is but one example of the hoax of British “parliamentary democracy.” The most sensitive decisions made by the House of Windsor are made in secrecy, often with no representatives of “elected government” present. The Way Ahead Group, an intimate assembly of courtiers and key members of the royal family, gathers, as circumstances demand, at Balmoral Castle in Scotland, the vacation home of the Windsors.

One meeting of the Way Ahead Group had been scheduled for Sept. 2, 1997 — two days after the death of Princess Diana. According to a chilling account of the planned session, in the *Sunday Mirror* on Aug. 31, 1997 — the day that Princess Diana died — Prince Philip had activated an MI6 “dirty tricks” campaign against the renegade Princess and Dodi Fayed, aimed at breaking up their relationship and crushing the Al Fayed clan, for daring to attempt to enter the inner sanctum of the British elite, the little-known Club of the Isles. The deaths of Diana and Dodi postponed the now-unnecessary gathering. Subsequent investigations by *EIR*, buttressed by evidence gathered by French magistrate Hervé Stephan, responsible for probing the fatal Paris car crash, have not ruled out the possibility that Prince Philip, the most violent of the Windsors, had Diana and Dodi “done in.”

Prince Philip’s Murder, Inc.

Indeed, Prince Philip has, for decades, presided over one of the informal instruments of Windsor power, the apparatus of non-governmental organizations responsible for mass genocide on the African continent, and for other acts of terrorism and outright state-ordered executions. Prince Philip, along with former Nazi SS officer, Dutch Royal Consort Prince Bernhard, launched the radical environmentalist movement, by founding the World Wildlife Fund (WWF) in 1961. In the late 1960s, the pair founded the virtually unknown 1001 Nature Trust, with an initial \$10 million for spreading environmentalist poison, and worse, around the globe. Prince Philip is notorious for his August 1988 *Deutsche Press Agentur* interview, in which he stated, “In the event that I am reincarnated, I would like to return as a deadly virus, in order to contribute something to solve overpopulation.”

The 1001 Club has 1,001 members at any given time. They are among the wealthiest and most powerful figures of their English- and Dutch-speaking nations. For example, the 70-80 Club members in Canada form a tightly knit group, all hand-picked by Maurice Strong; they have controlled every Canadian government of the postwar period, dominate the country’s six leading banks, and maintain a tight grip on the



Prince Philip’s world view is summed up by his 1988 statement, “In the event that I am reincarnated, I would like to return as a deadly virus, in order to contribute something to solve overpopulation.”

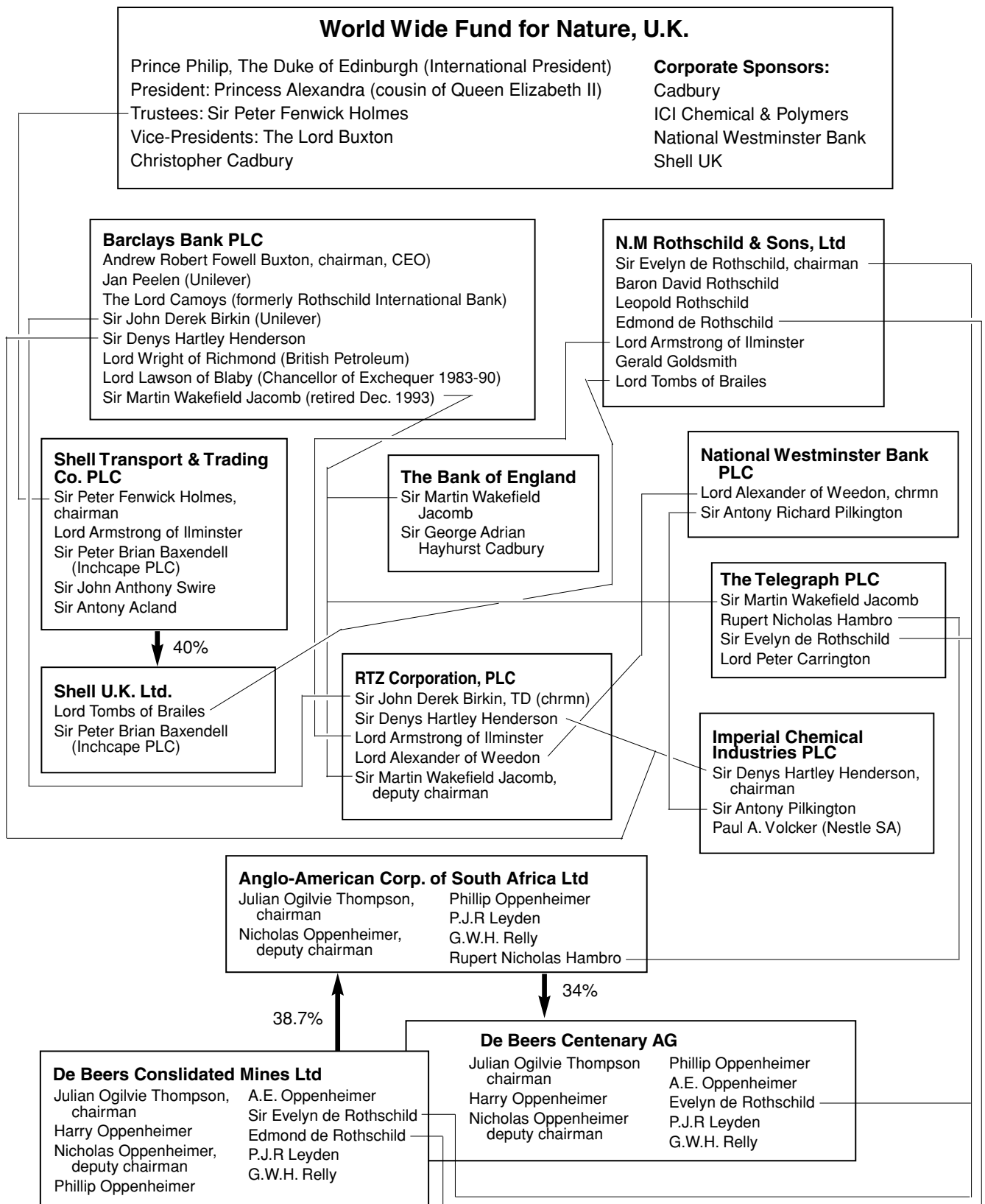
Canadian media.

Some among the Club initiates have had more checkered pedigrees. The drug smuggler and swindler Robert Vesco, who now resides in Havana, was a charter member of the Club. The late Maj. Louis Mortimer Bloomfield was not only a charter member, but was also the founding Vice President of the Canadian branch of the WWF. Bloomfield was notorious as the founder and president of Permindex (Permanent Industrial Expositions), the Montreal-headquartered British intelligence front which New Orleans District Attorney James Garrison linked to the assassination of President John F. Kennedy; it was also implicated in several failed attempts on the life of French President Charles de Gaulle. Bloomfield had been the World War II liaison between the British Special Operations Executive (SOE) and FBI Director J. Edgar Hoover.

Prince Philip is, to this day, also the chief operations officer of the Club of the Isles, the core group of approximately 5,000 British and Commonwealth oligarchs, who control the interconnected apparatus of banks, raw material cartels, media organizations, private think-tanks, oil multinationals, and insurance giants. In recent years, this apparatus has tightened its grip on the world’s flow of petroleum, food, and precious metals. It can truly be said that the informal power of the British ruling cabal is even more extensive, albeit concealed, than the formal powers of the British Crown.

FIGURE 2

Prince Philip's Corporate SS



Her Majesty's grand knights of treachery

by Scott Thompson

Several Bush administration figures, including the former President of the United States, have been requited for their service to the British Crown, by being awarded Honorary Knighthoods by Her Majesty Queen Elizabeth II. There are fewer than two dozen Honorary Knights in the United States. As the director of the Honours Department of the British Foreign and Commonwealth Office put it: "One must not debase the currency. An Honorary Knighthood means either a lifetime of service to the British Empire, or to the furtherance of U.S. relations with the British Empire."

Here are, by order of rank and seniority, some of the "Knights of Her Majesty's Realm":

- President Sir George Bush: Honorary Knight Grand Cross of the Order of Bath (GCB). The President received his chivalric honor for leading the United States in Operation Desert Storm, a mission which he repeatedly invoked as the beginning of a "New World Order."

- The Honorable Sir Henry Kissinger: Honorary Knight Commander of the Order of St. Michael and St. George (KCMG). Kissinger was Secretary of State and National Security Adviser in the Nixon and Ford administration, and was on the President's Foreign Intelligence Advisory Board under the Reagan/Bush administration. On May 10, 1982, speaking at Chatham House on the bicentennial of the British Foreign Office, Kissinger boasted of his lifelong career as a British agent. The rank he was awarded is normally reserved for top British diplomats.

- Sir Hugh Bullock: Honorary Knight Grand Cross of the Order of the British Empire (OBE) and the only one with this rank in the United States at this time. This investment banker, aged 98, has for decades raised millions for the cathedral where the British monarch is crowned. He is a Knight of Grace of the British Most Venerable Order of the Hospital of St. John of Jerusalem (OSJJ).

- Sir Grayson Kirk: Honorary Knight of the British Empire (KBE). He is President Emeritus of Columbia University (president from 1953-68).

- Sir Douglas Fairbanks, Jr.: Honorary Knight of the British Empire (KBE). He had both an acting and a military career. After serving as aide to Lord Mountbatten, Fairbanks conducted special missions to NATO, SEATO, and the U.S. Joint Chiefs of Staff.

- Gen. Sir Norman Schwarzkopf: Honorary Knight of the British Empire (KBE). He was Field Commander of Oper-

ation Desert Storm.

- Gen. Sir Colin Powell: Honorary Knight of the British Empire (KBE). Former Chairman of the U.S. Joint Chiefs of Staff.

- Gen. Sir Brent Scowcroft: Honorary Knight of the British Empire (KBE). Scowcroft was Bush's National Security Adviser, and is now Bush's top adviser, as well as a business partner of Kissinger's.

- The Honorable Sir Caspar Weinberger: Honorary Knight of the British Empire (KBE), former U.S. Secretary of Defense.

An American Priory

On May 11, 1996, on orders from Queen Elizabeth II, the American Society of the Most Venerable Order of the Hospital of St. John of Jerusalem, which has for 30 years been a propaganda outlet and recruiting front for the British, was upgraded to a Priory, similar to those which exist throughout the British Empire. The ceremony was conducted, with full pomp, at the Washington National Cathedral, by His Royal Highness Prince Richard, Duke of Gloucester, who is the Queen's cousin and Grand Prior of the OSJJ. There are nearly 1,000 American members of this order, who must swear an oath of allegiance to the Queen, who is the Patron of the Order.

According to Don Lundquist, who is secretary to the American Priory, an effort had been made to invest Vice President Al Gore, Jr. as a member. However, the Vice President chose to pass up the invitation, undoubtedly concerned that his Knighthood might not sell very well among Democratic voters, who already rejected Gore's Presidential bid in 1988. Even George Bush did not accept his Knighthood until after American voters drove the BAC flunky from office.

BAC control: the raw materials cartels

by Richard Freeman

At the heart of the British-American-Commonwealth clique, run by the super-wealthy families of the oligarchy, is a combined economic and financial power greater than any single nation-state on Earth. The BAC has been busy, in preparation for the biggest financial implosion in history, which some insiders are acutely aware of — unlike the babblers at the *Wall Street Journal* and other financial press, who fantasize about the "eternal stability" of the system. In mergers, such as British Petroleum's \$54.3 billion takeover of Amoco, America's fifth-largest oil company, in August 1998, followed by BP's \$26.8 billion bid for Arco, America's seventh-largest oil company, in March 1999, which would make BP the largest oil

producer in America, or Cargill food company's October 1998 takeover of Continental's grain division, there has been an intense consolidation, tightening the BAC's death-grip over the production of goods necessary for human life.

Under BAC control are 3-4,000 corporate entities. Although they maintain the fiction of corporate independence, their boards of directors are so multiply interlocked that it is difficult to tell one corporation from another. They are really one entity. In groups of 10 to 50 firms, they are formed into cartels, which dominate 30-90% of the economic activity in critical sectors: precious metals, base metals, strategic minerals, oil and energy, food supplies, and finance.

As the rate of financial disintegration has accelerated, the BAC clique has hoarded commodities, often buying the source of production, from the mines to the oil fields, from which commodities are extracted or produced. The financiers behind the BAC reason thus: "The mountain of financial instruments in the world will soon collapse and be worth very little. If, when the dust clears, we can own 70% of food, energy, metals, and strategic minerals, we will still dominate the world."

The BAC's hoarding poses a potentially devastating danger to mankind: Its policy is the neo-Malthusian policy which confessed British agent Henry Kissinger promulgated in 1974 as U.S. Secretary of State, under his National Security Study Memorandum 200. NSSM-200 outlined a policy of genocide and depopulation against the Third World, and ultimately, against the industrialized sector. Through consolidation of 70% or more ownership of raw materials, the BAC has put within its grasp the power to cut back the production-flow of every kind of agricultural produce and raw material that is needed for people to eat, or, worked up from raw materials to capital and other finished goods, that is required for modern society. By squeezing off these flows, production would be crippled, to the point that mankind would be reduced to 500 million semi-literate souls roaming the Earth—achieving the paradigm desired by Britain's Prince Philip.

The immense physical goods and financial power of the BAC cartel is not reported in university textbooks or in the media. The latter focus on how much the stock of Microsoft is worth, or what is going on with Netscape or the ephemeral Internet stocks, but it has given little coverage of how the BAC has been building up immensely its power.

In this report, we will look at four areas which the BAC runs as cartels: finance, petroleum, food, and metals. The individuals in one cartel area, will show up frequently in many of the others.

"The True Story Behind the Fall of the House of Windsor," a September 1997 *EIR Special Report*, outlined the structure of the principal BAC cartels, from precious metals, to food, to finance; the wealthy nobility that runs them; and the extent of their global control. But over the past year, the BAC has consolidated its cartels. We update our report and give an overview of how these cartels work.

Finance, oil, and energy

The BAC's financial control is summarized in **Table 1**. In oil, in one of the biggest combined buy-outs of this century, British Petroleum plunked down \$81.1 billion to take over Amoco oil company in August 1998, and, as part of its bid to take over Arco oil company in March of this year (the Arco bid must first clear U.S. government anti-trust examinations). After purchasing Amoco, BP had worldwide reserves of 14.8 billion barrels of oil and gas equivalents. A successful merger of BP and Arco would give it about 860,000 acres in the North Slope oil fields of Alaska (about 75% of the total). Alaska law specifies that no one company can hold drilling leases on more than 500,000 onshore state-owned acres; BP is in discussions to "give up" 360,000 acres to comply with the law.

The merger with Arco would create the second-largest publicly traded oil firm in the world, with a market capitalization of about \$190 billion. It also creates the *largest oil producer and refiner in America*, a matter of great strategic importance. (The U.S.-based Exxon Corp., which is in the process of merging with Mobil Corp., is the world's largest oil producer, but this includes its worldwide production. BP-Amoco-Arco's will be the largest producer of U.S. reserves, as well as largest refiner.)

After the BP-Amoco merger was completed in December 1998, BP laid off 10,000 workers, and forced almost all of Amoco's officers to leave the company. The same treatment is expected to be meted out to Arco personnel.

Petroleum is vital in transportation, for cars, trucks, and airplanes, and is used in plastics and feedstocks. The strategic significance of BP becoming the largest oil producer and refiner in America, and number-two in the world, becomes clear in view of its history within the BAC command structure. In the first decade of the twentieth century, BP was founded as the merger of the projects of William Knox D'Arcy and Burmah Oil Corp. In 1909, the company was known as Anglo-Persian Oil Co., and it then came under the influence of Lord Strathcona, an influential in the British royal household.

Today, BP bears the imprint of the oligarchy. Lord Wright of Richmond is a prominent BP board member. In 1972-74, Lord Wright was head of the Middle East Department of Britain's Foreign and Commonwealth Office; in 1986-91, he was Permanent Undersecretary of State and head of Britain's diplomatic service; he is a Barclays Bank board member, and chairman of the Royal Institute of International Affairs (RIIA). BP co-chairman P.D. Sutherland is the former head of the General Agreement on Tariffs and Trade (now the World Trade Organization). Outgoing BP chairman Sir David Simon, CBE, is instrumental in shaping policy for Prime Minister Tony Blair.

Now working as a "special consultant for BP Amoco in Central Asia," and, in particular, attempting to block Azerbaijani oil from being piped from Baku to Iran, is the mad Zbigniew Brzezinski, a player of British geopolitical games.

BP's \$81 billion takeover fund, is part of the consolidation

TABLE 1

The City of London's share of world financial turnover, 1993

	£ billions (millions of contracts)	London as percent of world
Equity (stock) markets trading		
Trading in domestic equity securities—SEAQ	£282	6.0%
Trading in equities in markets foreign to those equities' domicile (e.g., IBM traded in London)—SEAQ-International	£290	64.0%
Corporate debt securities (bonds) trading		
Trading in domestic corporate debt	No data available	
Trading in debt borrowed in markets foreign to borrowers' domicile (i.e., IBM bonds issued in London) Eurobond (secondary) trading	£2,866	75.0%
Government debt securities (bonds) trading		
	No data available	
Foreign exchange trading		
Spot and derivatives (including futures)	£44,559	27.0%
Exchange traded futures and options		
Interest rate futures and options	(90.55)	11.0%
Commodity futures and options	(52.764)	15.0%
Equity options	(8.206)	4.7%
Over the counter swaps, forwards, and options		
Swaps	£1.23	35.0%
Mortgage derivatives	No data available	
Other measures of financial turnover		
International bank lending	£884	15.8%
International insurance premiums for non-life direct business and reinsurance	£8,645	7.5%
International cross-border mergers and acquisitions	£17.1	45.0%
Shipbroking commissions	£0.275	50.0%

The United Kingdom is one of the centers that dominate world financial turnover, out of all proportion to the U.K.'s relative weight in the world economy. Britain's economy accounts for just 3% of the world's GDP, but the City of London's share of control of key financial markets is as high as 75%.

London's role as a financial center, a role that is overlooked by the media, is long-standing. For example, the London-headquartered Hongkong and Shanghai Banking Corp. (HSBC)—established in the Crown Colony of Hong Kong by British opium traders in the nineteenth century—as of early 1999, is the world's ninth-largest bank with \$483 billion in assets. On its board sits Sir Adrian Swire, chairman of John Swire and Sons, and Charles Mackay, chief executive officer of Inchcape Plc, which traces its history back to 1856 and the establishment of the British colonial Calcutta and Burma Steamship Co. Longtime HSBC chairman Sir William Purves is a Commander of the British Empire and a director of Shell Trading and Transport Plc. Five other British banks are among the 50 largest commercial banks in the world (1997 asset size): Barclays, \$374 billion (i.e., bigger than Chase Manhattan Bank); National Westminster, \$301 billion; Abbey National, \$233 billion; Lloyds TSB, \$228 billion; and Halifax, \$190 billion. Among the powerful London investment banks are Coutts and Co., N.M. Rothschilds and Sons, the Anglo-French Lazard Brothers/Lazard Frères; Hambros Plc, and Schroders Plc.

These institutions, along with some insurance companies, such as Lloyd's and Royal and Sun Alliance, all grouped around the mother institution, the Bank of England, form the core of the British financier cartel. At the top are about 1,000 immensely wealthy families in Britain. Around this core, the cartel has built up a large infrastructure. Located in London are the London Metal Exchange, the world center for trading certain metals; the London Petroleum Exchange; the setting-fixing of the world gold price; the center for world shipping, including ship-contracting and maritime insurance; the London International Financial Futures Exchange, which is one of the world's largest derivatives trading centers; and so on. The percentages presented in **Table 1** are from 1993, but there are at least 200,000 who work in finance and financial services jobs, to service the City of London's operations. Some 500 foreign banks operate there, more than on Wall Street. London's percentage share of financial turnover in some markets has increased. For example, recent figures show that London's share of assets managed in Europe for foreign institutional clients exceeds 81%.

If one goes on to include the British-American-Commonwealth faction's operations in Canada, Australia, Singapore, and a few other British Commonwealth countries, the percentages go up. If one includes the firms on Wall Street and other U.S. locations now controlled by the BAC command center, such as Morgan Bank, Chase Manhattan Bank, Salomon-Smith Barney, Morgan Stanley, etc., the BAC share of world financial activity becomes even greater, and in many major market spheres, including derivatives trading, financing of mergers and acquisitions, and Third World bond origination, it exceeds half of all world market activity.—*Richard Freeman*

Source: *The Competitive Position Of London's Financial Services*, The City Research Project, London Business School, March 1995.

of the petroleum industry. In December 1998, Exxon took over Mobil for \$86.4 billion, forming the world's largest oil company (also, in December 1998, for \$11.6 billion, the French oil company Total bought the Belgium's Petrofina, forming the world's fifth-largest oil company). Exxon now

has proven oil and gas reserves of 21 billion oil-equivalent barrels. Although Exxon's board historically has exhibited periodic "American tendencies," on the whole it has worked under the BAC umbrella.

The third-largest publicly traded oil company in the world

is the crown jewel of the Anglo-Dutch monarchies, Royal Dutch Shell. The Netherlands-based firm owns 60% of the company, with London-based Shell Trading and Transport owning the remaining 40%. The directors of Royal Dutch Shell are from the highest levels of the BAC, as represented by Lord Armstrong of Ilminster, one of only two dozen Knights of the Grand Order of the Bath, Queen Elizabeth's exclusive order. Lord Armstrong is on the board of Rio Tinto and N.M. Rothschild, and is a director of the Cecil Rhodes Trust. During 1970-75, he was British Prime Minister Edward Heath's principal private secretary.

The output of national oil companies, such as that of Saudi Arabia, Iran, and Mexico, is large, but it is the Big Three of Exxon, BP, and Royal Dutch Shell, and other BAC satellite oil companies around them, that dominate the international arrangements of production, and even much more, of refining and marketing. These three are among the world's four largest oil refiners, and combined they sell more than 19 million barrels per day of gasoline—26% of world gas station sales. This provides the pivotal control for the BAC in petroleum production, refining, and marketing, and anchors its dominating role in world energy.

Food

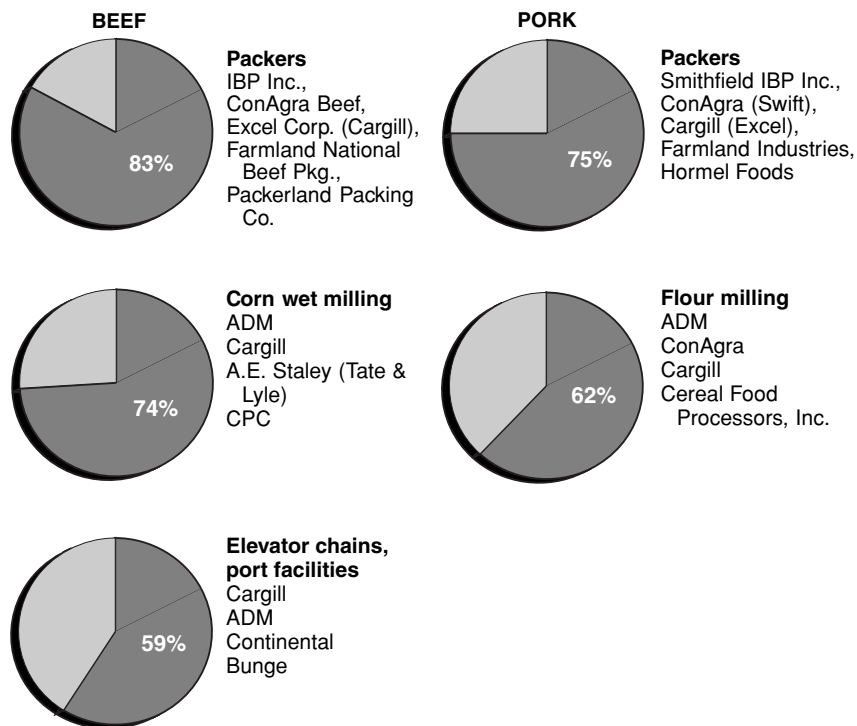
On Nov. 10, 1998, Cargill, Inc., the number-one grain trader/exporter, with 25% of the world's annual grain trade of approximately 210 million tons, announced that it was acquiring the grain operations of Continental Grain, the world's number-two grain trader/exporter with 20% of the world's annual grain trade. When the merger is approved this spring, the company will dominate 45% of the world's grain trade, with \$72 billion in annual sales, making it the world's largest food company.

Cargill and Continental, headquartered in the United States and thought of as American firms, show the pedigree of the oligarchy's control of the grain trade, stretching back to ancient Mesopotamia; through Venice's primacy; the important role of the Antwerp under the Burgundian dukes; and the Dutch and British Levant companies, down to the present day. The combined Cargill and MacMillan families of Cargill own 90% of the company's stock. Together, the extended

Figure 1

Agriculture commodities cartels, share of U.S. market control, 1998

Shown are percent share of U.S. market for each commodity, with cartel companies ranked in order of size.



Source: Based on the research paper, "Concentration of Agricultural Markets," January, 1999, by William Heffernan, Robert Gronski, Mary Hendrickson, University of Missouri. (Phone 573 882 4563; e-mail: HeffernanW@missouri.edu)

Cargill-MacMillan family is one of the fifteen richest families in America. John Hugh MacMillan II, Cargill's former president (1936-57) and chairman (1957-60), was a hereditary Knight Commander of Justice of the Sovereign Order of St. John, the oligarchy's chivalric order.

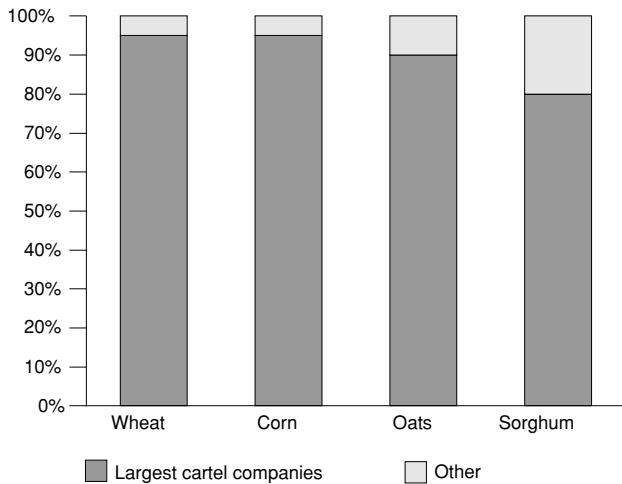
The Continental Grain company was founded in Arlon, Belgium in 1813 by Simon Fribourg, and has been privately owned and run by the multi-billionaire Fribourg family to the present day. Before the merger, Cargill was the world's number-one grain exporter, U.S. owner of grain elevators, world cotton trader, U.S. manufacturer of corn-based high-protein animal feeds (through subsidiary Nutrena Mills); number-two U.S. wet corn miller, U.S. soybean crusher, Argentine grain exporter; number-three U.S. flour miller, U.S. meatpacker (through its Excel division); and so forth. Now it is even larger.

The Cargill-Continental merger of grain divisions exemplifies the situation in the food industry. There is scarcely a

FIGURE 2

Control of U.S. grain exports by largest cartel companies

(percent of total U.S. grain exports)



Sources: EIR interviews; *The Grain Traders*.

section of the world food industry, from wheat, corn, and soybeans, to beef, pork, and chickens, to milk and cheese, that is not run by one of 50 top companies under the BAC's thumb, including Cargill-Continental, Louis Dreyfus, Bunge and Borne, André, and Archer Daniels Midland/Töpfer in grains; Cargill (Excel meats), ConAgra, and IBP (formerly Iowa Beef Processors) in meats; Nestlé, Unilever, Danon, and Philip Morris-Kraft, in dairy; and so forth.

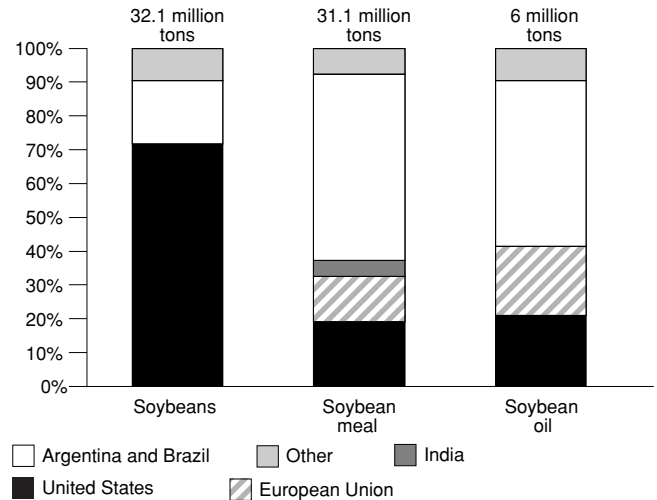
This is also true in the food distribution and retails sales system. An example is the London-owned Grand Metropolitan company, one of the world's ten largest food companies. It bought the American food and flour-making company Pillsbury, which also gave it ownership of Burger King, the world's second-largest restaurant chain; Green Giant vegetables; and Haagen-Dasz ice cream. In 1997, it merged with Guinness Plc, making it the largest liquor company in the world, twice as large as its nearest competitor.

Figure 1 shows the cartelized situation in the United States, with the largest food output of any nation in the world. The first chart shows just five companies — IBP Inc., ConAgra Beef, Excel-Cargill, National Beef Packing, and Packerland — with 83% control of all beef processing and packing in the United States. A rancher who does not sell his beef at the depressed price offered by these five firms, will starve. There is almost no one else to sell to. Likewise, four companies — Dwayne Andreas' ADM; Cargill; A.E. Staley/Tate & Lyle, the British company that started out running sugar plantations for the British Empire; and CPC — control 74% of wet corn milling. (See "Food Control as a Strategic Weapon,"

FIGURE 3

Control of international soybean and soybean product exports

(percent of total U.S. grain exports)



Sources: *Ranking the World's Top Oil Companies*, 1996 edition, published by Booz Allen Hamilton and *Petroleum Weekly*; National Mining Association; *Mineral Commodity Summaries*, 1996, Bureau of Mines of the U.S. Department of Interior.

EIR, Dec. 8, 1995, for profiles of many of these companies, documenting the BAC pedigree.)

In the 1994-95 crop year, the United States was responsible for 33% of world wheat exports, 83% of world corn exports, and 89% of world sorghum exports, making it the leading exporter in each of these markets. **Figure 2** shows that the six largest grain exporting companies controlled 97% of all U.S. wheat exports, 95% of all U.S. corn exports, and so forth.

However, the food cartel also has control internationally. For example, in soybean production, **Figure 3** shows that outside the United States, the largest producer of soybeans and soybean products are Argentina and Brazil. One of the Big Six grain companies, Bunge and Born, settled in Argentina in 1876, and accumulated plantations of hundreds of thousands of acres. In the second half of the twentieth century, it also moved into Brazil: Today, in Brazil and Argentina, Bunge and Born is a major force in soybeans and related products, along with Cargill, Louis Dreyfus, and Continental. Thus, the grain cartel dominates output everywhere.

Further tightening the control are joint ventures, especially in the area of producing new strains of seeds and biotechnology. Cargill, the world's largest grain exporter, through its Nutrena division, is also the biggest producer of animal feed and hybrid seed in the world. In 1998, Cargill announced a joint venture with Monsanto, one of the leading farm biotechnology firms. Also in 1998, Novartis (the new

company name for the 1996 merger of Swiss chemical giants CIBA-Geigy and Sandoz) formed a joint venture with Land O'Lakes, and through them, with ADM, for the development of specialty corn hybrids for food and feed markets.

Metals

In December 1998, Zambia agreed to sell to Anglo American Corp., the world's largest mining operation, the Nchanga and Nkana mines of the Zambia Consolidated Copper Mines (ZCCM), for \$72 million—a price so low it was effectively an act of thievery. Zambia is ravaged by AIDS, and by the International Monetary Fund, the World Bank, and the international donors which had cut off most funds to this starving nation until it sold its copper mines to foreign interests. On Oct. 18, marking the 34th year of Zambia's independence, the Zambian National Broadcasting Corp. reported on a speech by President Frederick Chiluba: "He wondered what civilization was all about, when poor countries were still being given conditions like those given the slaves in the past." On Nov. 19, Chiluba said, "Our donors are making the point that copper is a new millstone around our necks, by insisting that aid is tied to the sale of the copper mines." By late December, President Chiluba, under the intense pressure of the worsening condition of his population, gave in, and sold the mines to Anglo American.

This is the way Anglo American normally does business, in concert with other extensions of the BAC, such as the IMF. In 1996, during the invasion of Zaire/Congo, led by the forces allied to Uganda's Yoweri Museveni, Anglo American Corp., operating through its MDDZ firm, obtained a substantial chunk of the leading mining concern, the Société Minière et Industrielle de Kivu (Sominki), in mineral-rich Kivu Province. Sominki operates 47 mining concessions, encompassing 10,271 square kilometers, and it used the genocidal war as the opportunity to pick up the property at fire-sale prices.

Anglo American Corp. offers a taste of how a world without nation-states, run by the financier oligarchs, would operate. It was formed in 1917. Financing for, and investments into Anglo American and its associated companies came from the Rothschild bank and J.P. Morgan. The South Africa-based Anglo American, through cross-ownership shares, owns DeBeers Centenary and DeBeers Consolidated (which together control the Central Selling Organization that markets and controls 80% of the world's diamonds), and the Luxembourg-based Minerals and Resources Corp. (Minorco) holding company. In South Africa alone, Anglo American owns more than 1,600 companies, where it is the world's leading producer of gold, platinum, and diamonds.

The Oppenheimer family runs the Anglo American Corp. empire. Cambridge University-educated Harold Oppenheimer was chairman until 1982, and still reportedly makes all important decisions. His son Nicholas is the leading family member in the company. The Oppenheimer family members

TABLE 2

Anglo-American and Rio Tinto combined share of Western world mining production (percent of total)

Commodity	Share	Commodity	Share
Antimony	20%	Nickel	8%
Bauxite	10	Niobium	8
Chromite	15	Palladium	39
Cobalt	10	Platinum	45
Copper	12	Rhodium	41
Diamond	48	Silver	6
Gold	25	Titanium	31
Iron ore	10	Tungsten	18
Lead	7	Uranium	8
Lithium	5	Vanadium	36
Manganese	6	Zinc	6
Molybdenum	11	Zirconium	23

Source: *Mineral Commodity Summaries*, 1995, Bureau of Mines of the U.S. Department of Interior.

□

are in the 1001 Club, the tightly knit, elite society of royalty, oligarchs, financiers, raw materials executives, and billionaires, to coordinate strategy worldwide.

London-based Rio Tinto (formerly RTZ) is the other world raw materials giant (it is second in physical holdings, but first in dollar sales among raw materials companies). The British monarchy participates directly in the firm. *Forbes* magazine author Geoffrey Smith reported that Queen Elizabeth II is an important stockholder in Rio Tinto, a report confirmed by historian Charles Higham. This would correspond with Rio Tinto's seedy past. Rio Tinto was founded in the 1870s by Hugh Matheson, the head of the Hong Kong-based Jardine Matheson, then the world's biggest opium-trading operation. More recently, Rio Tinto was under the direction of Sir Mark Turner, who from 1939-44 was a leading officer in the U.K. Office of Economic Warfare. He studied the economic chokepoints of an economy, and knows how to implement a strategy to cut off raw materials and economic flows to cripple an economy.

Table 2 shows what Anglo American and Rio Tinto own. Between them, they produce one-eighth of the Western world's mining output (excluding countries from the former Soviet Union, principally Russia). For 16 of the 24 crucial minerals and metals listed, the combined output of Anglo American and Rio Tinto accounts for 10% or more of Western output, and in the case of seven of the materials, this combine produces 25% or more of Western output.

Anglo American and Rio Tinto form the core of the metals cartel. With other BAC majors like Australia's Broken Hill Properties and Canada's Inco, they have a grip over the flow of metal and mineral goods. **Figure 4** shows the BAC's con-

FIGURE 4
Control of gold, silver, and platinum markets
 (percent of total market)

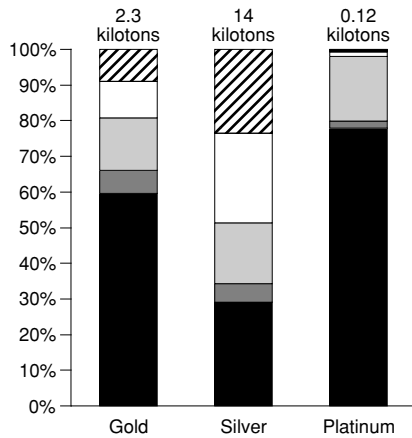


FIGURE 5
Control of nickel, copper, zinc, and lead markets
 (percent of total market)

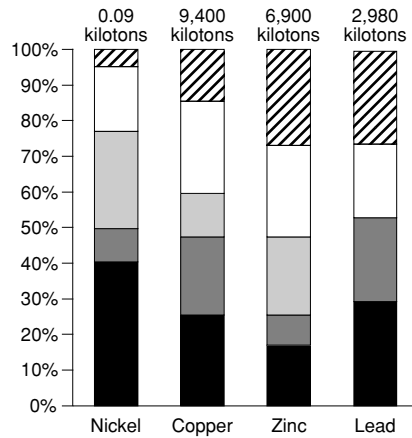


FIGURE 6
Control of tin, iron ore, and bauxite markets
 (percent of total market)

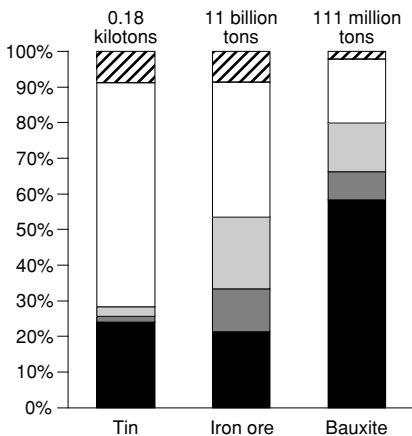
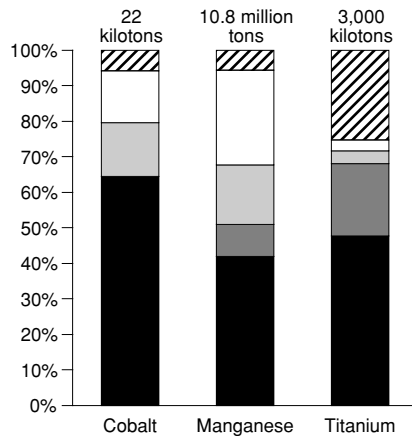


FIGURE 7
Control of cobalt, manganese, and titanium markets



London- and British Commonwealth-based
 Non-British industrialized
 Former Soviet Union
 Third World, other
 Other countries

Sources: *Who Owns Who in Mining*, 1994 and 1994 editions, London: Roskill Information Ltd.; *Mineral Commodity Summaries*, 1995, Bureau of Mines of the U.S. Department of Interior.

control of metals and minerals, ranging from 20% to 90%. In the figures, BAC control is designated as "London- and British Commonwealth-based," that is, control of extraction/production of metals and minerals either by companies that are part of the BAC cartel or nations that are members of the British Commonwealth.

For gold, BAC firms and nations control 59.5% of world

production, led by Anglo American Corp.; the BAC cartel controls 29% of silver production and 78% of world platinum production. The BAC has a similar degree of control of base metals: copper, zinc, lead, nickel, alumina-bauxite, iron ore, and tin. Without them, a modern economy is impossible. If one excludes crushed stone, and wood- and carbon-based materials, 70% of the weight of every manufactured good in the world is made up of just these seven metals. They are the mainstay of the finished goods that make up economic life, ranging from machine tools and tractors, to electric generators and refrigerators. The BAC cartel controls 17% to 58% of these seven metals (the percentages have increased since this earlier study was done).

BAC control of even 15-20% of a good's output, in a world where production is fragmented among hundreds of companies and nations, gives it a great deal of control. Control of 30%, 40%, or, in the case of alumina-bauxite, 58%, of production, gives the BAC dominant say over pricing and output.

In strategic minerals, so-called because they form crucial alloys used in defense and high-technology goods, the BAC cartel monopolizes 64% of cobalt mine output, 42% of manganese output, and 47% of titanium output.

When the BAC, through cartels, controls 97% of U.S. wheat exports, 83% of U.S. beef exports, 74% of U.S. wet corn processing, and so forth in the food industry; much of the world's supply, refining, and marketing of petroleum; 59.5% of the world's gold production, 17-58% of the world's seven basic industrial metals production, 64% of the world's cobalt production, and so forth, in the metals industry—this is

enormous power. Bill Gates's net worth may be \$58 billion, but that is a paper pyramid. What the BAC controls is assets instrumental to the operation of the physical economy.

As is shown in Zambia, where Anglo American Corp., working with the IMF, was increasing the rate of starvation until the Zambian government caved in and gave Anglo American the copper mines, the BAC cares only about its profits and extending its geopolitical control.

Derivatives: The British Empire destroys banking

by John Hoefle

One measure of the British-American-Commonwealth (BAC) faction's success in seizing control over the United States, is the great strides it has made in transforming the most powerful industrial economy and nation the world has ever seen, the United States, into a rusting hulk, where quick-buck speculation has largely supplanted the "old-fashioned" idea of production. From the global derivatives racket of Wall Street, to the lottery frenzy of all too many of our citizens, speculation has become a national way of life. Pick up virtually any major newspaper, and you will see the so-called experts proclaiming the "fundamental soundness" of the U.S. economy, with some going so far as to claim that the economy is "nearly perfect." The boom, they all agree, is on. The modern oracle, Federal Reserve Chairman Alan Greenspan, has but to open his mouth and the world stops, waiting to see what wisdom pours forth, seemingly unaware that Chairman Al's prattling about the "new economy" lies decidedly on the wrong side of foolishness.

The claims that the United States is experiencing an economic boom are akin to claims that an emaciated patient is prospering, because his tumor gained 50 pounds. The U.S. economy is not growing; it is collapsing, and at an increasing rate. The industrial base is contracting, infrastructure is crumbling, and productivity declining. The United States is indeed on the edge of a new era: a plunge into a new Dark Age. Africa is already there, with Asia, the former East bloc, and Ibero-America sliding downhill fast, and the (formerly) industrial nations poised to join them, as soon as the bubble pops. And pop it will.

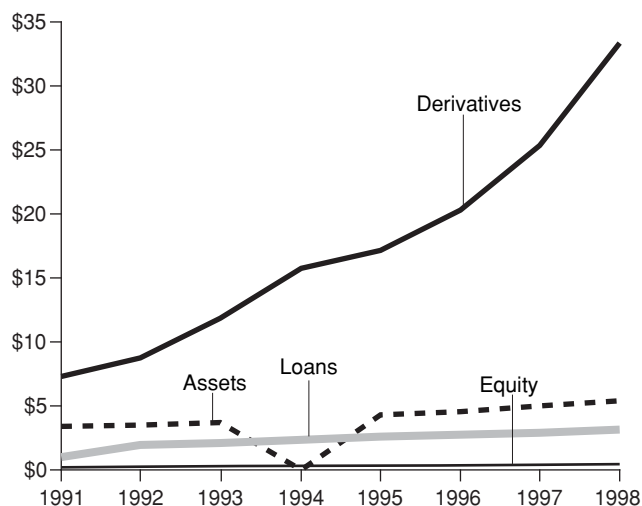
Take a look at the perilous condition of the U.S. banking system, where what the Federal Deposit Insurance Corp. terms "off-balance-sheet derivatives" have taken over **Figure 1**. Since 1991, the banking system as a whole has added \$13 in derivatives for every \$1 of new assets, \$22 in derivatives for every \$1 of new loans, and \$113 in derivatives for every \$1 of new equity capital. At the end of 1998, U.S. commercial banks reported \$33.4 trillion in derivatives, backed up by \$5.4 trillion in assets and just \$462 billion in equity.

The bubble frenzy is also playing out in the stock market, where the Dow has topped 10,000 points, and the stocks on the New York Stock Exchange are trading at an average of 28 times annual earnings (and maybe 50 times earnings, if some profit-enhancing accounting tricks were removed). America Online now has a market capitalization greater than

FIGURE 1

They're not banks anymore: derivatives vs. assets, loans, and equity capital at U.S. commercial banks

(\$ trillions)



Source: FDIC

Ford and General Motors combined, and eBay, the online flea market, is valued higher than Lockheed Martin, despite Lockheed's boost from the Balkans and Iraq wars. The cancer has indeed taken over.

A world gone mad

Behind this insanity, lies a carefully crafted plan to bring the United States to its knees, and to reintegrate it into the British Empire. The death of the Bretton Woods fixed-exchange-rate system in 1971, combined with the Fed's huge interest rate hikes a decade later, destroyed the stability of the U.S.-dominated, post-World War II economic system. The calculated effect of this instability, was to increase the power of the financial oligarchy to manipulate the economies of the world. During the 1980s, thanks in large part to a series of tax breaks for speculators and laws which deregulated the banking system, the cancer was allowed to run wild. The resulting junk bond and real estate bubble expanded until the latter part of the 1980s, then blew out spectacularly, with the public collapse of Drexel Burnham Lambert, the savings and loans, the Texas banking system, and the Ibero-American debt crisis — and the more discreet collapse of the big banks.

In response, the Bush administration and the Federal Reserve organized a secret bailout of the U.S. banking system, through a series of hidden subsidies, forced mergers, and a "no such thing as a bad loan" regulatory stance. Such mergers are continuing, both to increase the power of the banks relative

TABLE 1

Top banks disappear in consolidation: The top ten in 1985 vs. 1998

(billions \$)

Top ten U.S. bank holding companies, 1985

1. Citicorp	173.6
2. BankAmerica	118.5
3. Chase Manhattan	87.7
4. Manufacturers Hanover	76.5
5. J.P. Morgan	69.4
6. Chemical New York	57.0
7. Security Pacific	53.5
8. Bankers Trust	50.9
9. First Interstate	49.0
10. First Chicago	38.9

Top ten U.S. bank holding companies, 1998

1. Citigroup	688.6
2. BankAmerica	617.7
3. Chase Manhattan	365.9
4. Bank One	261.9
5. J.P. Morgan	261.1
6. First Union	237.4
7. Wells Fargo	202.5
8. Bankers Trust	133.1
9. SunTrust	93.2
10. KeyCorp	80.0

Source: Comptroller of the Currency; company reports.

to the national government, and to hide the losses arising from the derivatives shell-game. **Table 1** shows the effects of the policy. Of the top ten banks in 1985, only two, J.P. Morgan and Chemical, remain today. Citicorp was bought by Travelers (the new owner of Salomon Brothers), which changed its name to Citigroup; BankAmerica took over Security Pacific, and was in turn bought by NationsBank, which changed its name to BankAmerica; Manufacturers Hanover was bought by Chemical, which then bought Chase, while keeping the Chase name; First Interstate was taken over by Wells Fargo, which was then bought by Norwest, which kept the more famous Wells Fargo name; and First Chicago was bought by NBD of Detroit, which in turn was gobbled up by Bank One. Most recently, in this game of musical chairs, Bankers Trust is being taken over by Germany's Deutsche Bank.

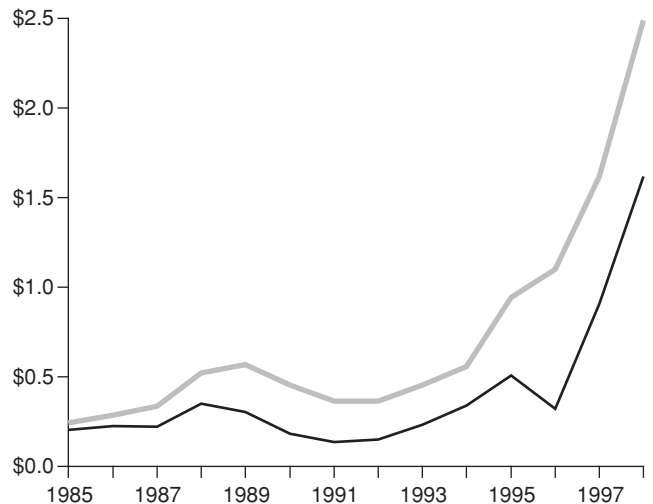
A similar game is being played worldwide, especially among the European banks, with huge mergers in Switzerland, France, and Italy. Mergers are also sweeping the insurance, telecommunications, energy, and raw materials sectors, leading to an explosion in mergers and acquisitions worldwide in recent years **Figure 2**. With nearly every merger, the BAC increases its hold over the economy.

The result is a world where virtually everything is sacri-

FIGURE 2

Global consolidation frenzy: value of announced mergers

(\$ trillions)



Source: Securities Data Corp.

ficed on the altar of big money. Banks used to prosper by helping to build their communities; some banks still do that, but the big banks now make their money by pulling funds out of their customer base, and betting it in the global casino. Their off-balance-sheet derivatives holdings (**Table 2**) wildly exceed their balance sheets, with Chase and Morgan each having more in derivatives than the Gross Domestic Product of the entire United States. They have chosen to go with the bubble, and support it by looting the real economy. This is no longer the American System banking model which built our nation; it has been transformed into a British-style system, which is destroying the United States and the world.

TABLE 2

Big U.S. banks addicted to derivatives: holdings of top U.S. banks

(billions \$)

Bank company	Equity	Assets	Derivatives
Chase Manhattan	23.8	365.9	10,353.0
J.P. Morgan	11.3	261.1	8,860.8
Citigroup	42.7	668.6	7,986.9
BankAmerica	45.9	617.7	4,438.3
Bankers Trust	4.7	133.1	2,562.5
Bank One	20.6	261.5	1,472.1

Source: Comptroller of the Currency; company reports.

Chatham House: home to the BAC brain trust

by Scott Thompson

At 10 St. James Square, once the London home of Prime Minister William Pitt the Elder, the Earl of Chatham, the elite planners of the new British Empire gather under the banner of the Royal Institute of International Affairs (RIIA). It is said that the London *Times* often announces British foreign policy initiatives before the Foreign Office is informed. Likewise, it is at Chatham House that the mandarins of the “informal” empire gather to shape the direction of the BAC cabal, long before the issues come up for a vote in Parliament.

This is the way it has been since the RIIA was inaugurated in 1919-20, following World War I, as a Royal Chartered private intelligence agency, under the Patronage of the British Monarch. The RIIA was founded by Lionel Curtis, a leading member of the British Round Table of Lord Alfred Milner. The mission of the Round Table, known as “Milner’s Kindergarten,” was to create a new British imperium, under the guise of the “English-speaking Commonwealth,” as it had been spelled out in the Last Will and Testament of Cecil Rhodes. Rhodes had emphasized that the new English-speaking Commonwealth must include a newly subjected United States. The role of the U.S. military and industrial might in winning World War I reinforced the urgency of recolonizing the U.S.A. But this was to be a “recolonization of the mind,” rather than any kind of military occupation of America by Britain’s greatly reduced resources.

In its first decade, RIIA spawned institutes for strategic studies throughout the English-speaking world. In the United States, a collection of Wall Street-based London loyalists founded the New York Council on Foreign Relations, and, later, the Institute for Pacific Relations, as formal adjuncts to Chatham House. Ever since, the CFR has been a conduit for British geopolitical machinations into America.

Today, the RIIA is largely bankrolled through a veritable who’s who of the Club of the Isles multinational banks, raw material cartels, insurance companies, etc. Among the “Major Corporate Members,” according to RIIA’s 1997-98 annual report, are: Barclays Bank, British Aerospace, BAT (formerly British American Tobacco), British Petroleum, Cable & Wireless, Crédit Suisse First Boston, the British Ministry of Defence, Deutsche Bank, *The Economist*, the

Foreign and Commonwealth Office, HSBC (formerly the Hongkong and Shanghai Banking Corp.), Lloyds of London, Rio Tinto, N.M. Rothschild and Sons, Shell, Standard and Chartered Bank, Unilever, and Union Bank of Switzerland.

‘Britain and the World’

At a 1995 Chatham House conference on “Britain and the World,” attended by several members of the royal family, a strategy was spelled out for the Commonwealth to re-emerge as the great economic and financial power center of the 21st century. “Discussion Paper 60: Economic Opportunities for Britain and the Commonwealth,” prepared by Australian academic Katherine West, called upon the London elites to make greater use of the Commonwealth nations, for British economic and political power to encompass the Far East and Asia. Calling on Britain to de-emphasize the financially exhausted European continent, West urged a policy of “mutual exploitation” between London and the far-flung capitals of the Commonwealth—beginning with Australia, a “bridgehead into Asia.” The drive to transform the Commonwealth into the core of a new British Empire, she wrote, stems from “the experience of empire and the dynamics of an informal financial empire that maintained its vibrancy long after the formal empire went into decline.” West also urged greater exploitation of what she labeled the “people’s commonwealth,” the vast array of non-governmental organizations, often operating at cross-purposes with governments and other institutions of national power in the countries where they reside.

By every indication, Katherine West’s plan is being vigorously pursued by the Chatham House elites.

Shortly after her presentation, Dr. George Joffe became Director of Studies at RIIA. Joffe’s specialty is the geopolitical exploitation of border disputes. From 1983-86, he was the Middle East editor of the Economist Intelligence Unit, another RIIA adjunct. From 1986-90, he was a consultant editor for Economist Publications, Ltd., and from 1990-96, he was Deputy Director of the Geopolitics and International Boundaries Research Center.

The Chairman of RIIA is Lord Wright of Richmond, GCMG, FRCM, a career Foreign Office mandarin, who headed the British Diplomatic Service from 1986-91. Lord Wright is on the board of directors of Barclays, Unilever, and BP, and is the Vice President of the Ditchley Foundation, a British think-tank that shapes the policies of G-10 finance ministries and central banks. He is also a director of the United World College of the Atlantic, a project launched by Armand Hammer and a favorite “charity” of both Prince Philip and Prince Charles.

Three prominent British politicians—all members of the Privy Council—are co-presidents of the RIIA: Lord Callaghan of Cardiff, Lord Carrington, and Lord Jenkins of Hillhead.

London's IISS steers U.S. strategic doctrine

by Scott Thompson

The International Institute for Strategic Studies, the London-based subsidiary of the Royal Institute of International Affairs (Chatham House), is devoted to the study and orchestration of the global conflicts deemed vital to the interests of the British oligarchy. IISS was founded in 1958, at the height of the Cold War, and is now the pre-eminent British think-tank peddling the "new NATO" doctrine, and pressing for the United States to accept the role of "policeman of the world."

At its latest "Strategic Debate," IISS brought in John Train, the Wall Street investment banker, Afghan mujahideen patron, and all-around Anglophile "spook," to spell out his views of the post-Cold War world. From 1983-'86 Train headed the New York "salon" of journalists, government agents, and bankers that mapped out the slander campaign against Lyndon LaRouche, which was an integral part of the frameup of LaRouche and associates ordered by George Bush and his Department of Justice. Warfare against LaRouche has always been at the top of the BAC's agenda.

IISS might be thought of as one of the nerve centers for assuring British influence over U.S. strategic military doctrine, through maintenance of a "special relationship" with the New York Council on Foreign Relations, and many of the defense think-tanks.

One of IISS's main ways of reaching out to broader layers is through its publications, which include: *Strategic Comments*; *Adelphi Papers*; *Survival*; an annual report entitled *The Military Balance*; and the annual reference *The World Directory of Strategic Studies Centers*.

The Strategic Survey 1997-1998, an IISS annual report, argues for the United States to accept its assigned role as global policeman. The only choice that the United States should make, the IISS survey argues, is whether to act unilaterally, to act through multilateral organizations like the United Nations or NATO, or through informal coalitions.

"The U.S. is bound to find itself often in the future balancing the benefits of a more multinational approach . . . against the utility of a unilateral approach which allows the U.S. its preferred policy without the encumbrances of inter-allied consultation. The quality of U.S. leadership in the future is likely to be judged by the wisdom of the choice it makes between these mutually exclusive methods for dealing with crises."

The Directing Staff of IISS includes: Dr. John Chipman, director; Dr. Gordan Adams, deputy director; Col. David King, administrative director and company secretary; and, Dr.

Gerald Segal, director of studies. Segal has made a name for himself by calling for the West to conduct an aggressive policy of encirclement of China, to assure that China disintegrates into a string of warring mini-states.

The Hollinger Corp. propaganda empire

by Scott Thompson and Jeffrey Steinberg

The Canadian whose media empire has been leading the British assault against the U.S. Presidency, since the day Bill Clinton was sworn into office, is publicly campaigning for a revival of Winston Churchill's World War II "alliance" among Britain, Canada, and the United States under the guise of a trans-Atlantic North American Free Trade Agreement. If this sounds both paradoxical and hypocritical, it is. But consider the following:

Conrad Black is the chairman and CEO of the Hollinger Corp. media cartel, which owns the Telegraph plc in Britain, the *Jerusalem Post*, the *Chicago Sun-Times*, and hundreds of other dailies and weeklies across the United States, and which has just launched a new nationwide daily in Canada. On July 6, 1998, Black addressed the annual meeting of the Center for Policy Studies in London, the flagship think-tank of the radical free market Mont Pelerin Society. In his speech on "Britain's Final Choice: Europe or America?" Black attacked the European Union as "the greatest engine for collectivism, illiberalism, and hyper-regulation in our national life." He called upon Britain to abandon plans to join the European Monetary Union, and, instead, to formally press for membership in an expanded, transatlantic "super-NAFTA," which he proposed be renamed as the "North Atlantic Free Trade Agreement."

"None of the continental European countries has a particular affinity with the United States and Canada," Black lied, "or anything slightly comparable to Britain's dramatic modern historic intimacy with North America. . . . Such an expanded NAFTA would have every commercial advantage over the EU. It is based on the Anglo-American free market model of relatively restrained taxation and social spending. The United States will make no significant concessions of sovereignty and does not expect other countries to do so."

Two years earlier, former British Prime Minister Margaret Thatcher keynoted the founding "Prague Congress" of the New Atlantic Initiative, where she initiated the call for this super-NAFTA. Lady Thatcher chairs the international advisory board of the Hollinger Corp., and Black is a founder of the NAI.

Since his speech at the Center for Policy Studies, Black has been conducting a non-stop propaganda campaign for the

super-NAFTA. He opened the pages of his *Daily Telegraph* to a choreographed debate between himself and Thatcher's onetime Defense Secretary Michael Heseltine, who backed having Britain join the European Monetary Union. The "debate" was over the future of the euro and Britain's relationship to the new single currency.

Black next penned a more elaborate version of his call for "union now" for the Spring 1999 issue of the American political journal, *National Interest*, under the headline, "Britain's Atlantic Option — And America's Stake."

'We might see a British-born President'

One of Black's house historians, Paul Johnson — an editor of the Hollinger *Spectator* magazine, and a regular contributor to the *American Spectator*, Britain's leading "Get Clinton" leak sheet — has issued a call for outright union of the United States, Britain, Canada, and other Commonwealth nations. That ridiculous piece of propaganda appeared in the April 5, 1999 issue of *Forbes* magazine, whose publisher, Malcolm ("Steve") Forbes, Jr. is a candidate for the Republican Presidential nomination. *Forbes* editor-in-chief is Sir Caspar Weinberger, President Ronald Reagan's Secretary of Defense. While, on many issues, Weinberger served the President loyally, he never remotely comprehended the duplicity of the British, and, after leaving the government, has emerged as a leading proponent of London's "new Cold War."

Under the headline, "Why Britain Should Join America," Johnson wrote, "before it is too late, we should consider an entirely different and revolutionary scenario" to the European Union single currency. "Britain, plus other English-speaking nations, such as Canada, Australia, and New Zealand, should join the U.S. In so doing, the newcomers would attach themselves to the dynamic U.S. economy, leaving behind the stagnancy and depressing statism of Europe."

"Is it preposterous to think this could happen? No, it isn't," Johnson continued. "Twenty years ago it would have been preposterous to think that Germany could reunite, or that the Soviet Union could dismantle itself. The world is changing fast."

"A British-American union would be the biggest M&A [merger and acquisition] deal of all time. What terms might make it fly?"

"Begin by recognizing that there is no question of Britain's becoming 'the 51st state.' With a population of 59 million and corresponding wealth and resources, Britain would be entitled to at least ten states. I can picture the Home Counties [of London], the South East, Wessex, East Anglia, the Midlands, Lancashire, Yorkshire, Scotland, Wales and Ulster, each sending two members to the Senate, where they would form the biggest and most homogeneous bloc. Britain's population would entitle her to more members in the House than California and New York put together. Just as no Presidential candidate is likely to get to the White House

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without carrying California and New York, the British states, if they worked together, could well have a determining say in who became President. In time, we might see a British-born politician as President.”

Johnson also proposed to add Canada to the new union, allowing each of its provinces to send two members to the U.S. Senate, and giving Canada as many house seats as California. He would also add in Australia and New Zealand.

What Black and Johnson euphemistically refer to as a “merger” would be nothing less than the biggest hostile takeover in modern history!

The ABCs of BAC intelligence warfare

What is today the Hollinger corporate octopus, started out during World War II as a front company for Britain’s war machine. In April 1940, Edward Plunkett Taylor was recruited into British intelligence by the Minister of Munitions and Supplies, Clarence Decatur Howe. Perhaps drawing on the Taylor family’s experience as smugglers during U.S. Prohibition, Howe assigned E.P. Taylor to secure the flow of U.S. dollars into the British Empire, and to obtain war supplies that were forbidden under the U.S. Neutrality Act. Taylor and his crew — including Conrad Black’s father, George Montagu Black — made a profit working through a British government front company that they had created, called War Supplies Ltd. The *New York Times* described it at the time as “a virtual merging of the economies of the United States and Canada.” At the end of the war, Taylor & Co. formed the Argus Corporation with the \$1.3 billion they had amassed by procuring arms for the British government.

Argus proceeded to buy up a number of strategic raw material firms, and Canada’s largest farm equipment manufacturer, Massey Ferguson. Conrad Black was groomed by his father and Taylor to take over Argus. When he assumed control in the 1970s, he changed the company’s name to Hollinger Corp., and he sold off the raw material and manufacturing subsidiaries; then he began a worldwide media grab, such that, today, Hollinger is among the largest print media cartels in the English-speaking world.

Using funds from liquidated assets of the Argus Corp., supplemented by contributions from Li Kai Shing, whose family has a virtually hereditary board position on the Hongkong and Shanghai Bank, the heroin bank for East Asia’s market, Black purchased 100% control of The Telegraph Ltd., publisher of the *Daily Telegraph*. The *Telegraph* is the largest newspaper in London — it is a favorite of the British royal family — and quickly became a mouthpiece for Prime Minister Margaret Thatcher. Black purchased 100% control of the *Jerusalem Post*, the foremost English daily in Israel, turning its policies to support for the Likudnik Greater Israel crazies, such as Foreign Minister Gen. Ariel Sharon, “the Butcher of Lebanon.” Hollinger Canadian Publishing Holdings, Inc. began buying up daily and weekly papers across Canada, through its wholly owned Sterling Newspapers Co. and Southam groups. And, in the United States, Black purchased some

240 daily and weekly papers through his Chicago Group, including the *Chicago Sun-Times*, the Gary, Indiana *Post Tribune*, and the Community Newspaper Group.

The *Spectator*, a British establishment journal since 1828, was purchased by Hollinger shortly after the takeover of the Telegraph Group Ltd. On July 9, 1990, the *Spectator* featured an inflammatory anti-German article Thatcher’s Minister of Industry and Trade, Nicholas Ridley. Ridley assailed Chancellor Helmut Kohl for backing reunification of his country, and equating Kohl with Adolf Hitler, and calling a reunified Germany the “Fourth Reich.” The article kicked up such controversy that he was soon thereafter forced to resign. Thatcher, in her *Memoirs, the Downing Street Years*, acknowledged that it was British Empire policy to do everything to block German reunification. Ridley was merely just taking orders from Thatcher, Black, and the BAC.

The inner circle

The boards of directors and advisory boards of Hollinger and its subsidiaries are a veritable who’s who of the BAC inner circle, from policy shapers, like Black, to field hands like Anglo-Israeli spy Richard Perle. We provide a partial listing:

Conrad M. Black, Canadian Privy Council, Queen’s Council, Chairman of the Board and CEO of Hollinger, Inc.; Hollinger International, Inc.; Hollinger Canadian Publishing Holdings Inc.; Telegraph Group, Ltd; and, Southam Inc.; 1001 Nature Trust; New Atlantic Initiative.

Barbara Amiel Black, wife of Conrad Black, and Vice-President, Editorial, London. Director, Hollinger, Inc.; and, Hollinger International, Inc.

R. Donald Fullerton, chairman of the executive committee, Canadian Imperial Bank of Commerce. Director, Hollinger, Inc.

Baroness Margaret Thatcher, LG, OM, Prime Minister of Great Britain and Northern Ireland (1979-90). Senior International Adviser, Hollinger International, Inc.

Valéry Giscard d’Estaing, President of France (1974-81). Senior International Adviser, Hollinger International, Inc.

Lord Peter Rupert Carrington, KG, GCMG, Senior International Adviser, Hollinger International, Inc.; and, Director, Telegraph Group Ltd.

Henry A. Kissinger, KCMG, former U.S. Secretary of State and National Security Adviser; former member President’s Foreign Intelligence Advisory Board. Senior International Adviser, Hollinger International, Inc.; and, Director, Hollinger International, Inc.

Zbigniew Brzezinski, former U.S. National Security Adviser, former chairman, Trilateral Commission. Senior International Adviser, Hollinger International, Inc.

Dr. Giovanni Agnelli, Honorary Chairman, Fiat S.p.A. International Advisory Board, Hollinger International, Inc.

Dwayne O. Andreas, Chairman, Archer Daniels Midland Co. Director, International Advisory Board, Hollinger International, Inc.

David Brinkley, ABC News senior correspondent (1981-97). International Advisory Board, Hollinger International, Inc.

William F. Buckley, Editor-at-Large, *National Review*. International Advisory Board, Hollinger International, Inc.

Newt Gingrich, former Speaker of the U.S. House of Representatives (1995-98). International Advisory Board, Hollinger International, Inc.

Lord Hanson, Chairman, Hanson PLC, London. International Advisory Board, Hollinger International, Inc.

Richard Perle, U.S. Assistant Secretary of Defense for International Security Policy 1981-87; Senior Fellow, American Enterprise Institute; International Advisory Board, Hollinger International, Inc.; Director Hollinger International, Inc.; and, Director, Jerusalem Post Publications, Ltd.; Chairman, Hollinger Digital, Inc.

Lord Jacob Rothschild, Chairman, Jacob Rothschild Holdings PLC. International Advisory Board, Hollinger International, Inc.

Paul A. Volcker, Chairman, James D. Wolfensohn Inc. (1988-96); Chairman, U.S. Federal Reserve System, 1979-87; North American Chairman, Trilateral Commission.

Richard Burt, Chairman, International Equity Partners; Chief Negotiator in Strategic Arms Reduction Talks with U.S.S.R., 1989-91; Director, Hollinger International, Inc.

A. Alfred Taubman, Chairman, Taubman Co.; Chairman, Sotheby's Holdings, Inc.; and, Director, Hollinger International, Inc.

Lord Weidenfeld of Chelsea, Chairman, Weidenfeld & Nicolson Ltd., London; Director, Hollinger International, Inc.; and, Director, Jerusalem Post Publications, Ltd.

Viscount Cranborne, Leader of the Opposition in the House of Lords; Director, Telegraph Group, Ltd.

Rupert N. Hambro; Chairman, JO Hambro & Co., Ltd.; former officer, British Special Operations Executive; and, Director, Telegraph Group Ltd.

Henry N.L. Keswick, Chairman, Matheson & Co. Ltd. and Jardine Matheson Holdings Ltd., London; Director, Telegraph Group, Ltd.

Lord King of Wartnaby, President, British Airways PLC and Babcock International Group, PLC, London; Director, Telegraph Group, Ltd.

Lord Rawlinson of Ewell, Privy Council, Queen's Council, U.K. Solicitor-General, 1962-64 and Attorney General, 1970-74; Director, Telegraph Group, Ltd.

Sir Evelyn Rothschild, Chairman, N.M. Rothschild & Sons, Ltd., London; Director, Telegraph Group, Ltd.

Raymond G.H. Seitz, Senior Managing Director, Lehman Brothers and former U.S. Ambassador to the United Kingdom; Director, Telegraph Group, Ltd.

Maj. Gen. Shlomo Gazit, Senior Researcher, Jaffe Center for Strategic Studies, Tel Aviv University; Former Chief of Israeli Military Intelligence; and, Director, Jerusalem Post Publications, Ltd.

Inter-American Dialogue dictates British policy

by Gretchen Small

The primary institutional channel for British-Wall Street policy for Western Hemisphere relations today, is the Inter-American Dialogue (IAD). Functioning as a private club of Western Hemisphere leaders, the Dialogue has arrogated to itself the power to approve or veto policies and politicians in the region. Members serving in governments are designated "on loan" from the Dialogue, be they cabinet ministers, or Presidents (as in the case of IAD Executive Committee member Sir Fernando Henrique Cardoso, the Queen's own President of Brazil). Dialogue members assert that it makes no difference who occupies the White House, it is the Dialogue that makes U.S. policy when it comes to Ibero-America.

The Dialogue was founded in October 1982 under crisis conditions. Political and institutional channels of British-Wall Street dominance over the Americas had shattered under the combined shock of the first "out-of-area" NATO deployment, Britain's Malvinas War against Argentina, and the debt crisis that followed shortly thereafter. Most worrisome to the Wall Street cabal, Lyndon LaRouche had become a major strategic factor in the region, respected and studied as the leader of the battle against British imperialism, and for national sovereignty.

Stepping in to lead the Dialogue were some of Teddy Roosevelt's political heirs: that infamous Malthusian, Robert McNamara, was a leader of the Dialogue from its founding into the 1990s. The "Father" of the Wall Street establishment, McGeorge Bundy, served on the Executive Committee of the Dialogue until his recent death. Sol Linowitz, Cyrus Vance, Elliot Richardson, and top executives from British and American banks, make up its ranks. Canadian intelligence figure Ivan Head has helped direct the Dialogue since its founding.

As *EIR* documented in its book *The Plot to Annihilate the Armed Forces and the Nations of Ibero-America*—published in English and Spanish—the Inter-American Dialogue seeks to replace the nations of this region, with a supranational "hemispheric" system of government, based on usury and free trade—including free trade in narcotics. To accomplish this, the Dialogue promotes Jacobin and narco-terrorist political movements as "the new face of democracy" (leaders of the Cuban-founded São Paulo Forum have been pulled into the Dialogue's ranks), and crusades against national militaries, which it labels *the* threat to democracy. Whatever will shatter the nation-state, is employed. The Dialogue set up a special task force in the mid-1990s, for example, to foment separatist ethnic conflict, to the avowed intent of eradicating "the very concept of national identity and national culture."

Rupert Murdoch's mass media octopus

by Edward Spannaus

One of the most strident voices in the news media in the United States and Great Britain for the BAC war policy—against Iraq, Russia, China, and in the Balkans—is that of Rupert Murdoch's News Corporation.

Murdoch's primary policy outlets are the *Times* of London, the *New York Post*, the "neo-conservative" *Weekly Standard* news magazine in the United States, and his Fox TV network. Several years ago, Murdoch bailed out televangelist Pat Robertson by buying up the lion's share of his Family Channel TV network, thereby enabling Robertson to continue airing his 700 Club.

Murdoch's biggest source of influence in the U.S. is through Fox Television and its cable offshoots. Using an unabashed sex-and-violence format, Murdoch has broken the dominance of the three major networks (ABC, NBC, CBS), and by some measures Fox is now the number-two network in the United States in terms of viewership.

Likewise, he has transformed the *New York Post*—a paper founded by Alexander Hamilton—into a British tabloid look-alike. Murdoch has the London market covered through his ownership of the 200-year-old "broadsheet," the *Times*, and Britain's leading tabloid, the *Sun*. All in all, Murdoch's News Corp. owns some 80 newspapers and 11 magazines in key international markets, including Australia's leading tabloid, *The Australian*. The combined international readership of Murdoch's publications is several score millions.

Murdoch has also purchased the American publishing house Harper & Row, merging it with the British house William Collins, to create the world's largest publisher, HarperCollins.

Internationally, Murdoch owns BSkyB, a satellite television service, which has 4 million subscribers in the United Kingdom and Ireland; STAR TV, a Hong Kong-based satellite operation, with feeds to 220 million viewers in 53 countries, largely Asia. Murdoch also has television outlets in Germany (VOX), Australia (FOXTEL), India, Indonesia, Japan,



Ibero-America, and the Caribbean Basin. He claims he reaches close to 75% of world's population through television.

Born in Australia, Murdoch comes from a family of press barons. His father, Sir Keith Murdoch, was the most influential of Australian media owners until his death in 1952. Rupert had been apprenticed under Lord Beaverbrook, the British press lord, at the London *Daily Express*, where he learned what Beaverbrook referred to as the "black art of journalism."

Murdoch was an ardent supporter of Margaret Thatcher, but he is also quite close to Tony Blair. His economics columnist Irwin Stelzer served as his secret go-between with Blair and "New Labour," even before the Labour Party election victory in 1997.

Other political interventions:

- During 1992, Murdoch did everything he could to defeat Clinton, including publishing scandal articles in British press, which were then reprinted in the U.S. media.

- That pattern continued with the Whitewater scandal, Monica Lewinsky, Chinagate, Vincent Foster, etc.

- Murdoch advanced \$4.5 million to former House Speaker Newt Gingrich for Gingrich's book.

- He hired the discredited Dick Morris as a columnist for the *New York Post*, and hired cyber-gossip Matt Drudge as commentator on Fox TV.

- His Fox News Sunday is now one of the major Sunday morning talk shows; plus the *Weekly Standard's* William Kristol is a regular "round-table" commentator on ABC's "This Week."

- In 1997, he was presented the United Jewish Appeal "Humanitarian of the Year" award by another "great humanitarian," Henry Kissinger.

Maggie Thatcher's New Atlantic Initiative

by Michele Steinberg

Our energies must be directed towards strengthening NATO, which is as important in the post-Cold War world as in the circumstances of its creation. NATO's role should be expanded. It must be prepared to go out-of-area, where so many of today's threats lie. . . . NATO can also coordinate support for the construction of that system of global missile defence which is now an imperative requirement.

—Baroness Margaret Thatcher, May 11, 1996, to the *New Atlantic Initiative's* Congress of Prague

Baroness Margaret Thatcher, LG, OM, FRS is one of the most influential and evil figures alive today, working through a string of BAC front organizations for the new British Imperium.

Beginning in 1996, Thatcher announced the entire plan for a new NATO doctrine of “out-of-area” wars, a new war against Iraq, a new Cold War against Russia, the dismemberment of China, and other horrors. The “New NATO” call was at the Congress of Prague, the first event of the New Atlantic Initiative (NAI), which brought together perhaps the greatest concentration of BAC agents, lackeys, and dupes ever assembled.

Thatcher’s clearly stated objective was to prevent the strategic alignment of the United States with continental Europe, especially any “special relationship” between the U.S. and Germany, and to block U.S. cooperation with Russia and China.



Maggie loves Tony

One of the current myths debunked by a careful look at the NAI, and the Iron Lady’s recent activities, is the notion that there is a difference between the Thatcherite Tories and Tony Blair’s New Labour. Blair’s “Third Way” is actually warmed-over Thatcherism, repackaged to sell to President Bill Clinton, whose personal hatred for former Tory Prime Minister John Major helped drive the United States toward a split with Britain during the first Clinton administration. The British monarchy dumped Major and installed Blair to salvage the Anglo-American “special relationship” and shove the same old Thatcherite policies down America’s throat.

The New Atlantic Initiative includes Peter Mandelson, Blair’s closest political ally, on its executive board. Until his ouster in late 1998 over a financial scandal, “Lord Mandy of Rio” (as he was dubbed after his flamboyant tour of homosexual bars in Rio de Janeiro, during an official mission) was the Minister of Trade. He is still a key Blair adviser, responsible for Anglo-German relations.

The fact that Mandelson is the leading advocate of early British membership in the European Monetary Union, and Thatcher is the leading opponent, yet both sit on the NAI board, should tell you something: The British, as always, are playing to control all sides, to assure that, one way or another, London winds up on top.

Another Blairite in the NAI is Irwin Stelzer, a right-hand man to media mogul Rupert Murdoch. An executive board member and founder of the NAI, like Mandelson, Stelzer boasts of meeting Blair, “about every ten days,” as an interme-

diary between Blair and Murdoch. Stelzer is also a “scholar” with the American Enterprise Institute, a Thatcherite bastion in Washington.

Thatcher’s ‘Fourth Reich’ campaign

To understand the “New NATO” drive today, one must go back to November 1989, when the Berlin Wall came down—exactly as Lyndon H. LaRouche, Jr., had singularly forecast in October 1988. Thatcher, Bush, French President François Mitterrand, and then-Soviet President Mikhail Gorbachov saw the fall of the Wall as a direct threat to their “balance of power” scheme for a global “New Yalta” agreement.

In the aftermath of the collapse of East Germany—despite the best efforts of Bush and Thatcher to prevent it—German Chancellor Kohl pressed for German reunification.

By then, LaRouche, the world’s leading opponent of the BAC, was a political prisoner of Thatcher’s pet President, George Bush. Even while imprisoned, LaRouche became the principal architect of plans for economic reorganization of the former Soviet bloc countries, with a blueprint for development of high-speed railway lines, and rapid energy development known as the European “Productive Triangle.”

To stop any moves along the lines of LaRouche’s proposal, Thatcher and Bush launched two operations:

First, a campaign to vilify Germany, claiming that reunification would lead to a “Fourth Reich”; and second, a brutal war in the heartland of Europe. British asset Slobodan Milosevic of Yugoslavia launched his first campaign of ethnic cleansing against Croatia.

The Yugoslav war was soon followed, in January 1991, by Operation Desert Storm against Iraq. Tens of billions of dollars that could have been funneled into economic reconstruction in the East, were instead thrown away on these two British-orchestrated wars.

Thatcher’s “Fourth Reich” campaign would be abetted by the assassinations of two German leaders who were orienting Chancellor Kohl toward a “new Marshall Plan” for the East, Alfred Herrhausen and Detlev Rohwedder. As the result of these terrorist assassinations and the British-orchestrated Balkan chaos, the International Monetary Fund was able to impose shock therapy on the former East bloc states.

Thatcher lays down the law at NAI

Just as the Anglo-Dutch financier oligarchy created the Bilderburg Society in the 1950s, and the Trilateral Commission in the 1970s, as action committees to further their geopolitical agenda, so too the BAC launched the New Atlantic Initiative in 1996 to press for their new Cold War and free-trade financial dictatorship. Crucial to their success was the simultaneous effort to destroy the United States through the campaign to impeach President Clinton.

At the first NAI conference in Prague, Czech Republic, in May 1996, Thatcher opened her keynote speech referencing the Congress of Vienna of 1815, and said ominously, “In the

language of Hobbes: ‘Covenants without the sword are but words.’” She ridiculed “today’s multilateralists” as naive, for turning to “international institutions” like the United Nations to maintain peace. The way of the future, said Thatcher, was for Britain and the United States to reverse the “slackness of political muscle” that followed the end of the Cold War, and act as “powerful” nations. She declared the United States to be the single “superpower,” but only so long as it followed her agenda of “liberalism.”

She attacked Western thinkers as “Marxist pseudo-economists,” who suggested that there was a “crisis of capitalism.” There was “*only* a crisis of socialism,” she insisted, and the failure of the Russian economy by 1996 only occurred because they didn’t have *enough* free trade and privatization.

Asserting that all assembled must accept that Russia is still the *enemy* of Britain and the “free world,” Thatcher said, “Alas, in some countries we have seen a reversion [to socialism]. There is a progressive disillusionment among ordinary people . . . and a growing nostalgia for the false security of socialism. In Russia itself, there is the possibility of a government that combines communist economics with an imperialist foreign policy. Such a reversion is not uncommon.” Then, quoting Rudyard Kipling, she said that such a reversion to communism in Russia is almost as sure as “That the Dog returns to his Vomit and the Sow returns to the Mire. . . .”

Ironically, it is the BAC that is nostalgic for the Soviet empire, with which the “balance of power” game could be played! The world *after* the Soviet Union is “more dangerous,” said Thatcher. First, because under the U.S.S.R., there was a “kind of unholy symmetry in international affairs . . . a balance of terror. Deterrence—above all nuclear deterrence—worked as it was designed to do.” Now, without the Soviets keeping their “client states under firm control,” there are “rogue states” that have begun to “emerge and set their own violent agendas.” Also, in the post-Soviet world, “there was also a dispersal of weapons of mass destruction and of the technologies to use them. . . . The ability of rogue states to produce chemical and biological weapons . . . is a constant worry. . . . The North Koreans [offer] a range of missiles which are even available for sale in a catalogue to all comers.”

This threat of “rogue states” is primary to Thatcher, who asked, “would we have taken the punitive action we did against Libya in 1986, if Qaddafi had been able to strike with his missiles at the heart of our cities?” She made the same point about the British-American attacks on Iraq in Desert Storm.

Thatcher singled out China as a grave potential enemy of “the West.” She described the “fundamental shift of economic power . . . away from the West to Asia and the Pacific Rim,” where “free trade, [not] protection” must prevail. But, says Thatcher, China is a problem: “China’s extraordinary economic progress is occurring despite, not because of, its political tradition—which has always been one of tyranny. . . .

[The] economic challenge could easily become a security challenge” in Taiwan. She accused China of providing technologies of mass destruction to North Korea, and other “rogue states.”

Thatcher showed total disdain for continental Europe, especially on issues of defense and free trade. She denounced Europe’s “shortcomings of a common security policy” and its “feebleness in Yugoslavia.” To remedy this, Thatcher said, NATO must be enlarged, and go out of area, where the real threats lie.

On economics, Thatcher declared that “global free trade” is the goal, but Europe is an obstacle; she compared the European Union to the “classic victim of bureaucracy . . . the Good Soldier Schweik,” who found “every day brought new instructions, directives, questions, and orders.” Thatcher’s “final solution” for the nation-state is a “super Maastricht” globalism, whereby she wants to “merge the North American Free Trade Area with the European Community, including the countries of Central and perhaps in time Eastern Europe . . . a Trans-Atlantic Free Trade Area.”

Thatcher again delivered the marching orders to the NAI 1997 conference, held in Arizona and ludicrously called the “Congress of Phoenix.” At this meeting, Thatcher refined the “New NATO” doctrine. She said that every country of the West had “wimped out” on defense and slipped into “dangerous complacency.” She insisted that:

- It would be “morally offensive” not to enlarge NATO. Poland, Hungary, and the Czech Republic *must* be admitted as *full members*, and the Soviet invasions of Poland in 1939, of Hungary in 1956, and of Czechoslovakia in 1968, *must never* be forgotten, as the West prepares for a new confrontation with Moscow.

- “The community of civilized nations has a common imperative to bring about the swiftest possible deployment of competent sea-based anti-missile defenses.” She urged a review of the Anti-Ballistic Missile Treaty, which she said was no longer valid, since “it was signed by the U.S.S.R., not Russia.”

- Five “rogue states”—Iran, Iraq, Libya, Syria, and North Korea—threaten freedom, she said, by having access to ballistic-missile development; and they have helped one another’s armaments. She warned that George Bush could never have constructed an international coalition against Saddam Hussein in 1990-91, if countries had felt at risk from Iraq’s ballistic-missile strikes.

The participation of Arizona Senators John McCain (now a candidate for the Republican Presidential nomination) and Jon Kyl (R), gave Thatcher’s ravings an inroad into the inner workings of the U.S. Senate. Also in attendance were representatives of the BAC’s leading think-tanks—the American Enterprise Institute, the Heritage Foundation, the American-Israeli Public Affairs Committee (AIPAC), and a handful of other institutions that are the core of the treason in America. As the next sections of this report will detail, these institu-

tions — all financed by billionaire Richard Mellon Scaife, the “Daddy Warbucks” of the Impeach Clinton effort — are in a battle to hijack the foreign policy of the United States, and plan to officially impose Baroness Thatcher’s marching orders at the NATO 50th Anniversary Summit Meeting this month.

A chronology: the New Atlantic Initiative, 1996-98

May 1996: Congress of Prague, NAI’s first meeting. Described by the London *Times* as “the event which will . . . shape Europe in the remaining years of the century.”

Major BAC operatives contributed to NAI’s launching, including Canadian Conrad Black (see Hollinger Group profile) and Australian Rupert Murdoch (see profile). From the United States, funding was provided by the Carthage Foundation and other assets of Richard Mellon Scaife.

Day-to-day, NAI is run by two of the BAC’s leading U.S. assets, the American Enterprise Institute (AEI), where NAI is headquartered, and the *National Review*, the Anglophile magazine run by William Buckley, which provided the NAI’s founder, British subject, John O’Sullivan. The Patrons, Advisory Board, and Officers of NAI are BAC luminaries who push the agenda of free trade and war.

NAI’s opening theme was, “Get ready for confrontation; the Cold War is on.” Speakers focussed on the alleged dangers of Russian revanchism, of “rogue states” hitting European cities with ballistic missiles, and of a North Korea nuclear threat.

May 1997: Congress of Phoenix. Held in the United States because the Thatcher agenda was being largely ignored by the Clinton administration. Senators Jon Kyl (R-Ariz.) and John McCain (R-Ariz.), and Rep. Chris Cox (R-Calif., the leading “red scare” crusader against China) attended, and then brought the full NAI agenda into Congress. Two leading Zionist lobby militants there were Paul Wolfowitz and Richard Perle, now advisers to Presidential candidate George W. Bush. Perle is considered the leading member of Israeli intelligence’s espionage division in the United States, known as the “X Committee,” whose activity surfaced in 1985 when Israeli spy Jonathan Jay Pollard was arrested.

International attendance at the gathering was sparse, but included Sir Charles Powell, from the historic opium-trading company Jardine Matheson Holdings.

September 1997: NAI releases a resolution for NATO enlargement signed by 133 VIPs, including seven former U.S. Secretaries of State, and former Vice Presidents Dan Quayle and Walter Mondale, designed to pressure Clinton.

February 1998: NAI forum on “New NATO, New Challenges” in Washington is addressed by Madeleine Albright (the first participation by a Clinton administration official).

Here, NAI pressed the drive to turn NATO into the intervention force in regional or ethnic conflicts. In a panel called “Bosnia, Russia, the Gulf, and Beyond,” Perle unveiled his plan calling for the United States to overthrow Saddam Hussein through backing an Iraqi “Contra” scheme.

Albright’s remarks were somewhat subdued, as President Clinton was deeply involved, through UN Secretary General Kofi Annan, in trying to avoid war with Iraq (later that month, Clinton accepted the diplomatic solution negotiated by Annan, for which both were denounced by the British). Albright embraced NATO enlargement.

May 1998: The Congress of Istanbul, which had heavy participation from Britain, but, more importantly, from the Islamic world. Indicating the BAC’s concern about the emerging positive U.S.A.-China relationship, NAI emphasized NATO’s out-of-area designs, especially in the Caspian Sea area, where BAC interests are frantically trying to control the pipeline and mining concessions to the vast oil, natural gas, and mineral resources. Other out-of-area priorities for NAI: the Balkans (Kosovar leader Bujar Bukoshi gave a panel presentation); Iraq (British/Israeli-controlled dissident Ahmed Chalabi spoke).

September 1998: NAI conferences in Tel Aviv, Israel, and Amman, Jordan. Benjamin Netanyahu spoke on Israeli security needs, and how NATO must recognize Jerusalem as Israel’s capital. From London, Chalabi, head of the Iraqi National Congress, attends his *third* NAI event to push the Perle/Wolfowitz plan to overthrow Saddam Hussein.

Fall 1998 to the present: AEI/NAI personnel focus all their efforts on the U.S. Congress, pushing “fiat legislation” that forces the White House to adopt the BAC agenda. This was especially intense during the six-month impeachment drive against Clinton. BAC was successful here in launching a propaganda war against China (issues: human rights violations and espionage); war against Iraq (Iraq Liberation Act passed); and to use missile defense to provoke anti-American turns in Russia and China.

Key personnel

Conrad Black, president, the Hollinger Corp. Not officially listed with NAI, but he founded NAI.

Baroness Margaret Thatcher, Patron of NAI; former Prime Minister of Great Britain (see also Hollinger Corp. profile).

Sir Henry Kissinger, chairman, NAI/IAB (International Advisory Board); (see CSIS and Hollinger profiles).

Lane Kirkland, vice chairman, NAI/IAB; former president, AFL-CIO; founding member, Trilateral Commission.

George Shultz, Patron of NAI; former Secretary of State (under President Bush); current adviser, George W. Bush, Presidential candidate, 2000.

Helmut Schmidt, Patron of NAI; former Chancellor of

Federal Republic of Germany (West Germany).

Edward Streator, chairman, NAI Executive Committee.

Christopher DeMuth, co-chairman, NAI Executive Committee; president, American Enterprise Institute.

John O'Sullivan, founder of NAI; co-chairman, NAI Executive Board; editor-at-large, the *National Review*.

Otto Graf von Lamsdorff, NAI Executive Committee; European chairman, Trilateral Commission.

Peter Mandelson, NAI Executive Committee, former Minister of Trade and Tourism, U.K.; Executive, British Labour Party.

Jeffrey Gedmin, executive director, NAI; AEI.

Gerald Frost, director of research, NAI (U.K.) International Advisory Board.

Zbigniew Brzezinski, NAI/IAB (see CSIS profile).

Lord Chalfont (Gwyne Jones, Life Baron 1964), NAI/IAB; OBE, MC, PC (Privy Council). Following a military career from 1940 to 1961, Chalfont became defense and military correspondent for the London *Times*. Former Minister of State, British Foreign Office; former Permanent Representative to the Western European Union and member of the Privy Council, 1964; late 1970s, participated in Israeli "terror against terror" plans.

Edwin J. Feulner, member, NAI/IAB; president, Heritage Foundation; president, Mont Pelerin Society; member, Congressional Policy Advisory Board (U.S.A.); member, Advisory Board, Center for Security Policy.

Newt Gingrich, former Speaker, U.S. House of Representatives (see CSIS profile).

Samuel P. Huntington, NAI/IAB; Trilateral Commission, author of *The Crisis of Democracy*, and of *The Clash of Civilizations*; National Endowment for Democracy (NED) "expert" on democracies.

Max Kampelman, NAI/IAB, (see CSIS profile).

Jeane Kirkpatrick, NAI/IAB; former U.S. Ambassador to the UN; senior fellow, AEI; Board of Advisers, Center for Security Policy.

William Kristol, NAI/IAB; editor, the *Weekly Standard* (Murdoch owned); son of Zionist neo-conservative and fellow at AEI, Irving Kristol.

Michael Ledeen, NAI/IAB; Jewish Institute for National Security Affairs (JINSA); research fellow, AEI; research studies for Jerusalem-based Institute for Advanced Strategic and Policy Studies (IASPS); top operative for Israeli intelligence.

Richard Perle, NAI/IAB; executive for Conrad Black's Hollinger Corp. (see Hollinger profile); former U.S. Assistant Secretary of Defense (where he liked to be called the "Prince of Darkness" for his professed anti-communism); lead academic for Israel's IASPS; Board of Advisers, Center for Security Policy; resident fellow, AEI; American Israel Policy Action Council.

Daniel Pipes, NAI/IAB; author of book on conspiracies that slanders Lyndon LaRouche; edits *Middle East Quarterly*;

fervent support of Israeli right wing, including Ariel Sharon; son of U.S. Sovietologist Richard Pipes of AEI.

Norman Podhoretz, NAI/IAB; editor and publisher, *Commentary* magazine, leading neo-conservative; father of John Podhoretz, editorial page editor of Murdoch's *New York Post*.

Sir Charles Powell, NAI Executive Committee and IAB; board, Jardine Matheson Trading Co. Brother of Jonathan Powell, Blair's chief of staff.

Sir Gen. Colin Powell, NAI/IAB, former chairman of the U.S. Joint Chiefs of Staff, commander, Operation Desert Storm.

Donald Rumsfeld, NAI/IAB; former U.S. Secretary of Defense (see Congressional Policy Advisory Board profile).

Irwin Stelzer, NAI/IAB; leading neo-conservative operative for Rupert Murdoch; informal adviser to Tony Blair; columnist for Murdoch's *Sunday Times*, *New York Post*, and the rabidly anti-Clinton *Weekly Standard*; fellow at AEI.

Lord Weidenfeld, NAI/IAB (see Hollinger profile).

Paul Wolfowitz, seminar leader, NAI Congress of Phoenix; Dean, Paul Nitze School for Advanced International Studies; former U.S. Undersecretary of Defense; organizer of 25th Anniversary of Trilateral Commission; architect of plan to oust Saddam Hussein; member of Congressional Policy Advisory Board.

CSIS: making 'policy impact' for the BAC

by Jeffrey Steinberg and Scott Thompson

When the British Foreign Office dispatched Privy Councillor and Minister of State for Foreign and Commonwealth Affairs Derek Fatchett to Washington in February 1999, to mobilize for an escalation of the war against Saddam Hussein, he delivered a briefing behind closed doors to 100 Washington policymakers at the Georgetown University's Center for Strategic and International Studies. CSIS advertises that its mission is "policy impact."

Founded in 1962 by David Abshire (president and CEO until 1998, and now vice-chairman of the board of trustees) CSIS has become the most important Washington conduit for the Chatham House/IISS policy agenda. Major City of London and Wall Street financial institutions pour an average \$17 million a year in tax-exempt funds to sponsor some 700-800 conferences, seminars, and private briefings, at CSIS's 1800 K Street NW headquarters, and at their Pacific Forum CSIS in Honolulu, Hawaii, which is chaired by Sir Brent Scowcroft.

CSIS, more than any other Washington think-tank, is a central gathering spot for BAC assets who have played a vital role in subverting U.S. foreign and national security policy, over the past three decades. They include:

Anne Armstrong: U.S. Ambassador to the Court of St. James, 1976-77 and chairman of the President's Foreign Intelligence Advisory Board, 1981-90. Chairman, Board of Trustees, CSIS; and, member, International Councillors, CSIS.

David M. Abshire: Assistant Secretary of State for Congressional Relations, 1970-73; member, President's Foreign Intelligence Advisory Board, 1981-83; U.S. Ambassador to NATO, 1983-87; special counsellor to the President, 1987; president, CSIS, 1982-83 and 1996-98; CEO CSIS, 1962-70 and 1996-98; chairman, Board of Trustees, CSIS, 1973-82; vice chairman, Board of Trustees, CSIS, 1988-.

Arnaud de Borchgrave: British Navy, World War II; 1948-50, Brussels bureau chief, United Press International; 1951-80, *Newsweek* foreign editor; later editor-in-chief and roving editor, *Washington Times*; director, Global Organized Crime Project, CSIS.

William A. Schreyer: chairman emeritus, Merrill Lynch & Co., Inc.; chairman, Executive Committee, Board of Trustees, CSIS; and, member, International Councillors.

Robert B. Zoellick: director, campaign issues, George Bush for President, 1988; Undersecretary of State for Economics and Counsellor of the Department of State, 1989-92; Deputy Chief of Staff, Assistant to the President, White House, 1992-93; Decorated Knight Commander's Cross; president and CEO, CSIS, 1998-; member, Board of Trustees, CSIS, 1988-; U.S. rapporteur, 1999 meeting of the Trilateral Commission.

Dwayne O. Andreas: chairman and CEO, Archer Daniels Midland Co.; member, Board of Trustees, CSIS; International Advisory Board, Hollinger International, Inc.

Harold Brown: Secretary of Defense, 1977-81; partner, Warburg, Pincus & Co., 1990-; Board of Directors, CBS, IBM, Philip Morris Inc., Evergreen Holdings Inc.; member, Executive Committee, Trilateral Commission, 1973-76, trustee, 1992-; Counsellor, CSIS, 1992-; member, Board of Trustees, CSIS.

Zbigniew Brzezinski: director, Trilateral Commission, 1973-76; Assistant to the President for National Security Affairs, 1977-81; member, President's Foreign Intelligence Advisory Board, 1987-91; counsellor, CSIS, 1981-; member, Board of Trustees, CSIS; cochairman, Advisory Board, CSIS. (See Hollinger Corp. profile.)

Sir Henry A. Kissinger, KCMG: Assistant to the President for National Security Affairs, 1969-75; Secretary of State, 1973-77; chairman, National Bipartisan Committee on Central America, 1983-84; Consultant to NSC, 1961-62; member, President's Foreign Intelligence Advisory Board, 1984-89; counsellor, CSIS; member, Board of Trustees, CSIS; Chairman, International Councillors, CSIS. (See Kis-

singer Associates, Inc. profile.)

James R. Schlesinger: Director of Central Intelligence, February-July, 1973; Secretary of Defense, 1973-75; Secretary of Energy, 1977-79; Senior Adviser, Lehman Brothers, 1979-; counsellor, CSIS, 1979-; member, Board of Trustees, CSIS.

Gen. Sir Brent Scowcroft: KBE; Military Assistant to the President, 1970-71; Deputy Assistant to the President for National Security Affairs, 1975-77; Assistant to the President National Security Council, 1989-93; chairman, President's Commission on Strategic Forces; member, President's Special Review Board on the Iran/Contra Affair; president, The Forum for International Policy; member, Board of Trustees, CSIS; Kissinger Associates.

Robert S. Strauss: U.S. Ambassador to Russia, 1989-93; member, Board of Trustees, CSIS.

R. James Woolsey: Director of Central Intelligence, 1993-95; Partner, Shea & Gardner; member, Board of Trustees, CSIS.

Carlo de Benedetti: chairman & CEO, Ing. C. Olivetti & C., S.p.A.; member, International Councillors, CSIS.

Edmond de Rothschild: chairman, Banque Privée; member, International Councillors, CSIS.

Maurice R. "Hank" Greenberg: chairman, American International Group, Inc; former vice chairman, Board of Trustees, CSIS; member, International Councillors, CSIS.

Ernest I. Japhet: former chairman, Bank Leumi; member, International Councillors, CSIS.

Wintrop H. Smith: chairman, Merrill Lynch International; member, International Councillors, CSIS.

Peter Wallenberg: First Vice Chairman of the Board, Skandinaviska Enskilda Banken; member, International Councillors, CSIS.

Frederick B. Whittemore: advisory director, Morgan Stanley & Co., Inc.; member, International Councillors, CSIS.

Charles H. Bowman: chairman and CEO, BP America, Inc.; member, Advisory Board, CSIS.

Viscount Etienne Davignon: chairman, Société Generale de Belgique; member, Advisory Board, CSIS.

Paul Desmarais, Jr.: chairman, Power Financial Company; member, Advisory Board, CSIS.

Sir Peter Emery: MP, British House of Commons; member, Advisory Board, CSIS.

Malcolm S. Forbes, Jr.: president & CEO, Forbes, Inc.; candidate in 1996 and 2000 for the Republican Party Presidential nomination; member, Advisory Board, CSIS.

Newt Gingrich: Speaker of the House of Representatives (R-Ga.), 1995-98; member, International Advisory Board, Hollinger International, Inc.; member, Advisory Board, CSIS.

Max M. Kampelman: partner, Fried, Frank, Harris, Shriver & Jacobson, 1989-91, of counsel, 1991-; various am-

bassardorial positions having to do with arms control; honorary vice chairman, Anti-Defamation League of B'nai B'rith, 1981, vice chairman, 1977-81; chairman, Freedom House, New York City, 1983-85, 1989-; chairman, Advisory Committee, JINSA; vice chairman, Jerusalem Foundation; member, Executive Committee, Committee on the Present Danger, 1976-85; vice chairman, Coalition for a Democratic Majority, 1977-85; member, Advisory Board, CSIS.

Brian Mulroney: former Prime Minister, Canada; director, Barrick Gold; member, Advisory Board, CSIS.

John D. Rockefeller IV: U.S. Senate (D-West Va.); member, Advisory Board, CSIS.

William D. Rogers: partner, Arnold & Porter, 1953-; Assistant Secretary of State Inter-American Relations, 1974-76; Undersecretary of State for Economic Affairs, 1976-77; member, law faculty, Cambridge University, 1982-83; Senior Counsellor, Bipartisan Commission on Central America, 1983-84; vice chairman, Kissinger Associates Inc., 1989-; member, Advisory Board, CSIS.

Arthur Ross: Identified by family as Britain's MI6 station chief for New York City in the 1950s and 1960s, receiving regular communiqués from Lord Beaverbrook through the British Consulate; vice chairman, Central National Gottesman, Inc.; member, Advisory Board, CSIS.

Richard Mellon Scaife: The "Daddy Warbucks" of the cold coup d'état against President William Jefferson Clinton; chairman, Sarah Scaife Foundation; member, Advisory Board, CSIS. (See Heritage Foundation profile).

Jacob Wallenberg: executive vice president, Enskilda; member, Advisory Board, CSIS.

Bernard Lewis: British Middle East geopolitician; professor, Princeton University; Distinguished Senior Scholar, CSIS.

The 'X Committee': BAC's Zionist hydra

by Michele Steinberg

The American Enterprise Institute (AEI) in Washington, D.C. is a serpent's nest of Anglo-Israeli agencies working to subvert American policy in the Middle East and in other global theaters of conflict. Other groups aligned with AEI in this treason include the American-Israeli Public Affairs Committee (AIPAC), the Washington Institute on Near East Policy (WINEP), the Center for Security Policy (CSP), and the Jewish Institute for National Security Affairs (JINSA).

This network, known as the "X Committee" because of its links to the Jonathan Jay Pollard Israeli-Soviet spy opera-

tion of the 1980s, specializes in penetrating the U.S. government for the purpose of both *making* policy, and obtaining national security secrets. During the Reagan administration, many X Committee operatives held Defense Department and intelligence posts, but today they are housed in this tight nexus of think-tanks and lobby groups. They not only *get* information, but are able to plant key British and Israeli *disinformation*, especially into the U.S. Congress. They have also penetrated the Clinton administration, through Al Gore's mentors — Marty Peretz of WINEP, and Gore's National Security Adviser, Leon Fuerth, who may be the Israeli spy code-named "Mega."

Brief profiles of each group follow:

AIPAC: Rated by *Fortune* magazine as the second most powerful lobby in the United States. Founded in the early 1950s, it is "the nation's leading pro-Israel lobby." AIPAC runs a virtually constant exchange program with the Israeli government, and serves as a training ground and "finishing school" for placing operatives in the United States.

Issues: opposition to Russian Prime Minister Yevgeni Primakov; overthrowing Iraqi leader Saddam Hussein; maintaining sanctions against Iran and other Islamic countries; opposition to the Oslo Accords and Palestinian leader Yasser Arafat; supporting increased U.S. military and financial aid to Israel; making Israel the leader of U.S. policy against terrorism.

Key personnel: Neal Sher, former head of Justice Department's Office of Special Investigations (OSI); Tom Dine, former Executive Director; Wolf Blitzer, former AIPAC staffer, now White House correspondent for CNN; Assistant Secretary of State Martin Indyk, former top AIPAC official and founder of WINEP, recruited out of Israeli Prime Minister Yitzhak Shamir's staff, after service in the Australian National Security Council, then U.S. Ambassador to Israel; Dennis Ross, special U.S. envoy to Israel.

AEI: Issues: overthrowing Saddam Hussein; sanctions against Iran, Libya, and other Islamic countries; opposing Clinton policy of engagement with China; opposing Russia-China-U.S. strategic cooperation; promotes NATO expansion, and out of area deployments; promotes U.S. break with UN Security Council; promotes ersatz ballistic-missile defense and theater missile defense as tools of cabinet warfare provocations; promotes free trade and globalization. See NAI profile.

Key Personnel: Paul Wolfowitz, former Undersecretary of Defense, also CSP, JINSA, CPAB, NAI, and WINEP; Samuel P. Huntington, also Trilateral Commission, NAI; Jeane Kirkpatrick, NAI, JINSA, WINEP, CSP; Irving Kristol, (son William at NAI); Michael Ledeen, see JINSA; Lawrence Lindsey, radical free-market economist, adviser to George W. Bush; Joshua Muravchik, also NAI, JINSA, CSP; Charles Murray, author of *The Bell Curve*; Michael Novak, apologist for neo-liberal economics in Catholic circles; Richard Perle,

see Hollinger Corp., high-level BAC operative, former Assistant Defense Secretary, also NAI, JINSA, WINEP, CSP, known as Senate Majority Leader Trent Lott's "national security adviser"; Irwin Stelzer, NAI, informal adviser to Tony Blair (see Murdoch empire); Malcolm "Steve" Forbes, Jr., publisher *Forbes* magazine, GOP Presidential pre-candidate.

WINEP: Issues: same as AIPAC.

Key personnel: Ze'ev Schiff, Journalist, *Ha'aretz* newspaper (Israel); Ehud Ya'ari, Israel TV journalist; Max Kampelman (see CSIS, NAI); Jeane Kirkpatrick (see AEI); Martin Peretz, mentor to Al Gore, and publisher of the *New Republic*, informal member of "Get LaRouche" task force; Richard Perle (see AEI); Eugene Rostow, also NAI; George Shultz, also NAI; Paul Wolfowitz (see AEI); Patrick Clawson, also National Defense University.

JINSA: Issues are variations on the items indicated for AEI and WINEP. JINSA concentrates on penetrating U.S. military and defense institutions.

Key personnel: Tom Newmann, Executive Director; Michael Ledeen, Paul Wolfowitz, Jeane Kirkpatrick, Joshua Muravchik, and Richard Perle (see AEI); Stephen Bryen, was caught spying for Israel during 1970s; Shoshona Bryen, Communications Director; James Woolsey, former CIA director, close to Al Gore, vehemently opposes Primakov government; Yossef Bodansky, Zionist zealot and self-styled terrorism expert, heads House Republican Study Group task force on terrorism; Yonah Alexander, professor at George Washington University, terrorism expert, vehemently anti-Islamic; Doug Feith, also CSP; Eugene Rostow, also AEI, NAI.

Center for Security Policy: Run by Frank Gaffney, former assistant to Richard Perle at the U.S. Defense Department. CSP is the number-one propaganda arm of the X Committee network, sending out faxes every day to Congress, Washington media, and to think-tanks. All the issues are those defined by AEI.

Key personnel all overlap with AEI, WINEP, AIPAC, JINSA, and the Heritage Foundation. CSP is used by the X Committee "higher ups" as to keep up the daily drum beat against President Clinton's policies in the Congress.

Heritage Foundation's British 'revolutionaries'

by Scott Thompson

In a moment of unusual candor, one senior staffer at the Washington-based "Conservative Revolution" think-tank, the Heritage Foundation, recently boasted that his institution was "an outpost of British intelligence in the United States."

Founded in the early 1970s, with financial backing from

the Colorado-based Coors brewery family, Heritage first emerged as a leading outpost for such British intelligence fronts as the Mont Pelerin Society in the late 1970s, after Margaret Thatcher came into power in Britain, and preparations were under way for the Ronald Reagan Presidency in the United States.

At that point, Mellon family money-bags, Richard Mellon Scaife, poured a hefty amount of cash into Heritage, and installed as its president Edwin Feulner, an Anglophile who had done post-graduate work at the London School of Economics, and was a member of the London International Institute of Strategic Studies and the Mont Pelerin Society (he would later serve as its treasurer and president).

Under Feulner, the Heritage Foundation brought in one British intelligence agent after another, including the gray eminence of British intelligence Cold Warriors, Brian Crozier, and his sidekick, Robert Moss, who formerly had edited the Rothschild-owned *Economist Foreign Reports*. Feulner made Stephen Haseler, who had been a member of the British Round Table-affiliated socialist Fabian Society, one of Heritage's first fellows. Feulner brought in another Fabian Society member, Stuart Butler, who has become vice president of the Heritage Foundation and director of its Domestic Policy Studies.

With the election of President Reagan in 1980, Butler oversaw production of *Mandate for Leadership*, a report which called for the shutdown of every social welfare program enacted since the time of Franklin D. Roosevelt. By 1988, Heritage crowed that 60% of this manual for genocide against the American poor and especially darker-skinned people had been implemented. More recently, Heritage has released studies calling for dismantling much of the Federal government, beginning with such agencies of traditional American foreign economic policy as the Commerce Department and the Export-Import Bank.

Butler stated frankly that he came to the United States "to inculcate America with British ideas." Using the Fabian Society rhetoric of "community control," Butler has been a staunch advocate of the deindustrialization of the United States since 1977, when he said in a speech: "Look at the classified ads in London's *Time Out*. You'll find a rich and even bizarre collection of enterprises, ranging from ear piercing to unisex sauna, to air freight, from holistic food shops to a College of Acupuncture, to Krishnamurti Videotapes. They may sound funny, but it may sound less funny . . . if they prove to be growth industries."

Over the past decade, Heritage has helped spawn a string of Washington Beltway think-tanks, all run by the same crew of Mont Pelerin Society British agents, including the Cato Institute, Reason Foundation, the Progress & Freedom Foundation, and the National Taxpayer Union.

Detailed profiles of these Conservative Revolution outfits, and their key personnel, can be found in "Phil Gramm's Conservative Revolution in America," *EIR*, Feb. 17, 1995.

The BAC's Gore, Inc.

by Jeffrey Steinberg

While former President George Bush earned his royal stripes through a particular act of service to the British monarchy—his Operation Desert Storm—the Vice President of the United States, and wannabe next President, Albert Gore, Jr., has developed an even deeper affinity to the British Crown. Gore's 1992 book, *Earth in the Balance: Ecology and the Human Spirit*, expresses the “deep ecology”



and radical Malthusian outlook of Royal Consort Prince Philip, the guru of the World Wildlife Fund.

Gore's book, which one opponent dubbed “Mein Planet,” advocates levels of population reduction and deindustrialization that would make the Unabomber blush. Indeed, *Earth in the Balance* was written following a series of private meetings between Gore and Prince Philip, during the Royal Consort's visit to Washington, to inaugurate a new neo-pagan “religion and ecology” movement. The ideas in Gore's diatribe come directly from the pages of the Prince's own *Down to Earth*, a 1988 “Green” handbook, in which Philip spelled out his dream of a depopulated planet, administered by an “Earth-friendly” feudal aristocracy.

It should come as no surprise, given Gore's rabidly anti-human ideology, that he has, over the years, surrounded himself with a brain-trust of official and unofficial advisers, known informally as Gore, Inc., dominated by core figures within the BAC cabal.

Chief among these is Maurice Strong, the Canadian-born and Rockefeller family-sponsored “CEO” of North American operations for Prince Philip's WWF. Strong has been on the international executive board of WWF for decades; he was responsible for hand-picking most of the Canadian and American members of the 1001 Nature Trust, the multimillion-dollar funding mechanism for the global eco-terror movement. In an interview published in *EIR* on Jan. 29, 1999, Strong candidly acknowledged his ties to Gore, dating back to the early 1980s, when he and Gore launched a worldwide parliamentarians movement, GLOBE, to foster radical environmental legislation.

Another member of the Gore, Inc. braintrust is Strong protégé James Wolfensohn. The Australian-born president of the World Bank got his first job, fresh from Harvard, from

Strong; and Queen Elizabeth's two subjects have been intimates ever since. As soon as Wolfensohn was appointed president of the World Bank, he named Strong as his personal trouble-shooter and adviser (when Wolfensohn took up the post at the World Bank, he left his New York City investment bank in the hands of former Federal Reserve Chairman Paul Volcker).

Wolfensohn's alliance with Gore was on public display at a Feb. 24-26, 1999 conference at the U.S. State Department on “fighting corruption.” The three-day event, convened by the Vice President and addressed by Wolfensohn, served notice to governments that they would be isolated and crushed if they failed to live up to World Bank demands for “transparency” and compliance with the free trade and austerity diktats. (See *EIR*, March 5, 1999.)

Gore's long-standing national security aide, Leon Fuerth, the designated National Security Adviser in a Gore administration, has been accused by some of his former State Department colleagues of being a spy for Israel. A recent *New York Times* profile of Fuerth quoted unnamed State Department officials, charging that Fuerth had been leaking details of the Clinton administration's Middle East peace plans to Israeli Prime Minister Benjamin Netanyahu, allowing the Greater Israel fanatic to trump President Clinton at several crucial moments of diplomatic confrontation. Fuerth denies the charges.

Fuerth takes credit for prevailing upon President Clinton to bomb Iraq in December 1998; indeed, it was Fuerth who provided the “independent proof,” in the spring of 1993, that Saddam Hussein plotted to assassinate George Bush, provoking the first missile attacks against Iraq since the end of Desert Storm. Fuerth had been pushing a new Desert Storm ever since.

More recently, Fuerth reportedly has been running around Capitol Hill, demanding the ouster of Russian Prime Minister Yevgeni Primakov. A longtime Fuerth intimate, and another member of Gore, Inc., ex-CIA director James Woolsey, recently testified before the House Foreign Affairs Committee, lying that Primakov was the mastermind of a “rogue state” alliance of Iraq, Iran, and Serbia. Such Cold War hyperventilations come straight from the pages of the BAC play book, and stand in stark contrast to the policies advocated by President Clinton.

Fuerth's neo-conservative pedigree and his suspected MEGA-spying for Israel, are complemented by another Gore, Inc. player: *New Republic* publisher and owner Martin Peretz. Peretz was Gore's mentor and professor at Harvard University in the late 1960s, and Peretz has been one of the leading Israeli Lobby conduits to Gore throughout his political career. Peretz recently announced plans to expand and upgrade the *New Republic*, undoubtedly as a propaganda arm of Gore's 2000 Presidential campaign.

Steven Rattner, former *New York Times* correspondent-turned Wall Street banker (he is CEO of Lazard Brothers) has been designated as the point man for Gore's courtship of Wall

Street and London. Two of the BAC's most visible operatives, George Soros and Maurice "Hank" Greenberg, of American International Group, have also been identified as Gore boosters.

British lackeys on the Principals Committee

by Edward Spannaus

"The first Clinton administration was attacked for appointing second-raters as diplomats," wrote James Adams in the Jan. 19, 1997 *Sunday Times* of London. "The second does not want to make the same mistake."

Adams was especially pleased that Madeleine Albright was to replace Warren Christopher as Secretary of State. Albright, he said, would soon begin appointing a number of new figures into top positions: "All of them should be good news for Britain and Europe in welcome contrast to the first term, whose top diplomatic and security players at times seemed anti-British."

In fact, for President Clinton's second term, almost a whole new team came on board — including not only Albright, but Defense Secretary William Cohen and Chairman of the Joint Chiefs of Staff Gen. Henry Hugh Shelton. They make up the core of the President's foreign policy advisers, the Principals Committee, along with Vice President Al Gore and Gore's own foreign policy adviser Leon Fuerth.

This was a "coup d'état waiting to happen." The background is as follows:

From the first year of the Clinton administration, Vice President Al Gore already played what some called an unprecedented role in U.S. foreign policy. But despite his increasing prominence, Gore was kept under control as long as President Clinton was able to function as President and Commander-in-Chief. But with the sharp escalation in the assault on the Presidency in January 1998, the President was increasingly besieged, distracted, and boxed in, allowing Gore and the Principals Committee to carry out that foreign policy coup.

Already in 1994, author Elizabeth Drew noted that one sign of Gore's "extraordinary and unprecedented" foreign policy role was that his National Security Adviser, Leon Fuerth, was sitting in on Principals Committee meetings. By March 1998, the *Washington Post* observed that Gore and Fuerth enjoyed a "foreign policy influence rarely seen at the vice presidential level," and in June 1998 the *Post* described Fuerth, in his "obscurity," as "the virtual day-to-day manager of relations with Russia," as well as being "at the center of policymaking on a wide range of international issues."

An important precondition for the coup was the loose, "Baby-Boomer" structure of the National Security Council, where the NSC itself never meets, and policy deliberation takes place in the Principals Committee and the Deputies

Committee. Astoundingly, the NSC itself — consisting by law of the President, the Vice President, and the Secretaries of State and Defense, with the Director of Central Intelligence and the Chairman of the Joint Chiefs of Staff as advisers — has officially met only once during the Clinton administration. The Principals Committee (the NSC minus the President) is where policy is hammered out, and then they go and say, "Mr. President, we have reached a consensus on what must be done. . . ." — presenting the President with a *fait accompli*.

This is a structure under which Gore and other British agents of influence can run wild. The key players representing BAC interests, besides Gore and Fuerth, are:

Madeleine Albright: Some intelligence specialists regard the Secretary of State as an out-and-out British agent. Her father, Josef Korbel, fled from Czechoslovakia with his family after the 1938 Munich Pact, and settled in London, where he was a member of the Czech government-in-exile. The family returned to Czechoslovakia from London after the war, only to leave again upon the Communist takeover.

Albright is a protégée of one of today's leading proponents of British geopolitics: Zbigniew Brzezinski. She was a student of Brzezinski in Russian Studies at Columbia University, and then served as his assistant on Jimmy Carter's National Security Council from 1977 to 1981.

It was Albright, more than anyone else in the administration, who created the present debacle in Yugoslavia, with her sabotage of the Rambouillet negotiations, and her belligerent threats to bomb Milosevic to the bargaining table. Albright views the military as an instrument in her diplomatic arsenal; when she was earlier advocating military intervention in Bosnia, she once demanded of former JCS Chairman Colin Powell, "What's the point of having this superb military that you're always talking about, if you can't use it?"

William Cohen and Gen. Henry Hugh Shelton: Secretary of Defense Cohen and JCS Chairman Shelton have both built their careers around British-Israeli type "special operations" — Cohen by promoting special operations during his time in the Senate, and Shelton having joined the Army as a Special Forces "Green Beret" during the Vietnam War, and advancing to become Commander of the U.S. Special Operations Command (SOCOM). SOCOM itself was created in the mid-1980s by a re-organization of the U.S. military championed by then-Senator Cohen.

In a Senate speech on the subject of special operations forces in 1986, Cohen stated:

"Israeli successes in special operations are legendary. The British too, have had marked success in this area. They have defeated Communist insurgencies in Malaya and Oman. . . . The British also demonstrated the value of special forces during the Falkland Islands campaign."

The reliance on special forces and its correlative, the belief in the invincibility of air power, are the hallmarks of the doctrine of the "new NATO" as a global police force, which Cohen and Shelton are promoting.

BAC 'moles' steer Congress' foreign policy

by Suzanne Rose

The BAC faction's control over Congress got a high-profile boost with the victory of the "Thatcherite" Conservative Revolution in the 1994 elections. Leading representatives of the Mont Pelerin Society and its offshoots, such as the Heritage Foundation, took political power with the Gingrich takeover in the House. The Contract for America was a prescription for radical free trade, privatizations, and an end of the welfare state. On foreign policy, the BAC has relied on the ideologies of anti-communism and pro-democracy, human rights activism to bolster its geopolitical strategies for control in the post-Cold War era. Two committee chairmen, of the Senate Foreign Relations and House International Relations committees, Sen. Jesse Helms (R-N.C.) and Rep. Benjamin Gilman (R-N.Y.), respectively, are key to BAC operations.

The BAC exercises influence on members of Congress through think-tanks which circulate policy papers on every issue (often defining issues in advance), and through a group of "permanent bureaucrats" of professionals which staff the committees. Most congressmen do a balancing act among the views of their constituents, the media and polls, their major contributors (including BAC-controlled political action committees), powerful interests in their district, and, most importantly, the party leadership. What a congressman does on a particular issue depends on whose pressure is strongest. Helms and Gilman, however, have, with remarkable consistency, represented BAC geopolitical interests. In this respect, they could be called agents of a foreign interest in Congress.

Jesse Helms

Elected Senator from North Carolina in 1972, the 78-year-old Helms became the ranking minority member of the Senate Foreign Relations Committee in 1986, and its chairman since 1994. Helms is the hard cop against communist bogeymen and BAC-identified "rogue states," to the GOP's liberal internationalist soft cops, who cajole countries into line. Helms focusses on the economic choke points around which the BAC manipulates foreign policy: He is adverse to technology transfer, the life-line for developing nations, particularly from Germany and Russia to the Middle East and Asia. He has worked to amend the Export Administration Act to stop Germany from assisting Iraq, Iran, or Syria with technology, on the pretext that it might help them develop chemical, biological, or nuclear weapons, or ballistic missiles. He tried to cut off aid to Russia for selling power plants to Iran.

Helms's special targets are President Clinton, Germany,

Russia, and China. He and former Sen. Lauch Faircloth (R-N.C.) lunched with Judge Richard Sentelle, shortly before the three-judge panel which Sentelle heads appointed the partisan Kenneth Starr as special prosecutor to investigate President Clinton. Helms and Faircloth are believed to have been responsible for the choice of Starr. Although he hates President Clinton with a passion, Helms is supportive of the Anglophile Secretary of State, Madeleine Albright, whose nomination he facilitated through the committee.

Known in his home state as being unenthusiastic for civil rights, and a slumlord to boot, Helms postures as a human rights activist when it comes to BAC enemies such as China. He demanded that a special envoy be appointed to oversee the rights of Tibetans, courted Martin Lee, the Hong Kong democracy activist, and denounced as "ludicrous" claims that Hong Kong's problems were caused by the British. He has demanded that President Clinton permit Taiwan President Lee Teng-hui to visit the United States—a provocation to the mainland government. He authored many bills provoking China, including demands for democracy (the BAC version of democracy which is linked to open financial markets and free trade), and a bill that requires that China's imports be certified as not made with slave labor.

Helms's approach to Asia follows the BAC geopolitical prescription of containing, if not destroying, China. In a March 26, 1996 speech to the Heritage Foundation, he laid out a "Five-Point Program for U.S. Policy Toward Asia," including for a strategic balance between China, Japan, Korea, and Southeast Asia. He has been a saboteur of President Clinton's policy of peaceful relations with North Korea, by attempting to disrupt the Clinton-negotiated nuclear accord. On Dec. 3, 1991, as the formerly communist nations were enjoying freedom, Helms warned in Senate hearings of the "explosive effects of the growth of nationalism in Europe," and said that the United States could not continue to support institutions such as the European Bank for Reconstruction and Development, which would potentially be "impossible to control" (i.e., might be used to further economic development in eastern Europe and Russia).

Helms's associates helped to establish the U.S. connection to the drug-running Contras. His staff assistant Deborah DeMoss was a liaison to the Contra leaders from the outset. He obsessively attacked Panamanian Defense Forces Gen. Manuel Noriega, who had become the enemy of the Bush Contra policy. On the other hand, like pit bulls, Helms and Gilman protect Israeli Prime Minister Benjamin Netanyahu, the linchpin of BAC geopolitical machinations in the Middle East. In 1996, they sent a letter to Netanyahu, praising him for his aggressive actions in expanding Jewish settlements (and thereby sabotaging the peace process).

Helms's strong ties to the British-linked evangelical movement of Jerry Falwell and Pat Robertson, and his fundraising (he runs one of the biggest money machines in Congress), reinforce his close BAC ties. Reynolds Tobacco and BAT (formerly British American Tobacco, BAT is listed as

a “major corporate sponsor” of London’s preeminent think-tank, the Royal Institute for International Affairs) are reportedly among his more generous sponsors.

There are indications that Helms was picked up by the right-wing Anglo-Israeli apparatus in 1984, when he faced his toughest re-election challenge from the popular Democratic Governor of North Carolina, Jim Hunt. Helms was offered a large amount of cash for his campaign from right-wing Zionist circles, provided that he would champion the Israeli Likud party in Congress. Shortly thereafter, Helms hosted Israeli “New Right” Knesset (Parliament) member David Kleiner on the Senate floor. Several years later, Helms carried out a wholesale purge of his Senate staff, a move that coincided with his induction into the upper levels of the Charleston, S.C.-based Southern Jurisdiction of Freemasonry.

Benjamin Gilman

Gilman’s and Helms’s careers and policies run in parallel. Gilman was elected to Congress from New York in 1972, and became chairman of the House International Relations Committee when the Republicans won the majority in 1994. He spreads fear of Chinese “superpower status,” and, like Helms, plays hard cop to the “internationalist” wing of his party. His rabid anti-communism is the cover for his attacks on Russia and China. A member of the “Committee of 100” for the liberation of Tibet from Chinese rule, he co-sponsored several of the anti-China bills produced by the House Republican Policy Committee, which has become the policy arm for the BAC inside the GOP’s congressional bodies.

When the Republican leadership renewed its onslaught against China in the wake of the failed impeachment attempt, and began fomenting a new Cold War and war drive on behalf of the BAC, Gilman helped to escalate tensions around Iraq and North Korea. He sponsored the Iraq Liberation Act, which forced the administration to adopt an incompetent and dangerous policy of funding an Iraqi “Contra” movement to topple Saddam Hussein. On North Korea, he and his staffers channelled into his committee hearings intelligence of suspicious origin designed to disrupt Clinton’s negotiated accord with North Korea and to foment confrontation. His staff told journalists that the committee intended to press for provocative inspections of alleged nuclear sites in North Korea, while Gilman charged that North Korea was preparing missiles to hit the U.S. West Coast.

In 1996, Gilman convened hearings where it was charged that the Bosnian leadership, which was fighting to protect its multi-ethnic nation, was an agent of Iran. Gilman’s campaign, and propaganda produced by the House Republican Policy Committee, helped force through the ethnic partitioning of Bosnia, a prescription for further war.

An opponent of the Middle East peace process, Gilman appeared in May 1996 at a Central Park rally with Israeli right-winger Yitzhak Ginsberg. Only six months earlier, in the wake of the murder of Yitzhak Rabin, Israeli law enforce-

ment agents had picked up Ginsberg for having incited violence against Rabin.

Gilman constantly targets Russia for sanctions, charging that it sells nuclear and ballistic missile technology to Iran, and advanced weaponry and technology to China. He authored the Iran Missile Proliferation Sanctions Act, which would impose sanctions on Russia for technological assistance to Iran.

BAC control over Gilman includes feeding his appetite for money. It is said that his policies are for sale to the highest bidder. This may explain his reported relationship to the Russian-Israeli mobster Shabtai Kalmanowitch, who was jailed in Israel in the 1980s as a KGB spy, but who now commutes between Moscow and Tel Aviv as a “businessman.”

House Policy Committee: another BAC ‘mole hill’

One hub of British control over the U.S. Congress is the House Policy Committee, the policymaking arm of the House Republicans, dedicated to “bringing back the Reagan-Thatcher years,” as the HPC web site states. Comprised of the Speaker of the House and the GOP committee chairmen, it is led by a clique around Reps. Henry Hyde (Ill.), Benjamin Gilman (N.Y.), and Chris Cox (Calif.). Last March, Cox launched the Congressional Policy Advisory Board as a private sector adjunct to the HPC, to bring in the BAC think-tank apparatus as a permanent pool of advisers and “expert witnesses” to help with the new Cold War drive.

Thatcher’s minions

Interviews with aides to Cox and Gilman reveal that this group is being advised by Lady Margaret Thatcher, Lord Chalfont, and many other members of the British House of Lords. They mean to create a “new Cold War” between the United States, on the one hand, and Russia and China, on the other, in which the United States cannot, as Bill Clinton envisions, act as a Pacific power cooperating with China in the Eurasian Land-Bridge project.

Representative Cox, who is chairman of the House Policy Committee, travelled to London to speak on Feb. 18, 1999 at the headquarters of the European Atlantic Group (EAG), a U.S.-U.K. “parliamentary think-tank” run by Lord Chalfont and Lady Thatcher. Cox called for a new Cold War and pronounced not only Iraq and North Korea, but also Russia and China, to be nuclear threats to the United States. “A substantial threat continues to be posed by the existing ballistic missile arsenals of Russia and China,” he intoned. “The risk of unauthorized or accidental missile launch from the former Soviet Union is unarguably far greater today than it was at the height of the Cold War. In 1996, PLA Lt. Gen. Xiong

Guankai, Deputy Chief of Staff of the General Staff, implied that the P.R.C. would destroy Los Angeles if the U.S. intervened to defend Taiwan from attack. And within the last weeks it has been reported that a massive buildup of P.R.C. missile forces opposite Taiwan is under way.”

Cox cited North Korea and Iraq, with their “weapons of mass destruction,” as “imminent threats” to NATO members. He ended by stating that it is “the supreme fact of history that Great Britain and the U.S.” must stand together, as Prime Minister Margaret Thatcher did with President Ronald Reagan, to combat these threats.

Cox is proceeding “exactly from the premise” stated by Thatcher in her 1996 Fulton, Missouri speech, a Cox aide told *EIR* on Feb. 23. The speech depicted a NATO surrounded by “rogue states” such as Iraq, Iran, and North Korea, being armed to the teeth by China and Russia. It was Thatcher’s speech, he pointed out, that helped define the term “rogue states,” and made the first call since the 1989 fall of the Berlin Wall for a new arms race and Cold War. Cox, the aide said, “is supported in this by many members of the House of Lords who heard him, also members of Commons, British security analysts, ex-government officials and defense contractors,” including Lord Chalfont, Lord Dahrendorf, and former Thatcher government official Sir Charles Powell.

“It’s not just smaller rogue states, but clearly now China is also a clear and present danger,” he said. It was this Thatcherite grouping, the aide said, which assisted Cox’s Select Commission on Military Technology and the P.R.C. in producing its recent still-classified report alleging illicit transfer of U.S. military technology to China.

Cox’s aide added that the Cox-Gilman group was committed to ensure that any theater missile defense (TMD) built by the U. S. and Britain will provide a nuclear umbrella to Taiwan—a policy first proposed by Thatcher and Gerald Segal of the London Institute for International and Strategic Studies. China has called such a TMD with Taiwan a *casus belli*.

Congressional Policy Advisory Board

In March 1998, Cox formed a large private sector Congressional Policy Advisory Board (CPAB), made up of the most pro-Thatcher elements of the Reagan-Bush era, to advise every GOP committee on the Hill. The CPAB has two main policy planks: Thatcher-Reagan “voodoo economics,” and a drive to “scrap the Anti-Ballistic Missile Treaty” and build up Lady Thatcher’s new BMD/TMD arms race.

CPAB members include Milton Friedman, Art Laffer (of the infamous Laffer Curve), Edwin Meese, Lawrence Lindsey of the Federal Reserve, Bush Council of Economic Advisers chief Michael Boskins, and Ford Treasury Secretary William Simon.

The list of CPAB “Defense Foreign Policy Experts” includes top American Thatcher military co-thinkers:

Reagan Defense Secretary **Caspar Weinberger**, who wrote a book shortly after Thatcher’s Missouri speech on

what he calls the “Thatcher Doctrine,” the need to rip up the ABM Treaty in order to confront “rogue states.”

Ford Defense Secretary **Donald Rumsfeld**, who chaired the 1998 Rumsfeld Commission, created under the Fall 1997 National Defense Authorization Act. The act was written by Cox and company, to “assess the nature and magnitude of the existing and emerging ballistic-missile threat to the United States.” Rumsfeld’s group concluded in its July 1998 report that the ballistic-missile threat to the United States and its allies is “broader, more mature, and evolving more rapidly than it has been reported . . . by the intelligence community.”

Paul Wolfowitz, a Bush Deputy Defense Secretary and member of the Rumsfeld Commission. Wolfowitz told a March 24 House International Relations Committee hearing that North Korea is an imminent threat to the United States.

Edwin Feulner, head of the Heritage Foundation and key U.S. representative of the Mont Pelerin Society.

Other Reagan-Bush Cold Warriors, including **Fred Iklé**, **Jeanne Kirkpatrick**, and **George Shultz**.

The CPAB will be writing the “year 2000 Republican Party convention platform,” Hoover Institution columnist Arnold Beichman wrote in the *Washington Times* at the time of the CPAB’s March 1998 founding. Wolfowitz and other members of the CPAB have since been named as the foreign policy advisers to Texas Gov. George W. Bush’s 2000 Presidential campaign.

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- that Washington and Franklin championed Big Government?
- that the Founding Fathers promoted partnership between private industry and central government?

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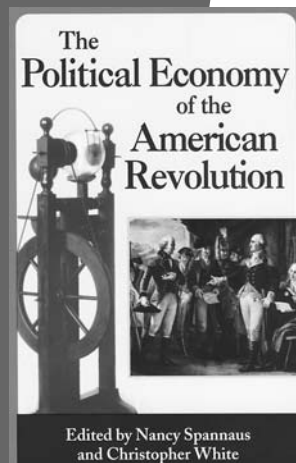
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Blair makes case for NATO bombing of Buckingham Palace

by Lyndon H. LaRouche, Jr.

April 13, 1999

Curiously, *if, but only if* the British monarchy's government were to be taken to mean literally what Prime Minister Blair says should be done as a matter of principle, we would assume that Blair is demanding that NATO promptly bomb Buckingham Palace. A literal reading of the April 12 edition of the London *Times* cites Blair's op-ed in the April 19 edition of *Newsweek* magazine to precisely such an effect. Not so curiously, we must doubt the sincerity of both Blair and the London *Times*.

The *Times*, which traditionally reports current changes in British foreign policy, sometimes before the Foreign Office itself is informed, endorses and emphasizes the indicated following portion from that op-ed.

The *Times* paraphrase "suggests that NATO's action in Kosovo could be a model for future international relations." We should not doubt that that much of the statement states precisely the *Times'* and the British monarchy's intention. That fact we shall come to here, in due course.

In support of its paraphrase, the *Times* quotes Blair from that *Newsweek* article: "This is a conflict we are fighting not for territory, but for values, for a new internationalism where the brutal repression of whole ethnic groups will no longer be tolerated, for a world where those responsible for such crimes have nowhere to hide. . . . We are fighting for a world where dictators are no longer able to visit horrific punishments on their own peoples in order to stay in power."

The *Times* supplies its own interpretation of the British policy to be adduced from Blair's quoted remarks: "Establishing the principle that outside countries can intervene in a sovereign state to halt 'ethnic cleansing' would mark a radical shift in the basic norms of international relations, and Mr.

Blair's remarks will provoke unease among many countries. . . ." Perhaps in Buckingham Palace itself? Perhaps not.

Case proven: If we read the *Times'* report literally, Blair is arguing for a NATO bombing of Buckingham Palace, or, in the alternative, perhaps the House of Lords. In the whole wide world today, especially in respect to the British monarchy's currently ongoing Africa policy, these British institutions are, one as much as the other, the most monstrous example of precisely the sort of bad conduct which Blair says should be punished as Yugoslavia is being punished. Therefore, considering the vigor of Blair's formulation, if we did not know in advance what a pervert Blair is, we might presume that NATO's implied bombing action should occur more or less immediately.

The most extensive and horrid violations of human rights of the present decade, have been the intentionally racist British monarchy's willful, continuing genocide against the Hutu and other relevant ethnic groups of Central Africa. The British use of its Museveni puppet-dictator for orchestrating currently the long-standing Rhodes Plan, a Holocaust now reaching beyond six millions African victims, is certainly the leading case, from any part of the world, demanding most urgently the kind of prompt remedial action which Blair proposes—action against the British monarchy and its most shameless accomplices, such as Lady Caroline Cox—the "Museveni of London," perhaps—in the House of Lords, for example, or Cox's flunkey, U.S. Representative Frank Wolf, in the U.S.A.

This Africa case is directly applicable for judging the British monarchy's current Balkan policy. Blair's most conspicuous accomplice, in using Rambouillet to set up the present situation in Kosovo—including the trapping of innocent Kosovars, was U.S. Secretary of State Madeleine Albright.



“Our population, generally speaking, has become a terribly immoral one. The young join with the super-rich Wall Street speculators in looting pensions, health funds, and even Social Security, so that the young might profit at the expense of even accelerated death-rates among their parents, grandparents, and uncles,” LaRouche writes. “Such is the moral depravity of a nation which supports a magazine named Money.”

She, a former sorcerer’s apprentice to a homicidally mad Zbigniew Brzezinski, has a record of several uninterrupted years as an accomplice of the British monarchy in covering for the massive, British-directed genocide against Hutus and others now still ongoing in central Africa.

It should be emphasized that Ms. Albright’s accomplices in Africa genocide, include not only Israelis operating in that region of Africa, but also some relevant elements of the U.S. military establishment. When a Ms. Albright, or Tony Blair moans like a stage-actor *in extremis*, about “ethnic cleansing” in Kosovo, British genocide in Africa enables us to estimate fairly the absolute sincerity of very-late-comers Blair and Albright to the cause of suffering humanity.

Alas, lest we might cherish the irony of NATO’s prospective bombing of Buckingham Palace, we must fear that Mr. Blair is once again up to his customary sort of swinish insincerity. If the world is to be rid of that British royal house, the remedy must be supplied by more suitable means than the wretched Mr. Blair’s Thatcher-like propensity for monstrous acts of violence. The nasty little twerp’s consummate insincerities aside, his blurt to *Newsweek* has a certain clinical value which should be noted by all relevant strategic planners.

We acknowledge that, even though Blair’s statement must be read by honest, but naive grammarians as proposing, literally, an implicit commitment to a NATO bombing of Buckingham Palace, Blair’s customary utterances are never truthful, but of the Alice-in-Wonderland variety, delivered in the style of either a music-hall version of the “Mad Hatter,” or, perhaps, you might prefer to suggest, a mad queen.

The prudent mind will read Blair’s utterances as an intelligent farmer reads the sounds and gestures of barnyard animals. Blair’s rhetoric is about as rational as that of a gander in sexual hot pursuit of a stuffed owl; his intent, at least, is not in doubt. To be specific, Blair’s behavior, like those who share his views on the present Balkans war, expresses a deeply embedded, Hobbesian sort of swinishness. More important than Blair’s swinishness, is that shown by the poor dupes now rallying to the British monarchy’s Balkan efforts to spark a global, possibly nuclear war.

All said, a real, diabolical meaning lurks behind that wretch’s utterances. We shall turn your attention to that, his actual policy, after we have shown you the way in which many political figures and ordinary citizens of various nations have been corrupted by Blair’s and Madeleine Albright’s current torrent of lies.

1. 'Letting the sow loose'

The character of Blair's cabinet might point one's thoughts to the *New Testament's* account of the celebrated Gadarene swine. So, devout members of the Protestant sect of British Israelites might speculate: "Perhaps this is where those swine wandered, to London, after being driven from Palestine." Epithets against such degenerates as Blair and Cook come easily, sometimes too easily, to the lips of honest people. Unfortunately, there is something of the same swinishness now reverberating in significant portions of the general population, in Europe, and not only among the cronies of Vice-President Al Gore inside the U.S.A.

In Germany, one speaks of the inner *Schweinhund*, or of a person who "lets his inner sow loose." This is not only a German type; the same qualities are often to be recognized among high officials and others in the U.S.A., and elsewhere.

For ordinary citizens, and others, whom we must describe in such terms, the daily din of reports of genocide against the Kosovars, supplies a sly pretext for giving lip-service or other support to the presently spreading Balkan war. The real motives of these erring war-lovers, is not a passion for justice. Their most tolerant reaction to the British monarchy's years-long genocide in Central Africa, is a true measure of their present sincerity of feeling for the Kosovars. In truth, they are more like the actors whom Hamlet employed to stage a play, performing with as much show of sincerity as might be expected of them. For the veterinarian who knows his barnyard animals, these creatures are exhibiting the unleashing of the sow within themselves.

Let me hold up the mirror to such folk. I show those who support the launching of this foolish war, proof of the disgusting nature of their own actual motives.

Return to study a warning I wrote this past October 12, 1998, in which I warned of an ongoing psychological phase-change in the populations and government circles of the U.S.A. and western Europe, predicting the eruption of that kind of mass hysteria which underlies and controls the pro-war moods in the U.S.A. and western Europe today: "The Roots of Today's Mass Hysteria."¹ See the present strategic situation against the background of my October 1998 warning.

Focus upon a recent pattern of shifts in behavior among members of Congress and others in the U.S.A. Compare typical patterns of behavior from mid-May 1998 into October, with a marked shift which came fully to the surface during the mid-November to January interval.

Mass insanity — however temporary — had erupted within much of the Congress and other strata of the population, fol-

lowing certain developments within the August 17-October 15, 1998 interval. A similar pattern erupted within much of the institutions and population of western Europe, including newly inducted NATO member Poland, for one notable example. Here, in the mass-insanity which erupted in the course of these August-October developments, lies the source of that kind of swinishness commonly motivating present currents of political sympathy for NATO's present Balkan war.

The root of the widespread, post-October outbreak of that lunatic, "Gadarene" quality of swinishness to which I have referred, can be summed up simply, in two words: "my money." Focus upon the series of August-September financial and monetary crises, which threatened the largely illusory financial security of the many U.S. households which have come to rely upon spill-overs, directly or indirectly, into their personal accounts from short-term, soon to vanish, speculative gains in the mutual-funds bubble.

As the post-August 1971 self-destruction of the world economy has destroyed, step by step, the former, rational kinds of relations between the population and the physical economy, there has been a desperation-, fear-driven flight of more and more layers of the population into wishful fantasies. These fantasies represent, in effect, irrational hope in miracles to rescue them from an increasingly hopeless plight. This pattern is typified by the increase of belief in strange religious sects, or in outrightly paganist forms of magic, such as reliance upon horoscopes and plunges into gambling psychosis. Lunatic faith in the magic of the "marketplace," such as the mutual funds market, is among the most popular expressions of such a drift into mass psychosis. Thus, the individuals have been increasingly de-socialized, driven more and more into a Hobbesian, "little me"-centered fantasy-life. The principal expression of this flight into lunatic forms of mass hysteria, is the popular obsession with "my money," a state in which parents will use economic measures for accelerating the deaths of their own aging parents, ostensibly for "our children's benefit," but, more frankly, simply for the sake of the cult of "my money."

It was this concern for "my money," which lured much of the U.S. population, into the waves of insanity which overtook many citizens, as well as formerly sane members of the U.S. Congress, during the November 1998-January 1999 interval.

The essence of the current, post-October 1998 phase of the mass-insanity in today's U.S.A., is the virtually psychotic delusion, that the financial crisis has been *magically* solved by the empyreal genius Alan Greenspan. The post-October 1998 delusion was, that an agreement between Treasury Secretary Robert Rubin and Federal Reserve Chairman Alan Greenspan ("The Three Marketeers"²) had miraculously rescued the world from the brink of what would otherwise have become a widespread financial collapse. This form of mass-

1. *Executive Intelligence Review*, Nov. 6, 1998. See also, a related report anticipating the October 1998 re-eruption of global financial crisis, Richard Freeman's "Gambling Psychosis Propels Stock Market Toward Implosion," *Executive Intelligence Review*, May 28, 1998.

2. "The Committee to Save the World: The Inside Story of How the Three Marketeers Have Prevented a Global Meltdown—So Far," Joshua Cooper Ramo, *Time*, Feb. 25, 1999.

hysteria, is the root of the rather widespread, hysterical insistence, contrary to all fact and reason, that the currently collapsing U.S. economy is actually growing!

It is the desire of many, a deluded wish to believe that “my money is now safe,” which is the most important factor in fostering support for the launching of a Balkan war which could readily spread rapidly to becoming World War III. Especially in Europe, and somewhat less so in the U.S.A., there is a great and growing unease about the Balkan war being directed by the British monarchy’s Blair government. Nonetheless, there is also reluctance to oppose those official governmental and party institutions which are supporting Blair’s Balkan war. The reluctance is rooted largely in the form the “my money” hysteria has assumed, increasingly, since mid-October 1998. The connection, in the scrambled mental processes of those supporting that strategic folly, is that “we must stick with the system,” the system which they associate with the protection of “my money.”

If this Balkan war becomes World War III, as it probably could, it would not be the first time a world war was made possible by financial considerations, which had much more to do with British manipulation of simultaneous mass hysteria in the U.S.A. and continental European populations, than with any rational notion of putative military issues of that war as such.³

2. A delusory recovery

Look more carefully at the measures taken by the G-7 nations, during early through middle October. The fact is, that no rational adult person, in western Europe or the Americas, could believe that these measures actually solved the problem. Rather, the apparent crisis was postponed, in order to make it quickly much worse than had Greenspan et al. done nothing at all.

Greenspan made no miracle. He made everything worse. What Greenspan et al. actually did, was a carbon copy, but on a much grander, global scale, of the same idiocy practiced

3. In the case of World War I, the only nation which conducted justified war in its own defense, was Germany. All contrary versions of World War I, such as U.S. Secretary Lansing’s, are simply a lie. It was the combined threat, chiefly from the British monarchy, but also from a France and Russia duped into allying in support of Britain’s totally unjustified war, which unleashed that hell. It was the folly of Russia’s Czarist state, in allowing itself to be duped into joining Britain and France for aggression against Germany, which enabled Britain to lure Russia into starting Edward VII’s intended World War I. A British-French orchestration of a Balkan war, abetted by the stubborn follies of an Austro-Hungary Emperor, heated up the Russian Pan-Slavists to the point the Czar felt helpless (as President Clinton must feel pressured by Blair et al. today) to resist issuing the order for the attack against Germany which automatically caused World War I—and the subsequent destruction of the Czar and his regime. In fact, the motives of the British monarchy’s Blair government, in launching today’s Balkan war, are virtually as much a carbon copy as the unfolding of history allows, of the Edwardian policy by means of which the British monarchy, alone, caused World War I.

by the 1923 government of Weimar Germany. Greenspan has been playing the same hyperinflationary tricks with “printing press” money which turned the German *Reichsmark* into toilet-paper that Autumn. What he did, was also an echo of some famous earlier follies of the same type: Seventeenth-Century Netherlands’ Turkish tulip-bulb hysteria, or those ill-fated John Law-style bubbles of early Eighteenth-Century England and France, upon which Greenspan has modelled his present “miracle.”

That is precisely what these central bankers and G-7 governments are doing to all of the currencies of the Americas, western Europe, and other places at the moment we now speak. If you believe this is a financial miracle, think of yourself as the man falling past the thirtieth story of a sixty-story skyscraper, gloating defiantly as he says to his grinning fellow-traveller, “Who are those bums who warned us a new crash was coming!”

So, in Autumn 1923, the Weimar *Reichsmark* crashed.

Think back. Remember how it happened. Go back to mid-August 1998. On August 17, 1998, the Prime Minister of Russia announced that Russia had run out of money to pay its foreign debts. As the world discovered, a few weeks later, this announcement threatened to bankrupt many of the leading banks of the G-7 and other nations.

The problem was not what Russia owed; the problem was that these banks, such as those operating through an entity called Long-Term Capital Management (LTCM), had risked what was in net effect, trillions of U.S. dollars’ worth of gambling side-bets on highly exotic forms of financial paper, such as those called GKO’s.

Vice-President Al Gore, whose cronies were deeply (and corruptly) involved in this wild gamble, tried to put his Russian crony Viktor Chernomyrdin into the position of Russia’s Prime Minister, as a way of assuring the bailing out of LTCM at Russia’s expense. Gore’s effort failed, and in September, when the failure of Gore-asset Chernomyrdin’s candidacy became obvious, Federal Reserve Chairman Greenspan announced he had been engaged in a rescue mission to save the banks tied up in the LTCM portion of the derivatives gamble.

After the announcement of the LTCM bailout, the Clinton Administration, like other non-British G-7 governments, utterly lost its nerve. Between early and middle October, the G-7 nations and their central banks cut a deal to unleash the greatest hyperinflationary money-printing orgy in history. The orgy is still ongoing, and accelerating. Greenspan and his cronies have slashed borrowing costs, repeatedly. It has come near to the point that if the central banks cut borrowing costs much more, they would be paying the speculators to borrow. By papering the financial markets with what was doomed to become about as negotiable as play-money, the looming collapse of financial markets was, admittedly postponed for a few months; but, behind the financial press headlines which only poor fools believe, the world’s economy is collapsing at an accelerating rate, every week.

However, as long as the nominal financial assets associ-

ated with mutual-funds accounts continue to increase in index-rigged values, a flow of fictitious wealth, monetized as cash, flows into the pores of the economy's weekly payments accounts, as it pours more massively into the accounts of the (actually superbankrupt) super-rich. The desperate, frightened citizen (and others) react with a lustful, greedy obsession with "my money."

Our population, generally speaking, has become a terribly immoral one. The young join with the super-rich Wall Street speculators in looting pensions, health funds, and even Social Security, so that the young might profit at the expense of even accelerated death-rates among their parents, grandparents, and uncles. "After all, it is my money!" they excuse their swinish behavior. We see this in the Congress; we see it everywhere: the man-eat-man, dog-eat-dog swinishness of Thomas Hobbes, John Locke, Friedrich von Hayek's Bernard Mandeville, and Adam Smith, spreads its noxious stink everywhere the cry of "my money" is to be heard. Such is the moral depravity of a nation which supports a magazine named *Money*.

Look at the immorality of the society which elevated a Newt Gingrich to the rank of Speaker of the House. Do not look at Newt; look at the depravity of the people who supported his candidacy for that position. Look at the depravity of those who supported his policies. Look at the poor, desperate retirees, throwing the money they can not afford to lose at gambling tables. Look at the numbers of the ghetto poor, gambling what pitiful little they have on the same kind of swinish folly. Younger workers: if you bargain away the health benefits and retirement funds of older workers, the employers might reward you with a bit more in your paycheck. Eat your cousin, bury your aged dependents as quickly as possible, sell your kid sister into prostitution. It is all for the sake of "my money!" Such is the character of a people which has, at least for the moment, lost the moral fitness to survive. A Balkan war was waiting, to usher such a depraved people into the war which could soon lead the entire planet into a prolonged, global, new dark age. The moving finger writes the ominous four words on the wall where the swinish money-changers are celebrating their latest depredations against their fellow-man.

3. A worldwide British Empire?

The present NATO military policy is not a creation of the U.S.A., nor of NATO's continental-European member-nations. It was entirely a concoction of the British monarchy's Blair government, and is being directed *solely* by that British government, albeit with complicity of British stooges in the U.S. Principals' Committee and kindred locations within continental Europe. This British policy has four primary objectives:

1. Isolate and destroy Russia, once and for all. Destroy China later, down the line.
2. Reduce continental western Europe to economically looted and ruined, virtual puppets, mere vassal-states of a new form of global British world empire.
3. Destroy the last vestiges of sovereignty of the United States, using the Wall Street-centered B-A-C (British-American-Canadian) faction within U.S. institutions to reduce the U.S.A., "under a world of law" so-called, to the status of merely another member of the British Commonwealth.
4. Thus, establish the foundations of a new world-wide empire of the British monarchy, to rule the world as the Babylonian, Persian, and Roman empires sought to do in ancient times.

Review the highlights of the way in which this British strategy evolved into its present form.

This strategic policy of the present ("Hanoverian" or so-called "Liberal") British monarchy is based on an ancient model. The idea of developing the British Empire as a new Roman-style world empire "on which the Sun never sets," was institutionalized by Lord Shelburne and his circles, during the late Eighteenth Century. Shelburne's assignment to Gibbon, was part of this legacy.

This policy was continued by the political heirs of Shelburne, notably the so-called British "free trade" economists, such as Adam Smith, Thomas Malthus, et al. of the British East India Company's Haileybury School, and the legacy of the British Foreign Office whose development, from 1782 on, was shaped by the long succession of Shelburne's Jeremy Bentham and Bentham's protégé Lord Palmerston.

The present form of the British monarchy's long-term strategy, began, after the 1863 Battle of Gettysburg, most emphatically as a reaction to the 1865-1866 defeat, by President Abraham Lincoln's U.S.A., of two British puppet-regimes, the Confederate States of America, and the Nazi-like Maximilian occupation of Mexico.

The fear which struck the British monarchy with Lincoln's victory, became white-hot desperation and fury, when Germany, Russia, Japan, and post-Napoleon III France, among other nations, adopted the 1861-1876 model of rise of the U.S.A. to become the world's leader in productivity and technology.

Worse still, when France, Germany, Russia, and other nations, not only imitated the U.S. industrial model, but also took steps to collaborate with one another in a revival of Friedrich List's proposal for trans-Eurasian railway development, the Prince of Wales' (Edward VII's) monarchy developed and unleashed its efforts to bring the nations of continental Europe to common ruin, through what became known in

Britain as “The Great War,” or otherwise named “The War to End War,” and “World War I.”

The turning-point in Britain’s favor came with a British terrorist agent’s deployment into the U.S.A., where, under the sponsorship of terrorist Emma Goldman, he successfully assassinated U.S. President William McKinley, bringing a British asset, Vice-President and raving pro-Confederacy fanatic Theodore Roosevelt, into the Presidency. Theodore Roosevelt’s and Woodrow Wilson’s combined, treasonous grip on the U.S. Executive branch, enabled the British to consolidate the supremacy of their Wall Street faction in the U.S. economy, through Edward VII’s success in launching the U.S. Federal Reserve System through his agents Cassel and Schiff, through such key departments of the Executive branch as the Department of Justice, and through large sections of the U.S. military and present-day intelligence community. It was this change, effected by means of the McKinley assassination, which made the British launching of World War I possible.

The untimely death of a President Franklin Roosevelt, who intended to end “free trade” and break up all colonial empires, at the end of the 1939-1945 war, allowed the British monarchy to re-establish much of its former grip over the leading U.S. government and economic institutions. President Kennedy threatened to revive Franklin Roosevelt’s policy, and was removed as “a security risk” to combined British-American-Canadian (B-A-C) interests. Since the failed George Bush election-campaign of 1992, the B-A-C crowd has targetted President Bill Clinton pretty much as they targetted Jack Kennedy and Charles de Gaulle back during the early 1960s. It is that same B-A-C, merely typified by the legacy of John J. McCloy, which has been mustered to launch the British monarchy’s present drive in the direction of securing the worldwide British Empire at last, even at the risk of a nuclear-enriched form of World War III.

It was this B-A-C, and its history, which made possible the influence of those British agents inside the Washington Principals’ Committee, and elsewhere, through which the British monarchy’s Blair government proceeded, from mid-October 1998, to launch a quick-step march toward World War III against such presently intended targets as Russia.

Therein lies the presently looming danger of a rapid slide into what could become a nuclear World War III.

Under such conditions, one must speak plainly about plain, important matters.

Granted, Prime Minister Blair’s government is a pack of silly, but dangerous fools. The U.S. Defense Secretary William Cohen, whom I observed as a Senator from the 1980s, was, and remains a shallow mind, a moral and intellectual light-weight, with no business in the domain of serious military affairs. JCS Chairman Henry Shelton is a bad joke. The U.S. does have some military professionals of flag-rank quality, but they are not running the planning or execution of this lunatic strategic adventure. Secretary Mad-

eleine Albright is a very sick puppy.

You ask why I should regard these as a pack of silly fools? Why should it not be so? As some prominent Britons are saying of the Blair government’s failing Balkans bluff now: If you wish to deploy a policy fit only for idiots, hire idiots to do it.

Don’t assume that any of these characters, including Vice-President Gore, has the slightest comprehension of the nature of the game they are playing. When one sends a missile to destroy itself on target, don’t make the missile smart enough to understand too clearly the ultimate outcome of its mission; it might change its mind in mid-flight.

At the same time that the October 1988 hyper-inflationary bailout was being set into motion, London and Wall Street acted, under the direction of the British monarchy’s Blair government, to move the world into a new global warfare scenario. The unleashing of what could grow rapidly into World War III, began with the October-November 1988 drive to launch a new war against Iraq. The war against Iraq was then escalated into the present Balkan war.

Do not tolerate for an instant, the lie — i.e., the war-propaganda line — that this Balkan war was launched over Kosovo. It was launched to break the ties of collaboration between Russia and China, on the one side, and the U.S.A. and continental western Europe on the other. The actual strategic target is the target which lies beyond a spreading Balkan war. The goal, is the crushing of Russia and its people, and a thermonuclear-armed Russia knows this very clearly. The forces behind Blair will not stop until either the Russians, or the forces behind Blair, or both, are destroyed. Like Adolf Hitler before him, Blair’s military objectives have no bounds within the planet as a whole.

The one speech of Adolf Hitler’s which I remember from a radio broadcast I heard then, was Hitler’s declaration, that his quarrel was not with Czechoslovakia, but its then President Benes. If you believed Hitler then, you will probably believe Tony Blair and Madeleine Albright today, when they say they are fighting only for justice for the victims of ethnic cleansing. Hitler’s targets then included Russia; so do the targets of Blair’s and Albright’s “new NATO” policy in the present Balkan war. As Hitler said then, the only issue is “Benes,” so today’s Hitler-followers say, the issue is only “Saddam Hussein,” or “Slobodan Milosevic.” Are you old enough to have been fooled by Hitler back then? Are you fool enough to believe them now?

I say “fool” advisedly. It is sufficient to point out three crucial pieces of evidence.

The most essential implications of the British monarchy’s present Balkan war are sufficiently demonstrated by focusing upon three tell-tale facts of the matter.

1. When Blair and his Principals’ Committee cronies pushed President Clinton into allowing the renewed bombing of Iraq, Russia and China objected, stating

that this matter must be resolved within the UNO Security Council. The U.S. and British governments declared that they had taken the authority out of the hands of the UNO Security Council.

That stated decision of the British and U.S. governments was the first step in the direction of World War III.

Since the death of Soviet General Secretary Josef Stalin, every major diplomatic agreement of war-avoidance has been institutionalized through the UNO, and the UNO Security Council most emphatically. The abrogation of those agreements, bilaterally, by the British and U.S. governments, in the case of the use of the fraudulent Butler report, implicitly nullified every actual and implicit treaty agreement on matters of détente outstanding at that time.

2. The same assertion of veto-free authority of the British and U.S.A. to make war as they choose, even using NATO forces for actions in any part of the world they might choose to act, however capriciously, was introduced as a stipulated feature of Anglo-American policy for use of NATO forces for the present Balkan war.
3. The drive toward this succession of actions against Iraq and deployment of NATO into the present Bal-

kan war, was launched during the same period that forces inside the U.S.A. launched their efforts to create a “Cold War” type of *cordon sanitaire* against newly defined adversaries Russia and China.

One could say, fairly, that World War III was put on greased launching-ways, on the day that a lunatic (and also personally corrupt) Vice-President Al Gore, flanked by silly Secretary Madeleine Albright, launched an obscene and fraudulent personal attack publicly, at a Kuala Lumpur APEC meeting, upon Malaysia’s Prime Minister Mahathir bin Mohamad, a Gore rant designed to be heard in Beijing as a warning of a coming attack on China. Although Gore did not start the launching of what could become World War III all by himself—after all he is really only a stalking-horse for the George W. Bush, Jr. Republican Presidential candidacy, he reflects and typifies the same policy as Gore’s Republican as well as Democratic Wall Street cronies, the pack of rabid Anglophiles arrayed in support of the British monarchy’s obscene strategic lurch toward worldwide empire.

A brief postlude

Why does an astonishing ratio of credulous people, in the U.S. Congress and elsewhere, line up in support of such a lunatic strategic adventure as this one? Patriotism? Benjamin Franklin ridicules you: “Don’t be ridiculous!” As I have emphasized, the issue which musters most of the U.S. citizen’s support for Blair’s Balkan war is “my money;” it is the fantasy-ridden state of mind, which believes that the invincible NATO war-machine will force the world to pay up enough to guarantee the safety of “my money.” Just like the younger Americans who propose to cut the health-insurance protection of their own parents, for the sake of their own greed, the typical mutual-fund investor would support almost any measure by his government, if he believed that would be good—not for his nation—but for his or her personal “my money.”

Since the world-economy began to be ruined, by the 1971 conversion to a “floating-exchange-rate monetary system,” public morality in the U.S.A. and elsewhere has been rotted out by a growing disdain for that principle of law and morality, the principle of the general welfare, upon which the U.S. republic was founded in several successive wars against the British monarchy. A truly Hobbesian, every-man-for-himself, beggar-my-neighbor attitude, has replaced those notions of public and personal morality formerly associated with the notion of general welfare.

This war, which could become World War III, could destroy our nation, among many others. How could such a thing happen? How could God let it happen? Perhaps, it happened because the U.S.A., among other peoples, like Biblical Sodom and Gomorrah, willfully abandoned the moral fitness to survive. All for the sake of “my money!”

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Russia's military response to NATO deployments is not a joke

by Rachel Douglas

The President of Russia, heir to the nuclear weapons arsenal of the Soviet Union, addressed the State Duma (lower house of Parliament), on April 9. "I've told the NATO people, the Americans, the Germans: 'Don't push us into military action. Otherwise there would be certainly a European, and perhaps a world war,' " Boris Yeltsin said. His speech was not released in full. Gennadi Seleznyov, Speaker of the Duma, said afterwards that President Yeltsin had told him Russian nuclear missiles were now targeted "in the direction of those countries which today are fighting Yugoslavia."

Russian Defense and Foreign Ministry spokesmen hurried to announce that there had been no change in the status of the strategic missile corps. Intercontinental ballistic missiles are supposed to be maintained without their target programs loaded, although the codes can be installed in a matter of minutes.

The posture of the U.S. and British press, in reporting these matters, was nothing short of insane. A lulling line appeared, from Reuters to the *Washington Post* and back again, to the effect that Yeltsin's words were merely a domestic political maneuver against his possible impeachment by the State Duma. "Russia's Kosovo Threats? Think Domestic," headlined Reuters. The *Washington Post*: "Yeltsin's Warning Stirs a Temporary Tempest." The London *Guardian*: "Yeltsin Panics as Impeachment Threat Looms."

'Whatever the Armed Forces have'

Broadly ignored in the Western press, with just a few exceptions in the form of tough statements from individual Russian officers reported as "one-liners," is a pattern of mobilization and testing of Russian forces, since the NATO bombing of Yugoslavia began on March 24. The emphasis is on the strategic forces, Russia's conventional military capacities having been seriously debilitated in recent years.

One isolated statement that did reach the West was the March 31 warning by Chief of the General Staff Gen. Anatolii Kvashnin, that, "if the choice is between life or death for Russia, then whatever the Armed Forces have, in particular nuclear weapons, should be used." He said this, according to Interfax, after closed hearings in the Duma.

According to the daily *Segodnya* of April 1, those hearings were in the Duma's Defense Committee, and concerned not the Balkans as such, but "primary measures to upgrade the

combat potential of the Russian Armed Forces." The *Segodnya* article, by Oleg Odnokolenko, reported: "The Duma Defense Committee has submitted a proposal to include in the National Security Concept the possibility of delivering a preventive first nuclear strike if an aggressor's conventional forces are stronger than Russia's. . . . The Duma has reminded NATO and the U.S. that Russia is a state which still has plenty of ballistic nuclear warheads—some 6,600 units."

Segodnya then gave the Kvashnin quotation, before turning to Defense Committee chairman Gen. Roman Popkovich (a member of Our Home Is Russia, not an opposition party). According to Popkovich, wrote Odnokolenko, "We think we can include a provision about making a preventive nuclear strike, since we have no other possibility of stopping the policy of NATO. He also mentioned that analogous NATO documents include provisions about both preventive and first nuclear strikes." The article also analyzed the prospects for START-2 ratification, as significantly reduced.

On April 9, China's *People's Daily* covered the same Duma hearings, as part of the "particularly violent reaction" that the NATO bombing of Yugoslavia—which, the article said, "violates national sovereignty, is a crude intervention into internal affairs, violates the UN Charter, and destroys norms of international relations"—has provoked in Russia. The Chinese paper called attention to the formulation by General Popkovich, about the possibility of a pre-emptive nuclear strike, "because we have no other way to stop the implementation of NATO's policy."

The *People's Daily* also noted that "at the same time, Russia has carried out a series of large-scale military exercises from the Eastern Pacific to the Arctic Ocean, as well as in the interior of the country. What especially caught the attention of NATO is the fact, that (in the context of those exercises) a nuclear submarine of the Russian Arctic Ocean fleet [the Northern Fleet] launched a strategic missile, which flew across the whole of Russia to precisely hit a target area on Kamchatka [Peninsula]. It is recognized that these exercises were not just for show." The article quoted General Kvashnin, on the possibility of exercising the nuclear option in a life-or-death situation for Russia.

People's Daily reported offers by Russian military leaders for assistance to Yugoslavia, in the form of troops, weapons, technology, and know-how. It quoted Popkovich, once again,

saying that “a NATO attack on Yugoslavia is an attack on Russia; defending Yugoslavia means defending Russia.”

Accidents do happen

The reconnaissance ship *Liman*, from the Black Sea Fleet, set sail for the Adriatic Sea on April 2. As of April 15, the Turkish General Staff confirmed that eight more Russian Navy vessels had been cleared to pass through the Bosphorus into the Mediterranean Sea. Amid widespread references to these deployments as “symbolic,” the Russian military columnist for *Segodnya* daily, Pavel Felgengauer, suggested to *EIR* on April 12 that “there is a possibility of a flare-up between NATO and Russia,” in the Balkans region. “Our ships in the Adriatic will use radar to look at what NATO is doing. This will soon lead to accusations that ‘Russia is sending the Serbs information.’ There could be an attempt to jam Russian ships’ communications. Then, there is the matter of weapons. While we won’t officially send the Serbs weapons, certain trading operations will likely go on. A Russian ship could be sunk.”

While affirming that a nuclear confrontation coming out of this is “not very probable,” Felgengauer stressed that he and his circles did not exclude the possibility of a “nuclear exchange,” or, if not that, “nuclear alerts” similar to what President Richard Nixon did during the Arab-Israeli War in October 1973.

The *Nezavisimoye Voyennoye Obozreniye (Independent Military Review)* weekly for April 2-8 reviewed recent and planned Russian Armed Forces measures. It reprised a *Nezavisimaya Gazeta* report on the simultaneous exercises by three of the Russian Navy’s four fleets (see *EIR*, April 9, 1999, pp. 32-24), and reported on stepped-up Russia-Belarus military coordination since NATO started bombing Yugoslavia.

The military escort for the Primakov government delegation’s March 30 flight to Belgrade was carried out under joint Russian-Belarusian air defense command, wrote Vladimir Mukhin. Now, “the staffs of the two republics are exchanging action plans for the eventuality of expanding NATO aggression in the Balkans and NATO’s further activation on the territory of its new members” (Poland, Hungary, and the Czech Republic). The “operational directorates” of the respective Armed Forces are “developing a coherent regional security system,” he said.

According to the *Nezavisimoye Voyennoye Obozreniye* report, there are to be “about 60 different staff and command exercises and 50 training missions in all,” involving Russian and Belarusian forces. Additionally, “in order to preserve the military infrastructure of the Republic of Belarus, stepped-up controls have been instituted at the [now vacant] launch sites of Russian ICBMs that were withdrawn from Belarus. This indirectly confirms the readiness of Belarus to accept the deployment of nuclear weapons on its territory.” The Belarusian Ministry of Defense has halted the process of transferring various military bases and facilities to civilian use.

India pushes ahead with its missile program

by Ramtanu Maitra

With the successful testing of the intermediate range ballistic missile (IRBM) class Agni II missiles on the Orissa coast, India has removed the uncertainty concerning its determination to enhance the integrated guided missile development program. Prime Minister Atal Behari Vajpayee, in a telecast to the nation on April 11, said that the Agni II has been developed and tested as “a purely defensive step.” He assured the nation that the missile will not be used for aggression against any nation.

As anticipated, Japan, the United Kingdom, and the United States criticized the test-firing and expressed hopes that the testing of the Agni II would not raise tensions on the subcontinent. Pakistan, India’s neighbor which has missile capability, considered the development of great concern because India has now introduced a “new weapons system.” Islamabad, however, was not taken by surprise; the Vajpayee government had informed Pakistan beforehand of the test on April 9.

The Chinese Foreign Ministry’s reaction was also negative, asserting that the test violated a UN Security Council resolution that called on India to stop developing nuclear weapons and the missiles to deliver them. Expressing concern that “this could initiate another round of the arms race in South Asia,” China noted that the test may jeopardize efforts by both Pakistan and India to mend their relations. The response from Russia, on the other hand, was decidedly subdued. Russia’s official news agency, Itar-TASS, said that Agni II is an “important component” of India’s nuclear deterrent force for self-defense.

The integrated guided missile program

The Agni II missile, which can deliver a payload of 1 ton to a range “in excess of 2000 kilometers,” had been tested thrice in its “technology demonstrator phase,” the last occasion in February 1994—more than five years ago. The recent test takes on a new meaning in light of India’s five underground nuclear tests in Pokhran one year ago. Defense Minister George Fernandes told newsmen that the Agni II could carry a “special payload,” but avoided answering questions on the missile’s warhead characteristics.

Agni II is the latest in India’s indigenously developed missile program. It is anticipated that the Defense Research

Development Organization, the developer of Indian missiles, is moving toward the next stage with Agni III, which will have, among other characteristics, a longer range. The missiles already developed in the integrated guided missile series are: Prithvi (surface-to-surface), Akash (medium range surface-to-air), and Trishul (short range surface-to-air). India has also developed an anti-tank missile, Nag. While these four missiles are reportedly ready for deployment, New Delhi is not yet committed to deploying the Agni II.

Agni II, like its predecessor, Agni I, is a two-stage launch vehicle, with the first stage derived from the solid-fuel satellite launch vehicle developed by the Indian Space Research Organization (ISRO). But unlike the Agni I missile, whose second stage is fueled by liquid propellant, Agni II's second stage is also solid-fueled. One of the missions of Agni is to establish "re-entry technology" with a two-stage missile system.

As an adjunct to the integrated guided missile system to bolster the nation's security, India is presently negotiating with Russia for the procurement of the S-300, an advanced ballistic missile defense system to be deployed along the borders.

Strategic aspects

Testing of the Agni II is a natural and crucial step in filling India's gap in missile technology, according to analysts. Prime Minister Vajpayee attributed the test to the rapidly changing security environment in the world: "We have to develop our own indigenous capabilities. Agni is a symbol of that resurgent India which is able to say: Yes, we will stand on our own feet," he said.

The primary defensive characteristic of Agni II, and its successor, Agni III, is the fact that the intermediate range ballistic missile is an ideal second-strike weapon. New Delhi will have to ensure that its neighbors, small and big, fully understand Indian strategy. This means active diplomatic efforts to help wed the Agni system to the overall security of the region. Both China and Russia have a large number of land-based missiles, and even Pakistan has a few Hatf-I, Hatf-II, and Ghauri missiles in service, capable of delivering warheads. But a transparent diplomatic effort to convey to its neighbors in the right spirit India's reasons for pushing forward its missile development program, will ease the security situation considerably. In this context, India's prior notification to Pakistan about the testing of the Agni II is a positive step.

The first reactions from Western countries, particularly those which possess nuclear weapons and delivery systems, raise some uncertainty. While it is unlikely that a fresh set of sanctions on India will be proposed by either Washington or London, it is possible that the nuclear weapons powers will dangle a carrot or two before New Delhi to prevent the deployment of Agni II.

One such carrot could be the lifting of sanctions against

ISRO, and even possibly membership in the Missile Technology Control Regime, if India opts out of deploying the missiles.

In the present security environment, New Delhi has no reason to accept such humiliating conditions. Instead, India should push for universal missile disarmament, as it has done over the years for nuclear disarmament. Washington had made noises some time ago about a zero-ballistic-missile regime, but this has not been pushed actively. India should do well now by utilizing its strength to pursue this issue vigorously, and at the same time should declare unilaterally that it will not export the indigenously developed missile technology to other countries.

Political aspects

The testing of Agni II was done at a time when the Vajpayee government, a coalition government of 16 parties led by the Bharatiya Janata Party (BJP), is facing an existential crisis. There is a strong possibility that erosion of allies from the coalition may reduce it to a minority government, making its survival increasingly difficult in the coming days. One of the 15 partners, the All India Dravida Munnetra Kazhagam, with 18 members in the Parliament, is on the verge of quitting the coalition to sit with the opposition.

Vajpayee, addressing the nation on April 11, made clear the political uncertainties in the country. He conveyed an impression that his government may have to live on borrowed time till the next general elections. Some observers are betting that the next parliamentary elections could be held as early as this November.

In the run-up to the next parliamentary elections, the government, and particularly the BJP, will emphasize the importance of the testing of the nuclear devices and the Agni II missiles and how they achieved the objective against heavy international odds. The Vajpayee government will no doubt point out the previous governments' failure to pursue the development of Agni.

It is widely believed that the earlier governments had in fact caved in under pressure from Western countries and shelved the Agni tests.

From the nationwide response following the testing of the Agni II, and the Prime Minister's handling of the post-test situation, it is evident that the Vajpayee government has every reason to feel a sense of achievement. The timing of the test, particularly in light of the ongoing action by NATO against Yugoslavia, was perfect. Most Indians, pacifists and non-pacifists alike, disturbed by the unilateral bombing of Iraq and Yugoslavia, have come to the same conclusion as Prime Minister Vajpayee. They now have begun to believe that the United Nations, like the World Bank and the International Monetary Fund, can be manipulated one way or the other whenever the powerful Western nations so choose. With that comprehension, it is widely recognized that, yes, India will have to stand on its own feet.

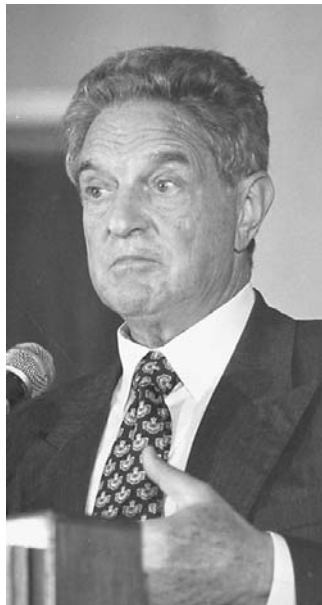
Fight rages in Italy over Soros's crimes

On April 3, some of the largest national dailies, including *Corriere della Sera* and *Il Messaggero* of Rome, reported the decision of the Rome state prosecutor's office to close the legal case against mega-speculator George Soros, who in September 1992 led international and Italian vultures in an assault against the lira, the Italian currency.

The coverage was based on a March 31 news wire circulated by ANSA, the national press agency, which read: "The Rome magistracy has closed down the inquiry centered on the American financier of Hungarian origin, George Soros, for alleged speculation against the lira in 1992, which, according to the complaint, caused the exit of the Italian currency from the EMS [European Monetary System]. The decision has been taken by Adele Rando, the GIP, the Judge for Preliminary Investigations, who accepted the request formulated by state prosecutor Carlo Lasperanza, who saw no penal crime in the case. The case against Soros had been brought by Paolo Raimondi, president of the Italian branch of the International Civil Rights Movement Solidarity.

"After the legal brief was presented to the state prosecutor offices in several cities, the name of the financier appeared on the list of persons under investigation by the Rome state prosecutor's office, in order to verify where Article 501 of the penal code (manipulation of market prices) had been violated.

"Raimondi made a sarcastic comment after hearing the news that the case had been closed: 'If something like this has happened, it is because the Rome state prosecutor's office "looked away" and was not capable of investigating. This is proven by the GIP himself, when he admitted that he had to face a total lack of investigative material.' In opposition to the decision of the GIP, Giuseppe de Gori, Raimondi's lawyer, has presented a response demanding further investigation of the case, and in particular of the interventions of the Banca



Mega-speculator George Soros

d'Italia at that time." Banca d'Italia, the Central Bank, was at the time under the control of Carlo Azeglio Ciampi.

A broader investigation proposed

All of the press coverage emphasized the fact that the battle is not over, because the investigation of Soros is still open in the Naples state prosecutor's office. In addition, in a statement to the press, de Gori announced that "there will be parliamentary inquiries and a bill submitted for the creation of a joint parliamentary committee, to clarify the dimension of the loss of national reserves provoked by the speculation, and the administrative and political responsibilities of the Italian financial authorities at that time."

In 1993, Ciampi had officially admitted that the Banca d'Italia had used up the equivalent of \$48 billion in hard currencies to defend the lira. But, by the time the attack had subsided, the lira had fallen about 30% in value. In the process of reconstituting the reserves, Italy lost another 15 trillion lira (\$10 billion).

A few days before the Soros probe was closed in Rome, another relevant case was closed. Following the Long Term Capital Management collapse in September 1998, and the scandal which emerged over the involvement of Italy's Office for the Currency Exchanges in the hedge fund's speculation and bankruptcy, the Solidarity Movement last December called for an investigation into the matter, and for the immediate removal of Treasury Minister Ciampi and of Treasury General Director Mario Draghi, the "Britannia boy," who was among those on the Queen's yacht where the Soros-led attack on the lira was mapped out. Documentation was sent to a number of offices in Rome, including the Authority to Guarantee Market Competitiveness, whose members are nominated by the Parliament.

On March 12, the Authority sent a letter to Raimondi, which read in part: "We have examined your complaint and concluded that the activities cited, of which we are not excluding the relevance under other laws, do not violate law no. 287, regarding rules to protect market competitiveness. In its meeting of Feb. 25, the Authority has decided not to pursue the case and to close it down."

Why, suddenly, was there so much bureaucratic activity, when it is notorious that things like this in Italy are simply "forgotten"? The only plausible explanation is that the British-American-Commonwealth faction of international financiers has decided to officially and juridically "clean up" certain reputations, such as that of Romano Prodi, the friend of Soros who was recently nominated to become president of the European Commission, and of Ciampi, who is mentioned as a possible next President of the Republic.

Ciampi is the man the City of London is counting on, in case Prime Minister Massimo D'Alema does not give the backing demanded by the BAC for the NATO war in the Balkans. But, pending cases, such as the one against Soros, could be used to create some trouble for these characters.

Scotland revolts against money deal with Pat Robertson

by Mark Calney and Alan Clayton

During the first week of March, the Bank of Scotland and U.S. doomsday cult televangelist Pat Robertson announced that they were seeking U.S. regulators' permission to launch a banking-by-telephone scheme in the United States. The American "bank" without branches, to be named the New Foundation Bank, would be about 65% owned by the privately owned Bank of Scotland and 25-35% by Robertson, who would become the CEO of New Foundation. Customers would presumably be drawn to this new financial institution by Robertson's "holy" reputation, from among the estimated 55 million viewers of his "700 Club" television program. However, since the day the deal was made public, labor, religious, and political leaders have spearheaded protests in Scotland in opposition to the scheme.

On March 12, demonstrators entered and disrupted business at the main branch of the Bank of Scotland, in Edinburgh. Speaking to a rally outside the bank, the chaplain of Edinburgh University, Rev. Iain Whyte, said that he is "embarrassed and disgusted" that Christianity has been associated with Robertson, and he called on the university to withdraw its \$300 million account from the Bank of Scotland. The ecumenical body Action for Churches Together in Scotland, which represents 1.5 million church members, is now considering action to withdraw its accounts from the bank. Bill Spiers, the general secretary of the Scottish Trades Union Congress, has also voiced labor's concerns that the deal could backfire and cost jobs, and he is demanding to meet with bank officials to discuss the numerous complaints he has received from the membership. At the rally, a member of the Transport & General Union said that he would urge his union to rescind its 10,000 new credit card accounts from the Bank of Scotland.

Robertson's 'extreme views'

Keith Geddes, leader of the Edinburgh City Council and president of the Convention of Scottish Local Authorities, introduced a motion into the City Council denouncing the banking venture with Robertson. The motion won support from all parties represented on the council, including Conservative, Labour, Scottish Liberal Democrat, and the Scottish National Party. Geddes stated that Dr. Robertson's extreme views differentiate him from the traditional U.S. right. "The views of the extreme religious right which create a climate of

fear . . . help provide a justification for acts of brutality and barbarism carried out by armed members of the extreme right-wing groups," he said. He cited the "Oklahoma bombing which resulted in the death of over 200 Americans [sic]" as "perhaps the most extreme example." (See Anton Chaitkin, "Who Is Wagging Your Neighbor's Tongue? The Militias and Pentecostalism," *EIR*, Aug. 22, 1997, for an exposé of such groups, including the role of Robertson.)

Even some oligarchic financial houses are threatening to abandon ship. *Crédit Suisse Asset Management*, which holds 1.4% of its £85 million ethical fund at the Bank of Scotland, has said that it will sell its shares if the Robertson deal goes through.

The Robertson issue has raised such a furor that on March 25, eight Scottish Members of Parliament entered a motion into the House of Commons in London supporting the Edinburgh city councillors who have called on the Bank of Scotland to cancel its deal with Robertson.

The issue is not simply a disagreement over "personal religious beliefs," as representatives of Robertson and the Bank of Scotland have argued. As more Scots begin to learn the true depth of evil and criminal activities that Robertson has been involved in, the opposition has become sharper. It is being hotly debated in local city councils from the Shetland Islands to the Border counties, and is reminiscent of the anti-slavery, "Send the Money Back" campaign of the 1840s.

In 1846, American statesman and author Frederick Douglass toured Scotland for five months, speaking out against the Free Church of Scotland and mobilizing Scots to demand that the church stop accepting funds from their Presbyterian sympathizers who were slaveholders in Southern U.S. states. Douglass, a former slave, and admirer of the poetry of Scotland's Robert Burns, electrified the populace in every town and village where he spoke. Not since the time of Burns and the American Revolution had there been such a national debate in Scotland over the nature of mankind, in opposition to the oligarchical system of slavery and "free trade" usury.

Who is Pat Robertson?

It is no accident that when many people hear the name Rev. Pat Robertson, the images of burning crosses, Ku Klux Klan rallies, and the famous fictional, con-artist/preacher Elmer Gantry come to mind. Robertson has more in common

with the Constitution of the Confederacy, with its open embrace of “free trade” and John Locke’s notion of “life, liberty, and property,” than with any principles of Christianity. His publicly perceived image as a man of “intolerance” against women, Muslims, homosexuals, and dark-skinned people, is often mistaken as a product of his so-called Christian doctrine. However, Robertson’s identity is located in being an elite member and promoter of British-Israel race mythology, a Masonic belief structure which sees the British as the “Chosen People” of God, and which sits at the core of much neo-Nazi fanaticism.

British-Israelism is at the heart of the British intelligence operation known as Pentecostalism, which traces its origins and operation to the highest levels of the British and Dutch royal families. Such cults, as typified by Robertson and the Promise Keepers, are run as subversive operations of the highest administrative agency of the British state, the Privy Council (see Lyndon LaRouche, “Whose God Does Pat Robertson Serve?” *EIR*, Nov. 14, 1997). This is exemplified by the leading role that Robertson recently played in the treasonous attempt to illegally remove U.S. President Bill Clinton from office.

Robertson alleges that his family left Scotland in 1695, the year the Bank of Scotland was founded. His mother is a member of the Winston Churchill family. His father, Sen. A. Willis Robertson, was a Wall Street and London flunky as head of the Senate Banking Committee.

Harold Bredesen, an Anglo-Dutch intelligence operative (see Chaitkin, op. cit.) and magician-preacher, trained Robertson. Bredesen, famous for his promotion of the brainwashing technique known as speaking-in-tongues, has written: “Don’t speak words your mind understands. As long as you do, your mind will remain in control.”

“Diamond Pat” Robertson, as he has come to be referred to by many residents in his home state of Virginia, has been under investigation by that state’s authorities as a result of a complaint filed by State Sen. Janet Howell. The complaint involves Robertson’s swindling people to give money to a charity called Operation Blessing which benefitted his personal diamond mine operation in Africa. *EIR* interviewed pilots who flew more than 100 “charity” missions in Zaire for Robertson. The pilots said that most of the flights were used for the diamond-hunting operations of the African Development Co., a venture solely owned by Robertson (see *EIR*, Nov. 14, 1997). During 1994 and 1995, the cargo planes were being financed by Operation Blessing, ostensibly a food and medical relief charity that provides flights around the world.

On Feb. 1, 1997, Robertson wrote in the Richmond, Virginia *Times-Dispatch* that his Zaire mining operations were undertaken on President George Bush’s request: “Before a visit to Zaire, I met with George Bush in the White House and asked his advice,” Robertson said, and Bush told him to go into business in Zaire. Robertson, who met with the Cabinet of Zaire, “evangelized,” with the advice to lay off workers

SNP opposes Yugoslav bombing

Beginning in late March, the tragic conflict in Kosovo has become an issue in the forthcoming election. Scottish National Party (SNP) leader Alex Salmond has gone on national television and described the NATO bombing as “an unpardonable folly” which has allowed the Slobodan Milosevic regime in Belgrade—a regime which, as *EIR* has repeatedly pointed out over several years, has been a British asset—to unleash a pogrom against the ethnic Albanian Kosovo population. This would have been impossible if the international inspectors had been kept in place.

Salmond’s stand resulted in a rabid attack on him in the British House of Commons by Prime Minister Tony Blair, and accusations by Foreign Secretary Robin Cook that Salmond “stood shoulder to shoulder with Milosevic,” accusations which are tantamount to allegations of high treason.

Yet, Salmond has in fact expressed the deepest fears of many people not only in Scotland, but also in England, Wales, and Northern Ireland, that the NATO bombing campaign is based not on humanitarian principles at all, but on a British geopolitical intent to dominate NATO and its out-of-area deployments

The SNP has stated that if it gains control of the Scottish Parliament, it will in fact function as a real parliament, independent of the empire elite. Worrying times for the oligarchy, indeed.

and give away the national patrimony to foreign looters. “I . . . analyzed the . . . Gecamine copper mines, where 3,300 workers produced a pitiful [quantity] . . . of gold, . . . and the government-owned industrial diamond facility in Mbuji-Mayi, where I discovered production limping along at 50% of peak capacity,” he said.

Scotland’s new Parliament

The uproar over the Robertson-Bank of Scotland deal is taking place within an historic election campaign. On May 6, Scots will go to the polls to elect their own Scottish Parliament for the first time since the Union of 1707, when the London-centered oligarchy organized the dismantling of Scotland’s Parliament and incorporated Scotland into the United Kingdom. The election is occurring as a result of the overwhelming “yes” vote that Scots gave to an independent parliament referendum in September 1997.

The election debate has been heating up around a number

of issues as the election approaches. The two main contenders to take power in the parliament are Tony Blair's Labour Party, now known officially as New Labour, and the Scottish National Party (SNP).

On the constitutional front, the House of Windsor has been keeping close track of developments, and there was a secret meeting several months ago between Prince Charles and SNP leader Alex Salmond on the potential role for the House of Windsor in an independent Scotland. For a number of years now, Charles's sister, Princess Anne, has cultivated a "Scottish" image, which some see as a fallback position if the House of Windsor falls from the English throne.

This has included such things as vociferous support for Scotland in the annual international Rugby and Soccer matches between Scotland and England, and emphasis on the House of Windsor's antecedents in the former Scottish House of Stewart. This took definite form recently, when proposals were circulated that after the Scottish Parliament is in place, Anne should move permanently to Scotland and live at Holyrood Palace in Edinburgh, the former residence of the independent Scottish kings. However, the idea has not caught on; rather, it has come up against a strong current of Scottish indifference, and often open hostility to the House of Windsor.

In sharp contrast to the murderous, budget-cutting policies of the Newt Gingriches and Tony Blairs, at a recent special conference of the SNP in Aberdeen, the party decided to use the limited tax-raising powers that the Scottish Parliament will have, to increase income tax by 1 pence. This would cancel out a 1 pence income tax reduction which British Chancellor Gordon Brown had declared in his earlier budget speech. The SNP described Brown's tax reduction as an "election bribe," and has committed the revenue that an additional 1 pence tax will bring in, to hospitals, schools, and housing.

Blair's financing schemes

There is certainly a crying need for this kind of investment, because many hospitals are in critical condition. For example, during a recent flu epidemic in Edinburgh, patients were kept on trolleys in corridors because the beds were all full. New Labour's answer has been the Private Finance Initiative (PFI). This would involve private finance for building hospitals, schools, etc., and the government paying fees to the holding company in perpetuity. It is an immoral policy that will not provide needed services, yet at the expense of looting of future generations.

A specific example of the PFI in action is the Skye Bridge project, known throughout Scotland as the "Sky high toll project," initiated by the previous Conservative government. The bridge goes from the Scottish mainland to the Isle of Skye. A single journey across the bridge, less than a two-minute drive, costs £7, or about \$12. The bridge is owned by a private international consortium, but the government does not know which consortium owns the bridge, because it has

changed ownership within the global financial casino several times since its construction.

It is the prospect of Scottish education and health care becoming similar chips in the global casino that is causing so much concern, and underlies the SNP proposals to refuse to reduce the income tax by 1%. The SNP, backed by the major public service union, Unison, has advocated an alternative proposal called the Scottish Public Services Trust, which would involve public trusts being formed to build hospitals and schools. Funds would initially be borrowed from financial institutions such as the banks, but at negotiated interest rates over a limited period, at the end of which the institutions will come into complete public ownership.

The financial markets around the City of London are of course particularly unhappy about any government that is not committed to the full monetarist scenario, and they have been attempting to block the advance of the SNP with a massive campaign of disinformation similar in scale to that which has been used against the LaRouche movement over the years. It is in this context that the Bank of Scotland-Pat Robertson deal must be viewed, and the words of Frederick Douglass remembered: "My work is to make slavery disreputable, and I cannot do this while Christian churches in this country [Scotland] are extending the hand of Christian fellowship to the slaveholders and endorsing their character as slaveholders."

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Rough awakening to war danger

Germans activate diplomatic channels to Russia, to de-escalate the NATO war in the Balkans.

Russian Prime Minister Yevgeni Primakov had barely left Bonn on March 30, where he had found Chancellor Gerhard Schröder “unenthusied” (to put it mildly) at the Russian mediation effort between NATO and Serbia, when the stubborn pro-NATO line of the Germans began to sober. Some among the elites, especially outside the government, realized that this repudiation of Primakov’s offer was a “grave mistake.”

As requests from London and the U.S. State Department and Pentagon for additional troops and combat equipment began pouring into Bonn, the German government at first did not smell the danger of military escalation: It chose to show “solidarity” with the escalators, okaying a change of consultative mechanisms inside NATO, so that the Supreme Allied Commander in Europe, U.S. Gen. Wesley Clark, was relieved of “time-absorbing” consultations with the ambassadors of all 19 NATO governments at the alliance headquarters in Mons, Belgium. Instead, Clark got a blank check, authorized by a select group of Western governments (the United States, U.K., France, Germany, and Italy), for a “no-holds barred” war against Serbia. This also implied upgraded preparations for a ground war, for the next phase of military operations against the Serbs.

This escalation, senior politicians warned, would provoke Russian reactions—not immediate military measures, but ones that would damage relations between Russia and western Europe, particularly Germany, for a long time. A coincidence had it, that a delegation on a four-day visit to Rus-

sia, headed by Bavarian State Gov. Edmund Stoiber, was given a surprise request by Primakov for a meeting in Moscow, on April 7. And, Stoiber found that the diplomats at the German Foreign Ministry were interested in employing him to help mend fences with the Russians.

In his meeting with Primakov, Stoiber encouraged Russian diplomacy. He spoke out against deployments of German ground forces for Kosovo combat missions, on grounds that they had no mandate for such an escalation, which could have global strategic consequences that were not in German interests. He also said that Russian soldiers should play a role in a Kosovar international peace force, after a cease-fire. This peace force, Stoiber stressed, would have to be mandated by the UN Security Council, so that the Russians (and Chinese, too) would be re-invited to help find a political solution to the conflict. The message Stoiber delivered to Primakov was diametrically opposite to the one that Primakov had received in Bonn. And the message that Stoiber brought home, also from his other meetings, with Moscow Mayor Yuri Luzhkov, Foreign Minister Igor Ivanov, Deputy Prime Minister Yuri Maslyukov, Chief Speaker of the State Duma Gennadi Seleznyov, and Grigor Yavlinsky of the Duma opposition, found a much more receptive audience in Bonn, than at the time Primakov was there.

Meanwhile, the German government was beginning a dual-track policy: showing “full solidarity” with the NATO air war against Serbia, but activating all diplomatic channels into Russia, to de-escalate and get out of

the NATO Balkans trap. When Stoiber returned to Germany, Deputy Foreign Minister Wolfgang Ischinger arrived in Moscow, to continue talks.

Meanwhile, the executives of all parliamentary parties in Germany were already in the process of passing resolutions, which categorically ruled out the deployment of German troops for combat missions against the Serbs. The Christian Social Union party (CSU), the Bavarian state section of the Christian Democracy, which Stoiber chairs, voted against ground forces at its executive session on April 12, after Stoiber had reported on his talks in Moscow.

But after this CSU session, public discussion of the Balkans turned even more spectacular, when Stoiber declared at a press conference in Munich on April 12: “The deployment of ground forces could lead to a third world war!” So far, Stoiber said, Russia has explicitly refrained from military assistance to the Serbs, in order not to risk direct confrontation with NATO, which could lead to unpredictable consequences. Stoiber said that he agrees with his Russian discussion partners that an international force, not exclusively under NATO command and including Russian military units, should be mandated for Kosovo, after the strikes are halted. Conditions to end the air strikes should be found as soon as possible, he added.

On April 13, Ischinger, having returned from Moscow, said in a radio interview with the national DLF station, that on condition that the Russians were not requested to “play the reserve wheel” on a NATO cart that would not stop its air war, a diplomatic solution could be found. Ischinger, and Stoiber, indicated a preference for a renewed Russian role in the peace process. But, NATO’s buildup is continuing. The threat of an international escalation has not yet been contained.

International Intelligence

Hu Jintao meets with Indian Congress Party

China's Vice President Hu Jintao called for the restoration and promotion of the "sound development" of Sino-Indian relations, during talks with a delegation from the All Indian National Congress in Beijing on April 7. The Congress Party delegation was led by national committee member Natwar Singh. Hu said that Sino-Indian relations have remained on the development track during the past decade due to concerted efforts by the people and the leaders of both countries, but the process has been affected by unnecessary disturbances. "A historic and long-term perspective should be adopted," Hu said, according to *China Daily*.

Natwar Singh said that his party attaches great importance to relations with the Communist Party of China and other Sino-Indian ties. He hopes India and China can build a framework for bilateral ties geared to the new century. He also expressed his hopes that China and India's joint efforts will contribute to the creation of a new international political and economic order.

Hu Jintao commended the Congress Party's efforts to maintain and promote bilateral ties. The Congress Party and Communist Party of China, which established ties in 1985, have conducted frequent high-level exchanges. The visits have contributed to the smooth development of bilateral ties, Hu said.

Iraqi National Congress 'leaderless group' meets

The meeting of the Iraqi National Congress executive council began in Windsor, southwest of London, on April 7. In attendance were the Kurdish Patriotic Union (PUK) and the Kurdish Democratic Party (KDP), which control northern Iraq. The meeting was called to "discuss renewing and reinvigorating the struggle against Saddam Hussein's regime in preparation for the plenary session of the INC national assembly," the INC said, which also claimed to have the support of the British and U.S. governments.

Reportedly, the Supreme Council for the

Islamic Revolution in Iraq (SCIRI), the only group with any significant numbers did not attend. Moreover, the KDP still maintains good relations with Baghdad, while Talal Jabalani, head of the PUK, has refused to participate in the U.S. "Iraqi Contra" opposition plan. A wire from the Iranian news agency IRNA noted that the opposition groups have no common ground and recognize no common leadership.

The INC national assembly ended with a plea for arms to be delivered, under the U.S. Iraq Liberation Act (ILA). Reuters quoted an unnamed "U.S. official" on April 10 about various ways that Saddam Hussein's regime could end: "It could be a coup from inside . . . a lone assassin . . . [or it could] easily be a family feud; the family is at each others' throats now."

Meanwhile, Derek Fatchett, one of key British Foreign Office officials running the UNSCOM-sanctions-Iraqi opposition triangle, sent a letter to the INC telling them that Her Majesty's government could *never* support the overthrow of a head of state, as specified in the ILA. Fatchett's letter leaves the U.S. "Iraqi Contra" policy looking pretty stupid.

Russians on Mideast diplomatic offensive

Russian Prime Minister Yevgeni Primakov "is a master of Near East diplomacy," and is coordinating a Russian diplomatic offensive in the region, a leading Russian Orientalist told *EIR* on April 9. Palestinian National Authority President Yasser Arafat was recently in Moscow, and in mid-April Israeli Foreign Minister Ariel Sharon will be in Moscow, for the third time in a month. The Russians believe that they can "strike a deal," whereby an "aggressive conservative" like Defense Minister Ariel Sharon would agree to some kind of "independent Palestinian state. . . . This would strengthen Arafat, and show we are doing something for the Muslims, at a time when our standing with the Muslims has gone down because of our support for Serbia," he said.

The Russian efforts are "especially important before the Israeli elections on May 17," he noted, adding that Prime Minister

Benjamin Netanyahu is trying to "get closer to Russia," in order to curry the vote of Russian Israelis.

At the same time that Sharon was in Moscow, Syrian President Hafez al-Assad was scheduled for an official visit. Assad is also eager to secure Russian assistance in arranging the succession of his son, since the ailing President won't be able to rule much longer.

Fretilin leader ends cease-fire in E. Timor

Xanana Gusmao, the leader of the Timor National Liberation Front (Fretilin), on April 5 announced the end of the cease-fire and peace talks with the Indonesian government, and authorized the "guerrillas to undertake all necessary action in defense of the population against the unprovoked and murderous attacks of armed civilians. . . . I also authorize the population to undertake a general popular insurrection against the armed militia groups." Gusmao, who has been under house arrest in Jakarta, made the announcement through his attorney, Johnson Panjaitan, following a clash that same day between pro- and anti-independence groups in East Timor, in which several people were reportedly killed.

Panjaitan said that the call for a new insurrection would be revoked if the UN intervened, and if anti-independence militias with links to elements of the Indonesian military ended their attacks. President B.J. Habibie's senior foreign policy adviser, Dewi Fortuna Anwar, pointed out that the violence is coming from both sides.

Clashes have increased since the January announcement of a vote on expanded autonomy for the province. But this latest, most violent clash, came in the middle of talks sponsored by East Timor's two Catholic Bishops, held separately with the leaders of pro-integrationist and pro-independence groups. A major meeting of both sides was set for the end of April to lay the groundwork for the upcoming vote. The details on Jakarta's extended autonomy proposal for East Timor are also due to be finalized at the UN in April, in talks between the former colonial power Portugal and Indonesia.

Zhu visit boosts frayed U.S.-China partnership

by William Jones

The much anticipated visit to the United States by Chinese Premier Zhu Rongji on April 6 to April 15, could not have come at a more appropriate time. Not only did he prove to be a most excellent ambassador of the Chinese people to America; indeed, he showed a remarkable facility for taking his case directly to the American Congress and to the American people. Visiting Los Angeles, Denver, Chicago, New York, and Boston, Zhu received an extraordinarily warm reception from the hundreds of businessmen, farmers, stock brokers, academics, and ordinary citizens with whom he spoke. And always he spoke straight from the heart, departing from any written comments (to the extent he had any) about a minute into his speeches.

The decision to allow Zhu to come to the United States had not been taken lightly by the Chinese leadership. The British-instigated war operations in the Balkans had been met by a strong Chinese rebuke. Wary of this breach of national sovereignty, the Chinese leadership, including the Premier himself, had serious misgivings about the wisdom of his trip at this time. This would have been the second major diplomatic casualty of the decision to launch an air war against the Serbs, following the mid-air cancellation of Russian Prime Minister Yevgeni Primakov's U.S. trip in March. In the end, the decision was made that Zhu should go.

U.S.-China relations, so carefully cultivated by President Clinton, culminating in the successful exchange of state visits by the two countries' leaders, with Chinese President Jiang Zemin visiting Washington in 1996 and President Clinton's visit to China last year, have been frayed by a cascade of vituperative allegations from Congressional Republicans against the Chinese government, ranging from the alleged theft of nuclear secrets to allegations of illicit transfer of funds to U.S. political figures to influence U.S. policy. Some of

the "Cold Warriors" around Jesse Helms's Senate Foreign Relations Committee, with the demise of the Soviet Union, have been looking for a new "enemy image," and they have turned their focus on China. A special congressional committee headed by Rep. Christopher Cox (R-Calif.) is due to issue a report that supposedly documents a myriad of instances of transfers of technology that allegedly hurt U.S. national security interests.

Indeed, the same elements who—unsuccessfully—tried to railroad President out of office in independent counsel Kenneth Starr's "Monicagate" operations, are now focussing on the President's China policy, trying to stir up a racist paranoia among their constituents to undermine one of the linchpins of the Clinton foreign policy: the attempt to build a constructive and strategic partnership with China in the 21st century. Driving a wedge between the U.S. and China, and the U.S. and Russia, is the aim of the authors of the Balkan war.

The new 'enemy image'

The most serious attack on the U.S.-China relationship has been allegations of transfer of militarily sensitive technologies through the agreements under which U.S. satellites were launched on Chinese Long March rockets. The report of the Cox committee, which is still classified, contains allegations of wide-ranging technology transfers to China through the satellite cooperation, which supposedly have damaged U.S. security. This report is clearly aimed at sabotaging U.S. high-technology exports to China, but it is precisely in the high-tech field where China would receive the greatest economic benefits from U.S. imports, and the U.S. economy would most greatly benefit, including reducing its trade deficit with China.



Chinese Prime Minister Zhu Rongji on April 9, addressing the U.S.-China Forum on Environment and Development at the U.S. State Department.

Catalyzed by the Chinese decision to go ahead with the Zhu visit and no longer hamstrung by the Starr witch-hunt, President Clinton has begun to retake the initiative on China policy. On the eve of the Chinese Premier's visit, he gave a major foreign policy speech reaffirming his commitment to a policy of "constructive engagement" with China. At the Mayflower Hotel on April 7, the President said, "Our long-term strategy must be to encourage the right kind of development in China—to help China grow at home into a strong, prosperous, and open society, coming together, not falling apart; to integrate China into the institutions that promote global norms on proliferation, trade, the environment, and human rights. We must build on opportunities for cooperation with China where we agree, even as we strongly defend our interests."

Clinton warned against attempts to make of China a new "enemy image." "But as the next Presidential election approaches, we cannot allow a healthy argument to lead us toward a campaign-driven Cold War with China," he said, "for that would have tragic consequences: an America riven by mistrust and bitter accusations; an end to diplomatic contact that has produced tangible gains for our people; a climate of mistrust that hurts Chinese Americans and undermines the exchanges that are opening China to the world."

The White House was intent on making a very high-profile affair out of Zhu's visit, who had assumed office last spring. He was to receive all the trappings of a state visit, although he is only the head of government, not the head of state,

a clear sign of how important the administration considers the relationship.

Few major agreements

Given the atmosphere in Washington, even Premier Zhu was reticent about making the trip at this time. Speaking at the joint press conference with President Clinton on April 8, Zhu said, "To tell you the truth, I was really reluctant to come. Two days before my departure from China to the United States, I received two Congressional delegations from the United States, one headed by [Sen. Craig] Mr. Thomas [R-Wyo.], the other by [Sen. William] Mr. Roth [R-Del.]. All together, more than 20 senators and congressmen were at the meetings. I said to them, as the current political atmosphere in the United States is so anti-China, I really lack the guts to pay the visit to the United States at present. And they told me that you should go; we welcome you, because we Americans like your new face." Zhu jokingly remarked that in the present climate his "new face" would perhaps be turned into a "bloody face."

There had, however, been some promising signs coming from U.S. representatives. A major trade delegation, led by Commerce Secretary William Daley, had been to China at the end of March and had concluded some important trade agreements. During his trip, Daley underlined that the administration's policy toward China was "broader than the anti-China attitudes" exhibited by the U.S. Congress.

However, the political atmosphere has induced a certain

amount of caution in the administration. The night before the official state visit began, Premier Zhu, residing at the Blair House across the street from the White House, was invited to a late-night session with the President at his residence. President Clinton has traditionally met informally with visiting leaders prior to the arrival ceremonies on the South Lawn of the White House. Although the White House hasn't said much about that discussion, which lasted two and a half hours, Zhu was made to understand that the administration, wary of winning Congressional acceptance for the larger trade package, was not prepared to back China's entry into the World Trade Organization (WTO) at this time.

Although China would have to make significant economic sacrifices to join the WTO, Premier Zhu, feeling that this would accelerate much needed foreign investment, is committed to China joining the WTO as quickly as possible. In addition, it is important to China that it enter the WTO before Taiwan, which is also intent on membership in the trade organization. WTO membership would bring with it permanent most-favored-nation trade status, avoiding thereby the annual debates in the U.S. Congress over human rights that accompany that decision. In the last few weeks of negotiations with the U.S. trade representative, China has indeed gone a long way in opening up its markets, including allowing the import of significant amounts of agricultural products which China itself produces, including citrus products from California and wheat from the Pacific Northwest. Although China will not benefit from these concessions, it is felt that the political "goodwill" thereby attained will have beneficial results in the long run—from increased trade with the United States.

'Good dispositions'

At the official arrival on April 8, President Clinton harkened back to the Revolutionary War period, when the relations with China were first established. "Your visit is an important event in the long relations between our people, a relationship that spans nearly the entire history of the United States," Clinton said. "Before this city even existed, even before our Constitution was signed, China granted our newly independent nation equal standing with the powers of Europe. At the dawn of a new century, we now recognize that our interests coincide on many issues and diverge on some others, but that we have a fundamental responsibility to speak with candor and listen with an open mind. And certainly we can agree that China and the United States can best achieve our hopes in the next century if we continue to build a constructive strategic partnership, a relationship that allows us to make progress on the issues that matter to our people." Premier Zhu responded: "The United States is the strongest and the most prosperous country in the world, while China is the largest potential market in the world. . . . So the close cooperation between these two countries will bring splendid hopes to the people in the world for closer

cooperation in economic, trade, culture, scientific fields, and also for bringing about more prosperity and the solidarity of the world people."

Clinton returned to his theme at the state dinner at the White House. "Since 1784, Chinese and Americans have shared a lively dialogue over how to achieve common cause in the countless pursuits that animate great nations," he said. "Thomas Jefferson took care to promote what he called 'good dispositions' between the United States and China. Abraham Lincoln, in his first annual message to Congress, predicted our extensive trade with China. And, of course, Franklin Roosevelt made it America's purpose to join with China in defense of freedom."

But the Premier himself took center-stage to present his case to the American people—and he did so superbly. With dead-pan humor and his razor-sharp wit, he seemed to win the hearts of all to whom he talked, including the President himself, who elicited some mirth from both the Chinese and

'Technology is the common heritage of mankind'

During a press conference with President Clinton in Washington on April 8, Chinese Prime Minister Zhu Rongji was asked to respond to allegations that China stole nuclear weapons secrets from U.S. laboratories. Zhu replied that neither he nor Chinese President Jiang Zemin knew of any espionage. "As a senior engineer, I've been in charge of the industry in China for more than 40 years, and I have never known any of our most advanced technology came from the United States," Zhu said.

The Prime Minister's broader point was that "technology development, or technologies, are the common heritage, or common property of mankind, and in scientific inventions, actually all roads lead to Rome." He named some of the scientists who have led Chinese space and nuclear programs, stating that although they had studied abroad, what they brought back to China with them was not secret pieces of paper, but their brains.

For the past 40 years, nuclear scientist Edward Teller, who worked in the Manhattan Project during World War II and later designed the hydrogen bomb, has led a campaign to end the U.S. government policy of needlessly classifying millions of pages of scientific work. He has stressed that such classification hampers collaboration among scientists, does not provide security, and keeps information developed by the nation's weapons laboratories from industry and the American public.

American press, when it was noticed during their joint press conference, that he was nonchalantly chatting with the Premier during the translation of a question, obviously noting how it was getting late, and how they should probably conclude the press conference in order to make it on time to the state dinner.

Although Zhu was obviously disappointed at the failure to achieve all he hoped to achieve with regard to China's entry into the WTO, he was effectively taking his case to Congress and to the American people. On his second day in Washington, he met with a bipartisan group of 12 Congressmen to discuss the U.S.-China agricultural agreement which was to be signed at the end of the week. Speaking to supporters at a dinner at the Willard Hotel sponsored by a number of U.S.-China organizations, Zhu said, "My impression was that all of them approved of the agricultural agreement. As for the other outstanding problems that I described, they seemed to know nothing very much about them. So as I see it, if we were

to make public the agreement that we had reached with the American side, Congress would support it." Zhu was so successful in his "lobbying" among business and political layers, that he received an unexpected call from President Clinton while he was in New York, who assured him that the United States would support Chinese WTO membership before the end of the year. The White House had been bombarded by angry calls and e-mails from business leaders and congressmen furious at administration delay on the issue.

After the Washington leg of his trip, Premier Zhu then went to Chicago. There, he visited the Mercantile Exchange, and also visited a farm, underlining the benefit to American farmers of an agreement which had been signed that same day by the Chinese Trade Minister in Washington.

On his second day in Washington, which Zhu referred to as a "terrible day," he met with Vice President Al Gore to discuss cooperation on environmental issues. Here he encountered the other side of the "China bashers." Gore made a

In his 1987 book *Better a Shield Than a Sword*, Dr. Teller recounts that the roots of classification lay in the fear during World War II that the Germans would advance their work on a nuclear bomb if American scientists published their research on nuclear fission. Soon after the publication of the work of German scientists Otto Hahn and Fritz Strassman in 1939, that they had discovered the process of nuclear fission, the U.S. government introduced comprehensive secrecy practices.

There have been heroic efforts to replace secrecy in science with collaboration, Teller reports. The most prominent was the 1954 Atoms for Peace conference. President Eisenhower decided that whether the Soviets participated or not, the United States would share its information on the peaceful uses of atomic energy.

"We gave away a lot of information at the First Atoms for Peace Conference," Teller says, "and we accomplished a lot. Soviet scientists were delighted to present their achievements. . . . With secrecy on reactor designs lifted, schools of nuclear engineering were established. Industries hired the graduate engineers, and a dozen years later nuclear reactors competed with coal, oil, and gas in generating electricity.

"Under present rules, research done in our national laboratories cannot be fully shared with civilian industries. When we fail to expose people to problems they could help solve, we remain unaware of the loss. We now have millions of classified documents. We also have falling productivity. Rapid progress cannot be reconciled with central control and secrecy. The limitations we impose on ourselves by restricting information are far greater than any advantage others could gain by copying our ideas."

Many years ago, Teller wrote an atomic alphabet dictionary for his young son, which sums up his view:

"S stands for secret; you can keep it forever.
Provided there's no one abroad who is clever."

Secrecy is not compatible with science

"Today, secrecy has become a terrible destructive force in our society," Teller writes. "My postwar efforts to reverse the process have not affected its devastating spread. I am unhappy that I had anything to do with its beginnings."

In 1993, Teller saw some fruit of his multi-decade campaign. He helped convince then-Energy Secretary Hazel O'Leary to declassify documents on laser fusion. The secrecy was hampering international cooperation, and placed American researchers at a disadvantage, he argued. Because other nations do not classify laser fusion research, the only victims of the U.S. policy were American scientists.

The accusations that Chinese-American scientists have passed on nuclear weapons secrets to China, has created an atmosphere in the nation's scientific laboratories resembling a police state. Computers containing classified data have been shut down for weeks, while employees attend "security" briefings, and new employees will go through lie detector tests. Scientists at Los Alamos and Lawrence Livermore National Labs have stated that this is not an atmosphere conducive to creative scientific work.

Edward Teller, this nation's senior nuclear weapons specialist, believes that "secrecy is not compatible with science, but it is even less compatible with democratic procedure."—*Marsha Freeman*

point to assert his own particular brand of “China policy.” China, however, is not the small nation of Malaysia, which Gore had run over the coals at the Asia Pacific Economic Cooperation forum in Kuala Lumpur in October 1998, so Gore’s message was framed somewhat more diplomatically—but it was the same: “Engagement for engagement’s sake has never been our policy,” Gore said. “Our engagement with China must be consistent with our values as Americans. It must put a priority on the pursuit of human rights and democracy. It must protect American security. It must ensure that expanded trade is fair trade.” Gore’s commitment to “engagement” seemed downright menacing.

China’s real needs

At the Willard, Zhu was intent on underlining that the agricultural agreement, the only major agreement signed during his visit, did little to help China in its economic development. Zhu referred to how a major deal with Hughes Electronics, for the launching of Hughes satellites on a Chinese rocket, had been derailed as a result of allegations of “sensitive” technology transfers, based on an investigation of an earlier failed launch of a Hughes satellite. “If the U.S. were to categorize every exportable thing as having potential military applications and refused to sell us anything, as in the recent case of the Hughes satellites, which were denied to us, then how can we possibly go about trying to balance the trade imbalance? So if you don’t want to sell us computers, you don’t want to sell us satellites, all you want to sell us is wheat and citrus?” he asked. “Well, we can live eating wheat and citrus products, but we can’t live much better. So, if we are to narrow the trade balance between China and the United States and to expand the volume of trade, this is going to require efforts from both sides.”

Zhu made clear how the concessions China had made in its attempt to join the WTO would bear a heavy cost for China. “To this end, we have truly made very, very major concessions. . . . But why we’ll be willing to make such concessions is because after so many years of our policy of reform and opening up, we have gotten to the point where at least we have the capacity to withstand the shock that entry into the WTO will bring to us.”

Zhu was clear that there are limits to what China would be prepared to accept in the way of rapid market-opening. At the Willard, he had warned, “This kind of opening up cannot happen too quickly. We have to go about it step by step, because otherwise we may very well wind up with the kind of turbulence that we saw in the Southeast Asian countries over the last couple of years.” For those who wanted to push harder to get China to permit a greater investment ratio and to lower even further their customs tariffs, Zhu had warned them, “These are all possible, but in a few years’ time. If you want too much, too soon, in the end you may wind up with nothing.”

In an interview with the MacNeil-Lehrer Hour on April

9, Zhu focussed on the major problem facing a U.S.-China partnership. “There definitely is an anti-China current existing in the United States right now,” he said, “and therefore this constitutes a rather significant obstacle to developing that friendly cooperative relationship that Presidents Jiang and Clinton spoke about, and not only is it an obstacle, but there is a danger in backtracking in this relationship.”

Zhu expressed China’s grave concern over the illegal NATO operations in Kosovo. “On this subject our President, Mr. Jiang Zemin, has repeatedly stated the Chinese position,” Zhu said, “namely, that we object to taking military action in the former Yugoslavia because this is interference in their internal affairs. We strongly feel that the only correct way is to go back to a political negotiation, because a political discussion will be the only method which will bring about a resolution to this problem.” Zhu warningly referred to the Balkans as “the Tinder Box of Europe.”

Nuclear theft?

In his public meetings in Los Angeles, Washington, Chicago, New York, and Boston, Zhu was asked about allegations of Chinese “theft” of nuclear secrets. Denying knowledge of any such espionage, Zhu underlined the universality of science and the absurdity of trying to slap political controls on scientific creativity. “Technology development, or technologies, are the common heritage, or common property of mankind, and in scientific inventions, actually all roads lead to Rome,” he said. “In the areas of missile and nuclear technologies, indeed, we have learned from foreign countries. Well, in the area of missile technology, the pioneer in China is Mr. Qian Xuesen, who returned from the United States. And in terms of the nuclear technology, the pioneer in China is Qian Sanqiang, who returned from the lab of Madame Curie of France. But I can assure you that when they returned back, they didn’t bring back even a piece of paper; they just brought back with them their brains!”

At the Willard Hotel, Zhu underlined the common interests of China and the United States. “China is not an enemy of the United States, nor is it a potential adversary. We are friends, and we should be friends for a long time to come. PBS asked me today, ‘Is China a threat to the United States?’ And I answered, ‘Well, why should you be afraid of China? Your President Clinton said that China only has 20 to 30 nuclear weapons, whereas the United States has about 6,000 of them. So who is China going to threaten?’ ” Zhu said. “The Chinese people love peace, and we have always been in the position of being invaded by others rather than invading others. And I can truly speak for all 1.25 billion Chinese when I say that the Chinese people earnestly want to become friends with the United States. And there is no way we will become enemies of the United States.”

This, perhaps on one condition: that the American people don’t allow the proponents of a new “Cold War” in either party to make of China their new “enemy image.”

Starr loses big as McDougal is acquitted

by Edward Spannaus

On April 12, two days before he was to appear before a Senate committee considering whether to renew the independent counsel statute, Kenneth Starr suffered a stinging defeat, when a Federal jury in Little Rock, Arkansas acquitted Susan McDougal on obstruction of justice charges after a five-week trial. Beyond that, the jurors said that they were hopelessly deadlocked on the two other charges of contempt of court, involving McDougal's refusal to testify before Starr's grand jury in 1996 and 1998; the judge immediately declared a mistrial on those latter two counts.

McDougal was indicted—three times—because she would not give false testimony to corroborate the lying testimony of Starr's bought-and-paid-for key witness against President Bill Clinton, David Hale. Hale is one of the creations of the Richard Mellon Scaife-financed "Arkansas Project," run by Starr's longtime crony Theodore Olson. After coming under Federal investigation in 1993, Hale concocted a story about Clinton having received an illegal loan for the Whitewater real estate venture, and became a Federally protected witness. Starr's friend Olson was a lawyer for Hale, even before Starr was appointed as Whitewater independent counsel.

McDougal and her former husband Jim McDougal were both targetted as part of Starr's plan to use them as witnesses against the President. They were tried and, through David Hale's false testimony, were convicted in 1996. But before serving any of that sentence, Susan was called to Starr's grand jury, and when she refused to testify, was jailed for 18 months for civil contempt. As a result of collusion between Starr's office and prosecutors in California, she was also indicted and tried on embezzlement charges there, but was acquitted by a jury. Meanwhile, she was indicted again by Starr, this time on charges of criminal contempt and obstruction of justice.

McDougal has always said that Starr's deputies were not interested in the truth, but only wanted testimony that could be used against Clinton. She told the jury that she had feared that if she testified truthfully to the grand jury, instead of following Starr's script, she would have been indicted for perjury. To show the pattern of Starr's conduct, McDougal's lawyers called two other people who had been subjected to the same treatment.

The first was Steve Smith, a one-time Clinton staffer in Arkansas who is now a professor. Smith said that Starr's prosecutors gave him a "script" to read for his grand jury

testimony in 1995. "They asked me to implicate others in a criminal conspiracy," Smith testified. "It was one of the most intimidating things I have ever experienced."

The second witness was Julie Hiatt Steele, a Virginia housewife who was indicted by Starr after she contradicted Kathleen Willey, a former White House volunteer who claims that Clinton made an unwelcome sexual advance toward her in 1993. Steele told the jurors how she was indicted for obstruction of justice and making false statements, after she testified truthfully and refused to back up Willey's story.

After the trial ended, one of the jurors said that he had been swayed by the testimony of Smith and Steele. "They made the most effect on me because they backed up Ms. McDougal's story," juror Michael Nance said.

"The great thing for me was not the verdict," McDougal said after the acquittal and the declaration of the mistrial. "It was more that I got my day in court, and I got to tell everything I had been wanting to tell for years, and we got to put on evidence of the lives that Kenneth Starr has ruined."

Starr grilled over McDougal case

The McDougal case was raised very pointedly during Starr's appearance before the Senate Governmental Affairs Committee hearing on April 14, when Sen. Robert Torricelli (D-N.J.) raked Starr over the coals over his handling of the case, with Torricelli citing in graphic detail the conditions under which McDougal had been held and transported from one prison facility to another.

Torricelli then offered his analysis of what happened with the jury in McDougal's trial. "I don't believe that that jury in Little Rock thinks that Susan McDougal did not commit civil contempt. I don't believe that Susan McDougal didn't commit civil contempt," Torricelli said. "I think 12 Americans came to the judgment, that as you balanced her offense against the excesses of power in the hands of the government and the Office of Independent Counsel, it was time to make a judgment." Torricelli added, "It is the finest statement about American democracy, that where the media may have been compromised, and the Congress did not make a strong judgment, and a statute was passed which never should have been enacted, . . . 12 ordinary Americans finally took a stand and said, 'No. Enough. Better the guilty should go free than the government should operate in this excessive power.'"

This came after Starr had delivered a statement to the committee, in which he blithely asserted—after having used and abused the independent counsel law to almost destroy Clinton's Presidency, and to create the biggest constitutional crisis in the United States since the Civil War—that the independent counsel law is unworkable and should not be renewed.

Starr criticized the independent counsel law for creating a situation where investigations are likely to be seen as political, where respect for the judiciary is eroded, and where vigorous oversight by Congress is discouraged. Starr also said that the

statute “tries to cram a fourth branch of government into our three-branch system,” and he called the result “constitutionally dubious.”

During the question period, Sen. Arlen Specter (R-Pa.) told Starr: “I’m a little surprised at the forcefulness of your denunciation of the independent counsel statute: ‘structurally unsound,’ ‘constitutionally dubious,’ ‘overstating the degree of institutional independence,’ ‘disingenuous.’ ”

Specter, a proponent of modifying and retaining the law, then said that he wanted to “ask you about your status to continue as independent counsel, in light of your condemnatorial language of the statute you operate under.” (In other words: Why are you still here?)

Starr responded: “Well, Congress frequently passes laws,

the wisdom of which individuals may question. But their duty as law officers is to live up to their legal obligations.” After babbling on for a while, Starr added: “But it is the law. And, Senator, so long as it is the law, we are dutybound as law officers to faithfully enforce it and as cheerfully as we can. That doesn’t mean we like it.”

“Well, if it’s as bad as you say it is, maybe we ought to abrogate it now,” Specter retorted. Starr suggested that that would be “unwise.”

One reason that Starr undoubtedly believes it “unwise” to abrogate the law right now, has to do with his answer to Specter’s other question—which was whether Starr believes he has the jurisdiction to criminally prosecute President Clinton after the President leaves office. Starr averred that he does.

Judge rules that Texas prisons are unconstitutionally cruel

by Marianna Wertz

While the British-American-Commonwealth crowd in the United States fulminates about human rights violations in China’s prisons, a Texas judge ruled recently that the entire Texas prison system is still—after more than 27 years under Federal jurisdiction—in violation of the U.S. Constitution’s prohibition against the use of “cruel and unusual punishment.” On March 1, U.S. District Judge William Wayne Justice issued a judgment in the continuing litigation over conditions in the Texas prison system, denying a defense motion to allow Texas to re-take jurisdiction over its prisons, jurisdiction which was removed by Judge Justice in 1972 in the civil action *David Ruiz, et al., Plaintiffs, v. Gary Johnson, Director, Texas Criminal Justice System—Institutional Division (TDCJ-ID), et al.*

Judge Justice is Senior United States District Judge, Southern District of Texas, Houston Division. He found that the state’s administrative segregation units—modern-day dungeons where inmates are deprived of virtually all human contact—are in violation of the Constitutional protections against cruel and unusual punishment. These “supermax” prisons are springing up all over the country. For example, Virginia’s Gov. James Gilmore (R) recently announced the opening of the Commonwealth’s second “state-of-the-art” supermax prison, Wallens Ridge, in southwest Virginia’s Wise County; this, he said, will mean 400 jobs and a \$13.5 million payroll for the depressed county, formerly a coal-mining center.

Judge Justice also found that the Texas prison system as

a whole continues to allow inmates to be raped, beaten, owned, and sold by more powerful ones. Finally, he found a prevalence of use of unnecessary and excessive force and intimidation of inmates by correctional officers in their day-to-day interaction.

The evidence presented by plaintiffs, on which Judge Justice’s ruling was based, included expert testimony on medical and use of force cases. Prison cardiac cases “viewed collectively, identify a consistent problem in multiple medical encounters of failure to adequately evaluate significant and serious disease processes,” the judge said. Expert witness Dr. Robertson concluded, “This review of deaths presents a troubling pattern of systemic problems in the health care delivery to inmates in the Texas Department of Criminal Justice. Of a total of 59 charts reviewed, 20 (34%) were found to have received poor to very poor medical care. . . . Of particular concern was the finding that 16 of the deaths (27%) could be deemed as ‘preventable.’ ”

Expert witness Dr. Breed found in Texas more use of excessive force, in quantity and degree, than in any other state system he has seen. Breed testified that, in forming his opinions about use of force in TDCJ, he found a high proportion of excessive or unnecessary force among the hundreds of use of force instances he reviewed.

On April 8, Republican Presidential candidate and Texas Gov. George W. Bush said that China should “adopt more humanitarian measures.” Maybe Bush ought to be reminded of his own state’s prisons’ need for such measures.

Judge Justice's ruling is a call to action to stop such human rights violations in the United States. Texas prisons may be among the most brutal, but they are not unique. We reprint excerpts here from Judge Justice's March 1 Memorandum Opinion, as published in *The Texas Observer* on April 2. Subheads have been added:

Violation of constitutional rights

Couched in two motions to terminate its jurisdiction in this civil action, this court has before it, once again, questions of the Texas prison system's constitutionality. . . . [T]he court has . . . found the Texas prison system continues to violate inmates' constitutional rights.

It is determined that TDCJ's medical and psychiatric care systems, while at times plagued by negligent and inadequate treatment of members of the plaintiff class, are not so deliberately indifferent to inmates' physical and mental health needs as to be unconstitutional. The extreme deprivations and repressive conditions of confinement of Texas' administrative segregation units, however, have been found to violate the Constitution of the United States' prohibition against cruel and unusual punishment, both as to the plaintiff class generally and to the subclass of mentally ill inmates housed in such confinement. Furthermore, members of the plaintiff class still live under conditions allowing a substantial risk of physical and sexual abuse from other inmates, as well as malicious and sadistic use of force by correctional officers. Despite its institutional awareness of these conditions, TDCJ has failed to take reasonable measures to protect vulnerable inmates from other, predatory prisoners and overzealous, physically aggressive state employees.

Mentally ill: despair and desperation

It is found by a preponderance of the evidence that inmates in administrative segregation, particularly those in Levels II and III, are deprived of even the most basic psychological needs. More than mere deprivation, however, these inmates suffer actual psychological harm from their almost total deprivation of human contact, mental stimulus, personal property, and human dignity. The scene revealed by the plaintiffs' experts, one largely unrefuted by defendants' emphasis on policies and procedures, is one of a frenzied and frantic state of human despair and desperation. Furthermore, plaintiffs submitted credible evidence of a pattern in TDCJ of housing mentally ill inmates in administrative segregation—inmates who, to be treated, would have to be removed to inpatient care. These inmates, obviously in need of medical help, are instead inappropriately managed merely as miscreants. It is determined that TDCJ officials are well aware of both these conditions and these inmates' ensuing pain and suffering. . . . TDCJ has knowingly turned its back on this most needy segment of its population.

It is deplorable and outrageous that this state's prisons appear to have become a repository for a great number of its

mentally ill citizens. Persons who, with psychiatric care, could fit well into society, are instead locked away, to become wards of the state's penal system. Then, in a tragically ironic twist, they may be confined in conditions that nurture, rather than abate, their psychoses. The United States Constitution cannot abide such a perverse and unconscionable system of punishment. As to mentally ill inmates in TDCJ-ID, the severe and psychologically harmful deprivations of its administrative segregation units are, by our evolving and maturing society's standards of humanity and decency, found to be cruel and unusual punishment.

Rapes, beatings, and servitude

The evidence before this court revealed a prison underworld in which rapes, beatings, and servitude are the currency of power. Inmates who refuse to join race-based gangs may be physically or sexually assaulted. To preserve their physical safety, some vulnerable inmates simply subject [themselves] to being bought and sold among groups of prison predators, providing their oppressors with commissary goods, domestic services, or sexual favors. The lucky are those who are allowed to pay money for their protection. Other abused inmates find that violating prison rules, so that they may be locked away in single cells in administrative segregation, is a rational means of self-protection, despite the loss of good time that comes with their "punishment." To expect such a world to rehabilitate wrong-doers is absurd. To allow such a world to exist is unconstitutional.

Conclusion

It has been over three decades since the matter of Texas prisons' constitutionality first came before this court. In light of the egregiousness of the violations of the Constitution found in 1980, the Texas Department of Criminal Justice, through the sometimes strained partnership with the representatives of the inmate plaintiffs in this civil action, has dramatically overhauled its prison system. The imposition of extensive policies and the formation of a bureaucracy do not, however, immunize the system from constitutional challenge. The measure of a prison system's constitutionality, as always, is not its production of policies, but its treatment of inmates.

Texas prison inmates continue to live in fear—a fear that is incomprehensible to most of the state's free world citizens. More vulnerable inmates are raped, beaten, owned, and sold by more powerful ones. Despite their pleas to prison officials, they are often refused protection. Instead, they pay for protection, in money, services, or sex. Correctional officers continue to rely on the physical control of excessive force to enforce order. Those inmates locked away in administrative segregation, especially those with mental illnesses, are subjected to extreme deprivations and daily psychological harm. Such practices and conditions cannot stand in our society, under our Constitution.

How insane are the American people?

During a recent discussion with a Congressional aide in Washington, D.C., an *EIR* staffer was stressing the importance of the desperate international financial collapse in the development of the current strategic crisis. When the aide protested that the U.S. economy had never been better, the *EIR* representative told him that he was living in “virtual reality.” “So what?” responded the aide. “At least I go home happy every night, and will do so for as long as the bubble lasts. And you, who keep talking about the crisis, are likely to bring it on.”

If you are a typical American or European, you probably do not find this anecdote surprising. The United States and western Europe are full of putatively intelligent citizens who know that the “prosperity” of the markets is based on an unsustainable bubble, but who have decided that they will ignore reality, and “enjoy it while they can.” This is clinical insanity—and it is largely responsible for the crisis in which the world finds itself today.

In his cover article on Tony Blair and the Balkan war in this issue, Lyndon LaRouche puts a heavy emphasis on the danger which this psychosis represents. People who are hysterically wedded to the idea that “their money” depends upon the preservation of the hyperinflationary speculative bubble which is literally devouring the physical economies of the world, cannot be expected to face the truth about the strategic crisis, he stresses.

So, what is the real problem? Why do otherwise sane people insist upon denying the reality of the world financial and economic debacle?

Perhaps you could say that it’s because they are lied to by the media. That is certainly true enough. But over the course of the last several years, the very same media have also repeatedly provided the documentation that any sane person would need to show that the bubble cannot be sustained. The unbelievable ratios of profit to earnings, the narrowness of the band of stocks which are actually rising in value, and the collapse of actual export markets around the world should dampen any faith in an endless upturn.

No, it’s not just that people are being lied to. They actually *want* to believe in the chimera of the markets, and they have an immoral commitment to denying the genocide on which it is based.

We in the LaRouche movement have been pointing out this truth since the late 1960s. The Third World is collapsing, we said, and the American population has a moral responsibility to do something about that. If Americans do not act in order to change the financial system which is creating this destruction, then eventually the devastation laying waste those “foreigners” is going to hit here at home.

Americans did not act as required. For the last three decades, the looting of Asia, Africa, Ibero-America, and eastern Europe has increased to the point where large sections of the globe are suffering absolute declines in life expectancy and populations. This has shown up as cheaper goods exported into the United States, as well as cheaper labor “competing” with American labor. It has resulted in capital flight into U.S. financial markets, which has been described as “prosperity.” The signs of apparent prosperity in Europe and the United States have often been directly connected to the destruction of the rest of the world.

It will not go on forever. Even a yuppie in a sober moment can see that.

What must be corrected is the moral aberration. As LaRouche pointed out in his *The Road to Recovery* (*EIR*, Feb. 19, 1999), there *is* a common interest among nations, and a concept of the general welfare within nations, both of which can be scientifically and humanly defined. Those who couldn’t care less about what happens to the rest of the world, while they celebrate their mutual funds dividends, do not actually have the moral fitness to survive.

We are long overdue for a financial crash. But the financial oligarchs could keep the bubble going by sucking more blood out of the world economy for a while more. Look at the maps (pp. 6-7 and 20) on the spread of famine and disease, in our last issue. Think about reality. You can face it, because LaRouche has presented the solution, which is ready to be acted on, today.

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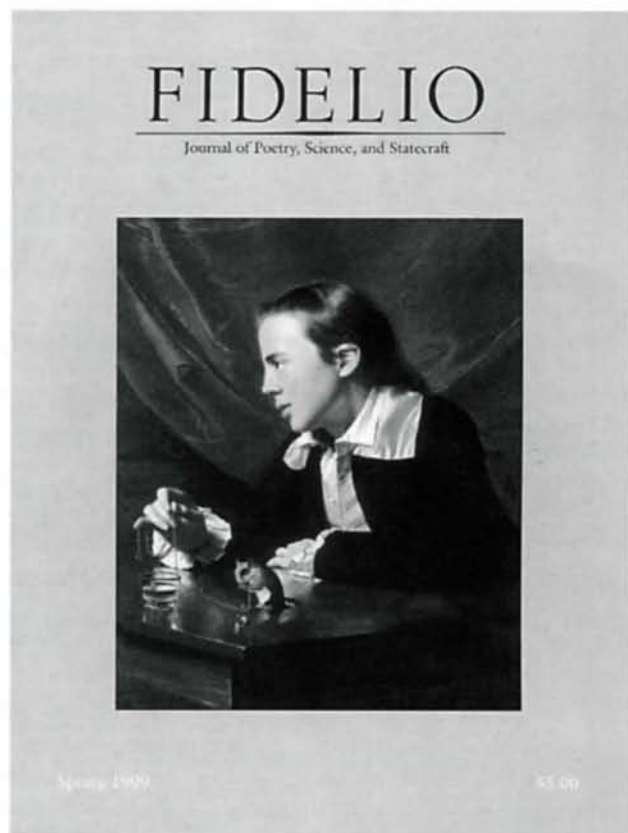
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