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British war plans, lies rebuked at NATO summit
Marshall Plan for the Balkans is on the agenda
Infant mortality shows U.S. economic breakdown

EIR Bonn forum: a dialogue on solving the world crisis



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Lyndon H. LaRouche, Jr.

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*World Wide Web site: <http://www.larouchepub.com>
e-mail: eirns@larouchepub.com*

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

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

In Mexico: EIR, Río Tiber No. 87, 5o piso, Colonia
Cuauhtémoc. México, DF, CP 06500. Tel: 208-3016 y 533-
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160. Tel: (03) 3208-7821.

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From the Associate Editor

People often observe, when they first attend a conference of the LaRouche movement, that “nobody but you guys could have brought such a diverse group of people into one room, to discuss *ideas*.” That is certainly the case with *EIR*’s seminar in Bonn/Bad Godesberg, the transcript of which we are pleased to run in this issue. There were some sparks flying among the participants, to be sure, but the net result was an extremely provocative and useful dialogue on the most vital issues facing mankind today.

As Lyndon LaRouche, Jr. summed up the day’s proceedings: “I’m extremely happy with these events today. . . . When you bring people together, sometimes over a proposal which may seem improbable to the participants at the outset, the chemistry of that discussion may, in its own way, find its own pathway to a fruitful result. I smell, shall we say, in today’s proceedings, something auspicious of that sort. I think we have probably done something good today. How it will become good, I don’t know, but I’m sure it will become good.”

Our second feature package in this issue is an eyewitness report on the 50th Anniversary summit of NATO in Washington, where the British-American-Commonwealth (BAC) oligarchical grouping was dealt an important setback. Britain’s “Tinny” Blair failed, in his objective of drawing President Clinton into a “new NATO” ground war in the Balkans. After Clinton pulled the legs out from under Blair and his sidekick, Al Gore, the British establishment is now going to have to regroup and come up with a new policy. Blair’s “Third Way” propaganda ploy has been demonstrated to be a failure; now, Britain will go with no-holds-barred fascist economics, a world dictatorship to kill people and grab raw materials, to crush nations. What has been done in Africa will be done in Central Asia as well, if the BAC is not stopped. And, as LaRouche emphasizes in his keynote speech to the Bonn conference, this will mean World War III—although perhaps not in the form you might expect it.

LaRouche and *EIR* will be launching some new initiatives to defeat this British gameplan, starting with our next issue. The battlefield is economics, and we—with the support of our readers—will beat them on that battlefield, because our methodology is based on truth, and theirs is based on lies, and is utterly bankrupt.

Susan Welsh

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Correction: In our issue of April 23, on p. 26, an outdated map lists Hong Kong as a dependent territory of the British Commonwealth. This is, of course, not true, and Hong Kong is part of the sovereign nation of China. We regret the error.

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Lyndon H. LaRouche, Jr. (left) and Russian economist and journalist Prof. Stanislav Menshikov, at *EIR*'s seminar in Bonn on April 21, 1999.

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EIR Bonn forum: a dialogue on solving the world crisis

On April 21, in Bonn/Bad Godesberg, Germany, EIR sponsored a seminar on “The Way Out of the Crisis: Europe, the World Financial Crisis, and the ‘New Cold War.’ ” The event drew more than 150 diplomats, economists, media representatives, parliamentarians, and businessmen from around the world. Here we present the speeches, the greetings, and the discussion. The keynote was delivered by Lyndon H. LaRouche, Jr., and the seminar was moderated by Anno Hellenbroich, Executive Director of EIR for Germany. We begin with Mr. Hellenbroich’s opening remarks:

I would like to welcome you to our seminar. I would especially like to welcome the speakers here at the podium, and also those who will speak to us this afternoon. In a certain way, I would like to call them representatives of the “Survivors’ Club,” as Mr. LaRouche calls the representatives of Russia, China, India, and all the other nations which no longer want to follow the destructive policy course which has been pursued up to now. In a sense, we can also say that the speakers today, from Russia, China, and India, represent, together with Southeast Asia, the majority of mankind. At this moment of great turmoil, about which we are all concerned, it is particularly important that we have this forum today.

I would like to contribute a thought which I believe is important for the aim of this seminar. During a political briefing recently with Mr. LaRouche, we were talking about how today’s political elite, the politicians, are behaving in the face of this dramatic crisis. LaRouche threw a remark into the debate, which I think is important. He said: Some of these politicians, who tend to react to the events of *yesterday*, are usually the really dumb ones. Those who react to the events in the future, or what will happen in *three weeks*, and orient their actions accordingly, are the clever ones. Perhaps this would be a good motto for this seminar, i.e., the solution, how to find the way out of the crisis.

After the joyous hopes of the beginning of 1989, 1990, 1991, we are again in a situation where everything we had hoped for—that there would be a reconstruction of Europe and the former East bloc—has been shattered.

That brings me to my introduction of our first speaker, on “The Way Out of the Crisis, or the Alternative to a Third World War.” About Mr. LaRouche, I would only like to make a brief remark: Many people have read his writings over the recent years, on global financial, monetary, and economic developments. I would like to remind you, in particular, of his writings in 1988-89, which led to the concept of the Productive Triangle, and by extension, to the concept of the Eurasian development initiative. In this context, Mr. LaRouche always argued energetically for a change of course.

But, he is important to us not only as an economist, but as a representative of those political forces in the United States which stand for another America. Following years of political assaults, and his incarceration under the administration of George Bush, in the meantime his name, his person, and his political program have penetrated into the pores of American society, especially in the Democratic Party. Through the Committee for a New Bretton Woods, LaRouche’s Presidential campaign committee, this wing of the Democratic Party is waging a fight for a change in policy, reflected in many talk shows, in video programs, and in his book, *The Road to Recovery*, 50,000 copies of which are going out to the constituency base of the Democratic Party. This message is gaining support in many ways, not only because of the respect which LaRouche has won, but also because he is a bearer of hope.

And, LaRouche’s voice is heard in the White House. Whoever reads carefully the speech of President Clinton a few days ago in San Francisco, what Clinton said there at a conference of newspaper publishers, will recognize this.

I give the floor to Mr. LaRouche:

Lyndon H. LaRouche, Jr.

The alternative to financial crisis and a Third World War

As a matter of situating my remarks, I'd make a few observations. First of all, I am presently one of three candidates for the year 2000 Presidential nomination of the U.S. Democratic Party. The other two candidates are current Vice President Al Gore and former U.S. Senator from New Jersey Bill Bradley. By summer of this year, the Gore candidacy should be virtually dead, and about the same time, perhaps other Democrats will enter the list of candidates, possibly Kerry from Massachusetts and others, once Gore is out of the way.

During this period and during the recent years, I have been a supporter and defender of President Clinton's position as the elected President of the United States, particularly against certain personal and political attacks against him by foreign and domestic forces, including those responsible for his attempted impeachment. And even though I'm sometimes a strong critic, as I shall be in a sense here, of some of his statements and policies, nonetheless I defend him as President, not only because he's elected President, but also because the President of the United States, in my view, has a very precise and crucial role to play if the world is to find a way out of the present general international financial crisis, the economic crisis, and the growing danger of a slide into a global state of warfare which might come to resemble what happened in Central Europe between 1618 and 1648.

To situate the present situation, in November 1997, a long-standing process of decay of the U.S. and world economy entered a terminal phase of collapse of the international financial system, a terminal phase which is still ongoing.

At that time, once the Japanese government had rejected a proposal by U.S. Treasury Secretary Robert Rubin that not a nickel be put in to save the Japan banks, but rather they should be reorganized and the means conserved to use Japan's industry as the basis for its recovery, as opposed to trying to bail out the banks, Japan took the policy—a hyperinflationary policy, in fact—of attempting to bail out the banks at any price, and has sunk much of its industry as a result since.

Once Japan had made that decision, that situated the likelihood of a major collapse event during the summer, or later, of 1998. There were three points for this potential crisis.

One is the hyperinflationary yen bubble, created by the desperate and futile attempts of the Japan government to bail



Lyndon H. LaRouche, Jr. asks the seminar participants, "Do we of the present generations of humanity, have still the moral fitness to survive?"

out unsalvageable banks, which is driving the yen to the stratosphere. The next discount value of the yen will be paying borrowers—speculators—to borrow money from the banks. That's how bad the situation is.

The second one was, of course, Russia. Russia had been put through a new phase of looting, in the form of the GKO and GKO speculation. International hedge funds dominated by the New York-based Long Term Capital Management group, had invested heavily in *gambling* on index values on GKO's.

The third point of crisis which was looming, was Brazil. Brazil at that point, at the beginning of 1997, was ready to explode during 1998, as it did later in the year.

As we approached the summer of 1998, the likelihood of a simultaneous or nearly simultaneous crisis of the yen, of the Russia GKO and other debts, and of the Brazil debt, the Brazil crisis, might explode together. The danger was that the entire international financial system could go into a systemic disintegration process under the convergence of these three and other factors globally.

In the middle of August 1997, we had the announcement of a technical default by the Russian Prime Minister. This produced a state of panic in Wall Street, and among the many European and other banks which were heavily co-invested in hedge funds, together with the Long Term Capital Management group. At that point, Al Gore, who is actually subsidized

in his candidacy by the LTCM organization, particularly D.E. Shaw and Company, one of the big funders of Gore's Presidential ambition, called up his acquaintance, Chernomyrdin, and worked to try to get Chernomyrdin put back in position as Prime Minister of Russia, with the hope that Chernomyrdin would take measures which would cause Russia to act to bail out the New York-based hedge funds.

This quieted things for a short period of time, until it was obvious that Mr. Chernomyrdin was not going to win approval from the Duma for the position of prime minister. So at that point, the LTCM hedge fund group went into a spiral of collapse. A meeting was held, involving Alan Greenspan—who is called a “magician,” but he's not, he's really an idiot—who organized the greatest hyperinflationary bubble in history, in the effort to stop the chain-reaction effects of the hedge fund collapse.

At this point, as October approached, at the G-7 meeting in Washington in October, and other meetings following that, the President of the United States lost his nerve. Earlier in September, he'd indicated in New York, that in response to the crisis which had been manifest around the GKO hedge fund problem, that he was going to take steps toward reorganizing the international financial system—or looking into it, that it was a subject of discussion.

In October, he abandoned that policy, and the G-7 group of nations, together with the central banks of these nations, participated in an agreement which resulted in three directions of policy.

One was to bail out the system, the financial system, at any cost, by launching the most lunatic hyperinflationary bubble in all history, which is now bubbling. *What is being done now to the currencies of the G-7 and other countries, is far worse than what was done in the 1923 phase, prior to autumn, of the Weimar hyperinflation.*

We're dealing with a situation in which, in terms of derivatives accounts alone, or derivatives and related accounts, we have \$300 trillion equivalent of short-term obligations outstanding. This debt, which is of a short-term nature, could never be paid, any more than, at the point of the collapse of the Weimar reichsmark, that reichsmark could be upheld. So, we're on a collision course toward early doom. But they decided to do it anyway.

As one prominent European banker said to us, “These people are crazy. They resorted to bailout. There will be another crisis, as you say, after the first of the year, and they'll resort to more bailout,” as they did in February of this year.

If another crisis comes, they'll try the same thing. These people are out of control. They will go to hyperinflation at any cost, with less excuse than managers of Germany did in pumping up, in the summer and autumn of 1923, the Weimar hyperinflationary bubble. We are near the terminal end of the financial system, and *they don't care. They are crazy.*

For example, in Japan, you have old people in Japan, who

are very intelligent people, the people who built what was called “the Japan miracle” of the postwar period, part of the recovery. But they were replaced by younger people who went to American and European universities—British and American universities, in particular. They're crazy. They no longer had the Classical Mandarin type of education which the old Japanese families had. They had an American and European education, and they became as bad as young Americans and young Europeans and young Brits.

They sit there with handheld calculators, typing out numbers with telephones and all kinds of communication devices, running the worst bubble imaginable. This is not only in Japan, but it's in particular in Japan. And this crowd in Japan, which is sitting there with its handheld calculators in the stock exchange, dealing by Internet and other means, 24 hours a day, worldwide, is running Japan politically. And the old people in Japan who have the sense to know this is insane, do not have the power to stop these people politically at this time. Therefore, they're waiting for them to collapse. And then, the old people will plan to come back into power.

We have a similar situation in the United States. Wall Street, the financial community of the United States, is insane. Forty million American families, U.S. families, which is virtually a majority of the U.S. population, are directly or indirectly involved in income derived from speculation in mutual funds, mutual funds which are largely based on index speculation. This is where the money, the cash is coming in for retail sales and other growth. And when this pops, they will be wiped out, too.

So this was the situation. But at the same time in October that this kind of policy orientation was taken, other policy orientations were taken. And you may have noticed some of them.

U.S. policy shifts

One was the shift on the question of China and Russia. You noticed already on China, in October, efforts in the United States to create a mood for putting China under a *cordon sanitaire*, a Cold War-style *cordon sanitaire*, on the basis of so-called human rights issues.

The leader in this attack was the Vice President, Al Gore, together with the Secretary of State, Mrs. Albright. The typification of this policy occurred in Malaysia during the APEC conference in Kuala Lumpur, at which Al Gore, abetted by Mrs. Albright, conducted one of the most disgusting pieces of undiplomatic behavior of any public official in recent history. Ribbentrop would not have been as crude in his attack.

The attack on Dr. Mahathir was actually indirectly an attack on China. It was motivated by Al Gore's commitment, before going to Malaysia, to launch the attack on China on human rights issues. Shortly after this, as the attack on China was launched inside the United States as a *cordon sanitaire* campaign, a new phase was added: the attack on Russia.

The attack on Russia and China, particularly on Russia, became a military-style strategic orientation against Russia, focussed upon the kinds of things you would read in Brzezinski's *The Grand Chessboard*, or read in the pages of a recent issue of *Foreign Affairs* magazine, the bi-monthly of the New York Council on Foreign Relations, in which a number of notables have all revived the geopolitical goal of destroying Russia by turning Central Asia into a cockpit of various kinds of operations.

This was accompanied by an intent to actually go to war. The first sign of this going-to-war decision made in October, was the bombing of a pharmaceutical factory in Sudan. The people who organized that were the same people who later organized the attack on Iraq. There were no chemical weapons or similar things in this pharmaceutical factory; it was all a fraud, as the President was told, or found out, later.

At the time the bombing was authorized, the President was assured on the highest authority of the British and their American yea-sayers, that there was absolute solid proof that Sudan was involved in the bombing incident in Kenya at the American Embassy, and that this was part of the operation. So, the bombing was authorized by the President, because his top advisers, including the Vice President, lied to him. And thus, the attack on Sudan was used as a precedent for getting this kind of operation, strategic operation, in place.

The next step was done in November, an attempt which we stopped, or we got the President to stop, to attack Iraq based on a British Intelligence report, fabricated by the Blair government, the so-called Butler Report, on the situation in Iraq. The President stopped it. But then, when he was on a trip to the Middle East, on Middle East peace, on the way back, he found out that again his advisers—the same ones who had lied to him about the Sudan situation, about the Kenya situation, lied to him again, and said the evidence supporting the Butler Report was absolutely solid, and that he was in danger of becoming impeached if he were to be exposed in the Congress as opposing information which showed that Iraq was guilty as charged.

So, the threat of impeachment was used as a hammer to get the President to authorize what he had refused to do earlier, both in February of this last year, and again in November, to start this bombing operation in Iraq.

The key thing to see in the bombing of Iraq, is what was said at the time. Now, as most of you know, especially since 1962, since the 1962 Missile Crisis, the UN Security Council has been understood to be a point of reference for détente for avoiding international conflicts which might lead to nuclear results.

In the case of the bombing of Iraq, what was said by the British government and echoed by elements of the U.S. government was, "We don't care what the Security Council says. If the Security Council opposes us or tries to veto the bombing of Iraq"—which is a UNO event, this question of

Iraq—"then we will go ahead anyway." In other words, "If the other members of the Security Council attempt to veto our plan to conduct a war against Iraq, we'll do it anyway, the British with American support—we'll do it."

The NATO deployment in Kosovo

Then, we had a third phase. We had a negotiation over the situation in Kosovo, in which everyone understood at the time, who was involved, that the only way this problem was going to be settled, was through the participation of Russia as a key factor in defining the terms which would be used for dealing with the situation in Yugoslavia. Everyone understood that it was not going to work—that is, everyone responsible understood that this would not work—unless Russia were involved as a key player in deciding this.

The British government decided that wasn't going to happen. So, to prevent the President of the United States, who was committed to this meeting with Yevgeni Primakov and others to try to work out an approach for dealing with this Kosovo situation, steps were taken to preempt that and get the war started, before the Russians could meet with President Clinton as planned, to discuss this arrangement.

In this, something equally ominous to what had been done in Iraq, or more ominous, was done. It was stated now that we were moving toward a policy, in the case of the military operations in the Balkans, in which NATO would not be controlled by its NATO members as such, but rather that the British and Americans as a team would decide where NATO forces were used in any part of the world, and targets for this use of NATO forces could be selected by whim by these two relevant powers. This is an issue which is coming up this month again in the NATO discussions here.

So, at that point, the reaction in Russia was predictable. First of all, Russia has been put through a terrible situation. There is still the legacy of the pan-Slavic alliance which we had at the beginning of the century with Serbia, in many people in Russia. Russia has been subjected to terrible indignities as a once-superpower. It was ready to explode in many ways. And it exploded, because the provocation was provided in this kind of attack

People promised, of course, as part of this, that the war would be over in about three weeks of air war, which only an idiot could believe. I must say frankly, that the Secretary of Defense of the United States, William Cohen, who I've known for years, is not a serious thinker, he's a playboy. He was a playboy when he was in the Senate, he is a playboy in the Secretary of Defense. He has not the slightest comprehension or seriousness about military or related strategic affairs.

The person who was maneuvered into the position of the Chairman of the Joint Chiefs of Staff, General Shelton, is a complete incompetent. The fellow who's running NATO, the NATO operation, has similarly demonstrated himself to be incompetent.

Britain imposes insane U.S. foreign policy shifts

As the worldwide financial crisis deepened in the fall of 1998, with President Clinton under the threat of impeachment, the British-American-Commonwealth (BAC) oligarchy was able to carry out three major shifts in U.S. foreign policy direction, which are now leading us toward World War III.

1



Chinese Prime Minister Zhu Rongji (right) with U.S. Vice President Al Gore, in Washington on April 4, 1999. Gore's frozen smile conceals the gnashing of his teeth: He and Secretary of State Madeleine Albright have done everything possible to wreck U.S.-Chinese relations, and tried (unsuccessfully) to sabotage Zhu's U.S. visit.

2



Starting in August 1998, the British and their factional allies in Washington made the decision to go for war. Shown here (left): aerial photograph of the Shifa Pharmaceutical Plant in Khartoum, Sudan, used by U.S. Defense Secretary William Cohen and Gen. Henry H. Shelton, chairman of the Joint Chiefs of Staff, to brief reporters on Aug. 20, 1998, on the U.S. military strike against what was falsely alleged to be a "chemical weapons plant."

Based on a phony British intelligence report,



President Clinton was persuaded to go ahead with bombing of Iraq. Shown here (above): bombing damage to the

Baghdad Directorate of Military Intelligence Headquarters, as displayed at a Pentagon briefing on Dec. 17, 1998.

3



The third phase of the BAC war drive erupted with the bombing campaign by the "new NATO" against Yugoslavia. Here, U.S. Air Force personnel load bombs on a transport trailer at Aviano Air Base in Italy, March 29, 1999, for use against targets in Yugoslavia.

Any of us who lived through the World War II experience, and afterward, who know anything about the history of Tito, the history of Yugoslavia, the history of the Yugoslav military, its training, its capability, its dispositions, knows that that which was proposed as a three-week air war bombing, to bring Milosevic to his knees and solve the problem, was a piece of insanity. It never would work. And it never will work.

Either you are going to land war, or we're going to give up, or we're going to have to put the thing back on the table with Russia and other powers and start again to find a political solution.

The problem is that this same kind of younger generation, which is involved in this financial speculation on the exchanges, which has none of the sense of the old bankers—you find nothing of the Hermann Abs tradition or, shall we say, the Alfred Herrhausen tradition, among contemporary bankers who are in positions of power. They're young punks, wild-eyed speculators, who don't know what a real economy is, don't know what real security is.

We're going toward world war

And that's the situation. So, therefore, we are now going to—what? We are going toward world war. And, when I say “world war,” I don't mean a simple world war, relatively speaking, of the type we had in World War I, so-called, or World War II.

We have in the past years, since 1964, but especially since 1971, with the introduction of the floating exchange rate system and other measures of a utopian nature, we have destroyed the ability of the world to produce the kind of material capabilities which might be used for war, and which were used to fight World War I and World War II.

Those kind of economic capabilities no longer exist. We live in a world where certain superweapons, like thermonuclear weapons, exist. But no one is capable of winning a war in a classical style—not a serious war.

You go back to St. Augustine on this question, on the question of justified war. It is immoral to start a war unless it is necessary to fight the war, and unless you can win it. Because if you start a war which even may be justified, which you can't win, what is going to be the result? You're going to get a result like Europe experienced during the middle of the Fourteenth Century in the so-called New Dark Age, or the kind of result experienced in Central Europe between 1618 and 1648 in the Thirty Years' War, when nobody can win, but nobody knows how to stop the war. And you remember, the Thirty Years' War was stopped when Richelieu, with the rebuilt French Army, intruded and created a structure by which some element of stability could be reintroduced into Central Europe. The army of Gustavus Adolphus, which had been the leading army of Europe, was dissolved in involvement in that war. What we're in, is such a period of conflict.

And I can refer you to a book written by a very notable German professor, who was also a military figure of Germany,

the late Professor Friedrich von der Heydte, who wrote on the question of modern irregular warfare, *Moderne Kleinkrieg*. That we must understand two things, he emphasized, first in a book he published in 1952, and then in this particular book, which he did as a military study for the German government back in 1972, and we republished it in the middle of the 1980s. First of all, Professor von der Heydte pointed to the fact that what happened in the Fifteenth Century in the emergence of the modern nation-state, amounted to a fundamental revolution in statecraft and in principles of law relative to all preceding periods.

Although the struggle in this direction had been typified by figures such as Abelard of Paris, centuries earlier, or Dante Alighieri, that the kind of law and the kind of statecraft which ruled Europe until the middle of the Fifteenth Century—until practically the time of Louis XI of France—was essentially a legacy of imperial law, as described by Plato in *The Republic*, in terms of the arguments of Glaucon and Thrasymachus. That kind of law.

For the first time in the middle of the Fifteenth Century, the idea was made law that the general welfare of the people as a whole, was the basis for the authority of law under government, and the nation-state would be an institution accountable, not necessarily to the people as a whole, but to the *welfare* of the people as a whole. And that on that authority, government and law should be constituted.

What we have in the process of the past period, is a degeneration of the nation-state, and with that the degeneration and erosion of that conception of law which was established in Europe, however fragilely established later in the United States, as the notion of the modern nation-state.

As these conditions developed, particularly after 1971 and after the events of the 1960s, we entered into a period in which warfare would change. Instead of thinking of war, we must think of conflict. We must think of conflict in all its manifestations—strikes, revolts, secessions, all kinds of things. And we are now in such a period. And the decisions which were recently made, plunged the world into a period of conflict which is a more generalized form of what we otherwise call “warfare.”

We're in a situation where what the present British government—and it has many critics in Britain itself, one must point out, who consider Blair a menace and a fool—but nonetheless, that policy constitutes a direct threat to the continued immediate existence of Russia and other nations, and constitutes a somewhat longer-term threat to the continued existence of China, which is the intent of the policy.

Now, what are you going to do, if, as is being done in various parts of the world today, whole nations in Africa and also in South America, are being wiped off the political map? Most of the nations of Central Africa, and most of Sub-Saharan Africa, before the end of a couple of more years, will disappear from the map.

The Great Lakes area—these nations are disappearing

from the map. We've had over 6 million Africans subjected to genocide directed by people like Caroline Cox of the British House of Lords, in Central Africa. Who has done anything about that? The genocide is raging, is spreading throughout Africa. Wars are spreading. Angola. Nigeria's next. Sierra Leone. Every part of so-called Black Africa is now either in the process of being destroyed, or about to be destroyed. These nations are about to be wiped from the map.

Ecuador just lost its existence as a sovereign nation. Colombia has lost its existence as a sovereign nation. Venezuela is next on the list. Argentina is on that list; Peru is threatened. Paraguay is threatened by civil war. Chile is about ready to explode over the issue of the Pinochet indictment in Spain. The Middle East is a cockpit of war, uncontrolled war—no body can seem to stop it.

When you unleash conflict, in which you confront nations and other groups of people with an attack in which you offer them no escape to safety, you don't allow them to survive by surrendering on terms under which they can survive, and you push them and you push them, and you fight wars for no good purpose, except almost for pleasure, what you create is a doomsday situation of unstoppable, spreading wars, much like what happened in Central Europe between 1618 and 1648.

So, when Russians speak of the danger of war, even nuclear war, *they are not exaggerating*. Don't think in terms of classical warfare or some model of World War II. Think in terms of the spread of conflict. Think in terms of the process of the disappearance of entire nation-states from the political map in Africa. Think of the ongoing process of spreading of the same disintegration of nation-states in South and Central America. Mexico so far is holding out. Brazil is threatened next. Brazil will explode, if this process continues.

Under these conditions, we are creating the possibility of war.

What must be done

Now, the question is, how do you deal with such a situation? Well, we've been pressing in the U.S.—I've been pressing, as part of my campaign and other activities I do—to get the President of the United States to look at this situation in a new way. He hasn't accepted my ideas about what has to be done on the economy yet, though he's talking in that direction, especially in the past couple of days, again.

But he made a change recently. It is a change which conforms with what I have said. There were three things which were important in his speech in San Francisco, as followed up in follow-up speeches later.

Number one, that instead of looking at the situation in the Balkans from the standpoint of, "Where is the war going next?," ask another question: "Where do you go to define the end of the war? How do you bring about the end of the war, not how do you continue it?"

That's a different approach. It's an approach which any sensible, experienced military-strategic specialist would recommend, and some have recommended.

Go to the end of war. Define what the end of war must be, and start from there to find the solution to bring about the end of war.

This involves some problems. First of all, it is impossible to deal with this situation unless we get at it at the root. The root of the situation, which started this particular phase of the process, were the events of last August through October, when a series of decisions were made to go to hyperinflation—which won't work—and to go to a new strategic policy, which also won't work, except to produce chaos.

So therefore, unless we remove the starting point of the conflict, we cannot stop the conflict.

Now, how do we remove the starting point? Well, it's an obvious way: We have to reorganize the world economy. We have to put the existing bankrupt system, financial system, with its \$300 trillion equivalent of unpayable debts and assets, put it through the meat-grinder in the same way that we've done before in history—that was done, for example, in Germany at the end of the war, in reconstruction, when new funds were brought in, a new *deutschmark* was created, and the operations, at the recommendation of Hermann Abs, supported by certain people in the United States, resulted in the establishment of the *Kreditanstalt für Wiederaufbau*. And that became the model of the so-called "German Economic Miracle" of the 1960s.

There are many other examples. Whenever a system becomes bankrupt, you say, as John Kenneth Galbraith once said, in referring to his study of the 1929 crash in the United States, when you see the money markets collapse, say to yourself, "It's only paper." You must save the nations and save the people and save the economy, at the expense of the paper. It's called bankruptcy reorganization. And the principles of bankruptcy reorganization are not strange to those who know this business. So, what is needed, is to put the world through bankruptcy reorganization.

And, when you put a firm or a country through bankruptcy reorganization, you have to have a plan for rebuilding that as a viable economy. You can't just rewrite the paper, you've got to say what was wrong with the economy, you've got to say you're going to fix what was wrong with the economy, and start the economy going again, with new state and other guarantees for credit to carry out that new policy—as was done in Germany in the postwar period, through the operations of money coming through the *Kreditanstalt für Wiederaufbau*, and the way that money was used, with a clear policy, was used quite successfully. It became the model for what German banking did in that period, until past the middle 1970s, which was the policy of the great German industrial bank. And that's what you do.

Now, what has to be done on a global scale? Let's take

the case of Germany. I don't want to meddle in the affairs of the German government, but I do have a perception of what the vital interests of Germany and Europe are, and I feel perfectly free in speaking to those anywhere.

For some period of time, the economy of western Europe has depended absolutely on the economy of Germany. The economy of Germany, in turn, has depended upon the export activities, particularly the machine-tool sector export activities of Germany. If the machine-tool sector of Germany collapses, then the German economy will collapse. If the German economy collapses, the entire European economy will collapse. Therefore, Germany has a vital interest at this point in restoring its machine-tool export-oriented industry. It's the only way you can solve the problem. Nothing else will work. And it can not develop that industry, unless it protects its markets for that increase of exports. Those markets are primarily Eurasia. They are primarily China, India, Pakistan, Iran, Russia, and so forth.

So, unless you are going to defend the viability of growth in China, India, Pakistan, Bangladesh, Iran, and so forth, and Russia, you're not going to save the European economy, because you're not going to save the German economy. Therefore, Germany has a vital existential interest in those political operations which will create the circumstances in Eurasia, especially Eurasia, which suffice to rebuild the economy of Europe and Germany in particular. Very simple.

And I think that perhaps anyone in Germany who is a senior military figure or a senior civil servant, or other senior figure of the economic community, understands that; that unless that is done, nothing is going to work. And therefore, it is in the vital interests of the United States to support that interest of Europe and Germany.

The conditions exist in Eurasia, under which that can be the case. And if the United States doesn't support such a policy, the United States doesn't know its own interests, and is insane. That's my policy.

Now, how do we bring that about?

Well, after the events of last November, changes came in the orientation of China, the outward orientation of China. Once China recognized that the international financial system was in a terminal financial phase, then China responded accordingly, to take a long-term view, which is characteristically Chinese, of how to deal with this kind of problem.

As a result of China's efforts, and China's approaches to Russia and also the mediation of Russia with respect to India, we developed a three-plus cornered development in Eurasia. A growing sense of future cooperation among China, Russia, India, extending into Iran, Pakistan, and so forth. Bangladesh, Malaysia. It's spreading.

And I referred to this phenomenon, which came to the fore in the latter half of 1998, as the Survivors' Club—a group of nations which are acting on no interest except that they know they require each other in order to find a way to

survive under these kinds of conditions, at least survive in viable conditions. My view has been, therefore, that what is required is a partnership involving the person of the President of the United States, involving at least one key country of western continental Europe, involving Russia, China, India, and other countries, to redefine the terms of reorganization of the world.

Now, what is required, if we look at China or India, and look at these other countries in Eurasia or the rebuilding of Russia, we're talking about long-term programs to carry out the kind of program which China has, we're talking about the year 2010, 2020. Russia, you're talking about 2005, 2015, 2020. These are the kinds of goals.

You have similar goals for India. Rebuilding Pakistan, involves a similar kind of consideration. Rebuilding Bangladesh, which is a much more tremendous problem, involves that. Rebuilding Indonesia is going to be a major task at this point.

So, you can't do this on the basis of short-term market policies. You have to have long-term credit policies operating at basic interest rates or discount rates of between 1 and 2%, sometimes lower, sometimes with deferred payment conditions.

Which means the export of machine tools—from where? From western continental Europe, typified by Germany, from the United States, from Japan, which has one of the basic machine-tool capabilities of this planet, still. And, from a new machine-tool industry as a global factor based on the military-scientific-industrial complex of the former Soviet Union.

These are the only areas of the world which have large concentrations of potential for rebuilding an existing machine-tool design capability, capable of meeting the needs over a 5-, 10-, 15-, 20-year period, for China, India, Pakistan, Iran, and so forth. That's the kind of program.

Therefore, we must have a long-term rebuilding program based on terms of long-term credit and trade.

Now, this is not an unfamiliar proposition. We had this at the end of the Second World War; up until 1958, we had a not-perfect system, but one that worked: the Bretton Woods System of the period from the postwar period until about 1958, when it began to be changed.

Those restrictions, which were designed to foster long-term credit flows into rebuilding of Germany and other countries; those are the kinds of methods which work.

Toward a New Bretton Woods

The problem with the postwar system, the Bretton Woods System, is that what the United States had intended under President Roosevelt to do in the postwar period, was never done. Roosevelt had intended, using the power of the United States at the close of the war, to eliminate two things from this planet.

One was the British free trade system, the Adam Smith system. The second, was to eliminate all vestiges of British, Dutch, French, and Portuguese colonialism from this planet and to foster the development of sovereign nation-states with free access to the most modern technology available on credit terms. And the Bretton Woods System, as designed, up to '58, by Roosevelt, had been intended to effect that purpose.

The death of Roosevelt resulted in the British faction and its friends in the United States aborting that policy. We kept the other elements of the Bretton Woods policy, but we never accepted the responsibility of creating finally upon this planet, a just, new world economic system, which would provide justice for those nations in what we now call the developing sector and was formerly called the colonial sector.

What we must do now, is to go back to that. We must create a New Bretton Woods, which has all the lessons we learned from the mistakes and successes of the old pre-1958 Bretton Woods rebuilding. We must combine that with a commitment to involve the participation of leading representatives of what we call the Third World, in running the system.

Under those conditions, with the emphasis on the machine-tool-design program I indicated, I believe that if the President of the United States would act now and say to people in various parts of the world, as in China, as in India and elsewhere, and Russia, "We're going to stop this nonsense, we're going to stop this drive toward war, we're going to create a new system now, and in the terms of creating that system—in the process of creating that system, let us then address this mess in the Balkans, among other things."

That, to me, is the only sane opportunity available to us at this time. Nothing will stop this system from collapsing. You're going to bankrupt it, or you're going to hell. You have two choices—only two.

If you don't change the system, then you won't be able to stop the impulses toward war which are now being unleashed by this Anglo-American combination which has expressed itself since October of this past year.

And therefore, we're at the point where we are being tested. Do we of the present generations of humanity, have still the moral fitness to survive? If we cannot take the kinds of approach and measures I've indicated, then indeed we do not have the moral fitness to survive, and we should probably therefore find ourselves subjected to another great new dark age of humanity on this planet.

With the chain reaction effects of what I see coming now, the insanity I see in the minds of leaders in the United States, in Britain and elsewhere, you can't stop it, unless we go to the end of this process, the Balkan process, and say, "Now, let us define the thing that will bring the process that led us here, to an end."

And that's my proposal.

Wilhelm Hankel

For a new world monetary order

Dr. Hankel is Professor of Economics at Frankfurt University. He is one of the four German professors who had tried to stop the euro, with a legal procedure against it at the German Federal Constitutional Court. He was board member at the German Kreditanstalt für Wiederaufbau (Bank for Reconstruction) in the 1960s, and later was president of the public German bank Hessische Landesbank. His speech is translated from German and subheads have been added.

Many roads lead to Rome, and so it will not surprise you if my remarks differ in two points from those of the esteemed previous speaker.

First, I will be more brief. Second, I will not provide a political analysis, but an economic one. I will attempt to show you, in 20 to 30 minutes, that the application of our economic knowledge—and economists are obligated to serve the general welfare—would have saved us from two things in the last 40 to 50 years. Namely, it would have saved us from the destruction of the Bretton Woods system, and the application of this knowledge would have let us avoid fiddling around for the last two decades without an economic global world monetary system, and producing, in the process, one catastrophe after another.

So, here is an economist who speaks to you, not a politician. And I will indeed keep to accepted knowledge in our area, and I will show you that the "mainstream" of economists actually come to the same conclusions as Mr. LaRouche has presented us, from a different point of view.

First of all, we have to be aware that we should be more careful with two "catchwords" of our time, i.e., with the words "globalism" and "financial crisis." Although these words are used in a rather inflammatory way, they are usually seen or interpreted wrongly.

Globalism is nothing new at all. Anyone who knows anything about history, knows that the old industrial countries in Europe achieved a new degree of interrelationships in foreign trade, which they had before the outbreak of World War I, only in the recent years and decades. The old German Reich had achieved a relationship of exports and imports with respect to GNP, which the later Federal Republic of Germany only achieved in the 1970s and 1980s. Nevertheless, at that time—before 1913—no economist and no politician spoke about a crisis of globalism, not to mention financial crises.



German economist Prof. Wilhelm Hankel discusses how the application of real economic science would have made it possible to avoid the policy blunders of the past 20 years.

What is actually new about the new globalism, therefore, is not world economic integration. At most, that is true of the new countries, the new developing countries. And for them, it is a process with many blessings—because they are not supposed to be isolated, and to develop alone, as primitive and decoupled economies. No, what is new, is actually something very different.

The explosion of the financial markets

What is new, is the explosion of the financial markets. The autonomous life of the financial markets, which actually developed only in this century, following the collapse of the Bretton Woods system—which is easy to verify historically and statistically, and since I do occasionally follow the publications of the Schiller Institute, I can refer you to the numbers which they have published. The question is, why have the financial markets taken on such a life of their own in the post-Bretton Woods era? Why have they taken on such a life of their own that their volume today is 60 times greater than the exchange of goods, i.e., exports and imports, and direct investments, and we are always asking ourselves in bewilderment, if we could do quite well with 3-4% of the current financial turnovers, what are we actually financing with the remainder of 94-95%?

The standard answer to this question, “speculation,” has to be taken with a degree of caution.

One modest man, former German Federal Chancellor

Helmut Schmidt, calls himself a world economist only very discreetly, and in this connection he speaks of “Monaco Capitalism,” or “predator mentality,” but he forgets that the lion’s share of the expansion of the financial markets, as we incessantly experience it, is actually not an aggressive speculation, but a defensive speculation. If, that is to say, there are incalculable risks for financial investors, then they have to insure themselves against these risks in one form or another. And if there is no public insurance against financing risks, then every free economic system will create its own. And this is the insurance, these are precisely those transactions which we so generally describe with the word “speculation.” A speculator does not create risks, he takes them over. He takes them from someone who does not want to have them. So, the risks have to be sought somewhere else than with the one who takes them over.

If we ask where these incalculable financial risks come from, which are taken over but not created in an imperfect world of private, small and large, foolish and conniving speculators, then I recommend that we open the texts of the economists, whose teachings are unfortunately correct even today, although they are ignored. John Maynard Keynes made an observation already in the 1930s, and gave it a gloomy formulation, that, whenever there are risks, then the project-linked marriage between the investor and his banker will dissolve. The banker—when the financier has risks, which he can neither adequately estimate over the entire time for the completion of a project, and which he does not want to bear, then he develops a certain fantasy. This fantasy—the microeconomic, particular-economic, I might also say which is rational and self-evident—consists in reducing the financial risk. And that is what he does. First, he shortens the maturity time. He will take a long-term 20-year credit and turn it into 20 credits which run for a year, or 40 running for 6 months by making hedging contracts. Pure assets become counter-contracts with corresponding liabilities. Or, he goes to the futures markets. He secures assets, monetary income which will mature only in months or years, either by selling futures or entering a derivatives contract.

All of this demonstrates two things: If risks exist, financial markets bubble up according to their own laws, because the financiers either suspect that there is reason to fear, or have reasons to fear for the money of their customers. And, a new world of “money-only business” develops, where many hope to earn money with money alone, without having to move into honest, real commodities or investment projects. And John Maynard Keynes, in his *General Theory*, observed in the 1930s, that it will always transpire when risks become incalculable, when they become incredibly large, that the financial world will flee into something which we can observe today daily, namely, into liquidity preference. The explosion of the financial markets is a unique experimental proof that financial investors today have to think in terms of liquidity preference because of the fear of the risks. Investments must



John Maynard Keynes at the original Bretton Woods conference in 1944. The world “needs a world monetary system, a better Bretton Woods,” states Professor Hankel.

be kept liquid. That is why there is the tendency, periodically and cyclically, for falling into panic reactions, when they suddenly pull their money out of Asia, out of Mexico, out of all kinds of daring investments, and they do not do that as individuals, but in a herd hysteria, like lemmings. And that is what we then call a financial crisis.

The systemic risk

The question is, however, is such a crash—and we have had such crashes in the last 70 years repeatedly, and especially dramatically when we have a regime of floating exchange rates, i.e., in the 1930s and then again in the 1980s and '90s, following the collapse of Bretton Woods. The question is, what type of crisis is this? There are certain analysts, who are by no means cynical, who say that it is not a crisis at all, it is a corrective adjustment or purification. Speculatively exaggerated monetary values are corrected and adjusted downward to their real value. And, if some people lose money in the process, and others make profits, then that is a creditor-debtor adjustment, and that is what we see every day on the stock market in miniature. But there is a residue risk which remains after the adjustment of these individual risks. And that, is the point. That is the systemic risk. Every system, but also every non-system, can indeed carry partial risks which maintain themselves within certain limits. There is a risk-tolerance. But there is a threshold beyond which these risks are no longer tolerated and cannot be carried. That is what we have to look at.

A mere stock-market crisis, a simple escalation of interest

rates, an accumulated devaluation of exchange rates, these are all things which we have experienced in recent months, for example in Asia, Russia, eastern Europe, before that, in Latin America. At some point, all these things become a systemic risk, because the individual adjustment, the particular-economic adjustment, leads to a situation where the consequences of the crisis impacts the economy as a whole, the national economy, the region, and the real economy. And a precise analysis shows that this is always the case when the two general prices of every economy—I might also say the two decisive monetary parameters of an economy, i.e., the exchange rate and interest rate—are skewed and pushed in the wrong direction.

And that is why, in principle, we have repeatedly experienced the same thing in the crises in Asia, in eastern Europe, back into Latin America in the post-OPEC [Organization of Petroleum Exporting Countries] era, i.e., after the “oil shock,” after the collapse of the Bretton Woods system: Free capital, money capital, moves into financial investments in these regions, without initially having any clarity about the risks involved. This massive capital import leads to increasingly skewed exchange rates, namely to a real upward valuation of the currencies involved, and it leads increasingly to false real interest rates, namely, to interest rates which are too low in real terms. And this process can be dissected into two parts: In an initial process, in which no one notices what is happening, the country becomes over-indebted, seduced by low interest rates, and ignores the transfer consequences and the risks. The creditor is seduced by an apparently fixed exchange

rate with this currency, which does not seem to be subject to change, and with which initially high nominal profits can be made, and he adds more and more credit. At some point, the god of knowledge punishes everyone with the insight that these are risks, both as concerns the currency in the exchange rate, as well as in the project which can no longer provide a yield which covers the interest.

Then we move into act two, namely, when foreign capital pulls out. That leads not only to an individual adjustment on stock-markets and financial markets, but in addition, the systemic risk of an entire region increases, which is suddenly emptied of its capital, confronted with an escalation of interest rates and devaluation, and must pay a multiple of debt service, has to pay the debts which it incurred, and suffocates under the impossibility of doing it.

The answer is quite simple

That is the mechanism. And the question is, how do we break this mechanism? And the answer—as you might suspect—is quite simple.

As long as there were orderly world monetary systems, as in the nineteenth century, this type of crisis did not exist, and it could not exist. Under the gold standard, we did indeed have a nationally ordered, but also internationally functioning, world monetary system. If, as it was at that time, each currency is only a national name for the gold which backed that currency, and which everyone accepted, then there are fixed exchange rates automatically. If a pound-sterling means nine grams of gold, and a Prussian thaler, prior to 1870 and then after 1873, means three grams of gold, then the thaler is called a reichsmark, then there is an exchange relationship between the German and British currency of 3:1, and everyone can rely on that relationship. There is no room for insecurity.

And second, if interest rates always orient to one magnitude, and reliably so, and not to the profitability of a project, but to the balance of payments of a country, then you always know whether they will go up or down. If there is a balance of payments deficit, they will rise, and if there is a surplus, they will drop. I.e., the financial markets of the nineteenth century were embedded in a globally ordered system. And it is always a certain aha!-experience for me—I do not know whether representatives of the present Free Democratic Party, the liberals, are among us—that today's liberals have no notion that, in the nineteenth century, everything was quite liberal on the markets for goods and commodities, but there was one market that was never liberal: That was the money market. This market was always ordered by the state and high authority by means of central banks, by means of coinage laws, and a political price of gold.

The classical economists knew something which many of our contemporaries forget now and then, that it is only when the money markets are firm and under control, that there is any freedom for the markets in goods and commodities to

develop freely. If the money markets are already in disorder, then the markets for goods and commodities never get into order, and that is something you can already read in John Stuart Mill in the last century. That was also the credo of the liberalism at that time. In the grand victory of the currency school over the banking school, we may observe that the banking world, not the central bank, did not have the right to run a free-money system. No one even trusted the central banks, because they were a part of the banking world, and they were all chained to the gold standard. It was for that reason a clear procedural rule that, if a central bank lost gold, it had to either reduce the amount of money in circulation or increase interest rates, but it had to stay liquid. And that was something you could rely on.

This system did nevertheless—many would say, astonishingly—collapse in the great stock market crash of 1929, Black Friday. Today, we can recognize rather precisely why. Because at that time people broke the rules. At that time, the United States, misevaluated the situation and ignored the rules of the gold standard, and although it was a surplus country, it did not reduce interest rates, but raised them. This interest-rate escalation then spread quickly to the countries of the gold standard at that time. Furthermore, since the United States was in a difficult domestic situation, as were England and Germany, also, but for different reasons, the U.S. could not live with this imported rise of interest rates, and that led to their exit from the gold club and the end of the gold standard, and that led to a real economic crisis, which, from 1930-35, then led not only to hundreds of currency devaluations—because everyone passed the devaluation on down the line. Rather, in real terms, it led to the tripling of the values on the commodities, services, and investment markets in the world economy of that time.

Keynes's plan

In 1935, there was only a third of what we had worldwide in 1929. And it was the recognition of this that led Keynes, in following out his notion of liquidity preference, to postulate—in the meantime the crisis had become World War II—that, once we get back to peacetime, when the bad Germans and Japanese have finally laid down their weapons, then we will establish a world monetary order which is based on the idea of the gold standard, but which also avoids its decisive fault, i.e., the deflationary risk. The risk that an imported deflation—at that time from the U.S.A.—forces everyone else to deflate, and thus to plunge into unemployment. That is the mistake that we will not make. And that is why he invented something which was probably too ingenious for that time, although it was quite simple, a world monetary system, not with a fixed volume of gold, which was dependent on likely customers, but dependent upon a politically controlled amount of gold, namely, the money of a world central bank. An artificial gold, and he called it bank-gold. And he said at the same time, this artificial money not only has the

advantage that it avoids deflationary excesses, it has, in addition, a very political advantage. It belongs to no nation. It belongs neither to England, nor the U.S.A. It belongs to an institution, and this institution is free of the political and domestic political pressures of a democracy or a dictatorship. This institution will control the volume of money in the world as the world economy needs it, i.e., not in a deflationary way.

And Keynes postulated a second point, which was at least equally important: We have to stop putting all the blame for crises in a global economy on the debtors. In the English language, the pun is impossible to express, but in the German language, the debtor is called the debtor because he is to blame. That is not only unfair, it is stupid. In a closed system — and a world economy is always closed — certain laws hold, or to say it in a scholarly fashion, a zero-sum game. I could say it more simply: It is a Cartesian accounting; there is as much plus as minus, there is as much good as bad. And no one, not even the most ingenious economist, can predict or analyze whether it is the debts which cause the surpluses, or the surpluses the debts. Both transpire at the same time. That is why Keynes said that it would be great step toward modern monetary enlightenment if we finally stopped making the debtors responsible and letting the creditors go scot-free, since they are supposedly not responsible or to blame for anything. Instead, we make both responsible. And he demanded that, in his system with a world central bank, where

everyone has his account, where a bank account is tallied up in non-commercial and non-national money, if there is a discrepancy in accounts, plus or minus, both should be punished. The debtors (sinners) were always punished, going all the way back to Adam, and not just since Smith. Since Keynes, the creditors were also to be punished.

It would have been too good to be true. We would have had a completely different development in the last 50 years if this model of supranational world money, with equal punishment of the debtor and creditor, this symmetrical system, if this had been born back then in Bretton Woods. It was not born. It failed, because of the objection of the great victor of that time, understandably, the U.S.A., which explained, through the mouth of Secretary of the Treasury Morgenthau, that they would not subject themselves to a supranational regime.

Then they turned the Keynes project into a cup of weak tea. The world central bank with its own money, became the International Monetary Fund. And a fund never has its own money. That is its difference with a bank. It has to take what it gets, or what is deposited with it. So, the IMF had deposits, and these were denominated in dollars. And that is how the fiction arose that the dollar is the leading currency, an officially supported leading currency. Keynes had to accept these decisions at that time, because, as the British representative, he had no other choice. Sarcastic as he was his entire life, he predicted at the time that, first, out of my bank you have made a fund, and out of my fund (he had proposed a fund at that time for the Third World) a bank, the never-founded World Bank. But what was decisive, he said, is you have made a sort of “pub,” a bar, out of this system, in which the bartender will decide in the future how many guests can drink. And it is a great question of who will shove whom out the door: a drunken barkeeper the sober guests, or the sober guests the drunken barkeeper. I leave it to your imagination to figure out what happened when Bretton Woods collapsed in 1973. I believe that the sober Europeans threw the barkeeper, the United States, out the door. But these sober Europeans were unfortunately not wise enough to hire a new bartender to replace the old one. They dismantled the system, instead of reforming it.

The decisive element of the Keynesian plan was quietly and secretly — and I am an eyewitness to this, because at that time I was the deputy of Mr. Karl Schiller (which Mr. Hellenbroich kindly forgot to mention). In 1968, we introduced the Special Drawing Rights. This is only a truncated word for the Keynesian banker, a technocratic expression for the money which the IMF does not receive from others, but can itself create. To make a bank out of the IMF — which was dependent upon the charity of the U.S.A. and other countries, including Germany, which produced its own liquidity and put it at the disposal of suffering regions as credit in case of need, credit which cannot be taken from anywhere else, but which this bank can finance. Naturally, the great monetary powers of that time, which are unfortunately still the same powers today,

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i.e., the U.S.A. and the European Community, after having taken the first step, then, in the second step, understood what they had done, and they imposed an immutable clause on the IMF and the production of new Special Drawing Rights, i.e., the clause which demands the agreement of 85% of the voting members of the IMF.

Now, that is abstract material, although its practical implications are immensely political, and reach all the way into the living room of even an Indian farmer. But, at that time, no one asked, not even a big or small jurist, what a quorum of 85% means. This is something completely new in the history of national and international law. We have simple majorities, and we know that is 50%, and we have qualified majorities, which are two-thirds, but I know of no such thing as an 85% majority. But that is what we have for the Special Drawing Rights.

It is advisable in such questions to turn the question around. An 85% majority means that 15% is a blocking vote. Who has a 15% blocking vote in the IMF? There are two blocs, the U.S.A., with 15.1%, and the European Union, with 15.9% at that time. And that was the assurance that, after the first allocation, after the first step into the Special Drawing Rights, we would not need a second allocation. And that is how it is, down to this day. The IMF is still the beggar to governments, dependent; the general secretary is a political official, without any economic or global quality.

Let me come to the conclusion. If we look at the autonomous dynamic of the financial markets, the current volatility, which is only a fad word for what Keynes called liquidity preference, if we see this as the real danger, as the systemic risk for regions, for nations, for economies, then we do, of course, need an exchange-rate and interest alliance of the large nations of the world, which are the bearers of world trade. We need an international monetary law for the monetary relations among the great nations. Bretton Woods was the first step toward such a thing. But Bretton Woods did indeed take full account of the experiences of the 1930s and reflected them: We have hardly had any deflationary crises.

But there was another risk. I do not want to say that Keynes did not think of it, but at that time he thought it was somewhat exaggerated: Bretton Woods harbored an inflationary risk, which was a consequence of the fact that there was no system-internal money, no banker, and no Special Drawing Rights, and the accounting currency for settlements was the dollar. And dollar inflation at that time was transferred, via the obligation to purchase dollars, to all the member-nations, which they did not agree with.

We need a better Bretton Woods

I have provided you with an analysis of all the historical elements, but now I would like to say, in five sentences, what the world needs today.

It needs a world monetary system, a better Bretton Woods. But this world monetary system must, in a way which is different from the shattered, historically collapsed Bretton Woods

system, provide security not only against deflation and unemployment. It must also secure against inflation. For that reason, the central axis of this system must not be nominally fixed exchange rates, as in Bretton Woods, but really fixed exchange rates. I.e., the inflationary component must be taken into account and built in.

Everyone today knows what a real exchange rate is. It is one which is adjusted for inflation. And if this is put at the center of the monetary system of the world, every member-country has an option. It can either hold onto an exchange rate, as in Bretton Woods, and then it has to avoid inflation: A fixed rate of exchange and domestic inflation are not compatible, and we went through that in Bretton Woods. But, if a country really needs some degree of inflation more than the others—I am by no means a purist who would contest such a contingency, for situations may arise where national inflation is unavoidable, for structural or developmental reasons. We cannot presume that the entire world is going to run on the same rate of inflation. Whoever makes such a claim is worse than the Pope in Rome. If, therefore, a country needs room for its own inflationary processes, not excesses, then that is quite possible in this system of real exchange rates: Then the country has to devalue immediately. It has to calculate the rate of inflation into the exchange rate. So, real exchange rates mean protection against inflation and deflation, and whoever really inflates has a certain room within which to do it.

The second thing, in order to keep exchange rates stable in real terms, we have to finally say good-bye to the eternally nationalistic, imperialist idea that some country—where possible, the strongest country with the most missiles and cannons—sets the leading currency. We must denationalize the leading currency. That was the great lesson of the gold standard.

The gold standard functioned for more than 130 years, following the Napoleonic Wars; it began in 1819, with the first gold-linked constitution of the Bank of England and, with a short interruption in World War I, it held up till 1931. That is a period of time which no other monetary system has been able to match. But why did it last so long, despite all the defects? It lasted so long because, in this system, there was a world money which belonged to no nation and no bank. Gold was accepted around the globe. It would not be accepted that way today, and there are good reasons to replace physical gold with a rational gold. Everyone knows that it was not gold which was accepted, but rather the political price of gold. So, we can replace this yellow metal, this barbaric relic, which does not derive its value out of itself, but only from the demand of the central banks for this gold. We must replace it with an allocated money, just as our central banks allocate our German mark. And that would be the Special Drawing Rights. We need these, first, as a measure of international liquidity, and second, as the reference base for fixed exchange rates. So, both as a reserve unit as well as an accounting unit.

We need, third, the Keynesian symmetry. We cannot

allow future crises to develop, such that poor developing countries like Indonesia, Malaysia, Mexico, or Brazil, have to take the full burden of adjustment, while the creditors make off with the money. We cannot allow that to happen. Therefore, the symmetry, which in case of need affects both—the debtors, with domestic discipline, and the creditors, with credit aid—becomes more indispensable than ever before. And that can only be achieved by an international monetary law, an agreement in international law, and a world central bank, an upper level for all of the national refinancing systems.

So, by a circuitous route, we see that the Keynesian royal idea, of linking national currency systems into an international system, is more urgent than ever.

It is the pure logic of common sense, even of a layman, which says that we cannot control national currency markets with a central bank, if the international monetary aggregates are a multiple of these national currency markets, and live in total freedom.

Since globalism has developed so nicely, since the world has grown together, and is continuing to grow together, since international financial turnovers, exaggerated or not, are a multiple of national currency turnovers, we cannot let currency controls and banking supervision stop at the borders of nations. Then we have to globalize them. That is just what a New Bretton Woods would mean. That is why it is necessary. And unless we have it, we will be repeatedly confronted with crises of excess. And, probably, if mankind does not learn—it is like that with children—then it will learn from its catastrophes. We will probably need another crisis, and yet another, before we understand that that cannot go on this way.

Nothing led to more of a stupid idea in politics, nationally and internationally, than the notion that you can take a yardstick of money, and treat it like a stock at the market, and measure it according to supply and demand. Money—and the economic classicists already knew this—is not the commodity that it measures, it is not the liability it expresses: It is the measure for the assets and liabilities. It has the same quality as a yardstick, a gram, or a given weight. It is idiotic to imagine that we can determine the value of a gram or a length on the yardstick one way today, and a different way tomorrow, and leave the measurement up to supply and demand. And in this idiocy, we see the problem we have today.

The Special Drawing Right is a measure, but you will never see it as money. Only central banks see it, and they see it only in the exchange rate, because it is only the yardstick. But that is important. So, we do this with the Special Drawing Right, but not with the euro; we do it with social symmetry in the adjustment process between debtor and creditor. That is the key point. And with exchange rates that are stable in real terms, and not nominal terms. With these three essentials, we can move into the twenty-first century, and we may even hope that this century will be somewhat happier, and not only in monetary terms, but also more peaceful than the century we are now leaving.

Stanislav Menshikov

The strategic, economic, and financial crisis

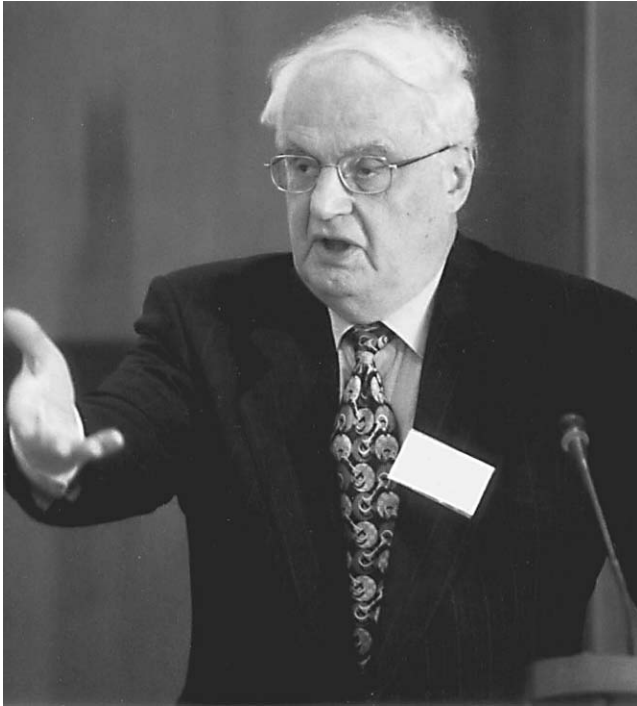
Anno Hellenbroich: *Thank you very much, Professor Hankel, for your remarks, especially for your conclusion, the suggestions for how we can change the situation, what the necessary steps are, so that it succeeds, that there is a solution, and that we do not end up in a new catastrophe.*

I would now like to introduce the next contribution, by Prof. Stanislav Menshikov. Professor Menshikov is now in Rotterdam, and has been active there as a professor for a number of years at the Erasmus University. He is a member of the Russian Academy of Sciences, and Director of Research of the Central Mathematical Economics Institute, CEMI, in Moscow. But he is not only a scientist. Professor Menshikov now and then picks up the journalistic pen, and he has written many articles, critical articles, which are sometimes to be read on the Internet, and he is now the European representative of the daily Moscow newspaper, Slovo.

Perhaps you will allow me one more word: After a small dinner yesterday evening, we had an intensive debate, and somewhere in the heat of battle, Professor Menshikov said: Well, although we have different points of view, we would not be here around one table if we did not feel the need to see reality more clearly, especially those things which have to do with the question, "The way out of the crisis." And, I believe, that is how Professor Menshikov wants his contribution to be understood, which has the title "The Strategic, Economic, and Financial Crisis." Professor Menshikov: [This transcription was edited from his oral remarks, which were in English. Subheads have been added.]

By profession, I am an economist, but I've been enmeshed in politics all my life. So, I will also use this occasion to share some of my political views, as well as economic views.

The war in Yugoslavia has placed the global strategic crisis into a very clear perspective: the unipolar world—which, of course, is the world where there is only one pole, meaning the United States. That's the only pole which exists. The unipolar world, which so far existed as a political abstraction, has suddenly emerged as a great danger to humanity. The United States superpower is not satisfied with its self-proclaimed role as the leader of the world; which is okay—you can call yourself a leader of the world, as Mr. Clinton does all the time, you know, the most powerful man in the



Russian economist and journalist Prof. Stanislav Menshikov warns of the danger of World War III, if policies such as the NATO bombing of Yugoslavia are not stopped.

world, the most powerful President in the world. “We are the leaders of the world”—that’s okay, just go ahead! Stalin called himself the leader of the world, and Moscow was the capital of the world. So what! You can say anything! But now, it turns out that the United States also wants to change the very foundations of the world *political* order, that existed over the last few decades, particularly after World War II.

And I feel that that is dangerous, because that world order was based on the sovereignty of states, as protected by international law and upheld by the United Nations as the supreme security and law enforcement organization of the world community. Whatever its deficiencies—of course it was not an ideal system; as well, the Bretton Woods system was not ideal; and the gold standard was not ideal. No system is ideal! There’s no such thing, as an ideal system. The system of law, the system of courts of justice, is never ideal. That doesn’t mean that, if a court is too slow, for example, in taking care of a killer, that you have to lynch him. “That system is too slow: Lynching is the efficient system, instead of that.”

So, whatever the deficiencies of that order, that order, in principle, protected nations against outside aggression. And there was an impartial Court of International Justice to which nations *could* appeal when threatened with outside aggression.

Now, this world order is being destroyed by a superpower that claims that 1) the United Nations is no longer the highest authority in resolving international conflicts; it’s not the highest authority—if they don’t agree, to hell with them! Right?

It doesn’t matter if it’s the Security Council or whatever. It’s the United Nations: We don’t have to wait for it to act. 2) The U.S. and NATO *are* the supreme law enforcement agencies in the world; at least in a certain area. Mr. Solana calls himself the world community, without thinking about the fact that he represents only a group of nations, which is *not* the world community! There are many other nations who are *beyond* that community—he can’t call himself a world community. This is a community of a certain group of nations. But, they seem to feel that they are the supreme law enforcement agencies in the world. Not just community, but law enforcement agency. 3) That internal affairs of a nation can be used as a legitimate pretext for starting a war against that nation.

These new “principles” are based solely on the overwhelming military power of a certain country, which dominates a certain military alliance. There’s no other basis for it. These principles depart from the world order that protected nations against aggression and are therefore throwing the world back to the times when war was considered a legitimate “continuation of policy by other means,” otherwise by “military means.” This throws the world back to the barbarian times, when kings and emperors started wars whenever they wished. Only now, this “right of war” is claimed to be in the unique possession of one country and its associates.

The pretext, of course, is human rights, ethnic cleansing, and so on. To go into this subject at any length in this forum would be a waste of time. It is clear that the world order that has existed so far, is not ideal, and that many inequities and even crimes are committed in the name of national sovereignty and other noble purposes. But it is also clear that these inequities cannot be solved by bombings and waging wars. If the use of military force is necessary (as it was, for instance, against Iraq’s aggression against Kuwait), it has to be authorized by a legitimate body, which is neutral and not prejudiced. You have to have a neutral body. A court is neutral by definition, otherwise it is not a court of justice. When one state (in this case, the United States, or NATO, a group of states) intervenes against Yugoslavia, claiming to support the rights of Albanians in Kosovo, the question inevitably arises as to the prejudice of that nation or group of nations, since that nation has not taken similar action to support the human rights of other groups, for example, the Kurds in Turkey or of other ethnic groups elsewhere. Obviously, that’s prejudice; you have to have an unprejudiced judge—for him, it doesn’t matter whether it’s Albanians, or Kurds, or whoever—he has to support human rights wherever they are infringed upon. And, in a certain way, which is consistent with international law.

Threat of World War III

We therefore come to the point that, as we enter the twenty-first century, the danger of war and military aggression emanating from the sole superpower and its allies has become a reality, because you never know where this stops. Today, this is bombing under the pretext of helping Albanians; tomorrow, it will be bombing somebody else, for exam-

ple, Moscow, under the pretext that Moscow is cleansing the Tatars. Whatever! I don't know, you can think of many pretexts, there are many possible pretexts that can be used. And I am sure that, either that aggression is stopped and the existing world order is re-established, or we are going to live in a different world order based on military dictate of one global power. I am sure that the majority of today's nations will not choose this second world order. Even now, nations whose population is more than half of the total population of the planet are against the bombings of Yugoslavia and the destruction of the existing world order. That is one point I want to make.

So, the second point is, that global war—and I agree generally with the term that LaRouche uses, World War III—it doesn't have to be just one war; it has to be a continuous series. We're entering a new century with that danger. Quite frankly, two years ago, or a year ago, I never thought of the twenty-first century as a century of war. We just published a book, about the future paths of Russia: *Russia Entering the Twenty-First Century*, by the Academy of Sciences, a big book, with a big number of people participating. There's not a single word about war, there. It doesn't even *enter* the picture. We don't even discuss it! The whole thing is about economy, about science and technology; one of the chapters is about this Eurasian bridge, because that idea is also there, and has its proponents in Russia. Not a single author suggested that there was this possibility of a century of wars. And, here, we face it.

Now, this possibility also arises from the inevitable logic of the eastward expansion of NATO. I just want to point to that as an additional factor. Historically, NATO was created for a specific purpose—to counter the perceived military threat from the competing Soviet superpower and its allies, and I can understand that: I'm a neutral man, in that respect. I mean, you see the danger, you create NATO. Russia sees a threat, it creates its own pact. But, after the Soviet Union and the Warsaw Pact disintegrated, there was no legitimate role left for NATO to play. This new role—as a “promoter of democracy” in eastern Europe, or a “force for stability” in other regions of the world—is simply a pretext 1) to maintain the military presence of the United States in Europe (I don't see any other reason for it); 2) to increase the military and political domination of Europe by the United States; and 3) to act as a force intimidating Russia and other big nations in Eurasia.

Intervening in the ethnic conflict in Yugoslavia under the pretext that “Europe alone cannot do anything”—remember, that was the reason for the first intervention in Bosnia and Croatia: “Europe cannot solve the issue itself, we have to come in. We have to do it for Europe, because Europe is helpless. Europe is too weak. It is impossible for Europe to do it. It's too old-fashioned, more or less, to solve these issues.” All this is sufficient evidence to support the first two points. Movement of NATO toward Russia's borders is suf-

ficient evidence to support the third point, about intimidating Russia.

Now, it is true that NATO may not be *planning* a war against Russia at this time. Planning a nuclear conflict in any case is lunacy. However, there is the sheer gravitational force of two opposing geopolitical centers getting too close together, that will inevitably lead to global war whether any of the two sides wants it or not. If this goes on, if this continues, because there's a continuous effort on the part of NATO to bring new countries into that picture—the Baltic states, Ukraine, the countries of the Caucasus, Central Asia (as you mentioned, where oil is a great factor). You need all these countries in NATO? For what purpose? This is an agglomeration that is creating a gravitational force, which is contrary to the gravitational forces in Eurasia itself. This will, in my mind, create an additional danger.

The factor of perception over reality

In political and military decision-making, perception is as important—and sometimes more important—than reality. The United States perceived Milosevic as a new Hitler and wished the rest of the world to perceive him as such. The real fact that Milosevic was not a Hitler, or close to a Hitler, but was simply struggling against Western-armed and Western-supported Albanian separatists, was not important. (He called them terrorists; when people kill policemen in their country, they usually call them terrorists.) Well, he started with opposing them, and killing them. And, the perception was, here is a new Hitler. The Yugoslavs consider Clinton as a new Hitler. So, who is Hitler? And, so you have these two countries fighting each other. I call you Hitler; you call me Hitler; so, of course, there's no way you can solve this issue without killing each other.

They also perceived Milosevic as a weakling who would surrender fast under the combined thrust of NATO bombings and internal uprising against his “dictatorship.” The reality was different, but both perceptions helped start that war. If those perceptions had not been there, the war wouldn't have started. They would say: “Okay, the Albanian terrorists are to blame for these things, as well as Mr. Milosevic. Let's put Russia and everybody together—let's sit together with Milosevic, and let's finally get the thing settled.” Not just through Rambouillet, but in a more serious way, and do the job. And let's not start bombing him, because doing that will not bring him to his knees, quickly, in any case. And it will eventually lead to what it led to. These are all false perceptions that lead to wars.

What I want to say is this: Wars begin through false perceptions as well. Hitler had the wrong perception that he could conquer Russia—soon, quickly, in half a year, right? That was a wrong perception.

For the same reason, most Russians perceive the NATO bombings of Belgrade as a dress rehearsal for war against Moscow. It is true, that is true! That is their perception. I

know, because I talk to my children and my grandchildren every day about this, and to others in Moscow. That is their main reaction. All this talk that Russia is pushed aside as a superpower and that they complain that they are not a superpower anymore: For the people in Russia, it is a secondary matter, it is not important. The Slavic unity with Yugoslavia is not important. It is not the basic consideration. The basic consideration is this: *That they will be bombing Moscow, tomorrow!* That is the basic consideration. That is why even Gaidar goes to Belgrade! Gaidar, who considers Milosevic a communist and a fascist. *He* goes to Belgrade to try to convince the West to stop the bombings. Everybody knows who Gaidar is. He has the same perception; I heard him talk about this. He understands that feeling, because he is a Russian.

Now, with these perceptions on both sides, these gravitational forces can lead to a military conflict. The danger there is *very real*, and we have to understand that. And, the fact that Russia is very weak, that it cannot respond, is another factor that adds to it, because the weaker Russia becomes, the more Albright will think that this is an opportunity to teach the Russians a lesson! You know, “Milosevic is weak, so bomb him!” Russia is weak, so why not tell them to do this, or that. The pretext will be found.

I’m not telling you that this will necessarily happen. I’m saying that these perceptions are being built from both sides, and that *this is a growing and real danger*. That I *now* see—I didn’t see it two years ago—but I now see it as a result of these actions in the Balkans.

Well, this is an additional factor that the West has brought about, as a result of this Balkan war. Yugoslavia has asked Russia and Belarus to add Yugoslavia as part of the state union of Russia, Belarus and, now, Yugoslavia. It is usually downplayed here in the West, but the Parliament of Yugoslavia has supported the idea. The Parliament of Russia has supported the idea. This is not going to happen soon—the war may finish before this occurs, but think of what will happen: It means that Yugoslavia may become part of a Russian-Belarusian confederation in a few years. And, then, what will NATO be doing with Yugoslavia next? It can’t bomb a territory that is part of the Russian Federation. That would be a *casus belli* for a nuclear war.

This was brought about by NATO itself. We don’t want to have Yugoslavia inside Russia. We didn’t ask them. This is a result of the bombings. This is a result of stupid policies that are pushing those countries toward Russia—creating the same gravitational forces that I am talking about.

It’s the same gravitational forces that are making Mr. Primakov say that he sees the future of Eurasia, in this triangle—the big triangle of China, India, and Russia. *Not* realistic right now, but—in the future, why not? If these trends continue, what will happen is, instead of this Eurasian bridge, you will have a Eurasian union confronting the North Atlantic conglomeration. You’ll have the world consisting of these two poles which will be opposing each other, and another

Cold War for another few decades, as a result of this situation. And *more* countries coming into that Eurasian conglomeration, as they did look to the Soviet Union before it fell apart, as a natural defender of their interests. The way some of the Arab countries looked to the Soviet Union. It was a center of attraction for many countries who wanted to become part of that grouping. Why? Because that was the only way they could preserve their independence, and not become part of the big Western or American empire.

So, these are the two main political processes: First, the destruction of the existing world political order based on international law and the United Nations; and secondly, the emerging gravitational Eurasian clash between NATO and Russia. And these two processes show that the world is passing through a new, and extreme, phase of the global strategic crisis.

The economic dimension

I’ll now turn to the economic and financial aspect of the crises. They are, of course, inevitably intertwined. First let me say briefly, that to some extent they are also a factor feeding the strategic crisis. Of course, the theory that the near bankruptcy of the LTCM hedge fund last fall was a factor in encouraging Washington to activate the crisis in Kosovo, among other things, in order to save the U.S. economy from what was then seen as the coming new stock market bust—may or may not be exactly true. It could be a little far-fetched. But, I agree that the fact that an economic and financial crisis might come at the wrong time in U.S. domestic politics and prevent Al Gore from being elected the new President of the United States is an important enough consideration not to be fully discounted. Remember Bush—the recession in the beginning of the ’90s was a significant factor in the defeat of Bush in the elections of that period.

I agree that in the Western world in general, and in the United States, in particular, the financial and services spheres are expanding at a rate that has no solid basis in the real economy. In the seven years—from 1990 to 1997—the value of goods produced in the United States increased by more than \$741 billion (in current prices) while the value of services—including financial services—rose by \$1.5 trillion, or *twice as fast*. The total value of corporate shares on the New York Stock Exchange in this decade rose four times, while GDP increased by only 47%. In the closing months of 1998, the personal savings ratio in the United States fell to zero, or close to zero, for the first time in many years, meaning that the continuing rise in personal consumption and GDP was fed exclusively by paper profits generated in the stock market.

This financial bubble is larger than the one in Japan in the late ’80s which, after having burst, led the country into its nine-year-long stagnation. The same, or worse, could easily happen to the United States. What aggravates the current situation is that the last cyclical recession occurred in the United

States in 1991, which is exactly eight years ago. Business cycles are, on the average, about that long, and it is about time for another recession to start. But when it comes, this time around, there will be the additional instability of the raw materials markets (including oil), where prices have been falling for the last years, and the sharply increased volatility of financial markets, particularly in erratic portfolio and short-term capital movements across borders.

This coming crisis could also well be the final, pre-mortal sigh of the IMF. Last fall, the need for a drastic reform and overhaul of the Fund was an idea that was finding support from various international quarters. A very interesting point in what LaRouche said today was, that Clinton was about to do something about it, and then was diverted, somehow, from pursuing this course. He claims to be on the inside of that situation, and know the facts. I'm not exactly sure. We were having a big seminar in Boston, and then at the World Bank on this subject in late October. And, at that time, most experts were of the opinion there, that, though the reform of the financial system was overdue, nothing serious would be done about it, until the real crisis would come. And, there's an old Russian saying: "The peasant will never cross himself, until the thunder comes." It's only then, that he will remember about God.

So, I'm not exactly sure that the fact that Clinton was diverted was just an act of conspiracy from these circles. I think that, in general, the financial world was not prepared for that, yet. One of the reasons is that the current financial structure of the world is largely dependent on the support of the Western financial banking circles, who have material interests in continuing the current situation, in supporting the current system. And, who are probably not very much interested in these changes.

Russia's economic dilemma

The economic situation in Russia is a classic case of a country where physical production is continuously declining, while the financial sphere is prospering. The principal reason is the very structure of the newly born Russian capitalism, which claims an excessive share for itself in profits and depreciation. As a result, only half of Russia's GDP is utilized as personal consumption, which is a very low figure—simply because of the very low wages and living standards of the vast majority of the Russian population. Normally, in developed market economies (like the U.S. or western Europe) the share of personal consumption is 67-70%. In Russia, it is only half, or less than half, of the total product. The remaining part of GDP is too large to be used for capital investment or government consumption—while a large part is regularly invested either in financial speculation or is exported abroad, to be stashed away in real estate or high-yielding securities—but, abroad, again. Less capital is invested in the Russian economy every year, than is consumed in the same year. Investment is

smaller than depreciation.

Net investment is negative. Physical capital is becoming smaller every year, and this is happening for the last five years in the Russian economy. Not a single new, large production facility has been brought into operation throughout the eight years of the so-called market reforms in Russia. Not a single one. Russian newly born capitalism has not created a single productive large capacity; not a single big factory, not a single big mine, or single big oil field, or gas field, has been brought into operation. The country is still living off whatever was built under Soviet communism. GDP is half the size it was under Gorbachov.

Much of this stagnation in the Russian economy is also due to incompetent advice by the IMF. A lot of you have been talking about the financial structure. Not only that, but the kind of advice from the IMF, the kind of *people* that are working there. The fact that they are conservative is not so important: Bankers should be conservative by nature; they should be conservative, they should be counting money, and they should be stingy, and so on. I can understand that.

When I was working at the United Nations headquarters—I was there for about six years, in New York—I watched what IMF conditionalities were about. The normal IMF man was very different from the normal United Nations staff member; absolutely different. But that is probably natural for bankers. But the kind of advice they gave, strikes me as being exceedingly incompetent. We had the discussion with Lawrence Summers and his friends at the IMF and the World Bank, last October, and I must say that such people as Kenneth Arrow (you might know that name), and also the vice president of the World Bank, Joseph Stiglitz, he was on my side in this discussion—on our side, because I was there with [Academician Oleg] Bogomolov and others. And we were saying, simply, "You have to change your line toward Russia. You're pressing for restrictive monetary and fiscal policies, at a time when the country is suffering from depression. You can't do that forever. It's against any normal textbook to do that." What did this bright deputy to Mr. Rubin have to answer? "Well, there are times, when you have to make difficult decisions." But, the difficult decisions mean that Primakov shouldn't pay wages on time, shouldn't pay pensions on time; he had to cut the budget even more than it is already cut. This is disaster in Russia! Everybody knows that. And they're clinging to this advice.

What is to be done

What can be done to mend the situation? Very briefly. Well, of course, the bombings have to be stopped, but this is just one step. On preserving the existing world order: Of course, to change the financial structure will take a long time—at least, it will take some time. You have to also have political measures. I think that one possible course in the political field, is to call for action on the part of the United

Nations General Assembly, where the danger of destroying the existing world political order has to be explained in clear terms. A special session of the General Assembly has to be called for this purpose. It is not a simple route to take, but I believe it is the only one possible which could induce the majority of the nations of the world to raise their voice against the destruction of the world political order based on international law and genuine international justice. If the majority of the United Nations General Assembly says, "No, no. We want the new order, instead of the old one," well, then, you say, "We can't do anything about that. If they want domination by NATO, fine, let them choose." But let them at least express their opinion: This is the parliament of the world. They have to have a say. This is the most democratic institution in the world.

On preventing the gravitational conflict in Eurasia, the only possible route is to make the governments of leading NATO countries understand that they are heading for catastrophe. The decisive word remains with the United States government. I've been asking my friends here, yesterday, and I've been asking my friends in the other European countries all the time: Why do they act in the way that they're acting, in taking these orders from the United States, and not trying to confront the United States with their own opinion? One answer I got yesterday, from LaRouche is, that Germany is an occupied — is not a sovereign country anymore. Well, is France not a sovereign country, anymore? If they've lost their sovereignty, then talking about all these financial systems, and about general assemblies is all nonsense. Because we have already passed the point, then, when we can turn back. But, I am not sure that that is right.

I agree with those of our analysts here, particularly with LaRouche, who feel that the current group of foreign policy and security advisers surrounding Bill Clinton is perhaps the worst and the most dangerous in recent American history, at least since the Dulles brothers. That includes, of course, Kissinger, Brzezinski; Kissinger is, perhaps, a little better than Brzezinski, but they're in the same group. But there was never such a combination of irresponsible incompetence. The Dulles brothers were very anti-Soviet, very anti-Russian, very anti-communist, but at least, they were competent at what they were doing, as far as I can see. You wouldn't call them idiots! They were not idiots; they were competent enough. It was difficult to deal with them, sure. But these people are irresponsible; they're incompetent. They're what my friend, James Galbraith (the son of John Kenneth Galbraith), meant, saying, "They are playing chess, but thinking only one move ahead." When you play that kind of chess, you are bound to lose, even if you have all the world policemen behind you.

I do not know much about Vice President Gore and his role in this conspiracy. But I would not put too much faith in the possibility of influencing President Clinton in the right

direction. He may be a weak President, as you say. He is certainly a weak representative of the male sex, as we have seen. But he is also extremely and unreasonably *obstinate* in pursuing a lost cause, particularly if he feels he is wrong and could be made responsible for his actions. That is why I do not feel there is much hope in pursuing him to get rid of the Albright clan and change the international policy course, unless he is convinced that it will lead him personally to disaster before the end of the second term. If somebody feels, like Lyndon LaRouche here, that he or she is able to convince him that, by stopping the bombings and bringing about peace in Yugoslavia, he will do more for building up his personal image as a great President than anything else, then I wish him well.

As to economic and financial matters, I would not count on Russia very much, in helping to pursue this financial reform. Russia is not in a position to do very much about this. And, right now, the feeling in Russia is, that the more it disentangles itself from the IMF, the better. And from financial matters in the world, the better.

As to the United States economic and financial problems, I do not believe that they will be solved by reforming the IMF. Of course, a new global financial structure is desirable. I agree with what has been said here about the possibilities of doing that. But even Professor Hankel — you see, Keynes was a great man, I agree with you completely. He suggested a very nice scheme. Was it accepted? No. Will the United States accept a new scheme now, under which the dollar ceases to become the perceived world currency? It is against their interests; I don't think they will do that. That's a simple fact.

I agree with you completely! International financial law, yes! Monetary law? Yes! But having studied U.S. financial capital as I did, I have grave doubts that the principal U.S. financial groups have a genuine desire to restructure the international financial institutions to make them less dependent on themselves and therefore more multilateral in composition, more democratic in decision-making, and therefore more competent and efficient. Today, the Fund is simply an affiliate of those United States financial circles. As you said, it's not just 85% of SDR drawing rights, and 15% blocking. But everybody knows that Camdessus doesn't make the decisions at the IMF. In the final course, when Russia wanted a loan, and the IMF didn't want to give that loan last year, American insistence was enough to do that. So, that's the decisive influence.

Now, our U.S. friends claim that this takeover by "British" and other interests occurred somewhere around the '60s, and this has a place of importance in influencing American policy. Maybe it does. They, perhaps, know better about this. But, perhaps they will also show us how to solve the basic issue of how to reverse this power equation. How to throw the British out of Washington. How to win that war of independence that the United States started more than 200 years ago.

How does the world stop genocide?

Anno Hellenbroich: *Thank you, Professor Menshikov. I think we have about a half-hour to discuss the subjects presented. I'll open for the first question. Professor Hankel:*

Professor Hankel

I share the views of Professor Menshikov in many respects, just to say that up-front, but I am a disciplined person. We have come here, or I at least have come, to keep to the subject. The subject is money, not war.

As for the reform which is necessary, I, too, have no illusions, as little as Mr. Menshikov has. Naturally, “vested interests” will always defend themselves. The function of the U.S.A. and of the dollar is a “vested interest,” a privilege. I never heard of anyone who voluntarily gave up a privilege.

But there is a law, shall I say, of evolution, or of democracy—I see no great difference there—which says that when views assert themselves, politics must follow. And that is a slow process, a very slow one. But no government, with the exception, perhaps, of Mr. Milosevic, can dare to govern against a majority. And that is why it is infinitely important—also in circles which have nothing to do with economics, but who also suffer under economics, and that means most people—to spread the view that the reform of the world monetary system is nothing abstract, but is a contribution to a global welfare state, to globalism in social policy.

We cannot have a reasonable social policy in any country on Earth if we continue to live with this system—because this system means “full employment,” but not for people: full employment for capital. That is what has to be made clear. Owners of capital have no problem living with this system. People who have to live from their work—they have many problems.

That is why the system has to be changed. And for that we need a democratic opinion-forming process, and that is the reason why I am here to speak to you. I will always, as long as I live, advertise for this project, so that social policy at home is not disrupted by globalism. And if success does not come today, then it will come tomorrow, or the day after tomorrow. We need this dream and this vision, and that is why I am never disappointed if it does not succeed today, because it will succeed tomorrow. We just have to get under way, patiently, explain the problems, because a problem that can't be explained, can't be solved. And I am here to explain the problem. Thank you.

Lyndon LaRouche

On this problem of opinion and policy. My view on the approach to the financial situation generally, always starts from the standpoint of production, especially physical production, and things essential to physical production, and I always look at monetary processes as being required to adapt to the reality, which is defined in a sphere of production and development: ideas, for example; education, for example.

So, what has happened is that, with the change in society, which was introduced in the wake of a number of things—the 1963 retirement of Chancellor Adenauer, the beginning of the targeting for assassination of President Charles de Gaulle, the ouster of Macmillan and the Profumo scandal, the assassination of Kennedy, and the rapid change in policy introduced by McGeorge Bundy. After Kennedy's assassination, Bundy reversed the ruling and had Johnson sign it, which started the Vietnam War. In this period, there was a change in the way in which people think. It was a cultural paradigm-shift, and it was associated in Europe most acutely with a phenomenon called the “'68ers,” or the so-called Baby-Boomers in the United States. The strata that went into the universities in the middle of the 1960s, and came out to do what was called in Germany “the march through the institutions,” brought with them a fundamental change in the shape of policy-making. It was a change based on utopian illusions, largely Frankfurt School type—illusions which could not work. The result was a shift to what is called a post-industrial society, based on the delusion that somehow the circulation of information, which is mostly lies anyway these days, would somehow take the place of economy.

What we've had in the United States in particular, you see it in the parties, you see it in Europe, is an increasing disassociation of the general population, most acutely in the United States, but you see it developing similarly in Europe. Disassociation in the general population from both the government and the political parties. So, the political parties, in a sense, are more and more divorced from the reality that corresponds to the reality of the population. The population, sensing it has no real advocate, or no advocate with power, goes into a state of illusions. The characteristic of the general population of the United States, as typified by the television entertainment phenomenon, is a flight from reality into vacations, illusions, and so forth.

Here I am, 76 years of age, and you know that in my lifetime, the changes in the relationship of the population to reality and to politics, the change in my time is tremendous, especially from the time of the 1963-64 change. We can no longer recognize in my generation, what we are hearing from the voices of our children. You get that in Germany, the teenage children in Germany. Real disassociation relative to our times, a sense of disassociation from reality.

The problem, therefore, becomes not really opinion about reality. The problem becomes: You have a divorce between reality and opinion, which affects ruling institutions, which

have the illusion of power. I'm reminded of revolutionary situations. I'm reminded, for example, of one case, in June and July of 1792. Lazare Carnot who, as the "Author of Victory," had saved France over those preceding years from what had been the inevitable defeat and dismemberment of France, by his great economic and other leadership of the French military forces, was now about to be sent to the guillotine by Saint-Just and Robespierre. The following month called Thermidore, it was Robespierre and Saint-Just who went to the guillotine.

We now exist in a period where governments are very unstable and very fragile, even the ones which pretend to have great power and stability. We are in times of sudden change. We're in a period which we would describe, in terms of physics, as a period of great phase-change. Now, people who look at the past will say, what are the trends up till now? Forget the trends up till now! Forget yesterday, the sooner the better in some respects. Think about tomorrow. Tomorrow will not be a statistical projection of yesterday. The world is ready to explode. It will explode for the better or for the worse. In the case of the conflict between Carnot and Robespierre, we got a better decision, but not a really good one, because Carnot did not take the leadership of France, other people did.

So, this is the kind of period we're in, and therefore I think that we must expect that the collision of actual crises will bring forth a moment in which existing governments and institutions suddenly lose power. They lose the perception of power, as is characteristic of revolutionary situations. We are globally in a revolutionary situation. I am, therefore, more optimistic than those who shared the podium with me today, because I believe that we're at the point that our job is to present the ideas which are appropriate to reality, and let the collapse, the crisis of confidence in existing institutions, lead the population to seize upon those ideas. In such a situation, one must borrow the lesson of leadership from military science, that this is a time in which leaders do not ask the troops how to fight the war. You may use the principle of *Auftrags-taktik*, in the way the troops carry out the war. But the leaders must take leadership, established leadership, and let the population *choose* new leadership.

Our job, in my opinion, is to provide the ideas and the personalities who represent the new leadership upon which desperate populations may turn to, in a revolutionary moment of crisis. And, I think we're at that moment of crisis in the immediate future.

Michael Liebig of EIR, Germany

I would like to say something briefly on the issue of the world financial crisis, the world economic crisis, and war—war, as it was defined here by Mr. LaRouche, not as a simplistic concept, but as the danger of an era, where wars, so to speak, are born out of each other, and thus establish a new global-strategic reality. So: today the Balkans, then the Mideast, then North Korea, and Africa.

To me, the first essential point seems to be—to emphasize this once more—the non-action in the economic-financial area, the non-solving the systemic problem in this area. And that is just what happened over the course of 1998. There was a massive need to act, and that was not done. And this non-action in the economic, financial, and political area then produces—not in a mechanical way, but nevertheless quite real—shifts in the general political direction, where the unsolved economic, financial, and political problems are solved, tententially, with other means.

And the third point, it seems to me: Since we are now in

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—Lyndon H. LaRouche, Jr.

the reality of war in the Balkans—and we notice it directly, indirectly, immediately, and mediatingly, it penetrates every aspect of the discussion, and the process of discussion today is very different today than it would have been three or six months ago. It is simply present.

Now, this war in the Balkans is not running according to plan. This war is running into a dead-end. And I think that the fascinating aspect of the discussions this morning is to do something paradoxical: to take the apparently most difficult problem, the war in the Balkans, which is going into a geostrategic dead-end, that is what we take in a global strategic judogrip, in order to get at the global strategic, underlying fundamental issues.

Russia is weak, and Russia is in a horrible situation economically, but it is quite clear: If we want to find a way out of this crisis, we need Russia, and that is not only an issue of Russia and the Balkans, but also the issue of Russia and the IMF, the policy of the West as a whole toward Russia, which is suddenly on the table. And in an indirect way, the same goes for China as well.

From that point of view, I would like to indicate that this initially paradoxical and apparently very complicated approach—which has the potential, in my opinion, of becoming a liberating blow—that this idea is taken up, and that, either for reasons of cowardice or unwillingness to act, and in open obstruction with respect to the issue of solving the world

financial and economic crisis, that now, under extraordinarily deteriorated circumstances, that this is just what offers a chance for a solution.

Professor Menshikov

Just one point. When Professor Hankel says that we came here to discuss finance, not war, I think he is not completely right, because as LaRouche put it, the subject of this symposium is actually the new Cold War.

What I wanted to point out, there's also, apart from the financial and economic roots of this new Cold War, or whatever you call it, there are also political processes that are occurring. I pointed to these two particular points, which are working independently. You could say that they have economic roots. For example, the fact that the United States is acting in such a way and together with NATO, may have its economic roots. For some reason, the United States is not satisfied with its leading position in the world, but it is a fact. It should be satisfied, but it isn't. Maybe it perceives a danger to its economic domination in the creation of the Economic Community of Europe, and the expansion of the Economic Community of Europe, I don't know.

If that is the case, this also has to come into the picture, because we can't just talk about a new financial system as being the root, because the phrase that Europe cannot settle matters, and that the U.S. has to come into the situation, is not just a simple phrase. It is something that shows that the United States does perceive the European Economic Community as a possible new center that, if it emerges as an independent political entity of its own and on the same scale as the United States, will create the conditions for a change in the unipolar world. And that is another additional motivation for the United States to take the course it is taking now, not just this narrow approach to save the hedge funds and so on.

So, I thought we have to take these political processes, and look at the economic roots of those political processes, to make the picture more complete and more manifold than just emanating from the fact that we have a financial system that needs reform.

Dr. Barban from Qatar

I would like to comment on Professor Menshikov's remarks concerning the war and Europe. I think that when you hear what he said, it is as if you are in the old days of the Cold War; it reminds me of the rhetoric of the fight of communism against capitalism. I think this is not the way, the democratic way, that we are living now. In Europe, it is quite different from this approach to this problem. And, on the other hand, he also had wrong conceptions about Yugoslavia itself. Remember, last year, the democratic movement in Yugoslavia? How Milosevic crushed this movement? And now the professor didn't even mention one word about what he is doing in Kosovo. You put the blame on the people of Kosovo, and not on Slobodan Milosevic. This is not an objective approach to

the problem, with all respect to the brotherhood, or whatever you call it, between Russia and Serbia.

Faris Nanic of Bosnia

I'm the secretary general of the Party of Democratic Action of Bosnia in Croatia. I would like to comment on what has been said by the professor from Russia and the colleague from Qatar. I have to assure the professor that Milosevic is a fascist, and there is no doubt about it. We have to go back a couple of years, and remember the ethnic-cleansing campaigns that were led, financed, directed, and conducted by the Milosevic regime. When nobody, or almost nobody, from the international community, respecting the present international political system, has done anything to prevent, or at least to stop, the genocide.

I also have to remind you that the five permanent members of the Security Council, with God-given rights of veto power, set a condition to the victims of the Milosevic aggression in 1991 and 1992, by binding their hands to defend themselves. They have been deprived of the basic right of self-defense. What happened to the political system then? Where was Russia then, to defend the political system of collective defense of the nation-state, or at least the right to self-defense? This is what we have to think about.

I totally agree that Russia, together with the United States, with European countries, with China, with India, and a couple of others, have to sit at the same table and discuss the international political, financial, and economic order. But I do think that Russia finally has to realize that it has inherited—by I don't know what God-given right—both the permanent membership on the Security Council of the former Soviet Union, just automatically, and that Russia has to finally respect some principles. Milosevic, dear professor, is a fascist. He has a record of ethnic cleansing and genocide over three peoples in the Balkans. If he remains in power, I don't know where he is going to stop.

That doesn't mean that I agree with this kind of imposed war on Yugoslavia. But my question to all of you gentlemen is: How can we immediately stop the aggression and genocide over any people, anywhere? Unfortunately, due to the present political constitution, the present political system that we have, which I see Russia at least is trying to defend, there is no way to defend a people from extermination. Especially if the permanent members of the Security Council misuse their veto power, as we witnessed back in 1991 and 1992.

Klaus Kliovich of Germany

I have some experience in business, in government, and now I teach at the university. One of my main interests is probably international. I realize here that there is a common denominator in the interventions of the different speakers. That we are confronted with a systems problem. I argue that the systems problem that you have discovered, and that others see, can only be solved, or can be better solved, if we attack it in a broader way. You are requesting a qualitative jump,

for a new order, you speak about the monetary and financial orders, and you have the big projects, and others have mentioned different things, though I argue what we need is constitutionalizing the international, political, legal relations.

Why is that so? In the past, we had several phases of public international law, we had the old-fashioned time of coexistence, sovereignty. After the war, we entered into the phase of public international law of cooperation, which was mainly diplomatic, government-driven. Now we have some sort of strange situation that is not called government, but governance. Governance, which is muddling through, piecemeal engineering, there are networks. . . . There are certain legal frameworks like the WTO [World Trade Organization] and others. There's a law of war and peace in public international law; there's a UN Charter; there are human rights instruments. But, the present crisis in Kosovo clearly shows that there are problems, and people are asking for a further development of public international law.

Now, I think that this idea of big industrial policy, of having financial architecture, a new Bretton Woods, this is important. But it won't be sufficient, because you, Professor Hankel, will be confronted with a problem of accountability, of democratic legitimation. Today, in the WTO, people demonstrate in front of this, so to speak, technocratic organization, asking, "Where is the democratic accountability of this organization?" The same will happen if you have the World Bank and central bank — has its own drawing rights, and people will say it's not accountable, these are technocrats. Just to take this example. So, having said all this, what we need is a constitutionalization, we have to be ambitious. We have seen that the Europeans are weak to some extent, but on the other hand, they are strong. They have developed a beautiful model, where without the hegemonial power, sovereign states — they are still to some extent sovereign, Mr. LaRouche — are able to live together. They have to have constitutionalized their relationship.

So, what I think, is that we have to integrate the Land-Bridge, the monetary system, into a big package deal where everybody has to find himself. . . .

Lyndon LaRouche

What is relevant is that we have many situations as bad or worse than Kosovo. The situation in Central Africa is far worse. I can prove it, although I'm not going to do it here. The whole story's been documented before. The entirety of the genocide in Central Africa, which now totals many times in excess of the total population of Kosovo, over 6 million. If you take other areas affected, it's much more. Six million Africans have been butchered on the instruction, and under the direction, of the British monarchy, and no one else. Others have been complicit. The Israelis have been complicit. People in the U.S. military associated with the Oliver North/Iran-Contra tradition are involved. But it is the British government, the Thatcher crowd, including Baroness Caroline Cox, who are directly responsible for the ongoing mass genocide in

Africa which is wiping out whole nations, and nobody in Europe or at the United Nations has so far been willing to touch it. Though I'd say that Kofi Annan in general is a positive figure, and the problem is not with him, but the problem is that he needs more support on some of these things in the world, as in the case of the Balkans crisis.

On the question of the system, you cannot systemize or constitutionalize a world order. Very simply, it's an economic question. When people talk about economy, they think about buying and selling. They don't understand how an economy works. It's partly a problem with our educational system. A modern economy is able to work — and I ask you to look at one thing: the growth of the population curve of the planet's population, life expectancy, conditions of life, the demographic conditions of life since the middle of the fifteenth century in Europe. Look at the growth of population and demographic modalities of life in these hundreds of years. This growth is due to the spread of the establishment of the modern sovereign notion of nation-state, which central idea was the responsibility of the nation-state for the general welfare, or the common welfare, of all the people. This means that you have to have educational systems, you have to have provision for health care, you must have large investments in infrastructure, to organize the soil in a certain manner. You must have financial systems which are the responsibility of the state, in order to ensure the orderly process of production and commerce. Without the sovereign nation-state, these cannot exist.

To have a sovereign nation-state, you must have the participation of the population, which means that you must have a literate form of language, participation in self-government through a literate form of language and culture. These are absolutely essential. What we need on this planet is the understanding that we must eliminate once and for all the relics of imperialism. We must eliminate once and for all systems which regard some human beings as human cattle, either virtually or actually, either by commission or by negligence. If nations agree, and when I spoke of this relationship with the Eurasian nations, Europe and the President of the United States, if we can establish an agreement among these nations in this time of great peril, to create a just, new economic order among sovereign nation-states, we will have done the best we could do to create the kind of order among nation-states to guarantee general security, as much as is possible, because you can never guarantee everything.

On the other things, on the issue in the Balkans, the issue is several things. First of all, the refusal to take responsibility for action, from the beginning of the Balkans war in 1991. Second, the obstacles to taking action by those who wanted to take it, particularly, initially, by the French and the British, especially the British, who are the authors of this problem in the first place. In the case of the Kosovo problem, remember what happened in Rambouillet. We were close to the point that nations were ready to agree. Cook and other representatives of the Blair government went into Rambouillet, took this crazy

creature, Madeleine Half-Bright, and used her to organize a secession movement and to make it a *fait accompli*, and to make sure that nothing would happen which would get Clinton together with Primakov, and negotiate. The genocide. And also, remember, the removal of the security forces which were protecting the Kosovars from this situation. Remember the security forces, which were there to prevent this bloodshed, this so-called ethnic cleansing, and that's the problem.

We have to realize that we are living in a world in which combined wrong actions, as in Africa, inaction when action is morally required, a general disregard for moral responsibility, and a refusal to name the names of the actual criminals — as in this case, the British monarchy — is the thing that leads into these types of crises. Yes, Faris Nanic and I are well known to each other, this has been our concern. The problem is that you cannot go around starting wars. You must proceed according to the law of justified war. The crime lies with the European and other states which refused to take action when they should, or which have obstructed action, as in the case of Africa; when one nation, Britain, prevents anybody from doing anything about the most massive genocide on this planet, now going on in Central Africa.

Professor Menshikov

Well, I was surprised that the gentlemen from Qatar and Croatia thought that I was a supporter of Milosevic. I am not a supporter of Milosevic. In fact, I don't think that Russia is a supporter of whatever Milosevic has been doing in Kosovo. From the very beginning, Russia has been telling Milosevic that he was committing either an error or a blunder, and that's a diplomatic way of saying it, when he refused autonomy to Kosovo way back ten years ago. . . . I've been to Yugoslavia many times, and I know the situation. This is out of the question. The question is not that. The Croatian gentleman should remember something about ethnic cleansing done by the Croatsians also. So, he should be a little bit more neutral in his assessment about the Serbs: 300,000 Serbs were cleansed out of parts of Bosnia just a few years ago, during the final stages of the war there. Let's not talk about this. This has been going on in that country from various sides. Let's not take sides there. Everybody's to blame, everybody's been doing that. Who is doing more, who is doing less — once you've committed that, you are to blame. It doesn't matter, 10,000 more or 10,000 less. It's not a question of that. The Croatsians are brought to trial in The Hague in the same way that the Serbs are brought to trial for war crimes. So, let's not talk about that. It's obvious that all sides there have been doing wrong things.

The important thing is, what do we *do* about genocide when it happens, when it starts? How do you stop genocide? Can you stop it by bombing? I'm not sure you can. What happened in Kosovo is just an example. We can take any other example. Could you stop the Rwandan genocide by bombing somebody? I'm not sure. I don't know the answer to that, it's not my specialty. But the gentleman from Croatia correctly

put that issue. He said how do you stop genocide? Yes, it is one of the most important questions.

Now, in Russia, on orders of Yeltsin, genocide was created, close to genocide was created, in Chechnya. Everybody knows that. The Russian Parliament has been trying to impeach Yeltsin, on that point as well. What is the reaction in the West to that? Don't do that, Yeltsin is our ally, he's the only supporter of democracy, *tra la la*. Again, you see, what I am against is a double standard. Genocide is genocide, wherever it happens. If it happens in Russia, the man who gave orders to do it should be taken to task in the same way that the Milosevic has been taken to task, and anybody. . . .

Look into that seriously. What did the bombings bring in Kosovo? Did it bring the Albanians back to their homes? No. It drove them out of their homes. Every day we are looking at the results. Are these purely the results of the bombings? No, of course not. Of course, Milosevic is also to blame. Who started this, is not the question. The question is, you have hundreds of thousands of people misplaced: If there were no bombings, would it be better? Probably it would be better, but it's not a method of solving, that's what I was trying to say. Bombing is not a method of solving that issue. And particularly, that is not a method prescribed by a country or a group of countries, just because they don't like somebody and they do it. You know, they had enough power to pressure the Turks not to do what they do to the Kurds — again, a double standard. In Iraq, they have created a no-fly zone in the north of Iraq to protect the Kurds. Okay, fine. They are protecting the Kurds there. Why don't they protect the Kurds in Turkey? Again, these are all double-standard wars.

I am for solving the issue. And the United Nations is, of course, just closing its eyes, sitting there and saying nothing. And I think the Russian diplomacy is committing serious blunders now. Instead of saying, okay, let's have full-fledged sessions in which we discuss this question, discuss this issue, how to go about it fully — as there used to be in the United Nations. You'll remember times during the Cold War — some say listening to me was like an old Cold War speech. Not at all! I'm not against America at all, so there's no Cold War ideology at all. In my opinion, there's a group in America which is overreaching itself and looking for more than it really needs.

Lyndon LaRouche says this is because of the British monarchy. I don't know, maybe Queen Elizabeth is not aware of that. I'm not sure. Just pointing fingers, and saying, "Aha, that is the monarchy." That's not the issue. I say, let's get together. It's not a question of who has the power of veto. In the Security Council, in the General Assembly, let's have a serious discussion on how to stop these things, in a democratic way instead of saying bombs, cruise missiles. Whether it's the Russians against Chechnya or the Americans against the Yugoslavs, it doesn't matter. This has to stop once and forever. If we don't stop it, we'll have a twenty-first-century war. That's what I'm saying.

Eurasian Land-Bridge: a new, historic opportunity for Europe

I believe that, in light of the fast-moving developments which were addressed here this morning, hardly anyone will remember that it was really only 10 years ago, that many politicians, historians, and journalists were saying that we here in Germany and Europe would experience the great historic opportunity of Europe—but that is how it was. With the fall of the Wall in November 1989, there was the possibility, theoretically, but also practically, for a short time, of putting the East-West relationship among western Europe, eastern Europe, Russia, and China on a totally new footing, in order, for the first time in this century (basically since Versailles and Yalta), to achieve a truly peaceful order in Europe. Seventy years of the Soviet Union had come to an end; the Pope at that time spoke about “structures of sin” in the East and West. There was a big outcry: How could the Pope speak that way? Had it not been proven that capitalism was fully victorious, and that Marxism on the Soviet model had lost? But if the Western “free market economy” system was really so superior, why, then, was it not possible to fulfill the hopes of the people in the East—the Poles, Russians, and the Hungarians—who all wanted to become part of the First World? And where are we today, ten years later?

Despite the phenomenon of mass hysteria over the euphoria of ever rising stock markets—the Dow Jones, which will soon reach the 1 million mark, with still more profits maybe on the way—in reality, we have a systemic financial crisis. This systemic financial crisis began in October 1997 in Asia, as the regional expression of a global crisis. Then it took hold in Russia and Latin America, and now it is in the process of pulling the so-called industrial nations—Japan, Europe, the U.S.A.—into a deep depression, a depression of the real economy.

If one considers the economic destruction of large parts of the world, it becomes clear that, despite all the euphoria and mass hysterical excesses on the world’s stock markets, the world has already gone very far toward collapsing into a “new dark age.”

I only want to briefly touch upon some of the most severe situations. Ten years after the beginning of the collapse of the Soviet Union, or eight years after the disintegration of the Soviet Union, Russia finds itself in a demographic catastro-



The founder of the Schiller Institute, Helga Zepp-LaRouche, gives an overview of the current world economic and political crisis—and what must be done.

phe; as a consequence of the IMF reform policies, the country is losing 1 million people annually (**Figures 1 and 2**). Epidemic diseases, which had been all but eradicated, such as tuberculosis and others, have proliferated exponentially (**Figure 3**). From 1991 to today, between 70-80% of the industrial capacities of the former Soviet Union have fallen victim to the IMF. Russia has been degraded from the status of the second world power, to a raw materials supplier—but one with a strategic nuclear potential that indeed functions quite well.

The ‘throes of a dying system’

Let us turn our eyes to Africa: We were talking about genocide this morning. In 10 years, 30 million people in Africa south of the Sahara have lost their lives, as a result of a combination of wars, disease, and starvation. In some countries of Africa, HIV infection, which has spread to 25% of the population in this period, has become one of the most significant negative factors in the economy, because the disease is killing an increasing number of people of working age (**Figure 4**). In the 1990s, life expectancy in Africa has dropped by 15 years. One can, in fact, say that Africa is a dying continent.

Another telling example: Indonesia (**Figures 5 and 6**). This country, the fourth largest in the world from the standpoint of population, has collapsed into chaos since the out-

FIGURE 1
Russian Federation: total population

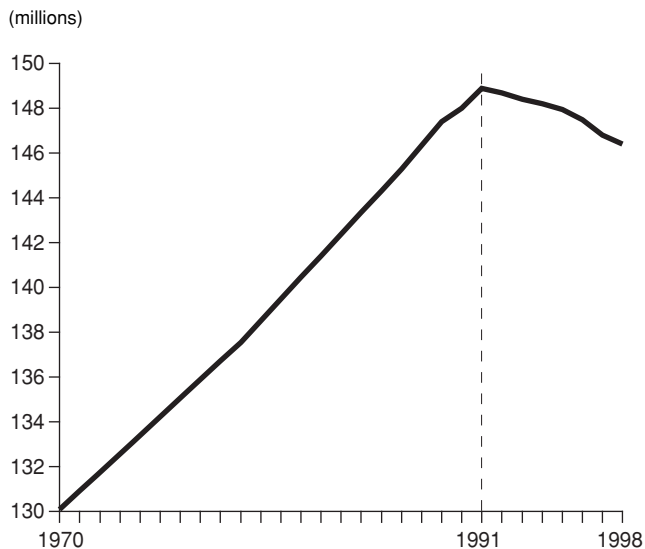


FIGURE 2
Russian Federation: rate of population increase/decrease

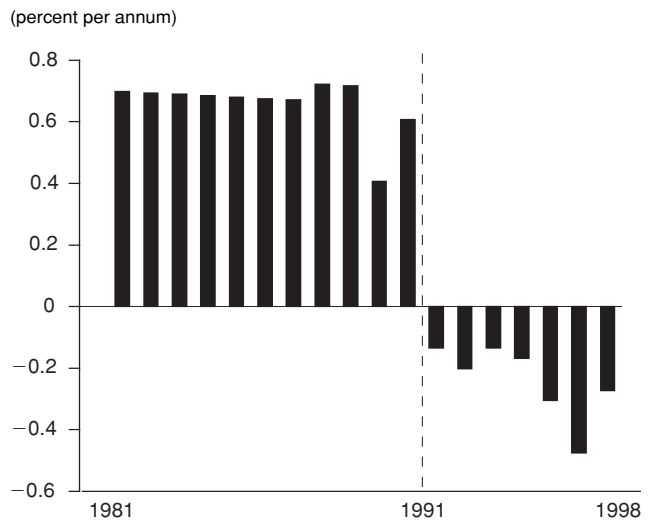
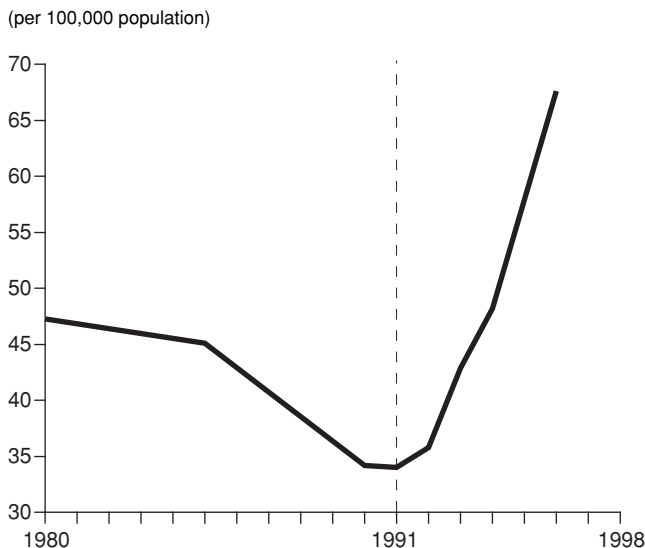


FIGURE 3
Russian Federation: tuberculosis cases



break of the so-called Asia crisis, as a consequence of currency speculation and the austerity packages of the IMF. Two hundred and four million people are economically destroyed. By 1997, the number of poor people in Indonesia had dropped to 11% of the population; now it is 67%. Thirty years of

progress was destroyed in the space of a single year.

Mexico: another so-called “IMF success story” (Figures 7 and 8). Today, the country produces only one-third of the consumer goods that it produced in 1981. As a consequence of IMF policies, almost 50% of the Mexican population are unemployed.

Another development that I would like to touch upon briefly: There are 2 million refugees in the Balkans; there is a reduction of the population in the Ukraine by 2 million people.

In North Korea, from 1997-99, 2 million people died of starvation. In Iraq, between 1991-99, 1 million children died, as a consequence of the war and the scarcity resulting from the destruction of infrastructure.

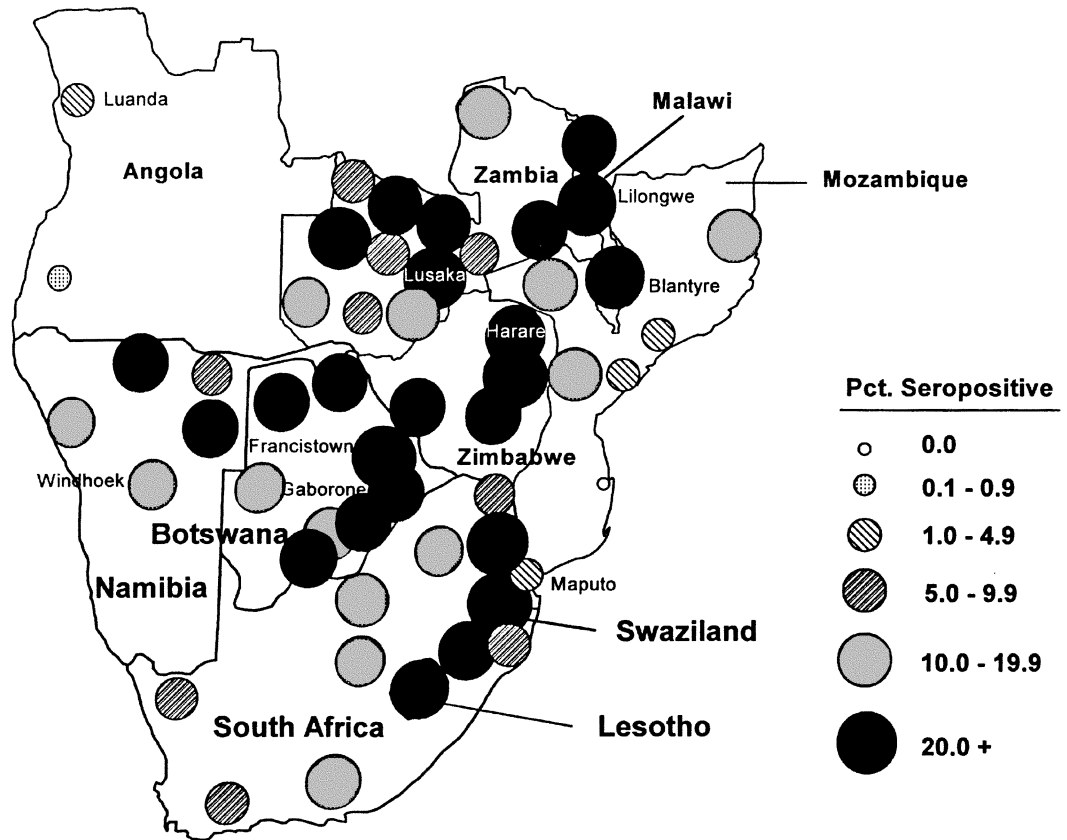
If you look at this situation in the world—and I could add examples from Paraguay, Uruguay, and all of Latin America—it is quite clear that we are in an existential crisis of all humanity. It is no exaggeration to say that the “free market economy” is as bankrupt today as the Soviet Union was in 1991. We are in the throes of a dying system.

Now, a nominalist might argue that all of these examples are only particular cases. What does Kosovo have to do with Africa, or what does North Korea have to do with Peru? These problems were all home-made, the nominalist might say. But, in reality—and this can be proven—all of these crises are the expression and the result of the paradigm shift of the last 30 years.

The main problem, which has emerged in the last 30 years, and as LaRouche represents in his “typical collapse function” (Figure 9), is this: The real production of industry and agriculture has dropped ever farther on a world scale. The total pro-

FIGURE 4

Seroprevalence of HIV-1 for low-risk populations in Southern Africa



Source: U.S. Bureau of the Census.

duction of goods has fallen during this time period, while monetary aggregates have been completely decoupled from real economic processes; that is, the financial side of the economy, and the physical side, have increasingly less and less to do with one another. The financial aggregates represent the speculative bubble in the financial system, and these have obviously moved farther and farther away from the real economy.

Now, one could say, if a number of people are only interested in making quick financial profits, and they can never get enough, and they can continue to play Monopoly and always increase their profits—if this group has nothing to do with those who do serious work, then it would not be so bad. The catastrophe is that this speculative bubble of financial aggregates needs an income-flow from the real economy in order to survive. And that is why this process has led to the destruction of real, industrial capacities. The growth of monetary aggregates is only possible by means of a process of “primitive accumulation” against the real economy. And on a world scale, that definitely does have an effect on population-density, that is, on the question of how many people the economy can feed.

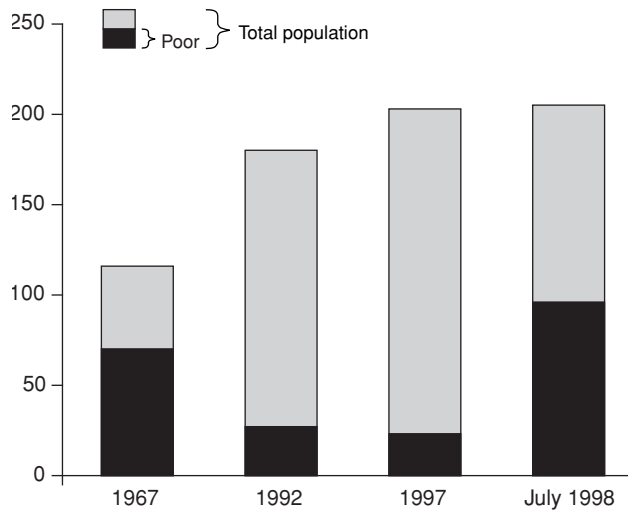
One of the crucial conceptions of economic theory devel-

oped by LaRouche, is the concept of *potential relative population-density*, which represents a measure of the capacity of an economy to sustain not only the present generation, but also future generations. By means of scientific and technological progress, an economy must lay the foundation for a margin of growth for future generations as well. Through an entire chain of developments in the last 30 years, we have come to the point that the world economy today no longer produces enough to sustain the currently living population. We hear from the repertoire of the “free market economy” that there is supposedly “over-production,” or that we should drive farmers to their ruin with “Agenda 2000,” because there is too much food—but the contrary is the case. What we have today is a huge deficit of real production. This is made clear by the fact that, among other things, even before the outbreak of the international crisis in 1997, according to reports of the FAO (UN Food and Agriculture Organization), only one-third of the world’s population had enough to eat; another one-third did have enough to eat, but the food was of deficient quality; and one-third lived in starvation. Every day 50,000 children die, because there is too little to eat. Only an immoral proponent of the “free market economy” can speak about over-production.

FIGURE 5

Indonesia: population below the poverty line

(millions)

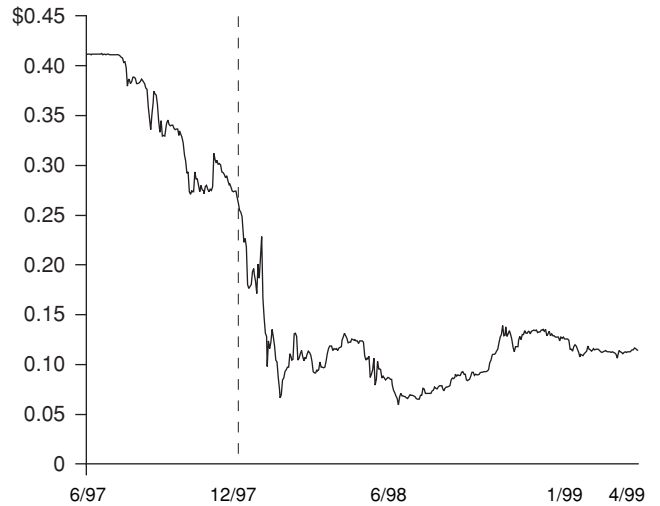


Sources: Republic of Indonesia, National Development Information Office; International Labor Organization.

FIGURE 6

Indonesia: rupiah against the dollar

(dollars per thousand rupiah)



Source: *Wall Street Journal*.

The paradigm shift

Let us look more closely at the paradigm shift which led to this situation. In the immediate post-war period in Germany, the economy manifested characteristics which are typical of a healthy economy. The Kreditanstalt für Wiederaufbau contributed to organizing the reconstruction of Germany out of the rubble fields. Guarantees were provided for investments which were in the common interest; it was a dirigist, state-directed policy. It was self-evident that scientific and economic progress and economic growth were desirable things. Belief in scientific and technological progress was the basis for the economic miracle which made Germany so famous. At that time, there did exist remains of the Humboldt system of education, which emphasized the development of character, and not the development of specialized idiots. Although the Marshall Plan did have its geopolitical dimension, it was a decision against the Morgenthau Plan and, so, against the idea of a “greened” Germany, which would have consisted only of farms and cows.

All of this was a phase, which, as you remember, made Germany into a model; “Made in Germany” was something to be proud of. Then came the Cuba Missiles Crisis, and with it the paradigm shift, where clearly definable parts of the international oligarchic elite said, “We are going to break off this entire development, and we are going to go in a completely different direction. With arms control and disarmament, we can undermine the proliferation of scientific and technological progress, and gradually make it superfluous, especially in the civilian realm. It is now possible to chase

after the utopia of the post-industrial service economy, because, as a result of our disarmament negotiations, the great war will never happen.”

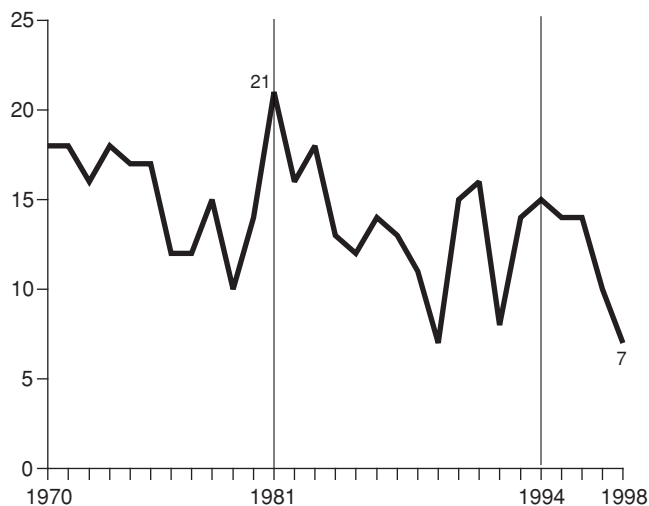
And then came what LaRouche already referred to as the ’68 revolution, which was directed against precisely those values which had led to the German economic miracle—the idea of performance orientation. Suddenly, performance-orientation was bad, even proto-fascist. At bottom, one can say that the ’68ers formed a mixture of the values represented in China by the “Gang of Four” during the Cultural Revolution: the excessive elements of Maoism—and the ideology of the Frankfurt School. The “march through the institutions” began, and that led to our having a Chancellor Schröder today, who comes from this generation, or a resigned Finance Minister, Lafontaine, or a Foreign Minister, Fischer, whose background everyone knows.

Other values were transplanted into society. At the same time, the Organization for Economic Cooperation and Development (OECD) set out to eliminate the vestiges of the Humboldt educational system. And the person who carried that out in Germany was Willy Brandt. The notorious “Brandt education reforms” meant that all of Humboldt’s ideas—for example, that the 2,500 years of European history should be taught in school—were erased from the curricula. At the same time, economic interests promoted the drug-sex-rock counterculture, and launched a frontal attack on the cognitive capacities of youth. For it is clear that for someone who, in the extreme case, pumps himself full of “Techno” [rock music] for 2 to 5 hours every day, and consumes designer drugs

FIGURE 7

Mexico: bean production

(kilograms per capita)

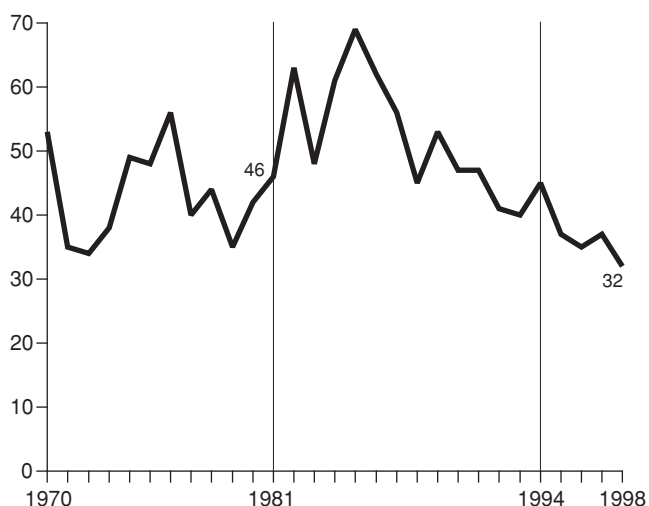


Sources: FAO; SARH, INEGI, Banxico (Mexico); *EIR*.

FIGURE 8

Mexico: wheat production

(kilograms per capita)



Sources: FAO; SARH, INEGI, Banxico (Mexico); *EIR*.

on top of it, it makes no sense to speak of any remaining cognitive capacities.

At the same time, New Age ideology was spread massively. If you go to a bookstore today and try to buy a classical book, something by Leibniz, for example, you will probably find nothing—but there will be three or four walls full of occult literature. Simultaneously, the thesis was spread by such financial-oligarchy institutions as the Club of Rome, that “the limits to growth” had been reached, and the ecology movement was built up on the basis of this nonsense, on this actually false notion. Limits to growth in fact only prevail at a given technological level, and that simply means that human beings always have the potential to develop new technologies and new scientific ideas, which overcome these limits.

This is basically the spectrum of the cultural changes in values, which went hand-in-hand with decisions in the area of financial policy. For example, probably the most severe step in this direction was the decoupling of the dollar from gold by President Nixon in 1971, which led to the emergence of the Eurodollar market. That opened the way for the creation of financial titles by private banking interests, which were no longer controlled by governments. A whole series of policies followed, which successively favored speculation in the 1970s, and increasingly strangled production. All of this was under way when the Soviet Union collapsed between 1989 and 1991. The so-called “free market economy” was already an erosion of industrial capitalism toward monetarism. And although this process had already manifested very negative

consequences, especially in the Third World, 1989 was a critical turning point. This especially applies to the decisions made with respect to the former Soviet Union, decisions which were camouflaged behind the propaganda campaign against a supposed “Fourth Reich.” This was chiefly responsible for the fact that Europe did not exploit the great opportunity of 1989, and that instead we now very likely have the first four weeks of a Third World War behind us—as we just heard this morning—which would take the form of a Thirty Years’ War, unless we turn the ship around.

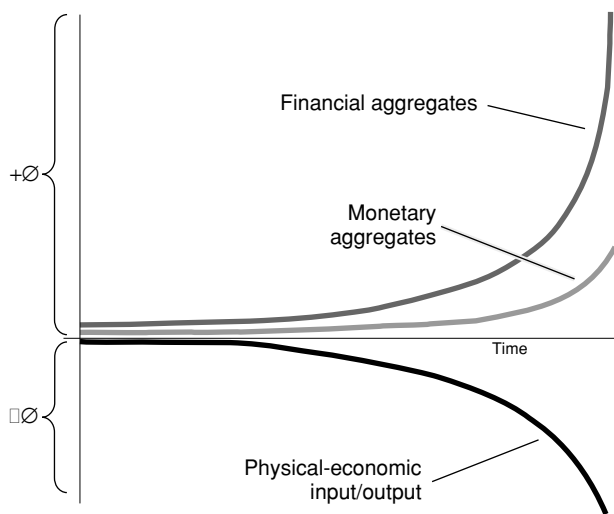
Britain’s ‘Fourth Reich’

It is very important that we understand the continuity of this policy, and the last ten years as a process of political battle between two completely contrary currents, which is, indeed, a form of real war. In November 1989, Nicholas Ridley, the Transport Minister under Thatcher, suddenly proclaimed that the demonstrators in Leipzig were a “fascist mob,” that the Monday demonstrations were being staged by “evil elements,” and that Germany was about to become a “Fourth Reich.” And, as a well-educated German, Federal Chancellor Kohl, and others, quickly pulled in their heads and hastily declared that Germany would not pursue a policy on its own, and that German policy in Europe would move only under a European roof.

The first single, small “baby-step” toward national sovereignty made since Versailles, as far as I know, occurred when Kohl published the 10 Point Program in November, which was about a confederation in Germany, not even about reuni-

FIGURE 9

A typical collapse function



fication. The French President at the time, Mitterrand, said immediately that German reunification would only be agreed to if Kohl agreed to surrender the German mark, at the summit meeting of the European Union on Dec. 8-9, just two weeks later, and if Germany agreed to the European Monetary Union—and thus, fundamentally, if it agreed to surrender German sovereignty. As we know, Alfred Herrhausen was assassinated three days later, the last banker to propose an independent German policy for the East. The answer to the question, “Cui bono?” leads to those forces which want to keep Germany weak.

The euro had no other purpose than to weaken the deutchemark and to economically contain Germany. That is precisely what the U.S. President at the time, George Bush, called the “self-containment” of the Germans. The idea was to rein in the Germans with their own fear of a “holocaust discussion.” The direct continuation of this policy was “Operation Desert Storm.” The Anglo-American-French combination (Thatcher-Bush-Mitterrand) thus pursued the aim of breaking the historic momentum of the reunification. German President Weizsäcker’s remark, that it was not military strength which was of decisive importance, but economic strength, as the collapse of the Soviet Union had proven, was referenced in that connection. This is the thinking which was to be driven out of Germans’ heads. A “splendid little war,” the colonial war where Saddam Hussein was lured into a trap, was intended to bring everyone back into line and into containment. The historic momentum was to be given a completely different direction.

Six months before “Desert Storm,” we wrote in an *EIR* study that Thatcher and Bush were planning this war, and that they also needed it, on the basis of their calculations. If that

analysis had been publicly picked up at that time, that war could have been prevented. The refusal of the Europeans to say what the real background of the Gulf War was, namely, its geopolitical motives, led directly to the Balkans War of 1991. The Serbs would never have waged this war of aggression against Slovenia if they had not received the “green light” for it from Bush, Mitterrand, Thatcher, and, naturally, at that time, also from Gorbachov. Bush then had his vision of a “new world order,” that is, the control by supranational institutions, which was then implemented.

We must see that, unfortunately, this Bush policy was foisted upon the Clinton administration as if by “autopilot.” “Desert Fox” and the idea of the “globalization of NATO” were the continuation of this geostrategic policy. Additionally, at the moment when President Clinton was induced, by means of a series of manipulations, to agree to the attack on Iraq in December 1998, a new phase was inaugurated: The 45-year-long attempt to achieve a kind of supranational world dictatorship through the UN Security Council, and supranational institutions such as the World Trade Organization (WTO), the IMF, and the World Bank, was suddenly thrown out the window. The UN Security Council was meeting to discuss the issue of the Iraq War and the Butler Report, when the attack was unilaterally launched by the Anglo-Americans, thereby throwing international law out the window; Anglo-American unilateralism was now on the agenda.

In general, it has been understood that the debate on the globalization of NATO means that NATO would no longer be a European-North Atlantic defensive alliance, but also a military force for “out-of-area deployments” or against so-called “rogue states.” It is clear who would decide such things. The globalization of NATO was obviously directed against Russia. I believe that it became clear this morning, that it is also understood that way in Russia and China.

About two months ago, the newspaper of the People’s Liberation Army of China published an article, which contained this very analysis. If leading representatives in Russia say today that it would be a serious misevaluation for the U.S.A. to think that Russia would not use its strategic nuclear weapons potential in a case of crisis, and that if it come to that in an escalation, the U.S.A. would go up in flames, then people had better listen much more carefully, because that is the sort of dynamic we’re in today.

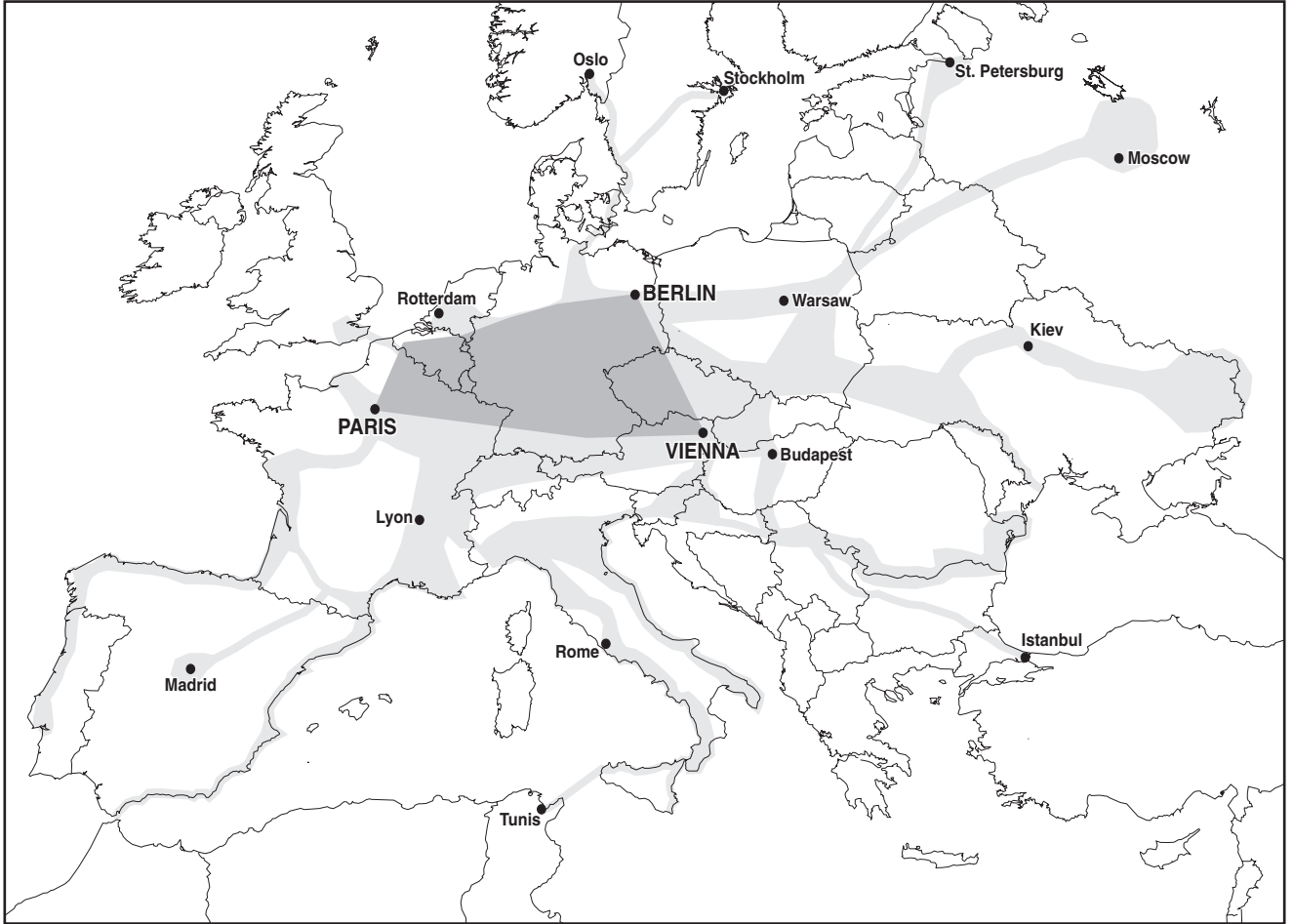
The way out of the crisis

That is a rough sketch of the development of the last 10 years. And we propose, as a way out of the crisis, a completely different concept. In our view, the economic and infrastructural integration of Eurasia must be the core of a global recovery of the world economy. LaRouche and the Schiller Institute had proposed such a conception back in November 1989, for how we should deal with the collapse of the Soviet Union.

Already in October 1988, LaRouche forecast, that, on account of the growing economic problems of the Soviet

FIGURE 10

The Paris-Berlin-Vienna Productive Triangle, and its spiral arms of development, from a 1990 EIR study



Union, the reunification of Germany would soon take place. A reunified Germany should then develop Poland with western methods. LaRouche presented this basic proposal in November 1989, which was then elaborated by the Schiller Institute and brought into the discussion.

The “Productive Triangle” comprises the region within the geographical triangle of Paris-Berlin-Vienna, and is approximately the size of Japan. At that time, and to a certain extent also today, this is the greatest concentration of modern industrial capacities worldwide. This triangle was to be brought into motion by the employment of advanced technologies, and then it would be extended through development corridors to Poland, St. Petersburg, Moscow, and Kiev, into the Balkans, southern Italy, and Gibraltar, and to Africa (**Figure 10**). This Productive Triangle was to be used as the motor for developing the east and the south—a kind of “Marshall Plan,” although I do not generally like to use that term, because Marshall was otherwise not such a great person, but the

concept is known, and I use it only as a pedagogical device.

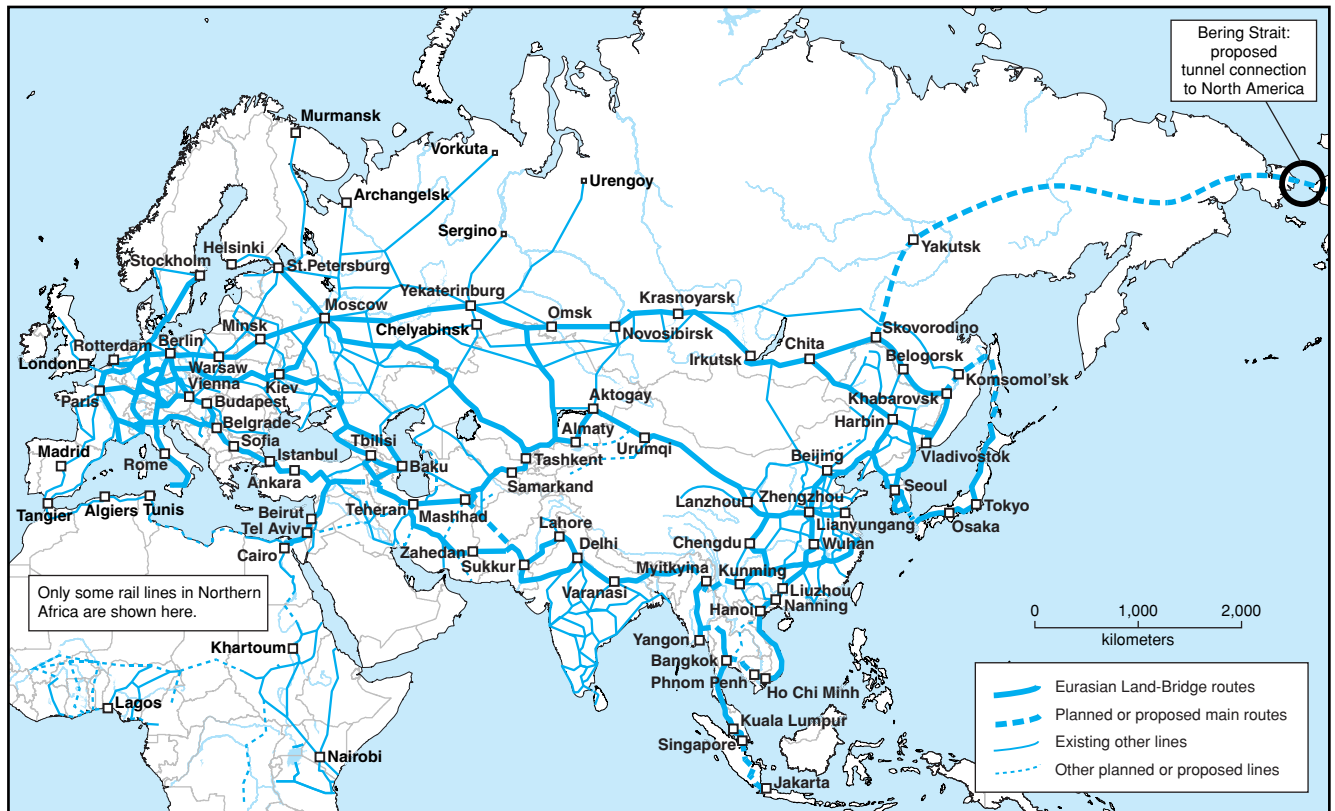
The idea behind this plan was that we would take the obsolete industries of the Warsaw Pact—which, from the standpoint of the world market, were of course no longer competitive—and not simply dismantle them, but rather use them to develop infrastructure, and thus create the economic conditions for new investments in developed technologies. In this way, the “Productive Triangle” could have been used as the locomotive for the development of the East.

Independently of this plan, the plan for the “Eurasian Land-Bridge” was developed, chiefly by China (**Figure 11**). In 1990, the connection of the Chinese port of Lianyungang was made at the Alataw Pass.

When the Soviet Union collapsed in 1991, the Delors Plan was presented by the EU, which in effect reflected our ideas. However, you also have to keep in mind that the Balkans War was already pre-programmed, because, for example, the railway stretch from Munich to Zagreb was missing.

FIGURE 11

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



When the Soviet Union disintegrated in 1991, we extended this Productive Triangle program to the idea of the “Eurasian Land-Bridge.” With this, the entire Eurasian region was to be developed by means of infrastructure corridors, and the population centers of Asia and Southeast Asia were to be connected with the industrial centers of Europe. This program absolutely could have been realized, and that would have established a higher level of reason as an order of peace.

But that is not what the Europeans decided to do. The Maastricht Treaty was another tool to destroy the European economy. And even the Delors Plan, which was supposed to fit into the Maastricht Treaty, was dumped by Bush, Thatcher, and Mitterrand. The Maastricht Treaty was in no way an idea for such a dirigist development of the East. On the contrary: It was an automatic mechanism of self-cannibalization under conditions of an intensified depression. If you look at Articles 106-110 of the Maastricht Treaty, you will see that these articles either forbid any state promotion or financing of such projects, or such projects are penalized to such an extent that anyone would be deterred from making the attempt.

As a consequence of the deterioration of the world economic situation, in 1994, LaRouche presented his famous “Ninth Forecast,” On the coming collapse of the financial

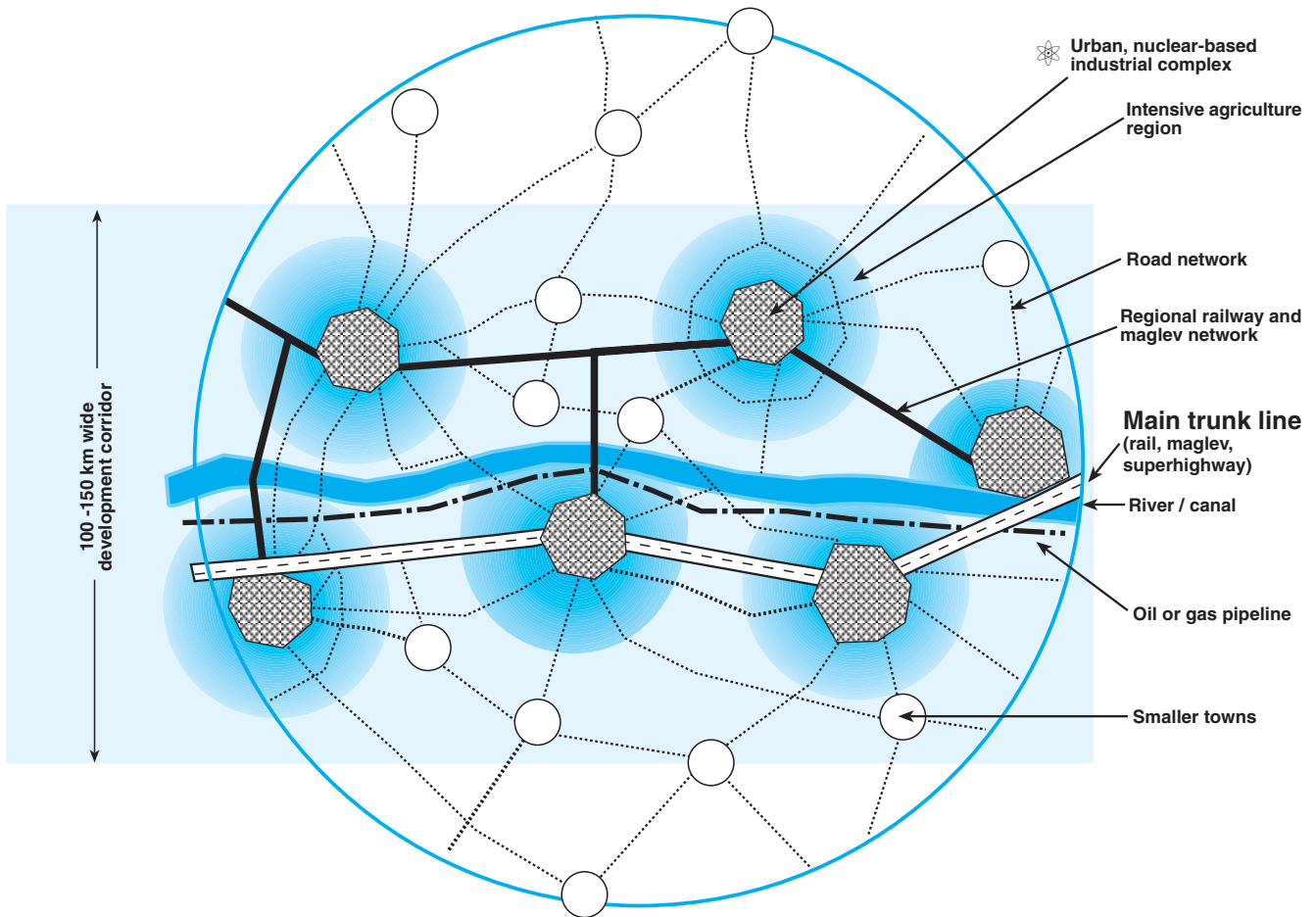
system. Also in 1994, LaRouche visited Moscow with a group from the Schiller Institute, and there he presented the concept for the only way to break out of this dynamic—an alliance in the tradition of Franklin D. Roosevelt. That means that the U.S.A., Russia, and China, together with other countries like Italy, and, hopefully, also Germany and others, should form an alliance for such a policy of the “Eurasian Land-Bridge.” This concept met with a great resonance in Russia.

In 1995, the situation deteriorated further. At the G-7 summit in Halifax, it was completely clear that the international financial system was in a process of running out of control. Even Chirac, later to become French President, spoke at that time of “financial AIDS.” But there was no decision to establish a new economic and financial system, and the decisions went in the other direction: Pump more liquidity, as was done in Japan, where interest rates fell to almost zero.

The next step was the already mentioned conference on the Eurasian Land-Bridge in May 1996, in Beijing, where 34 nations participated. The Chinese government presented the concept there, that this idea of the Eurasian Land-Bridge would open a new era of mankind. The Land-Bridge was not only to be a system of transportation routes—just new transportation routes laid out along the old Trans-Siberian

FIGURE 12

Graphic representation of a ‘development corridor’



Railway or the old Silk Road—but so-called development corridors would arise in a radius of 100 kilometers around these infrastructure routes, consisting of high-speed rail systems such as the Transrapid, and highways, linked with energy production and distribution. In these development corridors, new cities could be built and new industries established (Figure 12). Previously land-locked regions would, in the context of this concept, enjoy the same geographical advantages as those regions that had previously developed along rivers, or on ocean coasts. Desert regions and the central Asian countries could be perfectly developed by this means. And, according to the plans of the Chinese government, 300 new cities are supposed to rise up along these corridors by the year 2010. The assumption is that there will be an additional 300 million people in China by that time, and so these new cities, with a population of 1 million each, have to be built—a magnificent example of planning for the future.

The EU, which was among the sponsors of this confer-

ence, was represented by Sir Leon Brittan, who unfortunately expressed the insanity of the European Commission, declaring that this immense project should be financed through a kind of toll-system. That would never function: a toll-station every 5 kilometers over a distance of 11,000 kilometers. Brittan puffed himself up to threaten that the Eurasian Land-Bridge would not get off the ground in any case, because of political turmoil in the region.

The alternative had been laid on the table. Europe was invited to cooperate on this concept, but Europe made a contrary decision, namely, to continue speculation at the cost of development.

In December 1996, the chairman of the U.S. Federal Reserve, Greenspan, spoke of “irrational exuberance” of the stock markets. At that time, the Dow was at 6,000 points, nowhere near the 10,000 today.

At the beginning of 1997, it became clear to the financial oligarchy, which we also call the “British-American-Com-

monwealth power group”—the City of London, Wall Street, and the Federal Reserve System of the U.S.A.—that this decision of 1995, the attempt to save the speculative system, by pumping in increasing volumes of liquidity, could not be sustained. Therefore, the decision was made to derive profit from the collapse. That was the background for why people like George Soros began the attack on the Thai currency, the baht, in February 1997. Until May, the Thai government attempted to resist, and then it had to free-float the Thai currency on the exchange markets. These speculative attacks on Southeast Asia were in full swing when LaRouche forecast, in the summer of 1997, that the global systemic crisis would begin in October 1997. I presented this prognosis myself in September 1997 in various speeches in China, and I pointed out that the coming summit between Jiang Zemin and President Clinton, in October 1997, would be overshadowed by this global systemic crisis. And that is exactly what happened.

From October 1997 to January 1998, the international financial system was on the brink of a meltdown three times: the first time in South Korea, then in Indonesia—the Indonesian currency lost 80% of its value between July 1997 and January 1998—and, naturally, in Japan, which was sitting on a mountain of \$1.5 trillions in unpayable bank loans. At that time, we said that this was not an Asian crisis, but a global crisis of the financial system, which was irreversible, and also which could not be solved by reforms.

The ‘Survivors’ Club’

There were two fundamentally different reactions to this beginning of the crisis. The first reaction came from a combination of countries which LaRouche later called the “Survivors’ Club,” chiefly China, which, in its publications from November 1997 onward, no longer spoke of an Asian crisis, but of a global crisis. The Chinese leadership, the government, and other leading personalities, looked carefully at economic theory at weekend seminars in November 1997, in order to better understand the causes of the crisis. (I know of no example which shows that the German or the Italian government ever conceded that they did not know enough about economics, and so they would have to study the causes of the crisis.)

At the beginning of 1998 Chinese Prime Minister Zhu Rongji announced a so-called “New Deal” for China in the tradition of Franklin D. Roosevelt. As people recall, Roosevelt overcame the depression in the U.S.A. in the 1940s by means of a package of dirigist measures, which led to America becoming the leading economic power of the world at the end of World War II. China declared that it could do what Roosevelt could do: stimulate the economy. The conclusion which China drew from the collapse of exports for consumer goods, furthermore, was a shift of investments to the domestic market of China and, especially, for the development of infrastructure and of the internal regions of the country, in order to compensate for the loss of export markets.

On Aug. 1, 1998, Jiang Zemin declared that China would

henceforth consider economic issues as questions of national security, because the existence and the national sovereignty of China was at stake, that is, economic issues were treated with the same seriousness as war. The western side—the G-7, the British-American-Commonwealth group—reacted completely differently. Instead of saying, as China did, how can we consolidate our economies and protect them, they said: “How can we get Bill Clinton, the man holding the job from which a reform of the world financial system could well come, out of that job? We will do everything to chase him out of office and to prevent him from picking up this policy.” And that was the beginning, as you will recall, of the Monica Lewinsky affair, which had nothing at all to do with a sexual affair with some girl who flitted by, but was a British-Israeli secret intelligence operation, where nothing less was at stake than an attempted coup d’état against the office of the American Presidency and the American Constitution, with the aim of preventing President Clinton from organizing a new Bretton Woods System, a new world financial system.

In January, all of the financial media pronounced the crisis to be over; the IMF rescue packages had by then reached astronomical dimensions, and this had solved everything. Contrary to that line, LaRouche forecast that the second phase of the global crisis would engulf Russia and Latin America, and then, as a consequence, the U.S.A. and Europe. And that is what happened.

On Aug. 17, 1998, the Russian government under Kiriyenko introduced a series of measures, including a temporary moratorium on foreign debts, with which the government took account of the fact that the pyramid swindle—which is what the system of so-called GKO’s was—the increasingly high-interest government bonds, had come to an end, and Russia was practically at the brink of national bankruptcy. But this bankruptcy meant something else: In reality, it was the point in time when it had become clear that the IMF system of the “free market economy,” the IMF reforms, had totally failed. The most recent quarterly report of the Bank for International Settlements concedes that the world financial system was at the brink of meltdown at the time of the Russian state bankruptcy.

What happened on the other side? Kenneth Starr forced President Clinton to testify during these same days, when the events in Russia escalated, and you can imagine that Clinton was not able to think of anything else at that time than Monica Lewinsky, his defense, and so forth—a real coup.

At the same time, Hong Kong counter-attacked the speculators by causing losses in the billions to the hedge funds, which had speculated on a collapse of the dollar. On Sept. 1, Malaysia introduced capital controls and began to defend the Malaysian economy against the attacks of speculators like George Soros. Prime Minister Dr. Mahathir said that these people are actually criminals, who destroyed within a few weeks what had taken Malaysia 40 years to build up.

On Sept. 14, a very important date, President Clinton gave

a speech at the Council on Foreign Relations in New York and called for a new world financial system, saying that the immense speculative capital flows, which move around the globe daily uncontrolled, represent an immense danger for the world.

As a consequence of the collapse of the GKO pyramid, one the largest hedge funds of the world, the Long Term Credit Management fund (LTCM), collapsed on Sept. 23, with worldwide liabilities in the range of probably \$3 trillion. Sixteen of the largest banks came together to save this fund. They did not do it for humanitarian reasons, but because they knew very well that the financial system was on the brink of meltdown.

The G-7 again reacted by pumping liquidity into the system and lowering interest rates further. In these three autumn weeks alone, the Federal Reserve lowered interest rates three times. In Japan, interest rates fell to 0.25%. But this money, naturally, did not stay in Japan. International speculators took loans in Japan in order to speculate with this money internationally. This liquidity filtered out worldwide, and the bubble grew and grew.

Fortunately, the attempt of U.S. Vice President Al Gore to re-install Chernomyrdin as Prime Minister in Russia failed. With Primakov, for the first time in a long time, a Russian Prime Minister came into power who saw the well-being of the population as his priority. Jiang Zemin's visit to Russia in November was very important. He not only consolidated the strategic partnership between Russia and China, but also gave a speech in Novosibirsk, which is one of the best speeches given by any statesman in recent years. In this speech, he put forth a vision for the 21st century: the 5,000-year history of China, together with the immense scientific potential of Russia, should bring forth a new scientific and technological revolution for the next century.

Somewhat later, Primakov visited India and spoke there about a "Russia-China-India strategic triangle." That was basically another step in the direction of a Franklin D. Roosevelt-style coalition, which LaRouche had spoken about in Russia in 1994. And it is very important that Primakov, for example, and Jiang Zemin explicitly stated that this "strategic triangle" is not directed against any third countries, and certainly not against the U.S.A. Unfortunately, the forces of the international oligarchy succeeded in manipulating President Clinton at that point in time, against his will, to launch the attacks on Iraq in December. And that brought a tectonic shift in the situation. For Russia, China, and many other countries of the world, This destroyed a basis of confidence, which, in my view, has not been understood at all in the West. Here, people think that you can just bomb Iraq or Kosovo; they do not understand that these countries feel that their very existence is threatened, as they surely have not been threatened since World War II. There is immense damage to repair here, and not only with nice words.

But the "strategic triangle" exists, and it was consolidated

in February, and expanded, when the Indian Prime Minister, Vajpayee (who has just suffered a vote of no-confidence), visited Pakistan. Both heads of state, Nawaz Sharif and Vajpayee, declared that 50 years of post-colonial policy was at an end, and they would no longer let themselves be manipulated by third countries. These manipulations had only damaged the two countries; now they want to cooperate. That immensely improves the starting situation for the southern part of the Land-Bridge.

When Chinese Prime Minister Zhu Rongji visited Moscow in February, this strategic partnership was further consolidated, and when he travelled to the U.S. in April, although it did not solve the fundamental problem, President Clinton remained firm and held to his strategic partnership with China, despite the absolutely hysterical anti-Chinese campaign, which had broken out in the U.S. Senate and Congress.

In light of the conflict of these two tendencies, one must recognize the role played by the American NATO Supreme Commander in Europe, General Clark, as well as that of the British Prime Minister Blair, and U.S. Secretary of State Albright, in the negotiations in Rambouillet. There, they deliberately sabotaged an agreement which would have included Russia, and thus brought the tectonic shift of the strategic situation to the brink of a Third World War with the air war against Serbia.

The 'LaRouche Doctrine'

That is the situation. What is now radically necessary if we are to prevent a slide into a "dark age"? We need the "LaRouche Doctrine."

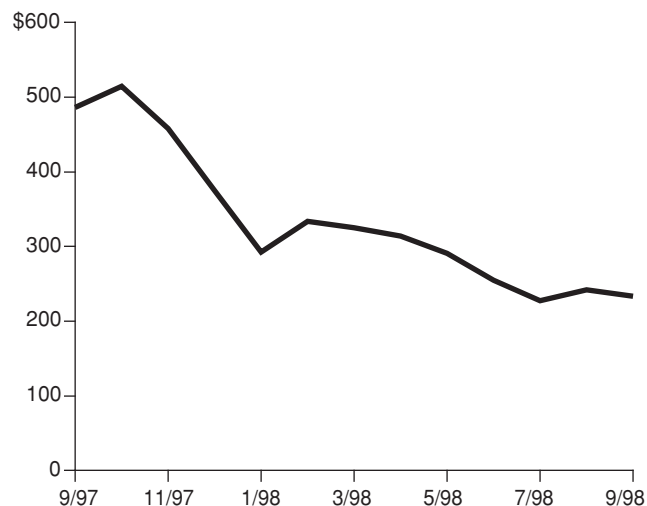
Something positive must come out of the horrible situation in the Balkans. We need a peace plan for the Balkans. We need a Marshall Plan, an economic development plan, which must become the beginning of the change in global politics. No partial solutions will be sufficient to solve the problem: The time for that is gone. The crisis has gone too far. We cannot look at local conflicts. We need a public admission on the part of the West, from America and from Europe, that the attack on Iraq was a mistake and should never have happened. And that the attack on Serbia was also a mistake, and that, instead, a political solution, which includes Russia and China, must be found.

In this connection, the idea of the globalization of NATO, the concept of deploying NATO against so-called "rogue states," has to be rejected and stopped. How is that possible? Russia—and, naturally, China and other nations, but especially Russia—must be convinced that it is not in the interest of the West to eliminate Russia as a nation from the world map. We have to get rid of the IMF reform policies immediately, and instead, as the only realistic, existing alternative, put the Eurasian Land-Bridge, the economic integration of western Europe, eastern Europe, Russia, and China, onto the agenda. In the West, we have to take up the same policy which the "Survivors' Club" has adopted; it is pursuing a healthy

FIGURE 13

**South Korea: imports from Germany
September 1997–September 1998**

(millions \$)



Source: Bank of Korea

policy, in the sense of “mentally healthy.” We in the West, in Europe, must return to the idea that scientific and technological progress is positive, that industrial growth is positive, and that this is the only basis for the common welfare.

If we decided to change global policy, what would it yield for us? I want to give some pedagogical examples of what the industrialization of China and India would mean for an export boom in Europe. It can be demonstrated, that the higher the degree of industrialization in a country, the more such a country can import from Germany, from Europe, or from wherever. The more steel plants and power plants a country has, the more advanced equipment, machine tools, specialty steels, electronic products, and so forth, it will import, and the higher its population’s standard of living will grow, and the higher its demand for consumer goods.

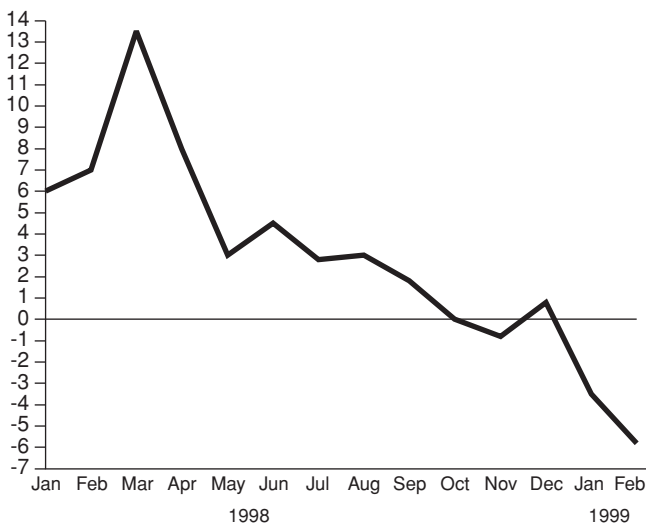
At the current time, China and India import goods from Germany at a rate less than 10 DM per capita. The so-called threshold countries, countries such as South Korea (**Figure 13**), South Africa, or Turkey, import goods valued at 100 DM per capita and per annum from Germany. But Germany’s neighbors in the European Union import, per capita and per annum, goods in the value of 1,000 DM. If China and India industrialized, at least to the degree of the middle-category nations, they could then import goods at 100 DM per capita and per annum. That would lead to the creation of 800,000 jobs in industry, and approximately 4 million jobs in the European Union (see **Figure 14**).

If, for example, the per-capita energy consumption in

FIGURE 14

Incoming orders to German industry

by comparison with the same month a year before (% change)



Source: Statistisches Bundesamt, *EIR*.

China and India were brought up to European levels, this would mean that some 1,000 new nuclear power plants of the Biblis type would be necessary in these two countries. One can imagine that the prospect of 300 new cities, each with a population of 1 million, along the Eurasian Land-Bridge, would mean a multiple of these requirements. If, for example, the primary development corridors were built, which connect the most important population centers with each other—just the already existing connection between Rotterdam and the Chinese port city of Lianyungang is 11,000 kilometers long—that would be 60,000 kilometers. If then there is a 100-kilometer-wide area along these major routes, this makes for an economic development surface-area of 6 million square kilometers, 1,500 times larger than the Ruhr area of Germany.

There is a study from the early 1950s by the Deutsche Versuchsanstalt für Luft- und Raumfahrt (DVL, German Experimental Institute for Aviation and Space Travel), which has a plan for a 5,300 kilometer Transrapid network, which would connect 26 large cities and 8 countries, and a total of 230 million people with each other. A more recent study by the Berlin Institute für Bahntechnik (Institute of Rail Technology) in 1991, developed a plan for a 450-kilometer Transrapid network. That would create jobs in the following magnitudes:

- Machinery, automobile, and steel production: 53,000 new jobs.
- Construction sector: 53,000
- Electrotechnology: 39,000
- Light industry: 18,000

- Transport and communications: 17,000
- Construction materials: 10,000
- Metals processing: 6000
- Other: 17,000

So, just 450 kilometers would result in 250,000 new jobs.

With a Transrapid network of 60,000 kilometers, some 16 million new jobs would be created in Europe. There is, of course, a large reservoir of manpower in eastern Europe, but if this labor-potential works at a level of western European productivity, at least another 10 million jobs will be necessary.

A real economic boom

Let us consider steel consumption in housing. The average per-capita home living space in Europe is currently 35 square meters. If we assume a requirement for an order of magnitude of 140 billion square meters in new housing, then that means we need 10 billion tons of steel for housing construction. That corresponds to the current world production of steel over 13 years. And housing is the smallest part of this program. We would have to make similar calculations for the areas of water management and energy. We are talking about an investment volume per kilometer of the Eurasian Land-Bridge of some 20 million DM for infrastructure alone. Considering the most important development corridors, with the already mentioned length of 60,000 kilometers, that gives us a volume of investments of 1,200 billion DM.

In order to be able to realize this plan for peace, against the threatened danger of war, it is necessary that Europe, the U.S.A., and, hopefully, Japan return to the policy axioms that prevailed before the paradigm shift. The main role is not played by money, but by the principles of physical economy. The geographical distribution of the world's population shows, that Russia, China, and India account for 22% of the land-mass of the Earth, and they constitute 42% of the world's population. China and India urgently need transfer of high technology in order to have stable economic development. China has a strong agricultural and food-processing industry; Russia, despite the Shock Therapy and "brain drain," has an immense scientific potential, particularly in the "military-industrial complex." So there is a wonderful complementarity here, which is the prerequisite for cooperation on the Eurasian Land-Bridge.

Germany has an export-dependency of 40%; every third job directly depends on exports. It is naturally Germany's and Europe's self-interest, that we return to the idea that an economy can only have a future if there are expanding export markets, which was the normal condition up to the mid-1970s. Bankers like Jürgen Ponto travelled at that time to Brazil, or South Africa, to sell German nuclear power plants. The chairman of the DIHT (German Chamber of Industry and Trade), Henkel, has said that the German government's prognosis of 2% growth is completely wrong, because the expectation actually is that exports will drop. Incoming orders for

German industry, especially in the machinery sector, have dropped dramatically. In September 1998 alone, the drop was 35%, and each month after that shows a drop of 20%.

Machinery is the area which is absolutely decisive for the Eurasian Land-Bridge, because machine-tool construction is the area in which scientific and technological progress lead to increases in the productivity of labor. Worldwide, there are only a very few countries that have developed machine-tool industries—Switzerland, China, Japan, U.S.A., Italy, and Germany, with very little in Africa.

Machine-tools are the key when you want to get an economy moving again, because it is here that the human mind makes an invention, which then translates into a technology, and leads to increases of labor productivity.

A global change of policy

That is why we need a global change of policy. First, we need a new Bretton Woods system, which consists of the following components:

- a comprehensive debt moratorium on foreign debts of developing countries, and also most industrial countries, because these debts cannot be repaid in any case;
- the speculative bubble, with a volume of some \$300,000 billions has to be written off in its entirety. We must return to fixed exchange rates, so that long-term investments—for example, in infrastructure—are possible. We need a system of national banks, or banks such as the Kreditanstalt für Wiederaufbau, in every country, so that credits for this program of the Eurasian Land-Bridge can be issued, which then flow into the development corridors, into new cities, into new technologies. We need a technological revolution, for example, supersonic aircraft, magnetically levitated railways, new manufacturing technologies using plasmas and lasers, and new and safer nuclear power plants, like the high temperature reactor, which was developed by Professor Schulten in Jülich.

We have to stop the nonsense talk about so-called "dual-use technologies." This notion says that only a few countries should have access to advanced technologies, and the majority of people (about four-fifths) should not have advanced technologies, because they might be able to produce weapons with them. I can use a knife to cut bread, or to stab my neighbor. "Dual use" is nonsense which can only arise in an oligarchic mind.

One of my favorite thinkers, Nicolaus of Cusa, already in the 15th century defended the idea that every idea is so precious, that, if a person invents something, this invention should immediately be put into a kind of international "pool," so that no nation's development is restrained. And this is actually not a problem. If we were to become "normal" again in Germany, which I hope we do, then there is no reason for us to fear technology transfer. If we recall our identity as a "people of poets and thinkers," then we will just invent the next technology, and the next after that, and again the next—

a sort of chain reaction theory which proliferates itself. At the moment in Germany, the physical sciences—engineers and other scientists—rank only in the middle, by international comparison.

If Germany wants to put itself into a position of being able to cooperate in such a program, we have to return to the Humboldt system of education, where classes are not directed at transmitting some Internet information, but rather toward the student's personal character; where classes communicate values which are not personal greed, designer clothing, the "I have to have that" mentality, but develop creativity as the center of a humanist society—and also as the center of any functioning economy.

That means that Europe will only be able to solve the strategic and economic crisis, if we recall, at the same time, the best traditions of our 2,500-year European history—the Greek classics, the great tragedies of Aeschylus and Sophocles, Plato, the ideas of the Italian Renaissance, which were echoed at the same time in Ukraine, Poland, Lithuania, and Holland, the German classics, the music of Bach to Brahms, the Weimar Classical period. We must also look to China, which is consciously orienting to its 2,500-year Confucian and neo-Confucian history, and where there are immense parallels between the Christian-Platonic and the neo-Confucian history. China has contributed richly to beauty in poetry and painting.

When Iranian Prime Minister Khatami visited the Pope recently in Rome, and both spoke about a dialogue of cultures—that is the idea: the Arab Renaissance, which, under the Abbassid dynasty in the seventh and eighth century, belonged to the most developed period of mankind. We must revive the contribution of Egypt to universal history, and naturally also that of Sudan and other nations.

We have to give some thought to the reason why Wilhelm von Humboldt said that Sanskrit was the most developed language in the world: What does that tell us about the high period of Indian culture? The Chinese language is especially suited to communicating ideas; there is the wonderful richness of the Russian poets, especially my favorite poet, Alexander Pushkin, whose 200th birthday we celebrate this year.

If we look at the world that way, not only to speak about a new, just world economic order, a Eurasian Land-Bridge, which should be extended to Africa and Latin America, the ideas of *Populorum Progressio*, the development of all people, but also to connect that to the idea of a cultural Renaissance of humanity, which awakens the best aspects of universal history and draws upon it to make a contribution for the 21st century—only if we approach problems that way, can we not only avert the acute threat of world war, but also, I am absolutely convinced, then it will be possible to overcome notions such as "oligarchy," the idea of empires and hegemonism, as we would overcome childhood illnesses, and turn to those tasks which are more appropriate to human dignity.

Devendra Kaushik

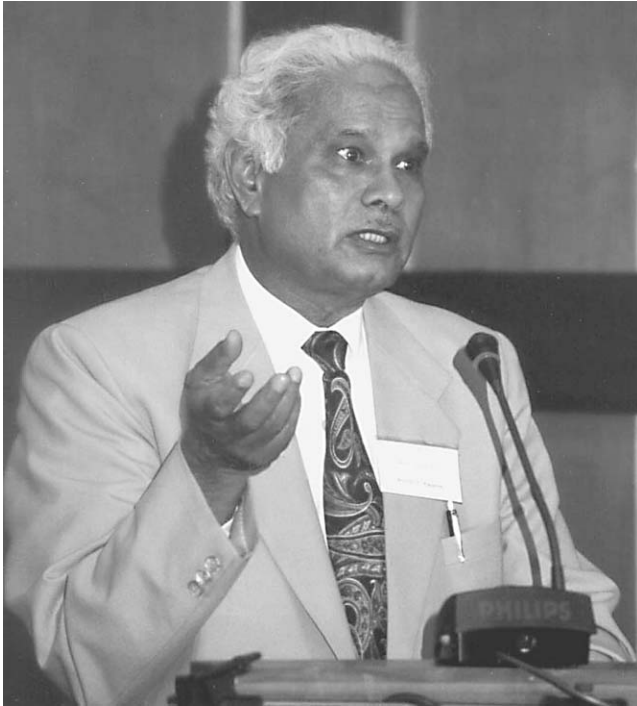
India-Russia-China cooperation in the Survivors' Club

Anno Hellenbroich: *Prof. Devendra Kaushik is Professor of Central Asian Studies at the School for International Studies, Jawaharlal Nehru University, in New Delhi. He is also Chairman of the Maulana-Adsat Institute for Asian Studies, in Calcutta. Over many years—I believe he said 40 years yesterday—he has studied the relations between India and the Soviet Union, and now, of course, with Russia. He has extended these studies to Russia, India, and China, and has made proposals for economic cooperation. Today, he will present us the Indian view of the cooperation of the Survivors' Club nations, China, India, and Russia. Professor Kaushik: [Subheads have been added.]*

As we deliberate here in Bonn on the world's present financial and economic crisis, and the way out of it, a full-scale war is being illegally waged by the NATO military forces against Serbia. "Humanitarian" reasons of stopping atrocities against the Albanian minority in the Kosovo province of Serbia and its "ethnic cleansing" by the "rogue" state of Yugoslavia, headed by dictator Milosevic, are advanced, to justify this war in the Balkans, which is fraught with the dangerous possibility of triggering a world conflagration.

In India, it is difficult for us to comprehend this sudden groundswell of sympathy and concern in London for the victims of "ethnic cleansing." It appears that Tony Blair, who is the most energetic champion of this war, and who has dragged the United States into it through his special relation with [U.S. Secretary of State] Madeleine Albright and [Defense Secretary William] Cohen, has forgotten the "ethnic cleansing" of minority communities in both parts of the Punjab, following the partition of India by the British in 1947, on a scale unheard of in the history of humankind. Blair and company would not like to be reminded about the forced migration of millions of refugees to India from the East Bengal province of Pakistan in 1971, on account of bloody repression by the military junta in Pakistan. It is obviously of no concern to them how, more recently, ethnic cleansing of the minority community took place in the Srinagar Valley of Kashmir, as a result of terrorist activities launched from across the border.

The fact of the matter is, that "prevention of ethnic cleansing" in Kosovo is not the real cause of the war.



Indian scholar of Asian studies Prof. Devandra Kaushik surveys the growing rapprochement among the members of the "Survivors' Club."

It is simply a pretext for it. I have no expertise in economics to offer here any serious analysis of the ongoing international economic and monetary crisis, but as an historian and political analyst, I do visualize the connection between the already-bankrupt global economic system, run by the international financial oligarchy, and the recurrent eruptions of wars in the Gulf, the Middle East, and the Balkans. Also, we hear of preparations for war in the Far East, against the "rogue state" of North Korea.

In India, we feel greatly concerned that NATO plans going global in pursuit of its strategy of punishing "rogue states" in any part of the world. NATO proposes to be the prosecutor, judge, and the executioner at the same time.

In India, we have taken serious note of the proposed new direction of the NATO strategy, as outlined in the March 8 speech of the Chairman of the U.S. Joint Chiefs of Staff, Gen. Henry H. Shelton, at the 50th anniversary conference of NATO held in London. General Shelton's plea for preparing NATO to "cope with the very real threat to our people, our territory, and our military forces posed by weapons of mass destruction (WMD) and their means of delivery" and for "re-defining its mission . . . reflecting the geopolitical landscape to which it is anchored," and for seeing threats as being located "beyond NATO territory" and for having the ability to "respond quickly and effectively to crises, either within territory of areas of fundamental interest to the Alliance," are bound to cause serious concern in India and in other countries like

China, Russia, and Iran.

The two world wars in the twentieth century, which took a toll of millions of human lives, were caused not by the division of Europe into rival military alliances, the Triple Alliance and the Triple Entente, and the desire of the German people under the Hitler regime to reverse the unjust Versailles diktat. To accept these as the real causes of these wars would be oversimplistic, of rather deeper causes lying embedded in the system of world imperialism. Imperialism, which represented a higher stage of development of capitalism, based on international finance capital, resulted in an intensification of inter-state rivalries fuelled by a mad race for grabbing colonies for the sake of raw materials and markets. Similarly, the aerial bombardments and naval cruise missile attacks on Iraq and Serbia are the result of the deep crisis which has currently afflicted the world economic system dominated by international speculative finance capital. The causality of the war in the Balkans must be understood seriously. It lies in the near-collapse of the world financial system.

NATO, which is the military instrument of the Anglo-American financial oligarchy, has launched a war in the Balkans to divert attention from the imminent collapse of the world economic system. The rump state of Yugoslavia has been chosen for attack, to deliver a warning to the states of China, India, and Russia (under its new government), which are unwilling to accept the IMF-dictated financial globalization.

Survivors' bloc rebuffs BAC

The world has thus come to be divided into three groups of power blocs, against the background of the international financial crisis which has gone berserk after it struck the Southeast Asian "Tigers" in 1997, then moved on to grip South Korea and Japan, and spread to Russia and Brazil, threatening the American economy itself in the wake of the collapse of the LTCM hedge fund. Thus, we have the Anglo-American bloc or "British-American-Commonwealth" [BAC], which represents the powerful financial interests still dominating the world.

The second group consists of the continental European states, which, on account of their relatively weaker position, plays a second fiddle to the dominant Anglo-American bloc.

The third group, which may be described as the "survivors' bloc," includes China and India. Russia has also joined it, after the financial collapse in August 1998. The new government led by Prime Minister [Yevgeni] Primakov, with [Yuri] Maslyukov as his First Deputy, has declared its intention to do away with the IMF-dictated "shock therapy" reforms, and to take firm measures to resurrect the physical economy through a policy geared to growth of national industries. Malaysia and Iran are other members of this "survivors' bloc."

There is a growing realization among leaders of these nations, that the military, political, and economic policies

of the Anglo-American bloc pose a serious threat to their existence as sovereign nations, and that they must create, through their joint efforts, conditions to ensure their survival in the face of increasing military and economic offensives by the Anglo-American bloc, which is getting desperate on account of the ever-deepening world financial crisis.

The India-Russia-China strategic triangle is an important prerequisite for rebuffing the drive of the Anglo-American bloc to dominate the world through imposition of its speculative finance-run global economic system, which is threatened by imminent collapse of the unmanageable bubble economy which the present, sharply declining physical economy is no longer in a position to sustain.

The potentials of the strategic triangle

This strategic triangle is not just a pipe dream. It has a strong, objective basis for its realization. The three countries are close neighbors and have old, common historical and civilizational roots, and linkages, binding them together. Barring controversy over borders, common to many neighboring states, and some brief armed clashes on their partially demarcated frontiers, there has been no prolonged adversarial relationship or wars among them.

Russia and China are Pacific states, and India is an Indian Ocean country, but they have a common geopolitical relationship with landlocked Central Asia.

These three powers, by virtue of their vast human, natural, and scientific resources, are capable of cooperating in the interest of mutual prosperity and peace and stability in the world. All three are nuclear and space powers, and possess the material and scientific capability to promote high-tech development. The internal stability, territorial integrity, and border security of Russia, India, and China, face a common threat from religious extremism. They also face a common problem of foreign-supported secessionist movements threatening their territorial integrity.

The Indo-Russian relationship, which faced some problems in the aftermath of the collapse of the Soviet Union, soon started looking up. It was only during 1992, that these relations remained under a cloud, as the Kozyrev pro-Atlanticist line dominated the foreign policy course of Moscow. Yeltsin's January 1993 New Delhi visit, however, broke the ice, and the strategic character of their ties was restored after Prime Minister Narasimha Rao's Moscow visit in June 1994. The Moscow Declaration committed both countries to supporting each other in preserving the territorial integrity of their multi-ethnic, multi-confessional states. Subsequent visits by the Russian Prime Minister and the Indian Prime Minister and Defense Minister, resulted in agreements for long-term cooperation in the military and economic fields.

The Sino-Indian détente initiated more than a decade ago with Rajiv Gandhi's visit to China, has progressed successfully, notwithstanding the controversy over the [Indian nuclear tests at] Pokhran II, with Beijing taking offense at the

Indian Defense Minister's characterization of China as a threat to Indian security. The damage caused to Sino-Indian relations by this statement, was made up by Prime Minister B.A. Vajpayee's statement that the Defense Minister's opinion regarding the Chinese threat was his personal one, and did not represent the government of India's official view. Vajpayee reiterated India's commitment to improving relations with China. Bilateral trade between India and China has registered a threefold increase, and the Chinese supply of enriched uranium to the Tarapur nuclear power plant in India, and China's offer to share with India an oil field acquired by it in the Uzen region of Kazakstan, have given a new momentum to Sino-Indian bilateral relations.

The growing warmth in Russian-Chinese and Russian-Indian relations, makes one optimistic about positive developments in India-China relations, as well. The Russian-Chinese Joint Statement, signed after the conclusion of President Jiang Zemin's visit to Moscow in November 1998, to further the mutual understanding between Beijing and Moscow on upgrading their ties to the strategic level, reached during Jiang's earlier visit in April 1997. The Joint Statement calls for a multipolar world, and warns against attempts to make the twenty-first century an exclusive "American," "European," or "Asian-Pacific" century. It favors "fostering conditions, so that big powers do not make efforts at widening or creating new military alliances." The Joint Statement also makes a plea for ensuring the "economic security of sovereign states," and for the "exclusion of attempts at using currency or financial levers to impose political or economic conditions which infringe on the legitimate national interests of a particular country."

The reference to the significance of the Nuclear Non-Proliferation Treaty (NPT) and the Comprehensive Test Ban Treaty (CTBT) in the context of the situation in South Asia, however, calls for further efforts on the part of the three powers to evolve a commonly acceptable approach to nuclear disarmament. The dialogue between India and China was resumed, despite initial setbacks after Pokhran II. A delegation of the Indian Ministry of External Affairs visited Beijing, and it was agreed by the two sides to revive the meetings of the Joint Working Group, which had not met for a long time. The experiment by India of the Agni II intermediate-range missile recently has made no difference to the desire of both sides to continue their dialogue. Formal protests by China notwithstanding, the spokesman of the Chinese Foreign Ministry has declared that China remains committed to improving its relations with India. National People's Congress chair Li Peng, then visiting Pakistan, and Premier Zhu Rongji, speaking from the United States, made no criticism of the Indian missile test.

Central Asia question

There is a long-term community of interests among Russia, China, and India in the Central Asian region, which has

become a cockpit of contention and competition with the activation of the Anglo-American bloc's interest in exploiting its vast oil and gas reserves. If President Carter had declared the [Persian] Gulf region as an area of vital interest for America, President Clinton, at the instance of the Anglo-American oil giants, has extended this to the Caspian region.

Geopolitical gameplans are being prepared with the sole objective of seeing Russia out of Central Asia, where, as a leading Eurasian power, it has a legitimate role to play. Thus, oil and gas pipelines are being projected to bypass Russian territory. Iran is also being isolated, by pressuring the Central Asian states. A new bloc of Central Asian, Caucasian, and CIS [Commonwealth of Independent States] states is being created, at the instigation of the Anglo-American bloc, to keep Russia out of this region. This bloc consists of Georgia, Uzbekistan, Ukraine, Azerbaijan, and Moldova (GUUAM). Baku is being encouraged to pump its oil to the Georgian port of Supsa on the Black Sea, instead of the Russian port of Novorossiysk. Work is in progress for transporting the Caspian oil by a pipeline, to be laid from Baku to the Turkish port of Ceyhan on the Mediterranean coast.

But it may not be easy to keep Russia out of Central Asia and the Caucasus, because the new oil pipelines favored by the Anglo-American bloc pass through eastern Turkey, where the Kurd rebels can create trouble, and transporting oil through Georgia is also problematic, because of unrest in Abkhazia. For its part, Russia is actively engaged in convincing the Western oil companies that transportation by the northern route, passing through Russia, was two to three times cheaper than the route passing through Georgia, Turkey, Ukraine, etc. The Russian organization engaged in surface transport, Transvest, has offered several alternative economic routes which avoid the troubled region of Chechnya.

The largely energy resource-based American geopolitical gameplan in Central Asia and the Caucasus, is thus facing a multitude of problems. The Islamic rivals to Russia—Turkey, Iran, and Pakistan—are unable to substitute for Russia in Central Asia. Of the three southern neighbors, neither Turkey nor Iran nor Pakistan can become a “regional economic powerhouse.”

The Pakistani objective of acquiring a strategic hinterland in Central Asia does not coincide with the interests of the Central Asian states, which would not like to lose a larger market in India. China, which is otherwise close to Pakistan, opposes Pakistan's efforts to play an Islamic card, for fear of repercussions in Xinjiang. By virtue of its location, Turkey itself is exposed to Russian power, and its large trade with Russia compels it not to spoil its relations with Russia. Iran competes with Pakistan, as it does with Turkey, for its influence in Central Asia. Despite a decline in Central Asian trade with Russia, its relative weight is far larger than its trade with the Economic Cooperation Organization (ECO) partners—Pakistan, Iran, and Turkey—which is only 13.7% of exports and 13% of imports. A Central Asian alliance headed by Uz-

bekistan to curtail the Russian role, has failed to take off, with Kazakhstan, Kyrgyzstan, and Tajikistan remaining deeply suspicious of irredentist and great power aspirations in Tashkent.

China, together with Russia, are left as the strongest powers having legitimate interest in Central Asia. Bordering directly on the area, China has far fewer limitations than its Middle Eastern rivals. It has larger financial resources than Turkey, Iran, and Pakistan, and is more compatible with the economies of the Central Asian states, which can use its territory to gain access to the Pacific, and on to the Far East and Southeast Asia. Beijing remains geared to the objective of precluding any upsurge of Islamic or nationalist agitation among its Muslim peoples—the Kazaks, Kyrgyzes, and the Uighurs—residing in Xinjiang. In the interest of achieving this objective, it is pursuing a policy of developing trade and economic relations with its Central Asian neighbors, and supports their governments and their relationship with Russia.

The Chinese policy in Central Asia has also another objective. Energy consumption and demand for it in China is expected to grow in a big way in the next century. Stability in Xinjiang and Central Asia is not just politically desirable, but also an essential prerequisite of China's continued economic growth and modernization. To preserve peace and political stability in the oil-rich Xinjiang, which is also important on account of the nearby location of the Lop Nor nuclear test ground, it is important to develop strong ties with Russia by supporting Moscow's interests in Central Asia.

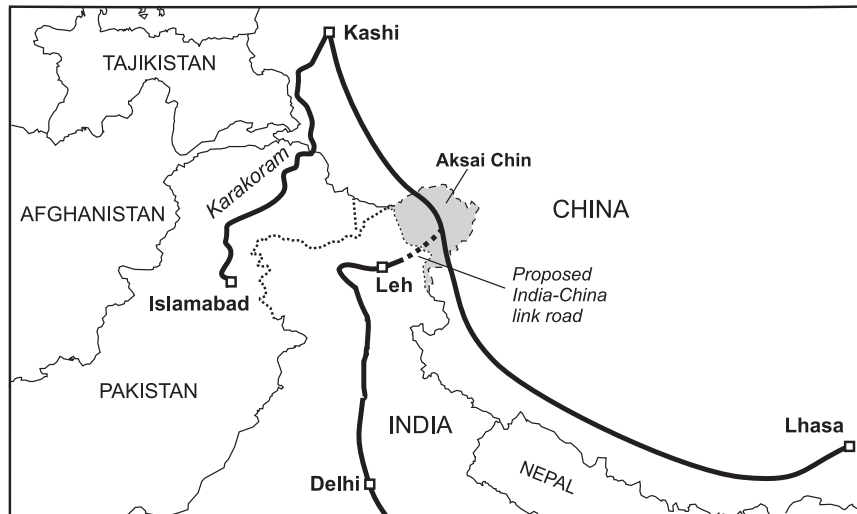
In June 1997, China's National Petroleum Company, in an open tender, competing with the U.S. oil giants Texaco and Amoco, won a major oil concession in the Aktyubinsk area of Kazakhstan. By this agreement, China will invest \$9 billion in this oil venture and build a pipeline to Xinjiang. In August 1997, the Chinese also won a tender for 60% of oil in the Uzen field. Beijing has offered to India a portion of its oil concessions in Kazakhstan for joint production. China is taking active steps to meet its increasing future oil requirements by pursuing equity oil from regions as far apart as Latin America and Central Asia.

India is also concerned about its oil imports, which are growing at the rate of 10% annually and are expected to reach a level higher than 270 million tons by 2020. The Central Asian region has the potential for becoming an important source of energy security of the South Asia subcontinent. Because of their close proximity, both Central Asia and India stand to gain as one of the world's biggest oil-producing areas and energy markets.

Because India, China, and Russia are vulnerable to threats to their territorial integrity from religious extremism, their collaboration in Central Asia is quite natural. The June 1994 Moscow Declaration jointly signed by President Yeltsin of Russia and then-Indian Prime Minister Narasimha Rao, reiterated the resolve of their governments to continue their joint opposition to any efforts to stir up inter-ethnic or inter-religious discord and to destabilize state governments and bor-

FIGURE 1

Proposed road to link India, China, and Central Asia



Building a road to link India, through the Himalaya Mountains, to the Tibet-Xinjiang highway in China, would have an important political and economic impact on both countries and on the Central Asian nations. China and Pakistan cooperated in the 20-year project, completed in 1978, to build the Karakoram Highway, north of the Line of Actual Control between India and Pakistan. The Aksai Chin, an uninhabited plateau through which a trade route has run since ancient times, was one of the areas disputed in the 1962 border conflict between India and China; it is on the Chinese side of the Line of Actual Control. A project in which India and China would coordinate construction of a link road over the Aksai Chin, would make the area one of international cooperation.

ders. In a state visit, both Indian and Central Asian leaders openly stated their condemnation of religious extremism and fundamentalist terrorism instigated from across the borders. India supported Iran's efforts to build the rail track between the Persian Gulf port of Bandar Abbas and Ashgabat, the capital of Turkmenistan.

New roads and 'bus diplomacy'

India has yet another option for reaching Central Asia through an overland route: New Delhi can explore the possibility of reaching an agreement with Beijing for opening up an overland route to Central Asia through the Xinjiang region of China. It has only to join the Tibet-Xinjiang road built by the Chinese through the Aksai-Chin territory, claimed by India.

Tajikistan, Kyrgyzstan, and Kazakstan are known to be taking keen interest in using the Chinese-built Karakoram Highway to gain access to the Pakistani seaport of Karachi. Tajikistan has recently linked its city of Kharog in the Pamir region, with the Karakoram Highway. The distance from Kharog to Karachi via Islamabad is roughly 3,200 kilometers. From Kharog to the Indian port of Kandla through Ladakh, works out to about 3,800 kilometers.

India does not have to construct a long road to join the Tibet-Xinjiang road passing through Aksai-Chin. It just has

to build a relatively short link-road joining the Line of Actual Control with the Tibet-Xinjiang road.

This route also has great political significance. In mid-April, Indian Prime Minister Vajpayee, when discussing in an interview on Zee-television about extending his "bus diplomacy," already begun with Pakistan, to Dhaka in Bangladesh, said that he was being advised to also "take the bus" to China. The Prime Minister said that he was enthusiastic about this idea. This could be done if this link-road were to be built.

The availability of an additional overland route to the sea, from the landlocked Central Asian states to Kandla through Xinjiang and Ladakh, will provide greater comfort to them. The opening of this new route can act as a precursor to the laying of a pipeline from Xinjiang to India by joining one under construction by the Chinese for exploitation of the recently acquired oil concession in Kazakstan, which Beijing has offered to share with New Delhi.

An advance in the direction of closer cooperation among Russia, China, and India, for ensuring the security and sta-

bility of the newly independent Central Asia states, is bound to upset the new geopolitical gameplan of the Anglo-American bloc, to create a balance of power favoring the continuation of a unipolar world under the "soft hegemony" of the United States. An Asian regional security structure is gradually coming up, as a result of increasing cooperation among the three Central Asian states, Kazakstan, Kyrgyzstan, and Tajikistan, and their neighbors, China and Russia.

Following the Shanghai agreement on building confidence in the military field on border areas, concluded in 1996, and the agreement on mutual reduction of military forces in border areas signed on April 24, 1996, these five states issued a joint statement on July 3, 1998 in Almaty, after the summit meeting of their heads of state. The signatories to the joint statement, reiterated the need for establishment of an equitable international political and economic new order, for common peace and prosperity in the twenty-first century, and declared their determination to turn their relationship of good neighborliness, friendship, and cooperation, into a sustained and important factor for the stability, security, and development of the entire Eurasian region. They also decided to encourage large-scale and long-term cooperation in all economic fields, including the construction of oil and gas pipelines and railway, highway, and water and air transport, and welcomed all interested countries and companies to

participate in these projects. The heads of the five powers declared at Almaty, that they attached importance to cooperation in the field of energy on an equal and mutually beneficial basis. India would do well by actively participating in the measures outlined in the Almaty statement, to help build an atmosphere of confidence and cooperation in its neighborhood.

Russia, India, and China make up 22% of the Earth's surface and more than 40% of its population. All three countries have a strong common interest in stability and development in all parts of the world. Their strategic alliance for peace, stability, and development, which is not an exclusive geopolitical military alliance, alone can effectively counteract the Anglo-American bloc from securing the interests of international financial oligarchy. This alliance has all the potential to create a new world financial and economic order, based on equity and justice for all nations.

When Russian Prime Minister Primakov first put forward the concept of a "strategic triangle" of Russia, China, and India during his visit to New Delhi in December 1998, he was fully aware that this idea had an historical basis, and that a certain urgency had been imparted to it in the context of the Anglo-American military action against Iraq. At that time, the initial reactions of New Delhi and Beijing were not supportive, although the idea was not rejected outright. The Indian position, articulated by Prime Minister Vajpayee, was that India had the best of relations with Russia, and was working to improve relations with China.

Survivors react to NATO bombing

The situation, however, changed in the wake of the NATO attack on Yugoslavia. Prime Minister Vajpayee, while calling on NATO to respect the provisions of their own founding treaty and end the attacks on Yugoslavia, declared that he would be talking to Russia and China on the subject. A Press Trust of India report quoted him saying that the government was considering the possibility of forming an India-Russia-China axis following the unilateral NATO action.

The destabilization of the Vajpayee government, which was defeated in a confidence motion by one vote, so soon after this statement by the Prime Minister, has left many guessing whether Vajpayee has not been penalized for this stand against the Anglo-American bloc. The destabilization game is also going on in Moscow, where the Chubais, Chernomyrdin, Gaidar, and Nemtsov crowd is prodding Yeltsin to sack Primakov. The people in the countries forming the "survivors' bloc" must mobilize themselves for resolute action against this destabilization game. The hope for survival of humankind, in its struggle against predatory attacks on national sovereignty, lies in forming the strategic triangle of India, Russia, and China. This triangle alone is capable of stopping the NATO aggression in the Balkans, which might grow into a world war, and of taking the initiative for creating a new international financial and economic order.

Qian Jing

Toward a just world order: a Chinese view

Anno Hellenbroich: *Thank you, Professor Kaushik, for the optimistic note, for showing us some problems and how they can be solved.*

I would now like to introduce our last speaker in this session. Prof. Qian Jing is a member of the Chinese Academy of Social Sciences in Beijing. He is an expert on Chinese literature and philosophy. He is now working in an advisory capacity on international affairs, and deals with regional economic development projects in China. In the past, he has published articles on, for example, "The Soros Phenomenon," and an internal memorandum on "Analysis of Recent Globalization and the Chinese Financial Crisis." Today he will speak on the topic, "The Path toward a New, Just World Social, Political, and Economic Order: A Chinese View." Professor Qian:

Introduction

I am sorry I can't follow the example of our Prime Minister Zhu Rongji, who can speak without a text.

First I want to say some words about the Kosovo crisis.

As you know, the attitude of our government toward the Kosovo crisis has been restrained.

Among the common people, there is a lot of anger. For example, in Shanghai, movie audiences demanded to see Yugoslavian movies, making many phone calls to TV stations and also through the Internet, asking where they can see movies about the anti-fascist war [Yugoslavia in the Second World War]. So, the television has broadcast two movies, and even at a late hour, people stay up to see them. Many Chinese people are going to the Yugoslavian Embassy to donate money, food, medicine, clothing, and so forth. You should understand our reaction. China suffered so many wars during this century. We really love peace and are against war.

On the level of scholars, including military researchers, I can summarize the conclusions as follows:

We understand very clearly that the so-called "air strikes" are really a touch-stone for practicing the new role of NATO. Thus, NATO is being made into a new tool for military tasks. The first aim, is to take over a military policing role in Europe and to impose the so-called new international order, particularly in the Balkans.

We should seriously ask the question: since NATO is being used as a new tool, who is the real master of the tool? On the surface, you could say it is America's tool. However,



Prof. Qian Jing of the Chinese Academy of Social Sciences outlines China's perspective on the global crisis, and looks forward to further collaboration with LaRouche.

as Mr. LaRouche said, it actually is the tool of the BAC, the British-American-Commonwealth group. When we recall the history of this century, one of the deep lessons is, that when the financial oligarchy group comes to an economic crisis, they always move toward world war. We understand the meaning of the Kosovo crisis also in this sense, that the British-Americans are trying to change the rules of the game, replacing the Security Council by NATO as a tool from the Cold War period. At the same time, the financial oligarchy is trying to turn attention away from the financial crisis, and toward military conflict and war instead. We see NATO as a new tool for them. The WTO [World Trade Organization] as a trade tool, the IMF [International Monetary Fund] as a financial tool, and NATO is a military tool. Yugoslavia is the first sacrifice for testing that new tool and new rules. If the BAC is successful, they will go further. Who will be next? Russia, Iran, India, North Korea, even China?

Concerning ethnic conflict, I want to mention, that in China we have many nationalities that live in one unified country. In Chinese we call this *gong he*—republicanism. Now, everyone in the West knows the Great Wall, but I would like to tell you a story about it. Generally speaking, the Great Wall that tourists enjoy today was built up in the Ming Dynasty (fifteenth century to seventeenth century). At that time the purpose of the Great Wall was military defense, even though often without success. In the eighteenth century, we stopped building up and maintaining the Great Wall. Why?

The reason is, in that new century our people created a new concept: The military and racist prejudice associated with the Great Wall disappeared, and a better relation was created between man and man, between the Mongolian, Tibetan, Han, and other nationalities, of racial equality. So, we are opposed to ethnic conflicts. We believe the different peoples can and must live together in peace. So this one reason why the Chinese people are very shocked about the NATO military action.

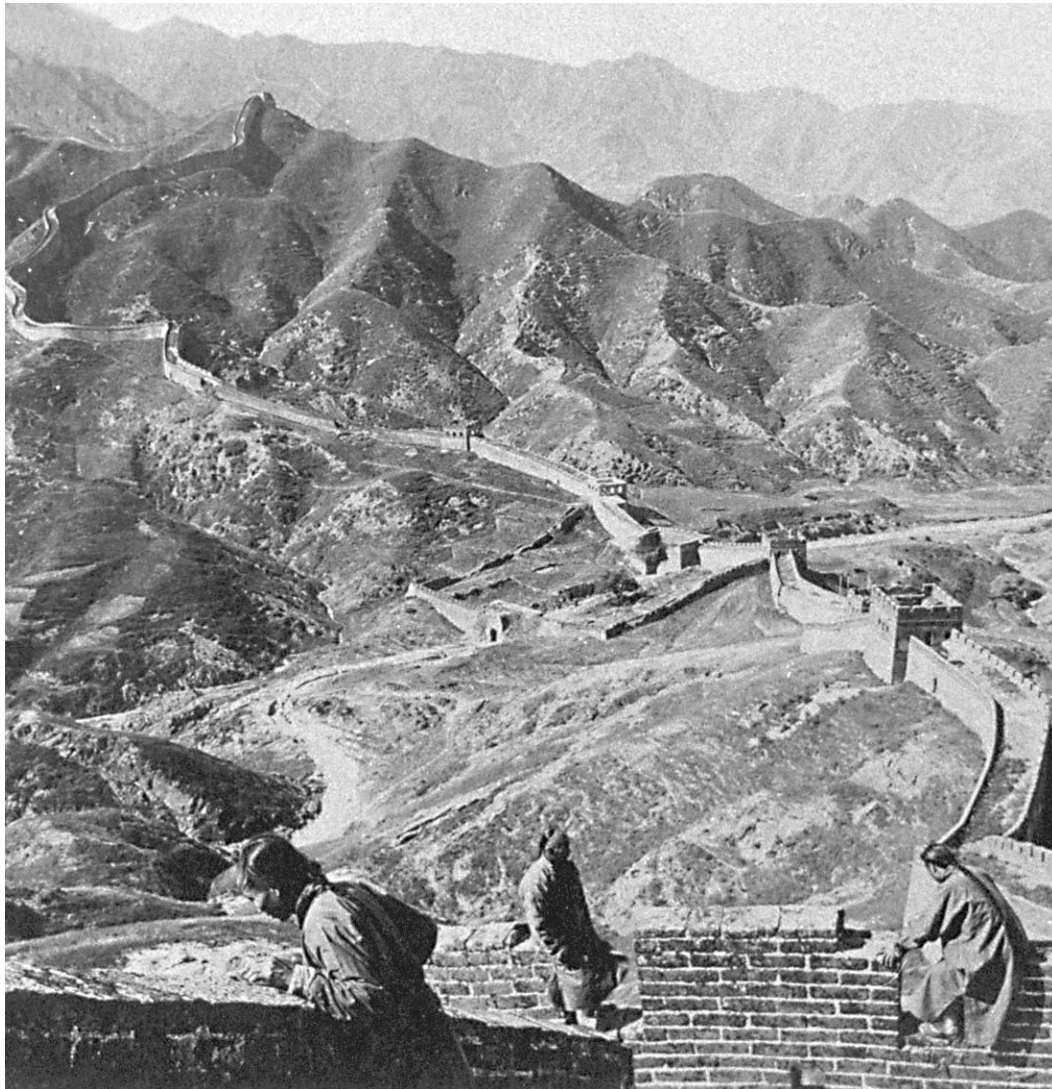
Air strikes, even ground war, won't solve anything. I would tell the NATO leaders, if you want to solve the problem, you must prove to the Yugoslavian people that you really don't want to destroy them. You must offer real economic development for the whole region. This is the way to make positive pressure, to transform the confrontation into a friendship. The bombing just feeds hatred. If the Yugoslav people are convinced that they can have a bright future in peace, and their neighbors, too, then negotiation can be successful. The same principle should be applied all over the world, to all regional conflicts. We cannot tolerate double standards.

This morning I watched President Bill Clinton's speech on CNN, about the shooting which occurred in a high school in Colorado. What Clinton said was basically this: We should teach the younger generation to solve their problems by words, not with weapons. I agree with him perfectly. However, in this case I'll say to President Clinton: By your own actions, please give a good example to the young people, not a bad example.

Now, I want to give a comment about the visit of our Premier to the United States. In our view, Zhu Rongji's visit to the United States was a major success. Under the given conditions, it was not so easy for Zhu to go. In the past, like in the time of the Cultural Revolution, our government would have at least cancelled the visit, and raised a wave of anti-American propaganda. But now, we take a rational approach. Zhu was able to show to the American people that he was very frank, very outspoken, flexible and friendly, not like some bureaucrat. He was able to show what China is, to many Americans who don't know, including many Congressmen. I think this is a new attitude and style for dealing with issues in the twenty-first century—to be constructive, not destructive. The concrete result—for example, whether China joins the WTO or not—is not so important. If all statesmen, like Zhu Rongji, or Lyndon LaRouche, who is such a statesman of the United States, if all such statesmen can discuss in this way, the world's future will be better.

The East Asia crisis did not surprise us so much, for two reasons. First, we had our own internal economic crisis, from our own "bubble economy," in 1993 and 1994. Our scholars gave serious warnings to the government in 1993-1994. Our government, particularly Zhu Rongji, took macroeconomic measures to control the bubble economy, to stop the overheated speculative capital flowing into real estate, the stock market, and development zones.

Secondly, we kept in contact with the Schiller Institute,



The Great Wall of China near Nankow Pass. "The purpose of the Great Wall was military defense, even though often without success," says Professor Qian. "In the eighteenth century, we stopped building up and maintaining the Great Wall. The reason is, our people created a new concept: The military and racist prejudice associated with the Great Wall disappeared, and a better relation was created between man and man, between the Mongolian, Tibetan, Han, and other nationalities, of racial equality."

from 1994 until today. Since 1994, Lyndon LaRouche's ideas began to be introduced and spread in China. Our press gave growing attention to him and the Schiller Institute, and even our very high-level officials of the central government knew his main ideas and understood them.

Right now, our government's view could be summarized as follows:

First, to cure the problems of our own internal economy, for example by reforming our state-owned enterprises, reducing the amount of bad debt in our banking system, and speeding up the reform of the banking system. Also, allowing some non-banking financial organizations to go into bankruptcy, such as the GITIC in Guangdong Province. On the other hand, after the outbreak of the Asian financial crisis, the Chinese government introduced a new policy to stimulate the economy by big investment into infrastructure projects. This policy has produced some success, maintaining a relatively high growth rate in spite of the Asian and world crises. In fact,

the economic situation in China in 1999 may be better than in 1998.

Second, to find the way toward reforming or reconstructing the international financial system. Our experts pay attention not only to financial security, but also to economic security. After the outbreak of the Kosovo crisis, we have started to think about the connection among economic security, political security, and military security.

We understand the point, that the virtual economy or speculative bubble is always drawing money out of the real economy, and when the virtual economy comes to a crisis, it pulls the real economy down. And the poor people suffer. If we want to have social progress, we need a rational financial order and a rational economic organization. Therefore, we support the ideas of Lyndon LaRouche for a New Bretton Woods System. We don't want to only discuss in general, but we want, that concrete proposals for a New Bretton Woods be placed on the table for practical adoption.

Some detailed experts' view on the Chinese government's economic measures

The Chinese government has adopted many measures to stimulate our economic growth (not lower than 7% in 1999) and has committed 100 billion renminbi (RMB) for infrastructure projects involving railways, harbors, highways, water facilities, and so forth.

It is true to say, however, that many problems still exist: For example, a) the banking and non-banking financial system

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bad debts still occupy a large proportion of the banks' capital; b) state-owned enterprises as well as town-owned enterprises still show low efficiency levels.

In this situation, government-lent money from banks actually was a huge loan from the people's savings—it was their money which was put into infrastructure projects. It is difficult for these loans to get a stable guarantee of success.

One of the main reasons for this lack of financial security is corruption at the local government level, which undermines the quality of projects. An appropriate metaphor for the Chinese people is that such projects are like *dou fu* [soybean curd, tofu]—if you touch the *dou fu*, it is destroyed, broken, wrecked. This was evidenced most recently by the Rainbow Bridge near Chong Qing city. A modern bridge was finished late last year, but in February this year, it suddenly collapsed, with a loss of life of more than 30 people.

Scholars' current thinking on financial security

a. The capital market should be open to the whole society, to allow the public and individuals to invest in commerce and industry.

b. Concomitant with this opening of the market, is the need to evaluate and improve the legal system in order to ensure the protection of investors' interests.

c. The exchange rate should be adjusted flexibly and regularly to take advantage of the situation and to protect our economic security.

d. There needs to be more control of financial debt, especially the scale and types of investment debt. Such debt should

be controlled to fall within a reasonable range.

e. In order to enforce limited—I say limited—financial intervention in the financial market, other relevant measures need to be taken:

First, establish long-term investment management companies.

Second, add heavier taxes to the speculators' capital flow.

Third, build up new companies, i.e., financial capital management companies, as well as other companies, to ensure the protection of peoples' savings.

Concerning China's entry into the WTO

Our government has made many important concessions in negotiations with the U.S. The Chinese government really wants to improve the relations between China and the U.S., which will remain a superpower in the next century. So our government has tried to do its best to create a peaceful and reasonable atmosphere.

But we have our own principles for international relations. On the principal issues, we never made concessions that would threaten or sell out our security or our sovereignty. We are not beggars. Without the WTO, China will still be China. Perhaps we may encounter problems in the future, but we can find a way out. Nobody can threaten us. So there is a possible turning point, where sovereign states may ally to resist the famous globalization which is being manipulated by the BAC.

1. In regard to the possibility of China joining the World Trade Organization, obvious differences have appeared in the White House. [U.S. Trade Representative Charlene] Barshefsky, [National Security Adviser Sandy] Berger, and the CIA supported the signing of the agreement. Yet, according to the *Wall Street Journal*, [Treasury Secretary Robert] Rubin, and others, thought that the agreement needed to be concluded later, in order to assuage Congress.

China recognizes the need for concessions. We have promised that to open the Chinese market of agricultural products, e.g., for beef, we must reduce the tariff from 45% to 12% in the next five years. For cheese, the tariff will be reduced from 50% to 12%. China has agreed to open its cotton and wheat markets.

2. Now, if the U.S.A. does not sign the agreement, China is likely to turn toward European countries, to Canada, Australia, and New Zealand, and other countries instead. We will soon find out who is the loser and who is the winner. Chinese scholars believe that China has reached its limits in compromising, and that further compromise is not a possibility. If the Clinton administration makes further demands, then we feel there is no room for further compromise.

3. China joining the World Trade Organization is a method—a means to an end. Our government's intention is to stimulate our domestic market, to stimulate our state-owned enterprises, including China Telecom, and commercial banks, and to improve the all-round capability of Chinese

enterprises so that they can stand up independently in a competitive environment.

China's relations with Russia and India

Now, before speaking about the new "strategic triangle" China-India-Russia, I want to make a few comments first on China and Russia.

China and Russia have an established, sound political relationship based on an equal, peaceful strategic partnership which provides a solid basis of confidence in dealing with each other.

Some of the problems encountered in recent years between China and Russia:

Some Chinese have stayed longer in Russia than permitted (this was especially so in the Siberian area).

We still have not resolved the issue of the satisfactory settlement of accounts between the two countries. Many Russian trading companies need currency, especially hard currency. The Chinese side tried to meet this demand, and to help reduce the reliance on barter, i.e., exchanging goods. Establishing a stable settlement system will greatly encourage the growth of trade. On the other hand, we acknowledge that under certain conditions, barter can be useful. So, a flexible approach can be used.

The transportation system between the two countries does not operate efficiently, and deliveries are often delayed. This makes it difficult to fulfill business contracts.

As a result, the following approaches are considered to be necessary:

a. Encourage big business in both Russia and China—big businesses which have sound reputations and favorable credit conditions—to increase their trade.

b. It is my personal opinion that large Russian companies should find suitable Chinese partners in the areas of the Yangtze River Delta and the Pearl River Delta.

c. Another suggestion which I wish to recommend, is that both countries make strong efforts in the value-added industries and in the energy industry. There are already several notable, successful, new type enterprises in China—the Legend Computer Group and the Haier Group in Qing Dao.

I think our success in improving relations between Russia and China can give useful lessons for our relations with India and other countries.

On the China-Russia-India triangle

In combined population and territory, Russia, China, and India are the giant countries in the world. They are neighbors and their economies are complementary. Each has a long history and highly developed culture. Each has fought bitterly for its sovereign rights against foreign invasions and foreign occupation, in spite of big losses. These countries have a tradition of pride and independence. Therefore, it is natural that they should cooperate to create a rational economic order in the twenty-first century.

There are many things we must do to improve the relationship among these three countries. In my view these can be divided into several levels: the government level, the enterprise level, the academic level, and the media level. I want to make some remarks about the academic level. Scholars can play an important role as a bridge.

I suggest that we should build up a special foundation. Its name could be: "The New Triangle Foundation." Its function will be to bring together experts from all three sides—China,

I suggest that we should build up a special foundation. Its name could be: "The New Triangle Foundation." Its function will be to bring together experts from all three sides—China, Russia, and India—to design an economic cooperation plan.

Russia, and India—to design an economic cooperation plan, and to prepare documents concerning:

a. How to speed up the trade among the three countries. For example, we should consider a customs union to increase trade and technical exchange.

b. Industrial cooperation. Also, cooperation on software and information development.

c. How to promote and improve infrastructure construction, including the whole network of the Eurasian Land-Bridge.

d. To cooperate on advanced technology, including military technology. Very advanced technologies from the military area, can be very efficiently spread to the civilian area and promote rapid economic development.

e. How to set up a three-way credit mechanism. As a first step, to set up an institutional mechanism to settle trade accounts and facilitate trade.

We should conduct research about creating a new international financial order around our three countries, as a first step.

In addition, form a new type of association: India-China-Russia, and influence the mass media to educate mass opinion.

At the same time, we should work to make sure all three countries have strong governments.

Conclusion

In the same way that Spring creates new life, it is my fervent wish that we here can create new solutions for the future.

There is a Chinese saying, which is appropriate to leave you with: "The new day begins with morning; the new year begins with spring."

Murder of Ukraine, to please the IMF

Dr. Vitrenko is an economist and a member of Ukraine's Parliament, the Verkhovna Rada, from the Progressive Socialist Party of Ukraine, which she leads. She was unable to attend the EIR seminar, because a Parliament resolution forbade members from travelling to any NATO country, to protest the bombing of Yugoslavia. Dr. Vitrenko communicated her remarks in writing.

I. Facts, not invented by me

In the first quarter of 1999, the Gross Domestic Product of Ukraine contracted by another 4.2%. This decline has been continuous since 1990; in 1998, GDP was at 60.2% of its previous level, and was the equivalent of \$36 billion.

Ukraine's foreign debt is growing at a catastrophic rate. It is approaching \$12 billion. Debt service payments, alone, require \$2.2 billion in budget spending by Ukraine in 1999 (while the total size of the budget is expected to be 24 billion hryvni, or \$6 billion at the current rate of exchange).

The President and the government of Ukraine prefer not even to mention the domestic debt. But 135 billion hryvni (\$26 billion) are owed, which were monies entrusted to banks by ordinary citizens. Another 16 billion hryvni (\$2.45 billion) are owed, comprising payments simply not made by the state to budget-sector employees, pensioners, students, mothers with many children, and so forth. On the order of 7 or 8 billion hryvni (approximately \$2 billion) are owed to the agriculture sector, from which, since 1994, food products have simply been collected, but not paid for. The domestic debt also includes 13 billion hryvni (\$3.2 billion) in domestic government bonds (OVGZ), accumulated since September 1998. The Ministry of Finance regularly dumps them on the National Bank, which, in turn, spends the entire, paltry sum of cash issued, on redeeming these bonds. In the first quarter of 1999, this amounted to 1.2 billion hryvni (approximately \$400 million).

Meanwhile, pensioners in Ukraine go seven and eight months without receiving their pensions. Or, rather, they don't go; they die before their time. Retired workers, veterans of labor, have an especially high rate of suicide. It would help even if pensions were at a human level, but no—in Ukraine today, a retirement pension ranges from a minimum of \$10 per month, to a maximum level of \$15. These are the insulting crumbs, thrown to 14 million laborers!

Teachers are not paid their wages (these arrears have been accumulating since 1996), which turns them into beggars, blackmailers, and bribe-takers. The rising prices for textbooks makes even secondary education inaccessible to the poorest layers of the population, of which there are hundreds of thousands of people.

Physicians, too, are turned into extortionists. The hospitals are robbed blind, and the doctors try to not even think about their Hippocratic Oath.

Scientific schools are being destroyed. The 1999 budget provides for the already humiliatingly wretched level of 0.4% of GDP to fund science. But even that is not disbursed.

The outcome of the first quarter of 1999 reveals the horrific results of the reforms: Progressive collapse of physical production. Growth of unemployment. Breakdown of financial discipline. As a result, the revenue side of the budget has been met only to 87.7% of the planned level. Within the structure of the breakdown of tax discipline, ordinary citizens carry the heaviest load.

Thus, taxes on profits were paid during the first quarter in the amount of 14.2% of the annual level, rent due for exploitation of natural gas—in the amount of 8.8%, and fees for natural gas transport—9.2%, whereas citizens paid their income tax in the amount of 16.2% of the annual total. Moreover, the definition of the income tax in Ukraine has become irrational, insofar as it is imposed on [monthly] incomes exceeding 37 hryvni (less than \$10), while the poverty level as measured in money (the only surrogate for a subsistence minimum that has been established by law) is 90.7 hryvni (\$22). The state keeps trying to finish off the ordinary person, the normal businessman, the farmer, the small or large company, the barely living economic organism—instead of helping and paying them.

Unemployment is snowballing, and in its track—crime, mortality, psychological disorders, and the collapse of public morals.

Ukraine, which not so long ago was a highly developed member-nation of the UN, has been turned into a disaster zone, where a brutalized people, corrupted officials, and overt bandits represent a threat to world civilization as a whole.

II. Causes

All of this is happening not according to some objective laws of nature, but in the interests of the former (and present!) ruling class of the party and economic *nomenklatura*. They are the ones who have perverted the very essence of the socialist idea as an idea of social justice, and have provided prosperity for themselves, under conditions of a double standard of morality and a quasi-legal state; in order to secure property rights for their heirs, they unleashed the reforms, on orders and with credits from the IMF [International Monetary Fund], that have so destroyed the nation.

In April 1992, the government of Ukraine signed its first Memorandum on Economic Reform Policy with the IMF. It



Natalya Vitrenko with Volodymyr Marchenko, both leaders of the Progressive Socialist Party of Ukraine, at a Dec. 23, 1997 press conference in Kiev. She is holding up LaRouche's "triple curve" schematic diagram.

has been addicted to the IMF drug needle, ever since. Credits are issued with conditionalities and with interest. The conditions are directed, with great severity, toward the destruction of domestic physical production and the utilization of the country's financial resources exclusively for purposes of speculation on the financial markets. The pricing, taxation, and banking policies that are dictated, drive incomes into the shadow sector. As a result, budget revenues decline, while—in order to hold down that strictly monitored parameter, the budget deficit—the spending side of the budget is rapaciously shredded. Recognizing that the revenues planned for 1999 will not materialize, the government of Ukraine, with its resolution of March 22, 1999, is carrying out budget sequestration in a greedy and disproportionate manner. It reduces the budget deficit from 1% to 0.7% (that is, to 1 billion hryvni or \$240 million). On average, allocated budget spending has been disbursed during the first quarter at the level of 74.8% of the planned levels. But the variation among different categories of spending is absolutely wild: For servicing the foreign debt, 40% of the planned total for the year has already been spent, while not one kopek was disbursed to finance children's homes or boarding schools for orphans!

Instead of assessing this reform policy as ruinous and effecting a radical change of emphasis, the government of Ukraine signed a new Memorandum with the IMF in the summer of 1998. This one covers the period from July 1, 1998 to June 30, 2001. It is linked with the promise of a \$2.2 billion EFF [Extended Fund Facility] loan.

The policy remains as before—the same emphasis on intensive privatization (the sale of agricultural land has been promised), increased tax pressure while privileges are eliminated, and reduction or termination of most subsidy programs and of general subsidies within the social protection system.

It provides for an overall revision of social payments and a steep reduction of social programs. Customs duties on imports are reduced, inflation is maintained at a low level at any cost, the number of public-sector employees is reduced, the bankruptcy procedure is speeded up and simplified, and much more. Naturally, the IMF proposes what corresponds to the interests of preserving and multiplying its capital. But this absolutely fails to correspond to the interests of the people of Ukraine.

III. The struggle of our parliamentary group to change the reform policy

Victory in the 1998 parliamentary elections gave our Progressive Socialist Party of Ukraine the opportunity to enter the Parliament as a parliamentary group. Our group immediately engaged in a struggle to change the reform policy.

In July 1999, our parliamentary group introduced a budget resolution, as an alternative to the resolution from the Budget Committee. Whereas the latter proposed to continue the reforms under IMF conditionalities and with IMF credits, to continue to inflate the OVGZ pyramid, to accelerate privatization, and so forth, we offered a radical alternative: Abrogate the agreement with the IMF, and freeze payments on the foreign debt, as well as OVGZ debt. We proposed to implement a mechanism for reviving domestic production, and to adopt laws and institute procedures for the restitution of capital taken out of Ukraine and of defaulted commercial bank loans issued in 1992, and to begin, in 1999, the restitution of the population's savings (to be completed within three years), and much more.

All the parliamentary groups, except for ours, supported the budget resolution from the Budget Committee (291 voted in favor of it). We announced the formation of a socialist op-

position.

Subsequently, as an opposition parliamentary group (and, naturally, an opposition party), we have introduced our own document on the basis for Ukraine's domestic and foreign policies, and our own versions of solutions for the most important social problems—draft legislation on the poverty level and minimum wage, on labor compensation, on the payment of pensions, on utilities payments, and on labor collectives. We initiated a comprehensive parliamentary review of the question of the Memorandum with the IMF.

Our struggle has produced certain results. No matter how hard Ukrainian President Kuchma and the Pustovoitenko government, which is obedient to him, tried during the summer of 1998 to raise utility fees by 20%, they did not succeed. Only after the Constitutional Court intervened in February 1999, were the fees raised, effective April 1, 1999. We did, however, manage to pass a parliamentary resolution, banning evictions from apartments and turning off the lights, heat, water, or gas for reasons of non-payment, if payments for these services exceed 15% of a family's total income actually received.

Although it was only by a few hryvni, we succeeded in raising the poverty line and the minimum wage in the country, and we stimulated closer attention to the problem of pensions. We managed to block the adoption of numerous anti-popular pieces of legislation and to stop the ratification of some treaties that were disadvantageous for Ukraine.

On March 24, 1999, a review of the question of the Memorandum with the IMF did take place in the Parliament. We forced the Communists, who constantly lay claim to the role of defenders of the people, to introduce a draft resolution to recall the Memorandum. In our own resolution, our parliamentary group presented a principled evaluation of what is happening, and proposed to abrogate the agreement with the IMF. At the same time, we supported both the Communists, and "Hromada," with its still softer assessment of the IMF. Our tactic was successful, as the Parliament voted to condemn the actions of the government in signing the Memorandum with the IMF, as a gross violation of the Constitution of Ukraine.

There were certain intrigues around this formulation. Speaker A. Tkachenko, grovelling before the IMF and President Kuchma, became a spokesman for the Fund's ideas in Ukraine and tried to force the resolution through, without the critical reference to the activity of the government. Although both the Communists and "Hromada" (the parliamentary group of P. Lazarenko) raised no objection to this gross flouting of the Rules of the Verkhovna Rada of Ukraine, the process of condemning this policy cannot be stopped.

The people of Ukraine are opening their eyes. The authority of our party is rising steadily. I am convinced that we shall unite all the progressive forces in our society and radically change the policy of economic, as well as political reforms in Ukraine.

Discussion

How to bring about a just world order

Anno Hellenbroich: *I propose that we now take another 20 minutes or so for discussion. Before I open the floor to discussion, let me say that I have here a note from the Foreign Ministry of the Slovak Republic, where the Department of International Economic Relations sends best wishes. . . . Now, I invite questions. I see here Prof. Taras Muranivsky, president of the Schiller Institute in Moscow.*

Taras Muranivsky of Russia

I am from Russia, and Russia has been discussed today very actively. It is very good that we are having such an interesting discussion and such an interesting conference. I can say that I like the reports from everybody here today, in general. Each has spoken his own truth, despite some different points of view among these people.

But, I will say one thing. Our thoughts and our approach to the difficult and very complicated problems of the contemporary situation in the world must be known to more people, and more circles, than those represented in our audience. I propose to prepare a short letter to the governments of all NATO countries, in the name of our conference, to condemn the bombing and this aggression that we have in Europe today. I think that not only we, but many circles of people and scientists, are sending such letters now, and maybe they will hear and they will think over what to do. . . .

But, I think that Russia's first step is a good step: humanitarian help—food, clothes, and so on. Bear in mind, that they send these supplies not to Serbians, but to Albanians, Serbians, Hungarians, and all the people who live there and are refugees, and need this help. This is a very important thing.

Now, the second step ought to be, I think, what we discussed with one of our good friends, my friend and Lyn's friend, Pobisk Kuznetsov. Our Patriarch was in Serbia yesterday, but it would be better for the Russian Orthodox Patriarch, the Roman Catholic Pope, and maybe somebody from the Muslim side to meet, and to hold a big, multi-confessional conference. Not like Nicolaus of Cusa in 1438, and for several years thereafter, and then several years, but a conference of three days' duration. They would have there different people, the representatives of different people. It would be another influence in the situation. Maybe our conference can initiate this idea. You have contact with the Vatican, and we can do something through Russia, through our Patriarch, and the

Muslim people. It is necessary for people not to kill each other, but to find a way to get peace.

I'd like to say something else of interest. Everybody should know it. During the last period, the last two or three months, Lyn and the concept of physical economy have gained authority in Russia. You know my publications in the *EIR*; you have information, when I publish some material. But now, Lyn has been invited to comment on some important events in Russia. In the weekly *Kommersant-Vlast*, there was a discussion page, as they call it, on the problem of the Russian budget and the role of the IMF and IMF loans. They asked me, and Lyn prepared the material, and we published a so-called "Commentator's Column." It was a very interesting commentary; in it Lyn proposed to scrap the aid package from the IMF.

But, they haven't scrapped it. Maybe [First Deputy Premier Yuri] Maslyukov has changed, because now he is asking for the \$4.8 billion that the IMF promised during the past five or six months, and maybe they will give it in five or six months.

Lyndon LaRouche: Declare the IMF in sovereign default on its payments of promised money to Russia!

Muranivsky: We also have *Kommersant-daily*, a wide-circulation newspaper. They called me twice, the first time when our Russian economist, who worked and lived in the United States, Wassily Leontieff, died. They published the views of different foreign and Russian economists. They wanted to know Lyn's point of view on Wassily Leontieff and his theory.

The very last time, before I left, they called me to give a commentary on one internal Russian economic situation, to predict who can save the Russian ruble against the dollar. They published material from different economists, and Lyn gave his own approach to it. This is very important for us, because of the ideas of physical economy. After the discrimination by the IMF and "shock therapy" and other approaches that prevailed in the last years, the conditions are good in Russia to use the ideas of physical economy.

So, that's my recommendation.

Hellenbroich: *Next question, there.*

Hoeschst engineer, Germany

First, thanks to the podium for this extraordinarily interesting discussion. I am a chemical engineer. My question is, first, how can we implement what we have heard here, in actual politics? In Germany, our political parties are like clubs, and anyone who comes up with an idea is attacked as an extremist, left or right.

Secondly, I learned in school about America, and, for example, about President Monroe, who was opposed to imperialism. But why is it that America in two world wars, intervened in an imperialist fashion? The Kosovo crisis today, I think, derives from the actions of the Americans, the French, and the British in 1919.

Lyndon LaRouche

First of all, it is not really difficult to do politics in Germany. It only seems so. It merely appears to be difficult. If you're doing anything serious in politics, you're going to get into trouble. Therefore, if you're going to get into trouble, you must be doing something good. Maybe not, but I'd suspect in your case it was good.

On the question of this Russia business, and also this question of imperialism. Look, the problem is very simple, or can be made simple, because it comes down to simple decisions on practice. The policy of the United States toward Germany and toward Russia, and toward some other countries, was changed radically through the assassination of the President of the United States, McKinley, in the year 1901. With this change in the Presidency, from McKinley to Roosevelt—and McKinley was assassinated by the British for the benefit of bringing Teddy Roosevelt into the government—U.S. foreign policy changed fundamentally against Germany and also against Russia. You have the Russia Revolution of 1905—this is a product of British reaction to this, following up on the British-instigated Sino-Japanese War of 1894-95. All of these changes were made. The power which is now on the top in Wall Street, was actually brought to power in this form, as a result of the Teddy Roosevelt Presidency and the Woodrow Wilson, etc., and Mellon after that in the 1920s.

So, these are facts which should be understood. You don't react necessarily just against that. You have to find, this is the enemy, how do we defeat him? In this case, what I have done is to say, going back to my experience in World War II and afterward, and what Roosevelt had promised and what many of us believed before the war ended, that the United States would act with its great power at that point to end the free-trade globally, as a policy, and to end all forms of British-Dutch-French-Portuguese colonialism in every part of the world, instantly at the end of the war. That was not done. Therefore, the positive ideas of Roosevelt, which are typical of the American patriotic tradition, including Monroe, those positive ideas were not carried out fully. We had positive aspects to the postwar reconstruction up to 1958 and beyond. That was good. The postwar reconstruction here [in Germany] was good. We did not get a just economic system.

My view is to change the correlation of power in the world, to bring a correlation of forces which matches the requirements of world history. To me, at this point, the fact that Russia, China, India, and other countries, are coming into cooperation, the fact that Germany's vital interest, as well as the interest of continental Europe, is in those markets and the interests of those markets, the fact that the vital interest of the United States is to have these peaceful relations with Eurasia, with the help of countries such as possibly Germany, hopefully. Let us concentrate on winning the power, the kind of power that is needed to shape the kinds

of policies to bring a more just world about.

It's the same principle that's called, in military history, the principle of the flank. If you face a sea of troubles, a sea of armies, remember the greatest Persian host ever assembled on the plains outside Arbela, over a million from every type of satrapy that Persia could muster—and a relatively modest military force commanded by Alexander the Great and advised by people who had been trained by the Platonic Academy of sciences, came up with the Macedonian cavalry and the largely Greek infantry. These two forces, amounting to less than 100,000 people, demolished, obliterated not only an army of over 1 million host, but in that day, in that instant, destroyed the entire Persian Empire forever! Now that's called the principle of the flank. When, facing a sea of troubles and you're totally outnumbered, instead of wasting your time running around trying to fight every battle—which you're going to lose, if you do that—find a way to outflank the enemy, pick the one course of action in which the concentration of the least effort will produce the most benefit.

My view is that, since the establishment of a New Bretton Woods, along the lines I've indicated, is probably the only realistic force which can compel an otherwise successfully reluctant world to do what it must do, that I'd concentrate my energies on that. And on education.

Hassan Abdul Wahab of Sudan

Thank you very much for this very precious occasion. I'm a journalist from the Sudan, and we as Africans have very little chance to speak our mind. This is one of them. I see the problem now in Yugoslavia as a continuation of the problems in Africa. The only thing that makes the problem in Yugoslavia so intensive is not only the bombing and the killing, because there are other killings in Africa, in other ways. The Africans are taking part in it, definitely, in Burundi, in Uganda, in Sudan, in Liberia, in Ethiopia, but isn't the rest of the world having a part to play in this? At least we are not producing weapons. We don't have the way to manipulate other races. I think the problem is that the media have played a big role to disclose what happened in Africa, but now the problem has moved and they have come, and the problems are right here, at our door. That's why you see Yugoslavia so magnified, and you don't see the killings in Africa in the millions. There is now a total hegemony in the world. This total hegemony isolates everyone. It isolates persons as well as institutions. There are now millions of institutions. The United Nations has been isolated, the Organization of African Unity has been isolated, the Arab League has been isolated, any other organization has been isolated. There is only one voice. The voice of those who win power and have power.

The other thing is the personification of the conflict: Milosevic, Saddam Hussein. . . . I cannot imagine the whole world listening to a conflict caused by Milosevic. The personification of the conflict is just unfair, just as personifica-

tion of the distances, and the waste. The United States against Sudan. Bombing a factory which produces only medicines for a very poor country, which has not got a penny from the outside world. Let us compare two situations. The United States has bombed our country. It has cost us \$50 million and lives, and the United States, when there are demonstrations in Syria against the embassy, which cost only \$15,000 in damages, the United States is now demanding this \$15,000, and they do not want to reimburse the Sudan for a factory which produces 60% of the medicines of the Sudan. This is totally unfair. I cannot understand such measures. I cannot understand such measures like, for example: Sudan demands that the United States send an investigation committee to see if this factory has produced chemical weapons or has produced medicines, and the United States has refused that. The United States has spent 10 years in Iraq looking for what it calls weapons of mass destruction. This is very unfair treatment, and it will lead eventually to a disaster, because

Greetings to the conference

From Sen. Ombretta Fumagalli Carulli, president of the International Committee "Parliamentarians for the Jubilee" (whose task is to implement the Pope's call for economic and social justice), and Senate chairwoman of the parliamentary group of the party Rinnovamento Italiano Liberal Democratici, created by the Italian Foreign Minister Lamberto Dini.

Dear friends,

I would like to send my greetings to the conference in Bonn Bad-Godesberg. In his repeated calls for peace, to reduce the foreign debt of poorer countries and to safeguard the dignity and inalienable rights of each man, Pope John Paul II made clear that "war is an adventure without return." He committed Vatican diplomacy to an unprecedented mediation action (an effort which has been charged and encouraged also by the Italian government) and came to the point of formulating personally, during a liturgical celebration, a ceasefire proposal. At this point, while bombs continue to fall, there seems to be no way out. Yet John Paul II is right. There are no alternatives to peace, and war, as the air strikes in the last days demonstrated, is only a dangerous adventure without turning back, which will affect also those who believe they will come out of it as winners. That's why we have to stick to any hope for peace. Only in this way shall the population of Kosovo be able to go back safely to its homes and start again to live

if you isolate everybody, and you make all the decisions, this can only be done by God. Only God can make decisions from one place, because He is God. But if someone, or some country, or some President thinks that he can control the whole world, and looks at problems all over the world and then decides what is good for Sudan, what is good for Kenya, what is good for Zambia, I don't think this can work.

I have only one proposal to make. Let us try to make intensive efforts to create a new world public opinion, that can protest in the streets, in the media, everywhere. Because now public opinion is totally isolated. Compare the situation now in Yugoslavia, with about 20 years ago in Vietnam, how strong public opinion was at that time, and how weak it is now. Let us try to create a public opinion which stands against these injustices. I think this is very important. A platform like this is one of them. Let us write in the media, let us demonstrate in the streets, and in the end, our voices will be heard.

Lyndon LaRouche

I must say that I'm extremely happy with these events today. I'm very happy because, first of all, we had a forum of representative participation, which presented different views, or from different aspects, on what in point of fact is a common problem.

I think that, by looking at what I see in the media, in particular, in various parts of the world, that such conferences, such seminars, are fairly rare, and they are intensely valuable in my experience. Because, when you bring people together, sometimes over a proposal which may seem improbable to the participants at the outset, the chemistry of that discussion may, in its own way, find its own pathway to a fruitful result. I smell, shall we say, in today's proceedings, something auspicious of that sort.

I think we have probably done something good today. How it will become good, I don't know, but I'm sure it will become good.

together with the enemies of today. With this hope, I formulate my best wishes for your work.

From Roberto Formigoni, president of the Lombardy Region of Italy, greetings to the seminar, "The Way out of the Crisis—Europe, the World Financial Crisis and the 'New Cold War' " in Bonn-Bad Godesberg.

Dear friends,

I want to express my best wishes to you and your prestigious guests, for the seminar on "Europe, the Financial Crisis and the New Cold War." Unfortunately, recent events confirm that the specter of war—and not only cold war—is lying in wait in old Europe, and that the hopes raised ten years ago by the fall of the Berlin Wall and the end of communism, risk being swept away by the arrogance of new dictators and the adventurism of those who, through expressing the best of intentions, end up increasing insecurity and suffering,

What is required is to promote a policy of dialogue and economic relations, of comprehension and economic infrastructure investments in the countries of eastern Europe, so that the ghosts of the Cold War do not take shape again. We, as Europeans, cannot allow ourselves to encourage, with our errors and our failings, the consolidation and expansion of a national communism which undermines the hope for democracy and development of eastern Europe, and proposes a new atmosphere of confrontation and tension, which we thought had been overcome.

Powerful democratic action is required to immediately silence the arms that sow death and destruction in the Balkans, and therefore, we anxiously welcome the efforts of the Holy See, of Russia, and other diplomatic efforts for a

negotiated solution, which respects the rights and aspirations of all the peoples of the region.

We cannot, however, ignore the fact that, beyond the heinous crime of ethnic cleansing and the recent military adventures, part of the responsibility for the current conflicts falls—in indirect form, but none the less serious—on those who, in the last years, have decided on a rigidly monetarist and deflationary policy which has blocked European development and encouraged financial speculation. To give hope back to peace, to prevent a new Cold War, to put an end to the irregular warfare which has been tormenting the Balkans—and not only in the present—it is necessary for democracy and economic growth to begin walking hand in hand again. With this hope, I send you my best wishes for your work.

From Dep. Tullio Grimaldi, Communist parliamentary group, Chamber of Deputies.

I regret that I am unable to participate in the conference of the world financial crisis, in Bonn on April 21, due to commitments which necessitate my staying in Rome, related to the developments in the Balkans conflict.

I am carefully following the initiatives of your center, in particular Mr. LaRouche's stance regarding problems of world finances and their effects on monetary markets and on the economy.

I am convinced that, at present, more profound evaluations in Europe are required, as well as regarding the significance of the financial crisis in Asia.

I send you my best wishes for a fruitful conference and would be happy to receive material from the speeches and conclusions of the conference.

U.S. infant mortality reveals gravity of economic crisis

by Marcia Merry Baker and Linda Everett

World headlines last month were grabbed by the story of the Littleton, Colorado high school shootings, along with continuing reports of other violence among youth across the United States and Canada. Falsely portrayed as a “gun” issue, the real point of alarm is how many children are growing up with a penchant for extreme cruelty. Every aspect of the condition of children in the United States reflects the overall crisis of the nation in fundamental ways—economic breakdown, social demoralization, and cultural pessimism. In particular, what happens to children reflects the fact that citizens no longer *know how to think* about these conditions, or what to do to change things. This week, we look at a revealing aspect of the crisis of infants and children, namely, the impoverished physical circumstances of millions in the United States today, and the policy disaster behind it.

The U.S. population is over 270 millions. For each of the standard demographic age brackets (birth to 1 year, 1 to 4 years, 5 to 14, and so on, through 65 years and older), the data measuring the state of health and the “social geography” of the nation reveal that for each of these strata, there are problems so extensive, that the patterns themselves are refutations of the popular lie that the U.S. economy is “booming.”

For example, since the middle of this decade, the leading cause of death in black males, ages 15-24, has become “homicide and legal intervention.”

Take infant mortality, where infants are defined as children under age 1. The United States has ranked no higher than 20th among industrialized nations in infant deaths per 1,000 live births. Moreover, certain localities have infant mortality rates characteristic of 50 years ago, or of a poor nation.

Also, take child poverty: What happens after a child manages to survive the first year of life? Nearly one in four of U.S. children under the age of 6, or 5.5 million (23% of all children in the age group), lived in poverty as of 1996.

Figure 1 and **Table 1** show the patterns of infant mortality as of the mid-1990s. But before looking at the details, consider once again the problem in *how to think* about what these patterns mean. Even agencies monitoring child poverty buy into the lie of the boom economy. A year ago, the National Center for Children in Poverty, based at the Columbia University School of Public Health, released a study, documenting that millions, or 23% of the U.S. population under 6, live in poverty. Yet their press release (March 12, 1998) began: “The American economy is booming, but millions of America’s youngest children aren’t reaping the benefits.”

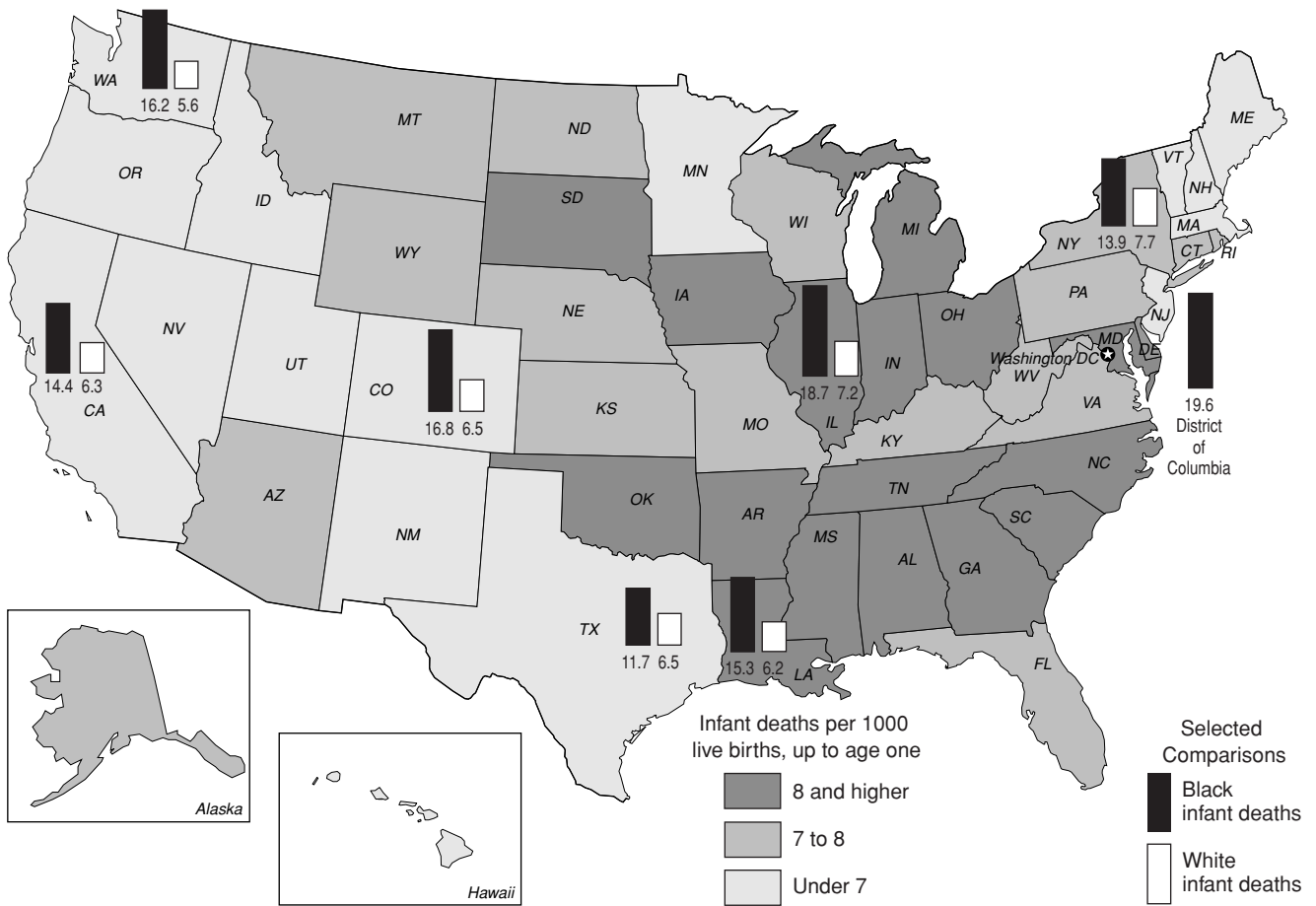
The national infant mortality rate as of 1998, was 6.4 per 1,000 live births. Among the countries with a lower infant mortality rates are: Australia, 5.3; Austria, 5.2; Canada, 5.6; France, 5.7; Germany, 5.2; and Japan, 4.1.

Premature birth is the leading cause of infant mortality in certain U.S. locations and groups, accounting for three-quarters of all perinatal mortality and morbidity. Usually, neonatal mortality (death within 28 days of birth) accounts for about 70% of infant mortality. In turn, the high death rates for these pre-term infants are associated with a breakdown in medical infrastructure and living standards, including poor maternal health, prevalence of communicable diseases, growing drug and alcohol abuse, absence of prenatal care, and lack of medical treatment for infants.

Thus, infant mortality is a useful statistic for comparing health indicators among localities, to see where the priority problems are. Our map differentiates three groupings among states, according to their rate of infant mortality. The highest rates, with over 8 deaths per 1,000 live births, are shown in the 16 states with the darkest shading. In addition, the District of Columbia has one of the highest rates of infant deaths in the nation—19.6 per 1,000. Eighteen other states are shown in light shading, which have between 7 and 8 deaths per 1,000

FIGURE 1

Where infant mortality is highest in the United States, 1995



Source: Statistical Abstract of the United States: 1998.

live births. The remaining 16 states have fewer than 7 infant deaths per 1,000 live births.

Black Americans suffer the highest rates of infant mortality in some locations, such as the District of Columbia, where urban poverty is high. Table 1 shows the separate listing for each state’s infant mortality rates for blacks and white infants, as well the overall rate for each state. What stands out is that mortality among black infants is more than twice as high as for white infants. In Colorado, infant mortality is 6.5. But, the rate for black infants, 16.8, is nearly three times the rate for white infants, which is 6.0. In Denver, where one-quarter of the population is Hispanic, infant mortality is high.

Bad policies, worsening conditions

Overall, the rate of infant mortality over this century improved markedly with advances in medicine and in living conditions. In 1915, the rate was 10%, with 100 infants dying for every 1,000 live births. As of 1960, the U.S. rate was down to 26, with rates of 22.9 for white infants and 44.3 for black

infants. The intention was to lower the rate and close the gap quickly. These rates continued to decline for a while, for both black and white infants, until the 1980s, when factors, especially the invasion of crack cocaine, sparked a rise in infant mortality in many cities, such as Los Angeles (where crack was first introduced into the black community), New York City, Baltimore, Washington, and Chicago. At the same time, over the 1990s, the contributing factors of poverty and despair set in. Therefore, the “statistical” improvements in infant mortality started to slow, and the gap between black and white infant death rates has been widening in recent years.

In reaction to this, a National Commission to Prevent Infant Mortality was established in July 1987. The 15-member panel, chaired by then-Sen. Lawton Chiles (D-Fla.), included the Secretary for Health and Human Services, representatives of Federal and state agencies, and health experts. Another group was the Committee to Study Outreach for Prenatal Care, attached to the Institute of Medicine.

Arguments of all kinds were made to mobilize public

TABLE 1

States ranked by overall rate of infant mortality, 1995; black infant mortality rates are twice white infant rates

State	Deaths per 1000 live births, up to age one			State	Deaths per 1000 live births, up to age one			State	Deaths per 1000 live births, up to age one		
	Total	Black	White		Total	Black	White		Total	Black	White
1. Higher than 8 deaths				2. Between 7 and 8 deaths				3. Under 7 deaths			
Dist.of Columbia	16.2	19.6	*	West Virginia	7.9	*	7.6	Minnesota	6.7	17.6	6.0
Mississippi	10.5	14.7	7.0	Pennsylvania	7.8	17.6	6.2	New Jersey	6.6	13.3	5.3
Alabama	9.8	15.2	7.1	Virginia	7.8	15.3	5.7	Texas	6.5	11.7	5.9
Louisiana	9.8	15.3	6.2	New York	7.7	13.9	6.2	Colorado	6.5	16.8	6.0
South Carolina	9.6	14.6	6.7	Wyoming	7.7	*	6.8	Maine	6.5	*	6.3
South Dakota	9.5	*	7.9	Alaska	7.7	*	6.1	California	6.3	14.4	5.8
Georgia	9.4	15.1	6.5	Kentucky	7.6	10.7	7.4	New Mexico	6.2	*	6.1
Illinois	9.4	18.7	7.2	Florida	7.5	13.0	6.0	Oregon	6.1	*	5.9
Tennessee	9.3	17.9	6.8	Arizona	7.5	17.0	7.2	Idaho	6.1	*	5.8
North Carolina	9.2	15.9	6.7	Delaware	7.5	13.1	6.0	Vermont	6.0	*	6.2
Maryland	8.9	15.3	6.0	Missouri	7.4	13.8	6.4	Washington	5.9	16.2	5.6
Arkansas	8.8	14.3	7.2	Nebraska	7.4	*	7.3	Hawaii	5.8	*	*
Ohio	8.7	17.5	7.3	Wisconsin	7.3	18.6	6.3	Nevada	5.7	*	5.5
Indiana	8.4	17.5	7.3	Connecticut	7.2	12.6	6.5	New Hampshire	5.5	*	5.5
Oklahoma	8.3	15.1	8.0	Rhode Island	7.2	*	7.0	Utah	5.4	*	5.3
Michigan	8.3	17.3	6.2	North Dakota	7.2	*	6.7	Massachusetts	5.2	9.0	4.7
Iowa	8.2	21.2	7.8	Kansas	7.0	17.6	6.2	United States	7.6	15.1	6.3
				Montana	7.0	*	7.0				

* Base figure too small for a reliable statistic.

Source: U.S. National Center for Health Statistics, *Vital Statistics of the United States*, from the Statistical Abstract of the United States: 1998.

action to reverse the conditions in which infants were lost. As of 1985, the Institute of Medicine demonstrated the “cost-effectiveness” of prenatal care, showing that for every \$1 spent for women lacking the means, another \$3 would be saved in medical expenses for low-birth-weight infants in their first year.

In October 1988, the National Commission to Prevent Infant Mortality released recommendations for *universal access to care*. Though not made explicit, this approach implied expanding medical care delivery in order to make it available to all. Doing this, would have diminished rising infant mortality and closed the gap in mortality rates among different groups in the population. The Commission stated, “First, we must provide universal access to early maternity and pediatric care for all mothers and infants. . . . Second, we must initiate immediately a sustained, broad-based effort to make the health and well-being of mothers and infants a national priority and give them the public attention and resources they deserve.” Various steps were specified. In 1989, medical experts produced draft Federal legislation called the “Healthy Birth Act.”

The act was not passed. And in the mania of the “Contract on America,” the Commission was disbanded in 1994. The 1996 welfare “reform” act (Personal Responsibility and Work Opportunity Reconciliation Act) was passed, adding further

to the process of deliberately creating conditions that contribute to death and illness, in particular for infants and children. In the absence of decent jobs and income, the Welfare Reform Act has increased poverty.

In the 1998 report from Columbia University showing 5.5 million children in poverty, one of the most striking trends was the “dramatic increase in percentage of poor young children with working parents.” The report described the plight of “traditional” families: “The poverty rate of young children living in families with a father employed full time and a mother who was not employed more than doubled between 1975 and 1996, rising from 6% to 14%.” (All the poverty estimates in that report were derived from the Census Bureau’s Current Population Survey. In 1996, the official poverty line was \$16,036 for a family for four and \$12,516 for a family of three.)

One consequence of the 1996 Welfare Act was to strip millions of children of their access to medical care. According to the George Washington Center for Health Policy Research, more children than ever now lack medical insurance. Under the “booming” economy, more employers are dropping health coverage altogether, or dropping it for employees’ dependents. Of the estimated 11.5 million children who lack coverage, over 4 million are eligible for Medicaid, but were deliber-

ately or unintentionally removed from the rolls by the states when welfare reform was enacted in 1996! The 1996 welfare reform law *de-linked* Medicaid—the health insurance program for the poor funded by Federal and state governments—from entitlement of welfare or cash assistance. However, under Federal law, when states “diverted” families from welfare to work, they were still eligible for Medicaid. But, too often, when people were thrown off welfare, they also lost Medicaid health insurance, because state agencies supposedly didn’t understand the Federal regulations. Some states just never enrolled many families who were eligible. California required the needy to fill out a 38-page form.

Even Temporary Assistance for Needy Families (TANF), the program for minimal assistance established by the 1996 law, is now targeted for elimination. TANF designated Federal money to support the poorest American households, mainly single mothers. The funds are channeled through states in the form of a block grant. Now, there is a proposal in the House of Representatives to let states shift TANF funds to general education costs, such as school construction. A Senate proposal would divert TANF funds to international disaster assistance and military aid!

In October 1997, the Clinton administration enacted the Children Health Insurance Program (CHIP), to provide health insurance coverage for children of working parents who were too poor to purchase health insurance, but not poor enough to

be eligible for Medicaid. The administration estimated that of the 11.5 million uninsured children, about 3 million were eligible for CHIP. The program provided \$24 billion in Federal matching funds to the states, which could use them to expand Medicaid, to create a separate CHIP program, or an alternative arrangement to cover children. After one year of operation, only about 1 million children are insured under CHIP. The National Governors Association has joined with the administration to publicize the program in order to expand enrollment.

The problem is that, as with the Medicaid program, states can employ the most restrictive eligibility requirements they want, based on some percentage of the Federal poverty level (see box). Moreover, the Welfare Reform Act mandated that legal immigrants must *wait* five years before they can apply for Medicaid coverage for their children. This adds up to unnecessary death, disease, and disability in cities with large immigrant populations. Lack of vaccination among these populations increases contagion of childhood killers, such as measles virus and whooping cough.

To prevent such occurrences, the 1960s Medicaid legislation mandated states to provide children with Early and Periodic Screening, Diagnosis, and Treatment, to prevent disabilities (something as simple as untreated ear infections has led to permanent hearing loss), and control disease transmission. But, the 1996 Welfare Reform law contravened this mandate.

High child poverty in George Bush’s Texas

Texas, the gateway to the North American Free Trade Agreement and the *maquiladoras* across the border, ranks among the highest in U.S. child poverty. Although not the highest in infant mortality, the disparity between the infant death rates for black and white infants is very high.

Of all the children and youth up to age 18 in the state, 26.9% (1,502,000) are poor, placing Texas 45th out of 50 states. As of 1994-97, fully 24.5% or 1,497,000 of all the children and youth in Texas under age 19, lacked any medical insurance, which places Texas on the bottom rung.

The rate of poverty of children under 6 years old underwent a radical jump, from 24.4% in 1979-83, to 30.3% as of 1992-96, according to the National Center for Children in Poverty — i.e., in 1996, there were over 572,000 children under the age of 6, who were in poverty.

Worse, look at the way Gov. George W. Bush’s administration manages to deny medical and other assistance to the state’s children. Under the state-administered Federal CHIP program, Texas requires that the older the child applying for Medicaid, the more impoverished the family

must be to get coverage. According the Federal Health Care Financing Administration which oversees Medicaid, Texas provides coverage to infants up to age 1 in families with incomes up to 185% of Federal poverty level; for children ages 1-5 in families with incomes up to 133% of FPL; children ages 6-14 in families with up to 100% of FPL; and children ages 15-19 in families with incomes up to 49% of FPL.

Texas then mandated changes whereby, under the new CHIP program, the state will expand Medicaid for children ages 15-18 whose families have incomes up to 100% of FPL. Big deal! Texas has a greater than average number of low-income children in fair or poor health. Low-income children in Texas are almost twice as likely as low-income children nationally to lack reliable access to medical care.

In January, The Urban Institute released a survey showing that Texas families report significantly greater problems obtaining daily necessities, ranging from adequate housing to affordable food, than the rest of the nation; and 17% of low-income parents lack confidence in their ability to get medical care for their children.

According to 1998 data from the Children’s Defense Fund, every 23 minutes a baby is born in Texas with low birth weight; every four hours, a baby dies during the first year of life.—Linda Everett

Business Briefs

Petroleum

Oil may be a renewable resource, says expert

The conventional wisdom that the supply of oil is finite, is being challenged by the phenomenon of oil fields that grow, even while oil is being extracted, the April 16 *Wall Street Journal* reported. For example, the probable reserves of Eugene Island 330, an oil field in the Gulf of Mexico, have grown from 60 million barrels to 400 million barrels in recent years, and the crude being mined now is coming from a different geological age than the crude pumped out when the field was first tapped in 1973. "All of which," the *Journal* says, "has led some scientists to a radical theory: Eugene Island is rapidly filling itself, perhaps from some continuous source miles below the Earth's surface."

One scientist, astronomer and Cornell Professor Emeritus Thomas Gold, has maintained for years that oil is a renewable, primordial syrup continually manufactured by the Earth under ultra-hot conditions and tremendous pressures; as it migrates toward the surface, Gold says, it is attacked by bacteria, leading to the presumption that it had an organic origin.

Between 1976 and 1996, the estimated global oil reserves grew 72%, to 1.04 trillion barrels, with much of the growth coming in the last ten years, thanks to improved computer mapping of geological structures. Even so, the *Journal* says, geologists are hard-pressed to explain why the great oil pool of the Middle East has more than doubled its reserves in the past 20 years, despite intense drilling.

Environmentalism

Plants are violating Montreal Protocol

Soil chemists at the U.S. Department of Agriculture's Agricultural Research Service have determined that the Brassicaceae family of plants, which includes broccoli, cabbage, rapeseed, and many weeds and ornamental crops, releases methyl bromide into the atmosphere in large quantities, the

USDA reported in its April *Methyl Bromide Alternatives* newsletter under the headline "Plants Guilty of Producing and Releasing Methyl Bromide?" Methyl bromide, a crucial soil fumigant and pesticide used widely throughout the world, has been demonized as a man-made ozone-depleter. This latest finding, according to the USDA, may account for the "missing source" of the methyl bromide found in the atmosphere.

The 1987 Montreal Protocol decreed a ban on the use of methyl bromide in the early 2000s. However, no substitutes have been found for the useful chemical, and if the ban is enforced, it will reduce supplies of fruits and vegetables, vastly cut the export income of Arizona, California, and Florida, and add to the death toll from the ozone-depletion hoax.

Infrastructure

Egyptian road link to Asia, Africa to open

In July, the remaining 26 kilometers of the international coastal road linking North Africa to the Arabian Peninsula, is scheduled to be completed. The highway passes through eight Egyptian governorates, including North Sinai, Port Said, Damietta, Kafr Al-Sheikh, Alexandria, and Marsa Matrouh. It connects a large network of roads starting from the Alexandria-Salum axis to the west, to that of Qantara-Rafah Sinai, on the border with Israel, to the east. It is expected to be the lifeblood of the new urban communities established along its course. The road enhances the prospects for an Arab common market, and establishes further contact with world markets.

Work on the international coastal road began in 1992. In April 1996, the eastern network, which extends 350 km from Rafah to Port Said, and the western network, extending 540 km from Alexandria to Al-Salum on the border with Libya, were opened. The middle network, which passes through the governorates of Damietta, Dakahlya, Kafr Al-Sheikh, Al-Behira, and Alexandria, and major industrial coastal cities, is to be completed by July.

This road is located on the main southern route of the Eurasian Land-Bridge linking

Eurasia with Africa. A rail line and a bridge over the Suez Canal, which are under construction, will establish a rail link between the three continents. Chinese and South Korean firms have signed contracts with Egypt to build ports and industrial infrastructure in the region north of the Suez Canal.

Libya, meanwhile, has announced that it will start construction on a 1,700 km coastal rail line, completing the missing link between Egypt and the rest of North Africa to Spain.

New Zealand

'National security' used vs. anti-free trader

New Zealand Prime Minister Jenny Shipley, a close friend of U.S. Vice President Al Gore, has cited "national security" as the excuse for not releasing crucial documents relating to the targeting of an anti-free-trade activist by the Security Intelligence Service (SIS), New Zealand's domestic spy organization.

The house of anti-free-trade activist Abdul Aziz Choudry was burglarized in July 1996 by SIS officers; he has filed a civil lawsuit against the Attorney General, and is seeking \$150,000 in damages. Shipley, as the Minister in Charge of the New Zealand SIS, is fighting to keep the documents relating to the incident from being disclosed to the Court of Appeal, insisting that "disclosing the documents threatens national security."

Trade

WTO admits worst global figures in 17 years

In its yearly report released on April 22, the World Trade Organization (WTO) states that it has had to sharply downgrade its earlier projections for 1998. The volume of world trade in 1998 grew only by 3.5%, compared to 10.5% in 1997. The dollar value of merchandise exports (trade without commercial services) shrank in 1998 by 2%, toward \$5.2 trillion, which is the biggest con-

traction since 1982. But the export of commercial services also contracted toward \$1.3 trillion, the first-ever annual decline since the compilation of such statistics began in 1983.

All regions were affected, but Asia and the raw materials-exporting countries were particularly hurt. Because of the sharp decline of raw materials prices and demand, export earnings of African countries fell 16%; those of Middle East countries fell 21%. Saudi Arabia's export earnings dropped 35%.

For the first time since World War II, the share of raw materials in world trade fell below 20%. At the same time, the collapse of currencies caused a 17.5% contraction of imports by Asian nations, including a 17% drop for Japan and 25% for East Asia (China, Hong Kong, Taiwan, Malaysia, Korea, Singapore, and Thailand).

Privatization

Chile faces electricity rationing, shortfalls

The Mont Pelerin Society's Chilean "paradise" must now ration electricity, because of power plant breakdowns and lack of investment in energy infrastructure by privatized electricity firms. As of April 15, electricity throughout most of Chile is cut off for two hours a day. The worsening situation comes in the wake of a 15-day blackout in metropolitan Buenos Aires, Argentina in February, because of the criminal negligence of a Chilean-owned consortium. That incident had already damaged the reputation of the allegedly "more efficient" Chilean electric firms, all privatized as part of the economic "miracle" imposed by Mont Pelerin free traders in 1973.

The outages are being blamed on a drought which has affected the country's hydroelectric systems, but there are no contingency plans to deal with the crisis, in which equipment failure at the Nahuenco power station means that 11% of the consumption needs of the Central Interconnected System are not being met. The latter provides electricity to 90% of the country's consumers located between the city of Taltal, 630 miles north of Santiago, and Chiloe Island, 700

miles to the south of Santiago.

In early April, Energy Minister Oscar Landerretche told media that rationing would continue in Santiago and other major cities for four to six weeks, until repairs at the Nahuenco plant were completed. But Germany's Siemens company, which installed the plant's generator, warned on April 15 that repairs could take up to four months. Landerretche also announced a 0.8% decrease in electricity rates, but this was immediately rejected by the generating companies, which claimed that the cost of production has increased because of the drought.

Banking

Peruvian calls for exchange controls

Dionisio Romero, president of the Banco del Crédito del Perú, stated that "capital controls on short-term capital should be established," the Peruvian newspaper *Expreso* reported on April 9. "The Common Good requires that the Central Bank be an entity which regulates the flow of capital, so that it does not enter with such ease, so that it does not leave with the ease with which it left" in 1998, he said.

Romero reported that last October, the inflow of short-term capital—upon which the banking system had become dependent for capital—suddenly fell by \$700 million, deepening the recession in the country. However, he proposed only that short-term capital entering the country be duly registered, and a tax paid on it.

Romero also stated his opposition to "dollarization," arguing that a country should have "its own currency," but he said that in Peru, the issue is almost moot, since 80% of all bank deposits are now in dollars.

One impetus for Romero's domestic concerns, is the intense pressure on every Peruvian bank (most of them are bankrupt) to sell out to foreign interests. Banco del Crédito is still the number-one bank in terms of deposits in Peru, but Romero said that it now faces increased competition from the second-largest bank, Banco Wiese, which was just bought out by Sudameris.

INDIA and Central Asia have begun a strategic dialogue, focussing on energy security, regional security, and trade. Former Prime Minister I.K. Gujral inaugurated the dialogue in New Delhi on April 19, in a meeting sponsored by the Institute of Defense Studies and Analyses. He emphasized that Central Asia would be key in fulfilling India's long-term oil and gas needs.

JAMAICA was rocked by protests, after the government announced a sharp increase in the gasoline tax on April 15. Parts of the country were shut down. The U.S. State Department issued a travel advisory on April 20, warning of "protest fires and other violent activity." On April 22, the government yielded, and announced the tax would not be imposed.

THE PAKISTANI and Indian industry associations on April 10 formally inaugurated the India-Pakistan Chamber of Commerce and Industry, a joint chamber to facilitate bilateral trade.

EUROSTAT, the European Union statistics agency, said in its first global study of services that the much-touted "information society" is only a small part of the economy. It said, "Even though they are the Rosetta Stone of the global information society, the communication sector does represent only 1.7% of the total employment" in the EU.

GEORGE SOROS said, "The global financial crisis is now officially over. So now we can look for the next one," the April 24 *New York Times* reported. It seems that the speculator was happy because Brazil (under his crony, Central Bank chief Arminio Fraga) was able to sell \$2 billion worth of bonds that week (for the first time in a year).

AN INDONESIAN conglomerate, the Bakrie Group, has agreed to sell 80% of its shares in PT Bakrie to its foreign creditors as part of its \$1.5 billion debt settlement in a debt-for-equity swap scheme.

British war schemes, big lies rebuked at NATO summit

by Jeffrey Steinberg

On Sunday, April 25, the closing day of the NATO 50th Anniversary summit in Washington, D.C., British Foreign Secretary Robin Cook, British Defense Secretary George Robertson, and British Armed Forces Chief of Staff Gen. Sir Charles Guthrie held a press conference at the Ronald Reagan conference center, the principal site of the NATO gathering. The day before, the British government had abruptly cancelled three scheduled press events, including a briefing by Prime Minister Tony Blair, prompting reporters from all over the world to ask: "Where's Tony?"

The purpose of the Sunday morning press conference was to whitewash the major policy rifts that had erupted over the previous five days between Her Majesty's government and the Clinton administration, and to attempt to regain some measure of British control over the future of NATO and the ongoing military operations in the Balkans.

Not only did the Blair troika fail to achieve that objective. In response to questions from *EIR* and other news organizations, the British officials were caught, repeatedly, in lies about the past days' events, during which British plans to launch a ground war in the Balkans were scotched by President Clinton and a majority of continental western European NATO leaders, led by Germany and Italy.

In fact, from the opening day of the summit, British officials, as well as their leading surrogate, NATO press spokesman Jamie Shea, were caught publicly lying about Britain's efforts to transform NATO into a British-steered global police force, employing "high-tech" gunboat diplomacy, to collect debt, and overthrow regimes placed on London's "enemies list."

In the course of these public exchanges, vital evidence came to light, proving definitively that London, not Washington, is the author of the new imperium policy, and that Presi-

dent Clinton had decisively rejected Blair, his Balkan ground war, and his global NATO schemes.

The Sunday showdown

After Robertson and Cook delivered brief prepared remarks about the "unity" of the NATO alliance, and the closeness of the Anglo-American partnership, the question period was dominated by sharp challenges to the British cover story about NATO "unity."

A *Washington Times* reporter began the line of questioning: "Sir, the British were reported to have been more aggressively seeking an okay for the use of ground troops among all of the other NATO members, and that never really hit the public awareness of this summit. What I'd like to know is, behind the scenes, was this issue discussed, and how soon is there expected to be a decision that the NATO bombing campaign has, in effect, run its course, and failed to produce—in other words, how many . . . can you give a timeline, where NATO is expected to sit down and actually debate and discuss and decide on the use of ground troops?"

Cook bristled: "The first response would be to continue to rebuff the suggestion that Britain is the aggressor. Britain is engaged in this action precisely because we wish to restore [to] the people of Kosovo peace and security in which they can rebuild their shattered lives. On the question of ground troops, all allies are on exactly the same position. We support what has been said by Javier Solana, and we have invited him to come forward with proposals as to when it would be appropriate for ground troops to go in, to guarantee a cease-fire, to secure the territory, to enable the refugees to go back. But the military is concentrating during that context to immobilize the position by the Yugoslav army."

At that point, this reporter, jumped in with a follow-up



British Prime Minister Tony Blair (left) and President Bill Clinton at the NATO 50th anniversary summit. The smiles scarcely conceal a major rift between the American President and the British Prime Minister, which bubbled to the surface at the summit.

question: “All three of you were actually quoted in the *Washington Post* today, one would presume accurately”—Cook interjected, “Yes”—“seeming to suggest that, coming into the summit, the position of the British government was that it hoped that President Clinton would be convinced [by Blair] to go along with the idea of . . . ground troops coming in before a clear . . . white flag by [Serbian President Slobodan] Milosevic. Is there an element of frustration in how the whole process of the summit played out on that issue? Is this accurate in terms of what the British government position was, say, Wednesday or Thursday of this week, before the summit began?”

Both Robertson and Cook proceeded to lie through their teeth.

Robertson: “The British government is entirely happy with the decision that was taken by NATO, announced by the Secretary General, to review and re-review all of the options that were concerned with ground troops, and the implementation force. So that represents our position. That represented our position Thursday, when the announcement was made, and I dare say that it will be our position tomorrow when we have the press conference back in London.”

Cook, peeved at having been ambushed, tried to shift the subject: “But let’s get some reality check here, too. There are no two closer allies, the United States and Britain. Tony Blair has an excellent, close relationship with President Clinton. I speak daily to [U.S. Secretary of State] Madeleine Albright, and work very closely with her. Yesterday we spoke for 15

minutes on BBC, reinforcing each other’s messages, and demonstrating the similarity of both of our analyses, and our governments’ approach. And George Robertson has a very close working relationship with Bill Cohen. All three of us work closely with our opposite numbers, and there’s not a playing card of difference between us.”

EIR’s Edward Spannaus attempted to ask another follow-up question, but Cook would have nothing of it. However, a moment later, Cook called on *EIR*’s White House correspondent William Jones.

Jones: “In [Blair’s] press conference in Brussels, one of the reporters asked if you were trying to launch a new Crusade, and this, of course, has become a theme also in the British press, I understand. Is it not the case that . . . there are very few countries that are willing to go onto this kind of crusade that Prime Minister Blair seems to want to launch?”

Cook shot back: “I have no problem in confirming the ardor of the Prime Minister. He is determined, resolute, and we will secure the objectives, first for the sake of the refugees, but also because we are fighting for the values—security, and democracy, for the Kosovo people, and those are the values of NATO. . . . There are 18 other nations in NATO . . . that support us. There are also seven front-line countries in the region around Kosovo who support us. And repeatedly, around the rest of the world, when this is raised in international organizations, the support comes for what we are doing, and the criticism comes toward Serbia. We’re prepared to see it through, and it is clear from the discussions that we had

among the heads of government on Friday, that so also are all the others.”

The ‘accurate’ quotes

Everything that Robertson and Cook said at the press conference contradicted their own accounts to the *Washington Post*, in a story published the day of the press conference, under the by-line of Barton Gellman.

Gellman described an interview with Guthrie: “Standing on a tarmac at Langley Air Force Base, Britain’s Chief of Staff Gen. Sir Charles Guthrie spoke Wednesday of the astonishing ‘velocity’ of the Serb violence against ethnic Albanians in Kosovo since the war began, and about the limits of the air campaign to effect it. ‘I am frustrated I haven’t been able to do that—to stop it quicker,’ he said.”

Gellman next turned to Cook: “Around a dark wooden table, the next day with reporters and editors of the *Washington Post*, British Foreign Secretary Robin Cook ruminated about a scenario that the Clinton administration dodged all week, sending ground troops into Kosovo without a peace agreement with Milosevic. ‘A permissive environment certainly would require one in which there was no other functioning army in Kosovo fighting us,’ he said. ‘That doesn’t necessarily require we have to have permission from Milosevic.’ ”

And on Robertson: “In a borrowed aircraft normally used by Vice-President [Al] Gore, British Defense Minister George Robertson plunged into a similar discussion about the need to win, even if that means changing tactics. ‘We will need to go in quickly when the circumstances are ripe.’ He said the 30,000 troops that NATO countries pledged, to ‘implement the peace pact’ that Belgrade would not sign, are no longer enough, and the British are willing to send in more.”

What none of the British delegates at the NATO conference would admit, was that, on April 21, during a three-hour meeting with President Clinton, Blair had repeatedly tried to draw the American leader into support for a ground war in Yugoslavia, a position that Clinton fervently rejected. At a press conference after his meeting with the President, Blair personally had lied that the British and U.S. governments were in full agreement about the Kosovo mission. White House sources told *EIR* that the President was furious at Blair’s blatant misrepresenting of what had occurred during their private talks.

On April 23, the opening day of the NATO conference, White House press spokesman Joe Lockhart, in response to a question from Spannaus, hinted at what had actually occurred at the April 21 Blair-Clinton meeting.

Spannaus: “The British press was proclaiming loudly that Tony Blair was coming here to convince President Clinton to introduce ground troops, and in fact, some of the British press—the *Daily Telegraph*, for example—went so far as to compare Blair’s mission with Maggie Thatcher coming and convincing George Bush not to ‘go wobbly’ on her. I gather

he was not successful on the ground troops aspect, but does anybody find . . . the Thatcher-Bush comparison . . . a bit insulting?”

Lockhart: “If I got into what was insulting in the press, we’d be here all evening, and I have too many areas to go through. . . . Let me just tell you what I know. Which is: The President articulated his position on ground troops well before—and many times before—Mr. Blair came to visit. He’s articulated it since. It hasn’t changed. The British have indicated their position. I’ll let them speak for themselves. And I don’t think we should get too caught up in what the latest headlines say, nor should we spend any time worrying about any historical comparisons.”

Shea is caught lying

The exchanges between *EIR* and the Cook-Robertson-Guthrie trio demonstrate clearly that Britain’s policy going into the bilateral meeting between Blair and Clinton, was to draw the United States into supporting a full-scale NATO ground war in Kosovo, a war that would have inevitably led to a broader Balkan war, and that would have spread from there. President Clinton rejected Blair’s plan. The British lied about the policy rift, while trying, through every underhanded means available, to get their way, despite the American, and continental European, opposition. Canada, a leading force in the British-American-Commonwealth (BAC) constellation, fully supported Britain’s push for a ground war. From Gellman’s April 25 *Washington Post* story:

“Canadian Prime Minister [Jean] Chrétien said before arriving in Washington that Canada would supply ground troops and support a NATO decision to use them in combat if necessary. Foreign Minister Lloyd Axworthy and Defense Minister Art Eggleton insisted that the air campaign is working, but that it was only ‘prudent’ to look at other options, including the introduction of ground troops.”

On April 23, the heads of state of the 19 NATO countries spent the first three and a half hours behind closed doors, formulating NATO’s policy on the Kosovo crisis. The rejection of a ground war was codified during a press briefing by NATO Secretary General Javier Solana that afternoon. President Clinton’s own earlier decision, to launch a renewed effort for a diplomatic settlement, through the Russia government and United Nations Secretary General Kofi Annan, carried the day.

Yet, even as this policy was being hammered out, the “Queen’s own” NATO spokesman, Jamie Shea, was spinning a version of events remarkably similar to what Robin Cook had told the *Washington Post* in his interview of April 22.

Shea proffered that NATO might send in ground troops without a cease-fire agreement with the Milosevic government in Belgrade, under the British definition of “permissive environment.” This time, Shea was caught in his lie by Martha Raditz of ABC News.

At the April 23 daily NATO press briefing, Raditz asked



Canadian Prime Minister Jean Chretien (left) and British Prime Minister Tony Blair. The two Commonwealth leaders came to the NATO summit, pressing for a ground war in the Balkans. They were rebuffed by the majority of other NATO leaders.

Shea: “Can you give us the latest definition for what a ‘permissive environment’ is, or is it now, semi-permissive?”

Shea, as if reading from a script, declared: “A permissive environment is an environment in which the Serb forces would not be posing any resistance to an incoming international security force, and in which an international security force would be able to get on with its job of creating a security environment with the least hindrance, and with the maximum chances of very rapid success. That definition, of course, is up to NATO leaders. They will know what a permissive environment is, when they see it.”

Several hours later, President Clinton’s National Security Adviser Sandy Berger, speaking to the press at the same podium used by Shea, was asked about Shea’s definition.

Berger sharply contradicted the Shea-Cook formula: “A permissive environment would be one in which the government in Belgrade either would accept its presence, or acquiesce to its presence. That’s pretty straightforward.”

‘H.M.S. Windbag’ sunk

By the close of the first session of the heads of state meetings on April 23, it was clear to all participants that President Clinton was not reading from the British script. This no doubt encouraged continental European leaders to assert their own differences with London, on a wide range of NATO issues, from the role of the United Nations Security Council in pre-approving all NATO “out-of-area” activities, to the so-called European Security and Defense Identity, a Blair-initiated An-

glo-French concoction that asserted the role of the European Union (EU) in shaping Europe’s future defense posture. The ESDI issue infuriated Turkey, an important NATO member, that has been banned from EU membership for 10 years on dubious grounds.

In the following articles, which include our firsthand reports from the NATO summit, covering press briefings and official statements by the heads of state of France, Germany, Italy, Macedonia, and others, continental Europe weighed in on a number of crucial issues, beating back a succession of bellicose British tacks.

The NATO heads of state “Statement on Kosovo,” issued on April 23, officially adopted the five-point peace proposal put forward in early April by UN Secretary General Annan. All references to a “NATO-only,” a “NATO-led,” or a “NATO-core” peacekeeping force were eliminated. Article 3 merely cited “the stationing in Kosovo of an international military presence.”

Article 7 cited the crucial role of Russia: “Russia has a particular responsibility in the United Nations and an important role to play in the search for a solution to the conflict in Kosovo. Such a solution must be based on the conditions of the international community as laid out above. We want to work constructively with Russia, in the spirit of the Founding Act.” Indeed, Russia’s indispensable role in a peaceful settlement of the Kosovo crisis was a constant theme throughout the weekend. On April 25, at the close of the summit, Sandy Berger announced that Deputy Secretary of State Strobe Tal-

bott was being sent to Moscow, to pursue the Russian peace mediation.

The Berger announcement was doubly significant. It not only confirmed that the Clinton administration is actively encouraging the Russian peace initiative (earlier that day, President Clinton had spoken by phone with Russian President Boris Yeltsin for nearly an hour), along with Germany and Italy, in particular. It also signalled that Vice President Gore, who had been the presumed “official channel” to President Yeltsin’s Yugoslav emissary, former Prime Minister Viktor Chernomyrdin, had been taken “out of the loop.” Gore’s absence from the entirety of the summit was another signal that the Vice President has been downgraded.

The focus on Russia’s vital role in the peace effort was not lost on Blair. On April 23, *EIR* reporters at the summit learned that Chernomyrdin had proposed to come to Washington on April 24, to brief NATO leaders on his first diplomatic foray to Belgrade. Blair “pitched a fit,” according to one German source, and forced the other NATO leaders to politely turn down Chernomyrdin’s offer.

A watered-down ‘Concept’

The second day of the NATO summit was devoted to the future of the Atlantic Alliance. For a year, defense and foreign policy planners in all of the NATO capitals had been working on a “New Strategic Concept,” defining the purpose of NATO, going into the 21st century. The British government, along with its assets and allies in the governments of other NATO countries (including within the Principals Committee of the Clinton administration), had been pressing to transform NATO into a global police force, unaccountable to any international agencies, especially the United Nations Security Council, which includes Russia and China among its five permanent members. The British-orchestrated U.S. and British bombings of Iraq, beginning in December 1998, and the NATO air campaign against Yugoslavia, had been touted by the British as the precedent for NATO’s decoupling from the Security Council. “Might makes right,” Blair and company had argued.

Her Majesty’s NATO press voice, Jamie Shea, had announced on the morning of April 24, that the final, approved version of the “New Strategic Concept” would be ratified by the heads of state, and released to the public by noon.

In fact, the final version was not released until 7 p.m., following hours of emergency meetings among the NATO heads of state and foreign and defense ministers. While the final version retained some of the egregious formulations peddled by London, the idea of a “global NATO” was, for the time being, severely set back; and, if French President Jacques Chirac is correct, the decoupling of NATO from the UN Security Council was defeated.

At his press conference that day, NATO Secretary General Javier Solana answered a question posed by this writer, confirming this assessment:

Steinberg: “Could you please elaborate on the aspect of the out-of-area deployment of NATO? For example, was it discussed whether or not this would extend into areas like the Persian Gulf? And secondly, could you also explain where the discussion process stands on the issue of how NATO is going to deal with weapons of mass destruction, which obviously has global implications, as well?”

Solana answered carefully: “Well, I think that the two questions you have posed to me are very clear in the strategic concept, and it will be very clear in a communiqué that will be distributed in the coming hour.

“As far as the extent, the geographic extent: Well, as you know, NATO is not a universal organization. NATO is a territorial-limited organization; his aim, his commitment, his engagement is to what we call the Eur-Atlantic issue, the Eur-Atlantic area. And we are prepared to cooperate to the security and the stability of the Eur-Atlantic area. Of course, there may be risks, there may be challenges; they may arise from outside the Eur-Atlantic area that may have effect in the Eur-Atlantic area, but our main concern is the region in which we have to cooperate to the stability and security of the so-called Eur-Atlantic area. With that, I think I answered your question.”

Reconstruction of Southeast Europe

Day three of the NATO summit was devoted to meetings between NATO heads of state and the leaders of the seven “front-line states” bordering Yugoslavia. There was a larger meeting of the NATO leaders with the heads of most of the 24 nations in the Partnership for Peace. The absence of PFP member Russia from the session was deplored by Italian Prime Minister D’Alema as “tragic.”

One theme that shone through the sessions had been first emphasized by President Clinton in his April 15 foreign policy address in San Francisco: the need to look beyond the war in the Balkans to a postwar plan for the reconstruction of the entirety of Southeast Europe. During the course of the summit, German Chancellor Gerhard Schröder announced that he would be hosting a summit in Bonn on May 27, to take up the urgent issue of economic development for the region.

Postscript

On April 27, a *Washington Post* front-page story confirmed what this news service was already widely reporting. “As world leaders began descending on Washington last week some top U.S. officials worried that the [U.S. and British] governments were not exactly singing from the same sheet. Senior British officials kept raising publicly the prospect that ground troops might be needed to bring Yugoslav President Slobodan Milosevic to heel in Kosovo—precisely the message Clinton did not want dominating the three-day NATO summit that ended yesterday. So at a three-hour meeting at the White House on Wednesday, Clinton appealed to Blair that ‘this is not the time to be talking about ground troops,’ a White House official yesterday recounted.”

Blair's Redcoat invasion flops

by Scott Thompson and Mark Burdman

In a typical display of British treachery and arrogance, British Prime Minister Tony Blair went behind the back of his so-called "friend," President Bill Clinton, to barnstorm America and Congress on behalf of what Blair purports to be a new "Doctrine for the International Community." In reality, it is an ambitious plan for an Anglo-American global imperium, under a NATO flag.

Fortunately, Blair's efforts were harshly rebuffed by President Clinton, and, as a result of Blair's ham-handed efforts, the rift between the United States and Britain is wider now than at any point since Blair was installed at 10 Downing Street by the British establishment.

Arriving in Washington on April 21, two days before other participants for the NATO at the 50th Anniversary Summit, the British delegation, led by Blair, Foreign Secretary Robin Cook, and Defense Secretary George Robertson, fanned out to sell their new "doctrine," which calls for globalization of NATO, and the use of any and all means, to bail out the bankrupt London-Wall Street global financial bubble.

This British invasion, which included a media talk show blitz, a Blair speech to the Chicago Economic Club, and private meetings with the leaders of the U.S. Congress, aimed to build a groundswell of American public opinion against President Clinton's refusal to accept British plans for an expansion of the war against Yugoslavia to include hundreds of thousands of ground troops. Fortunately, this propaganda effort proved to be a pathetic failure, as most Americans recoiled at the prospect of a British Prime Minister asserting that the British-American-Commonwealth (BAC) bloc would set military policy, sacrificing American lives for their schemes.

Wooing Congress

On April 22, Blair set off to sell his ground war and naval blockade to Congress, by "chatting up" Senate Majority Leader Trent Lott (R-Miss.) and Minority Leader Tom Daschle (D-S.D.) in a "doorstep" meeting at the U.S. Capitol. The next day, Her Majesty's "three stooges"—Blair, Cook, and Robertson—met with broader layers of Congress, in what was billed as a "Congressional Commemorative Event" in the Capitol Rotunda.

Despite British efforts to bypass Clinton, Lott announced on April 26 that he would oppose debate on a "divisive resolu-

tion" offered by seven Congressmen including Sen. John McCain (R-Ariz.), a GOP Presidential hopeful. McCain said that the United States must do everything possible to win the war against Yugoslavia, including sending tens of thousands of U.S. troops as part of a British-planned and NATO-led invasion. McCain and Sen. John Kyl (R-Ariz.) were active participants in the so-called "Phoenix Congress" of the New Atlantic Initiative, a BAC front-group headed by Lady Margaret Thatcher.

A new imperial system

On April 22, Blair became the first British Prime Minister to visit Chicago, where he gave his megalomaniac "Doctrine for the International Community" speech to the Economic Club. According to the British Foreign and Commonwealth Office, the speech, which was immediately disseminated worldwide, was "dedicated to the cause of internationalism against isolationism."

In his speech, Blair located the need for "globalizing NATO" in far-flung operations against distasteful "dictators," in the context of the globalization of the marketplace, and as part of the new, post-Cold War "Information Age." Blair asserted that, because members of the UN Security Council had opposed the war against Yugoslav President Slobodan Milosevic, it may be necessary to overhaul how the UN functions, so that there will be no interference with NATO's interventions in military conflicts wherever the British desire.

Blair's Chicago speech makes absolutely clear that, from the British standpoint, the war in Kosovo is the "entry-point" for a new global imperial system.

Blair began by hypocritically raving about the "atrocities" in Kosovo, insisting that "there is no alternative to continuing until we succeed." There will be no negotiation on the war aims, he said; "Milosevic must accept them," i.e., unconditional surrender. Blair claimed that "this is a just war"—despite British instigation of many of the "atrocities"—and boasted that "the Kosovo Liberation Army is now larger and has more support than when Milosevic started his campaign."

Blair spoke about the "wider context" of the war in Kosovo. Under the title, "Global Interdependence," he was as bellicose in speaking of economics as he was of Milosevic and Yugoslavia: "We are all internationalists now, whether we like it or not. We cannot refuse to participate in global markets if we want to prosper," he said. "On the eve of a new millennium we are now in a new world. We need new rules for international cooperation and new ways of organizing our international institutions."

Blair said, "We need to focus in a serious and sustained way on the principles of the doctrine of international community and on the institutions that deliver them." This would include, he said, "a thorough, far-reaching overhaul and reform of the system of international financial regulation," which, he added, ought to begin at the G-7 summit in Cologne



British Prime Minister Tony Blair addresses the opening session of the NATO summit. By the time the summit began, Blair was already on the defensive and at odds with most of the other heads of state.

in June; “a new push on free trade in the World Trade Organization with the new round beginning in Seattle this autumn”; “a reconsideration of the role, workings, and decision-making process of the United Nations, and in particular the UN Security Council”; and, more efforts to “slow down and stop global warming.”

Under the heading of “Globalization,” he babbled: “We live in a completely new world. Every day, about \$1 trillion moves across the foreign exchanges, most of it in London. . . . Any government that thinks it can go it alone is wrong. If the markets don’t like your policies they will punish you. The same is true of trade. Protectionism is the surest way to poverty.”

Under the heading “International Security,” he hit the point he was aiming at all along: “Globalization has transformed economies and our working places. But globalization is not just economic, it is also a political and security phenomenon. . . .

“The principles of international community apply also to international security. We now have a decade of experience since the end of the Cold War. . . . Our armed forces have been busier than ever . . . occasionally engaging in major wars as we did in the Gulf in 1991 and are currently doing in the Balkans. . . .

“Many of our problems have been caused by two dangerous and ruthless men — Saddam Hussein and Slobodan Milosevic. . . . As a result of these destructive policies both have brought calamity on their own peoples. . . .

“If NATO fails in Kosovo, the next dictator to be threatened with military force may well not believe our resolve to carry the threat through. . . .

“The most pressing foreign policy problem we face is to identify the circumstances in which we should get actively involved in other people’s conflicts.”

He identified several “considerations” that would justify such interference, and called for a change in “the UN and its Security Council,” in reaction to Russian and Chinese opposition to NATO’s war. For Blair and the British oligarchy, Russia and China are the targets of their “new Cold War,” and therefore, NATO must have the freedom to act without Security Council approval.

Blair and company’s arrogance generated a great deal of fury among many American citizens, who saw through the British game. On April 27, the London *Financial Times* published a letter to the editor by Neal Ball of Chicago, who wrote: “As Americans we are greatly indebted to Tony Blair for his leadership of our war effort. At a time when our own leaders express caution—perhaps overly concerned about human lives and the political consequences of calling up reserves and authorizing additional billions of defense dollars from taxes—Mr. Blair came to urge us to screw up our courage to the sticking point and not to go wobbly by ending hostilities. As the battle becomes bloodier, we feel assured that Mr. Blair will stoop to negotiation only in the most urgent instance, and that when he does offer a kingdom for a horse, our nation will be a prominent part of that settlement.”

President Clinton snubs Blair, honors Kohl

by Michele Steinberg

One day before the beginning of the 50th Anniversary of NATO meeting, on April 22, President Clinton chose to highlight the role of Germany as a U.S. strategic partner, and awarded the Medal of Freedom to Helmut Kohl, former Chancellor of Germany. The Medal of Freedom is the highest civilian honor, rarely awarded to non-Americans. It was an honor for Kohl, but it was also a rebuff of London's "Mad Hatter" Tony Blair, who had been at the White House a day before, pressing Clinton to send ground troops to Kosovo.

Clinton's honoring Kohl was directed not only against the British, but against BAC agents in the United States such as Sir George Bush, who committed the disgrace of giving the same award to Baroness Margaret Thatcher in 1991. This was part of Bush and Thatcher's vicious, joint campaign *against* German reunification: At the time, top British officials were declaring that a unified Germany would be a "Fourth Reich," in the mold of Hitler. In return, Bush, a few years later, after he was voted out of office, became Sir George Bush, a Knight of the British Empire.

Despite the way Bush tarnished it, the Medal of Freedom, from its very inception under President John F. Kennedy, has been a symbol of the U.S. hope that Germany could be re-united.

As the following excerpts show, Clinton's award to Kohl should be seen as part of a much-needed turn against the BAC. Here are excerpts from the President's remarks:

'Du bist ein Amerikaner'

Today, it is my privilege to confer America's highest civilian honor on a great statesman of the 20th century, the Federal Republic of Germany's longest-serving Chancellor, Helmut Kohl.

President Kennedy first saw the design for the Medal of Freedom on July 3, 1963, just a week after he had gone to Berlin and challenged a new generation of Germans to forge a future of freedom and unity, of European integration and American partnership. No one did more to fulfill the hopes that President Kennedy expressed on that trip than Helmut Kohl. . . .

In 1991, the world was very different. The Berlin Wall had come down, but a profound gulf separated the eastern half of Europe from its more affluent neighbors to the west. Everyone agreed that something had to be done . . . but not everyone had a clear idea of what that something should be. . . .

Helmut Kohl understood that we needed a bold vision backed by a practical blueprint. . . . He said, "We are all called upon to construct a new architecture for the European house, a permanent and just peace-order for our continent."

The story of Helmut Kohl is the story of twentieth-century Germany. He was born in 1930 in Ludwigshafen, a small city on the Rhine. He saw firsthand the ravages of Nazism. His brother Walter perished in the war that tore Europe apart. . . .

[After the war, Kohl] was quick to see the possibilities of hope and rebirth in the post-war world. Through the Marshall Plan, he saw firsthand what Europeans and Americans could do together. . . . When he was only 16, he was one of the very first people to join the Christian Democratic Union. . . . And 50 years ago, at the age of 19, he and his friends were actually briefly detained at the French border. . . . They tried to remove some of the barriers between the countries and carried banners in support of Franco-German friendship. . . . *Der Lange* ["Tall Guy" — Kohl's nickname] was not your everyday teenager.

He always maintained that the new architecture of Europe must be built on the foundation of trans-Atlantic partnership. And he reached out to Russia, to Ukraine, to the other former communist countries to make them a part of 21st century Europe.

He served as chancellor for 16 years. Future historians will say Europe's 21st century began on his watch. In the months that followed the fall of the Berlin Wall, he conceived a generous vision for Germany's unification and for a new partnership between the West and a democratic Russia. He saw the imperative of Europe's unification politically and economically. He saw the need to embrace other nations into Europe's family, putting Germany in the center, not on the edge any longer, of a united, democratic Europe. . . .

Germany was buoyed by hope through the Marshall Plan. . . . Central Europe was helped by the West in this decade after the fall of the Berlin Wall. Those were wise investments. We must be equally farsighted toward southeastern Europe.

As Helmut understood so well, our vision of a Europe whole and free will not succeed unless it embraces a partnership with democratic Russia. And it will not succeed unless it is embraced by Russia. That is the kind of alliance that must and will emerge from the Washington summit. I can think of no better way to begin this week of allied solidarity than by honoring Helmut Kohl. . . .

In 1989, the year of Germany's rebirth, we heard Beethoven's 9th Symphony as if for the first time, with Schiller's "Ode to Joy" capturing the feeling of a world coming together. In that same poem, ironically written just after the American Revolution, Schiller wrote that the circle of universal freedom begins very simply with the friendship linking two people. Helmut, President Kennedy stirred the world at the Berlin Wall when he said, along with freedom-loving people everywhere, *Ich bin ein Berliner. Today, a grateful United States says to you, Du bist ein Amerikaner.*

'Lengthy and difficult debates to restore peace'

by Michele Steinberg

If the leaders of the nations of NATO and the "Partnership for Peace" were to speak frankly, the most isolated nation — apart from Serbia under Slobodan Milosevic — would be Britain, perfidious Albion, which was trying to armtwist the NATO countries into committing a grave error, a head-long rush into a ground war designed to trigger a showdown with Russia, perhaps not immediately, but inevitably.

On April 24, British Prime Minister Tony Blair "disappeared" from the NATO summit and cancelled two press conferences. Blair and the British dictates for the "new strategic concept" had been modified, watered down, in some cases rejected, and Blair was reassessing his options, reportedly in long-distance discussions with Baroness Margaret Thatcher, his Tory predecessor who had authored a plan to make NATO an offensive alliance.

The defeats that Blair was reporting to Thatcher were significant: rejection of authorization for a ground invasion of Kosovo (perhaps even during the summit proceedings); refusal to ratify a doctrine that authorized the "new" NATO to strike "anywhere and anytime"; and, denial of a blanket agreement that NATO could ignore the UN Security Council, as was done in closing down the negotiations over Kosovo.

Relations with Russia

Perhaps the most clear-cut defeat for Blair was the vehement rejection — by President Bill Clinton, and by the majority of other NATO allies — of the efforts to isolate, humiliate, and provoke Russia into a "new Cold War," or worse. With Blair shoved into the background on day two of the NATO summit, the leaders of the United States, Italy, Germany, and France made very, very clear, that they are prioritizing the active participation of the government of Russia in finding an end to the Kosovo war.

What the major international media, and especially the U.S. media, have chosen *not* to report, from the 50th Anniversary NATO summit, was the extensive dialogue in press conferences with hundreds of journalists and historians, conducted by NATO heads of state, including French President Jacques Chirac, German Chancellor Gerhard Schröder, and Italian Prime Minister Massimo D'Alema, who focussed on the future of NATO, beyond the Kosovo war, on the task of

"winning the peace." They stressed that that cannot happen without economic reconstruction of the war-torn Balkans, and *will not happen* without the inclusion of Russia.

Each of these leaders acknowledged to some degree that the agenda of reconstruction of the Balkans was the crucial question coming out of this summit. It was exactly this issue, introduced by President Clinton in a speech to the Commonwealth Club in San Francisco on April 15, that shifted the NATO summit from the dark predictions of a "war council," or "funeral for the NATO alliance," to an opportunity to expose and isolate the British.

UN Security Council vs. 'globaloney'

On April 24, President Chirac was the first head of state to speak after a longer-than-scheduled morning session where the NATO heads of state had met to "finalize" the text of the strategic concept. Chirac's press conference was "standing room only," and there it became clear that the "New Strategic Concept" document, which had been falsely described the night before by NATO spokesman Jamie Shea as "completely" agreed upon, and due out early the next morning after a pro-forma signing, was the subject of profound discussions and fierce disagreements.

Chirac made clear that he, and the French government, had picked a fight — and won — to stop authorization of reckless autonomy for a NATO which would take it upon itself to act "out of area," on any basis whatsoever, completely bypassing the United Nations. Chirac, joined by many of the other 19 countries, had said, "No."

Against the argument that "NATO, made up of democracies whose objectives would therefore be legitimate by their very nature," might act without the authority of the UN, Chirac warned that such a "waiver" for NATO would lead to "other waivers tomorrow" for other organizations or nations, whose objectives might be "questionable," and "from then on it would be tantamount to accepting or imposing the rule of the strongest."

Chirac discussed a fundamental issue that had been underlined by U.S. Presidential precandidate Lyndon LaRouche in "The LaRouche Doctrine" on the Balkans war (*EIR*, April 16). There LaRouche warned that throwing overboard the institution of the UN Security Council, which for more than 50 years has been the accepted forum for discussions of disputes by the world community, would lead to chaos.

Chirac put it this way: It is "the whole international order set up after World War II, which is at stake in this discussion. France on this subject took a very strong position. . . . I discussed this with President Clinton several times during these past few months and again at length at a meeting which I had with him yesterday. Following these lengthy debates, *long and difficult debates*, . . . the decisions which have been taken . . . represent a true victory." Chirac stated that the issue which had been "of paramount importance" to France, had been officially incorporated into two texts: a communiqué, and "a



President Bill Clinton confers with French President Jacques Chirac. The two leaders reached a meeting of the minds on NATO's relationship to the UN Security Council.

report which is called the strategic concept." He said that all of the NATO allies are "committed to the United Nations Charter," and, as quoted in Article 10 of the strategic concept, "the primary responsibility of the UN Security Council in maintaining international peace and security."

Ironically, although U.S.-based right-wing "yahoos" denounce the UN as a "world government," the globalists associated with Blair, Thatcher, and the British Empire are completely *opposed* to going through the UN Security Council! To the British-American-Commonwealth faction, the UN Security Council, under Secretary General Kofi Annan, which includes as permanent members the Allies from World War II—the United States, Russia, China, Britain, and France—is *an impediment* to their ideas of world government in a "unipolar," or one-power world. The BAC fears that the UN Security Council could stop its plans, because Russia and China have full veto power. For Blair and the BAC, NATO could be strongarmed by the British if a rift between the United States and continental Europe was assured. It was that gamble that Blair lost when *EIR* caught Jamie Shea in a bald-face lie over ground troops.

Ground troops and a blockade

On ground troops and the use of a naval blockade to stop oil deliveries, Chirac cut the legs out from under Blair's agenda. Italy and Germany presented similar obstacles. One exchange at Chirac's press conference shows the degree to which France opposed the Blair lunacy:

Q: Do you share Tony Blair's idea that the security forces could enter into Kosovo without Belgrade's agreement?

Chirac: "...As far as I am concerned . . . I hope it will be . . . including, for example, Russian or Ukranian contingents, as is the case in Bosnia. Which means it can only be designed within the framework of a political agreement. . . . [Otherwise] it would no longer be a peace and security force, it would be a wartime force."

In an interview with *USA Today*, Chirac also opposed the use of force in a naval blockade. "We feel the legal basis is very weak," he said. The first plan that was submitted, the escalation to use ground troops, a British-generated plan, "was very dangerous and might have caused a catastrophe with third countries like Russia. We were the ones to launch the idea of an oil embargo within the European Union. . . . Stopping ships in the Adriatic would have been NATO getting out of control."

A plan for reconstruction

In a press conference immediately following President Chirac's, German Chancellor Gerhard Schröder focussed on a vision of the world after a peace agreement over Kosovo were reached. He said that he "could not emphasize enough," the importance of a Russian role in seeking a settlement. Schröder indirectly confirmed reports that *EIR* had received, that Russian President Boris Yeltsin's envoy to Yugoslavia, Viktor Chernomyrdin, had wanted to attend the NATO summit to brief leaders on his discussions with Belgrade, but that Blair had hysterically nixed the idea.

In answer to a question from *EIR* about the possibility of "repairing the damage to Russia-NATO relations that resulted from the NATO action in Kosovo," and whether Chernomyr-

din would be briefing Schröder and the other NATO heads of state, Schröder answered, "I just have seen that Mr. Chernomyrdin has some travel plans. He wants to come to Washington and to Bonn, and I would like to hear his advice as well. I have invited him to Bonn." He stressed that Russia "has a major role to play," including providing assistance for a "robust" international peace-keeping force, as in Bosnia, and for the future reconstruction of the region. Schröder stressed that Russia's help in solving the crisis "had already begun with Russian Prime Minister [Yevgeni] Primakov's peace mission to Belgrade," and that the Russians are very interested in reaching a peace.

Like Chirac and Italian Prime Minister D'Alema, Schröder also emphasized that the United Nations must play a role in solving the crisis, and that he would be meeting UN Secretary General Annan in Berlin right after the NATO summit, after which Annan is to travel on to Moscow.

But the crowning pearl of Schröder's press briefing was his announcement of a conference on the future of the Balkans, especially economic reconstruction, integration, and development, which Germany will convene on May 27 in Bonn. The conference had been mentioned "as a possibility" by a "high-ranking NATO official," who insisted that the briefing on this conference not be attributed to a specific official.

Schröder played up the conference as a major next step, saying that, in Kosovo, "military measures will not suffice." He cited the Marshall Plan as a model, but emphasized that "policy does not have to be called a Marshall Plan." The social, economic, and political development of the region has to be positively addressed, he said. Despite the fact that the "major [economic] burden is going to be on us," i.e., the European Union, in the long run it will be far less expensive than a future military intervention. For comparison, he urged people to look at the billions of dollars that have been spent on the peace-keeping mission in Bosnia.

Other differences over NATO doctrine were tabled, such as Germany's position of "no first use" of nuclear weapons. In reply to a question from *EIR*, Schröder indicated that there has been no change in Germany's view, but that the government had decided beforehand that this question was "not going to be put on the agenda" at this time. He said that the German-Canada common position against first use of nuclear weapons reflects the differences between the "haves" and "have-nots" among the countries that have nuclear capabilities.

In another important blow against British propaganda, on the response to terrorist threats with weapons of mass destruction, Schröder said that the question of using nuclear weapons to deter "any terrorist group was never discussed."

Again and again, the establishment media tried to induce the NATO leaders to denounce Russia, to mimic the sabre-rattling of Blair, or to "talk tough" about escalating the war. Prime Minister D'Alema proved a model for handling the

provocative press. At his press conference on April 25, D'Alema was asked for his reaction to the fact that a Russian statement had characterized the NATO naval blockade of oil shipments to Yugoslavia as an "act of war." D'Alema caustically replied, "There is no language from NATO about a naval *blockade*; that is *your* term. . . . Embargo has a certain meaning, blockade is another one. We are speaking simply of the need to impede Milosevic's access to raw materials—petrol—that can be used for military purposes. . . . A blockade means . . . denying any kind of products, any kind of shipments. So, it's quite a different thing!" He added, "No one has an intention to provoke acts of war against Russia," by forcibly boarding ships.

D'Alema was also one of the strongest advocates at the summit for a peace plan involving Russia. Indeed, from the last week of March, the Italian government, parallel to and in concert with the Vatican, had been striving to attain a cease-fire. He stressed the unprecedented unity of the NATO allies, but for the "painful absence" of Russia and, of course, Yugoslavia.

Like Chirac, D'Alema was strongly opposed to the idea that NATO could be allowed attack a sovereign country in an offensive action without consulting through the UN Security Council. In reply to this reporter's question of whether Italy is seeking a peace agreement through the UN that would, because of their membership on the UN Security Council, involve China and Russia, which nations had denounced the "unipolar" action, D'Alema said that he—and others—are hoping that the negotiations involving UN Secretary General Annan, and the Russian envoy of President Yeltsin, would "soon lead to a UN mandate" for a peace-keeping international force for Kosovo. "We want to succeed in involving the UN Security Council in order to promote a peaceful solution to the conflict," he said.

"We are of the opinion," said D'Alema, "that the UN must be protagonists in all this, along the lines indicated, not by NATO, but by the declaration by Secretary General Annan. We hope that Russia and China will support that statement. The position of NATO is not aimed at making NATO a new international institution that would be an alternative to the UN, on the contrary."

Before the NATO summit ended, President Clinton was on the telephone with President Yeltsin about the Kosovo crisis. In the closing hours of the summit, Clinton's National Security Adviser Sandy Berger announced at a press briefing that Clinton's special envoy to Russia, Strobe Talbott, who is also one of Clinton's oldest friends and one of the first U.S. administration officials (in 1994) to criticize the International Monetary Fund's "shock therapy," had been dispatched to Moscow for talks. By April 28, a triangle of activity—Moscow-Bonn-Washington—had brought about non-stop talks on reaching a peace settlement. The U.S.-European alliance, including Russia, could be the doom of Tony Blair, and the would-be U.S.-British "special relationship."

Don't make old mistakes with new Marshall Plan

by Edward Spannaus

A significant focus of the Washington NATO summit—not envisioned in the original plans—was postwar economic assistance and reconstruction for the Balkans. This was a topic taken up at the hastily called meeting of NATO members with the seven “front-line states” bordering Yugoslavia on the last day of the summit. This followed proposals coming from President Clinton, and from Greece, Italy, and the European Union, advocating a “Marshall Plan”-type of postwar reconstruction program.

But there are significant pitfalls in the current level of planning and proposals—that they will be vastly insufficient in scope, strangled by the International Monetary Fund (IMF), and be limited to emergency aid and so-called “technical assistance,” rather than the type of industrial and infrastructure programs which are needed to make the Balkans a viable economic region, linked to the overall Eurasian Land-Bridge project.

The errors of Bosnia

In a speech on “Reconstructing Southeast Europe” given to the New York Council on Foreign Relations on the opening day of the summit, April 23, President Emil Constantinescu of Romania warned the West not to repeat the failures of the Bosnia reconstruction plan. He also spoke of the importance of heavy industry and transportation. “Let us not make the errors that were made in the case of Bosnia, where hardly anything has been reconstructed, even though military operations ceased a long time ago,” he said. Then, politely not mentioning the role of the IMF, he said that in Bosnia, “reconstruction failed at least in part as a consequence of a failure to coordinate the efforts of the international community, and, in particular, to involve neighboring countries.”

“The goal of the reconstruction effort must be the development of the entire region, not just of the war zone,” Constantinescu continued. He added that the experience of reconstruction after previous wars shows that “if there is a broad array of projects to be done, more can be achieved if they are undertaken jointly rather than piecemeal. . . . It is a more promising proposition to rebuild heavy industry if one is also rebuilding refineries, and more promising to rebuild refineries if one is also building transportation routes to service them.”

In Constantinescu’s brief remarks to the meeting of “front-line states” on April 25, he said that the economic

reconstruction of southeast Europe must include both emergency measures—such as rebuilding destroyed areas and restoring navigation along the Danube—and long-term projects. He proposed that every summit meeting from now on—U.S., European Union, G-8, etc.—should include a panel on the southeastern Europe reconstruction plan.

Bulgarian President Petar Stoyanov promoted the concept of a Marshall Plan for southeastern Europe during the summit, and he said that greater integration with Europe is the solution for the problems plaguing the region. He called for a prompt end to the conflict in Kosovo, which he said is wreaking havoc on the Bulgarian economy. Stoyanov also called for easing or rescheduling debts for the countries bordering Yugoslavia, and he urged a “broad investment program” to be backed by western Europe and the United States.

Macedonia specifies infrastructure projects

Besides President Constantinescu’s references to heavy industry and infrastructure, the most specific public statements were made by President Kiro Gligorov of Macedonia. Gligorov was critical of a number of the elements coming out of the meeting between NATO and the “front-line states” on April 25, and he put great emphasis on the need for a program of real economic development for southeastern Europe.

In a press conference at the end of the NATO summit, President Gligorov said he believes that without a capable financial base, the economic reconstruction program being discussed by NATO and the European Union will be of no avail, and will simply amount to verbal promises. Gligorov cited the Marshall Plan as the type of program that succeeded in changing the face of Europe because it had a solid financial base and an organizational structure. He said that his concern is that this will not be adequately done for the Southeastern Europe Initiative discussed at the summit.

This reporter asked Gligorov to elaborate his point about the economic reconstruction program, and asked if there had been discussion of transportation or other industrial infrastructure. Gligorov reiterated his concern about the need for an adequate financial and organizational basis for these projects, and he said that a plan similar to the Marshall Plan is needed, to link the countries of southeast Europe together, and to link them with western Europe. This would provide the basis for cohabitation and promote their joint interests. Gligorov emphasized that what is needed is “infrastructure projects, energy projects, water projects, and industrial projects.”

On April 26, President Gligorov met with President Clinton at the White House. Gligorov said that they discussed the issues of Kosovo and the refugees, that Clinton had also stressed the need for immediate economic assistance to the Republic of Macedonia, and Gligorov cited Clinton’s “readiness to go on the road for reconstruction and welfare of the people of southeastern Europe.”

Blair gets bushwhacked at Democratic Leadership Council

by Dean Andromidas

It was a bad week for Her Britannic Majesty's Prime Minister, Tony Blair. Having been rebuked by President Clinton and most of the other NATO heads of state at every turn, before and during the summit, Blair had hoped to salvage at least some of his stature by delivering a "Third Way" keynote address at a well-publicized conference of the Democratic Leadership Council, the "New Democrat" outfit that has been responsible for most of the daffy ideas peddled by Democratic Party elected officials in recent years (ideas that Massachusetts Sen. Edward Kennedy had denounced in January 1995, for turning the Democrats into "a second Republican Party").

The DLC event of April 25, scheduled to take place at the National Press Club in Washington moments after the close of the NATO summit, had initially been billed as a Tony Blair extravaganza. But in the 12 hours before the event, the entire affair was hijacked by President Clinton, in what turned out to be one of the cruellest slaps at Blair, of the whole cruel weekend.

At the last moment, President Clinton informed the DLC (he is a former chairman of the group) that he personally would be attending the Blair forum. But, over the course of Sunday morning and afternoon, the President invited Chancellor Gerhard Schröder of Germany, Prime Minister Wim Kok of the Netherlands, and Prime Minister Massimo D'Alema of Italy, all to join him as speakers at the forum. Suddenly, Tony Blair's solo appearance was turned into a Clinton-led roundtable. And, as the event went on, Blair became more and more the odd man out, as the American President and the continental European leaders engaged in dialogue on substantive policy issues, including the global financial and economic crisis, and Blair was left to blather on about "communitarianism" and "social stability."

'Third Way'? No way!

The DLC event showed up the same fault lines that had appeared at the NATO summit. As will be seen from the quotes below, the discussion saw President Clinton, along with his colleagues from Germany, Italy, and the Netherlands, speak directly to the questions of "social justice," debt relief,

and the crimes of international speculators; Blair, on the other hand, was left standing alone, braying out his Hobbesian notion of "social stability." In fact, Clinton's handling of the event brought about a useful discussion of necessary economic ideas that would be brought up at the International Monetary Fund conference the very next day, and will be aired again at the G-8 meeting in Cologne, Germany, in June.

The President's opening remarks, and his remarks throughout, were noteworthy in their failure to praise Blair in any way, provoking many to question the accuracy of Blair's constant theme of the "Tony and Bill" partnership. In fact, Clinton singled out very un-Third Way political leaders, Wim Kok of the Netherlands and Schröder of Germany, as expressing ideas closest to his own.

Their antipathy to Blair's Third Way was best expressed by a comment the German Chancellor made to Blair: "Look, I haven't found the first two ways yet, so you have to tell me where the third one is."

Blair in his opening remarks spoke of creating "social stability" by lowering taxes and putting criminals behind bars, and asserted that this could best be accomplished through a Hobbesian sort of "community." This contrasted sharply with the others who spoke of "social justice" and the notion of "solidarity," which are neither new, nor "third way," but are the traditional values of both Europe's Social Democracy and the conservative Christian Democratic parties.

Speaking to this question, Dutch Prime Minister Wim Kok asserted, "We only have a community if the winners feel responsible for the losers and make—give the best possible opportunities for those who cannot afford to follow the rhythm and the speed of technological change to have a good living. And this is true for the national case. It is also true for the international case. We have again, in the international world, of course to stress what we have to do in terms of giving help and showing solidarity with the poorer countries. . . . So debt relief for the countries in the most miserable financial situation, an African country for example, is a must. If we don't do so, give them the possibility to get rid of their debt, because they pay more money on interest rates because

of their debts than they even earn, then they — then the spiral is going all the time deeper and deeper. That’s also community, and that is then, in my opinion, part of the approach.”

Reconstruction, not war

It is needless to say that debt relief was not mentioned by Tony Blair as being among his “community” values. Indeed, in his much-ballyhooed Chicago speech of April 22, unfurling the “Blair Doctrine,” the British Prime Minister came close to advocating NATO global gunboat diplomacy to collect Third World debt, and to overthrow “authoritarian” regimes that seek to protect their economies from British free trade.

Italian Prime Minister Massimo D’Alema, who emphasized the ideas of solidarity and social justice, echoed his Dutch colleague: “We should introduce a notion of a global community as well.” Then, in a reference to the NATO summit, where the non-NATO Eastern European and Central Asian nations addressed their NATO counterparts, D’Alema added, “They have told us that if we wish to guarantee peace, we should give these people a chance, an opportunity of development and growth. They told us that we cannot be content with just giving opportunities to the individuals who live within our societies. That is not enough. We have a larger responsibility there. We must give opportunities to peoples. And we should have a global view of responsibility and community.”

D’Alema went further, saying the same determination to act in Kosovo should be applied to debt relief. “We should show the same determination when we decide to pardon the debt of the poorest countries, that will never be able to pay back, because they’re too poor. We should show the same determination and force in taking the decisions that are needed to feed hope.”

Chancellor Schröder picked up on the theme, emphasizing that any so-called “Third Way” has to get back to the post-World War II “European model.” He said: “The European model is a completely different one. After the Second World War, people tried to venture upon a path that they called social market economy in Germany, where they tried to emphasize the word ‘social.’ And that was not based upon the wider masses of the population, the workers forgoing their just share of prosperity within their society and their just share of education, but it was based upon participation and involvement of the working masses. They were given their fair share of the prosperity within their society.

“And if you ask yourself what could be the flesh to the bones of the Third Way, then I think we have to go back to those roots.”

President Clinton next steered the discussion to ways of managing the economy in order to “deal with the whole question of social justice.” At this point, the interlocutors began to detonate very loud bombshells, having directly to do with international speculators.

The problem of financial speculation

Schröder picked up President Clinton’s cue: “Just one aspect, if I may, because I think we have neglected that aspect of it. . . . I have just realized how difficult that is. I mean, seen against the background of very specific traditions that my party, that our society has grown used to, there is one aspect that I believe to be very important in this respect — we’ve been talking about alternatives — and that is the international aspect of politics, of policies. And I think I’m not saying that now with an eye to the United States of America or the countries represented here, but when I look to the countries of the Third World and to the newly industrialized countries that tend to be somewhat stronger than the poorest countries in the world, here the international development, the internationalization, globalization of economies, of financial markets, create a situation where the political achievements that you have brought about in your own society are being destroyed by these developments.

“International financial speculators can destroy an economy. We’ve seen that in Asia, and the consequence of what we’ve seen there was that the international financial institutions that have to come into play — that is to say, the stronger countries have to make their contribution, which they generally do, because it is in their very own interests — and that economies are being supported by international financial institutions who pay for the liberties of the speculators in the international market — one of the causes of the crisis, for example, that has set us back in our economic development. . . . And I think that it was last, but not least, the American President — but it was also others, who submitted proposals as to how to cope with the activities of these speculators in international financial markets that can destroy a whole economy.”

President Clinton immediately responded: “Let me say very briefly, I think when we meet in Germany in the next few weeks with the G-8, I hope we will ratify a number of changes to the global financial system that I believe will be adopted by the international financial institutions and other bodies that will avoid having another financial crisis like the one we saw in Asia, that we have worked so hard to keep from spreading to Latin America and elsewhere.

“And it is really a classic Third Way problem, because what happened was, in the past 50 years after World War II, when the so-called Bretton Woods instruments were developed — the IMF, the World Bank, and others, designed to promote global investment — with the explosion of technology and the explosion of trade, more and more money had to move around the world. And then as always happens, there came an independent market in money unrelated to the trade and investment, so that now, every day, there is about \$1.5 trillion a day in trade in money, which is roughly 15 times the daily volume of trade in goods and services. And that’s the basic problem.”

BASIC: a British counter-gang exposed

by Dean Andromidas and Edward Spannaus

The British are never satisfied to push simply one side of any issue. Their method has been described by British Brig. Gen. Frank Kitson as “gang-counter-gang”: set a policy in motion, and then create a controlled “opposition” to that very policy. The gang-counter-gang actions of the British have often been written in blood, as in the British creation of phony rebel groups during the Mau Mau uprising in Kenya in the 1950s, or in the British Army’s creation of phony Irish Republican Army cells, to carry out brutality against Protestants in Northern Ireland, to fuel a 20-year communal urban war.

But not all British counter-gangs are dispatched to plant bombs or carry out “third force” assassinations. Thus, while British Prime Minister Tony Blair, Foreign Secretary Robin Cook, and Defense Secretary George Robertson arrived at the summit hell-bent on getting President Clinton and NATO to back their blueprint for World War III, a British organization, the British American Security Information Council (BASIC), was distributing its anti-NATO message. BASIC’s director, Daniel Plesch, was seen everywhere, buttonholing representatives from the various delegations, while directing a small army of volunteers who were distributing the latest press releases. BASIC documents appeared on the same distribution tables as the official NATO press releases. Plesch also seemed to pop up anywhere an *EIR* representative was, although he aggressively refused any contact with *EIR* correspondents. This is not surprising, because Plesch has been caught in the past slandering Lyndon LaRouche.

One wonders whether it was a warning from Plesch, who was in contact with the principal anti-British tendencies at the summit, that led to the unusual decision by the British to cancel all their press conferences and public events scheduled for the second, most important day of the summit.

Your BASIC counter-gang

BASIC was founded in 1987 by Plesch, who had been serving as vice chairman of Great Britain’s Campaign for Nuclear Disarmament, which was founded by the evil Lord Bertrand Russell. CND works closely with such Russellite groups as the Stockholm International Peace Research Institute (SIPRI), SANE, and Freeze.

The organization is not to be confused with long-haired peaceniks. Its council members include Denis Healey, of the

British Labour Party and a former Defense Minister, and Life Peer Lord Roy Jenkins, former government minister for the Labour Party who later formed the Social Democratic Party with Lord David Owen. Frank Blackaby, a former director of SIPRI, is another.

In the early 1990s, BASIC was one of the leading advocates of Lord Owen’s pro-Serbian Vance-Owen peace plan, to carve up Bosnia during the earlier phase of the war in former Yugoslavia. More recently, it has taken up NATO expansion and globalization, presenting them as strictly U.S. inventions, ignoring altogether the British role. This disinformation campaign, identifying the “new NATO” doctrine of global policing as “Made in America,” was delivered a harsh setback at the NATO summit, despite Plesch et al.’s best efforts to conduct a non-stop anti-American whisper campaign.

As early as October 1998, BASIC wrote in its newsletter: “The Clinton administration is eager for NATO to formalize a military role outside Alliance borders, ideally without specific UN Security Council authorization for each mission.” On the new strategic concept proposals, it wrote that “the United States and others favored a complete rewrite of the concept to address issues such as counter-terrorism, out-of-area operations, and counter-proliferation. . . . Washington is pushing for a wide interpretation that would allow action against terrorists, nuclear, chemical, and biological weapons proliferators, and other threats in Europe and beyond.”

These were precisely the *British* proposals that President Clinton nixed.

In January, BASIC published “A Risk Reduction Strategy for NATO,” which dealt largely with its analysis of the proposed new strategic concept: The United States wants NATO active in a broader area, relegates the UN to a subordinate role, and no longer considers the UN indispensable. Russia must be put firmly in its place. NATO should be active from the Middle East to Central Africa.

On April 22, the day before the start of the NATO summit, BASIC hosted an all-day symposium on “NATO at 50.” The event was obviously intended to provide a counter-gang forum for many speakers who had honest reservations about NATO policy, particularly on Kosovo. For example, the Greek Defense Minister enunciated his government’s policy which, while supporting the real humanitarian concerns, called for seeking ways to demilitarize the conflict so that the search for a political settlement could be found—a position which dominated discussions at the summit.

Another speaker, Dmitri Trenin, a retired Russian military officer working for the Carnegie Foundation in Moscow, warned that the view among a majority of Russian military and political leaders is that NATO is a hostile force, out to destroy and subjugate Russia.

There were no speakers from BASIC. In fact, the only British representative was Adm. Sir James Eberle, formerly of the Royal Institute of International Affairs (Chatham House).

Blair in trouble after NATO summit fiasco

by Mark Burdman

Having failed utterly in his mission to win over the U.S. Presidency and the NATO alliance to his policy of a ground war against Yugoslavia, British Prime Minister Tony Blair returned home, his tail between his legs, to face a growing backlash against his war-mongering policies. It is not to be excluded, that “Mad Bomber” Blair will see his regime fall apart, in the weeks and months ahead.

Blair left for the United States two days before the April 23-24 NATO summit in Washington, aiming to capitalize on what is known in Britain as the “Falklands factor,” a reference to former Prime Minister Margaret Thatcher’s launching war against Argentina in 1982, to bolster her flagging popularity inside an economically ravaged Britain and to set a precedent for future NATO “out-of-area” deployments. According to the April 25 London *Sunday Telegraph*, Blair closely coordinated his Yugoslavia-Kosovo strategy with Thatcher. He clearly modelled his intervention into U.S. politics on Thatcher’s 1990 intervention into the United States, to “stiffen” then-President George Bush’s resolve for war against Iraq.

With that policy now in ruins, Blair faces a revolt on two levels. First, among what might be called the “patriotic” constituencies in Britain, among normal citizens, retired military professionals, and so on, there is a mood summed up by London *Times* senior commentator (and former editor) Simon Jenkins on April 28: “I can only report that this war is leaving thousands of patriotic people baffled, concerned, and even outraged.” The same day’s *Daily Telegraph*, which has led the jingoistic war propaganda, admitted: “This newspaper has received a great number of letters over the past month questioning British military involvement in Kosovo. . . . What comes through is an instinctive distrust of Tony Blair’s open-ended commitment to liberal universalism.”

The “Letters to the Editor” pages of both the *Times* and *Telegraph* are filled each day with communications from retired military officers, blasting the war effort.

Second, and of great relevance to an oligarchical society like that of Britain, there is a significant sentiment among senior figures in the British establishment that Blair’s Balkans policy has been—among the words used—“lunatic, crazy, hysterical, and megalomaniac.” In most cases, these individuals share the ultimate aim of royal family favorite Blair, to

establish a new global British Empire in which a weakened United States would become a de facto member of the British Commonwealth. But, these individuals are aghast that Blair has “put all his eggs into one basket” in the Balkans, and is recklessly gambling, at an historic juncture at which, they believe, Britain could achieve its aims in a much less messy way.

The danger, is that the British monarchy that is behind Blair, will try to reverse its setback, and outmaneuver cooler heads in the establishment, by launching new provocations on other fronts, particularly escalating efforts to create a new global economic dictatorship, as the world financial system enters its next phase of collapse. It can be expected that the monarchy and its minions will aim their ire especially at U.S. President Bill Clinton, who resisted Blair’s pressures, and at Lyndon LaRouche, whose efforts were instrumental in bringing about Blair’s U.S. humiliation.

‘Like living under Goebbels’

On April 26, University of Edinburgh Prof. John Erickson told *EIR* that “there is a great deal of dissatisfaction and anger in Britain at what Blair is doing. His policy, and that of his government, is extravagant and hysterical. There are influential people I speak to, who are incandescent with rage at what is going on.” Erickson said, “If you read the British press, you would think we are living under a Josef Goebbels. It’s going so far, that [Blair’s Minister for Overseas Development] Clare Short declared last week that anyone who opposes the Balkans war is a Nazi sympathizer. But turn that upside down: I’m beginning to think that that recent article, by [the late] Lord Beloff, comparing Blair and his circle to Hitler’s Nazis, had more than a ring of truth” (see *EIR*, Feb. 26, 1999, p. 55).

Cambridge University fellow John Casey, in an op-ed in the April 29 *Telegraph* entitled “‘Big Lie’ Behind a Reckless and Half-Witted Adventure,” wrote: “A chief aim of NATO at the moment is to bamboozle us into believing in a fantasy world. That may explain the government’s intense hostility to any criticism, or even analysis, of the way the war is going. . . . The tireless, robotic reiteration by NATO spokesmen and our own leaders that the campaign is working is now the Big Lie. . . . All we have is self-righteous posturing under the guise of high moral tone, and a refusal to inform the public of the dangers that amount to a betrayal of democracy. This war, by comparison with which Suez [the Anglo-French-Israeli invasion of Suez in 1956] was an operation of Metternichian cunning, is the most culpably reckless, half-witted adventure that this country has embarked on in my lifetime.” Casey blasted Blair for being on “linguistic autopilot,” in constantly reaffirming that the Balkans intervention would be a model for further NATO-led “humanitarian” military interventions around the globe.

The most persistent dissident voice within the establishment media has been that of the *Times*’s Jenkins, who has

been at odds with that paper's own bellicose editorials on the Balkans war. On April 14, as the war was entering its fourth week, Jenkins charged that "NATO gambled," and "the gamble failed." Blair and NATO can talk all they want about "world policing," he said, but the outcome of the military action in Yugoslavia is "anarchy," and threatens to lead to "a third world war."

On April 16, in a piece entitled "Bloody Liberals: The Empire Has Struck Back with Greater Force and Left-Wing Sermons," Jenkins correctly warned that what Blair and his coterie are attempting to do, is to create a new British Empire, based on the "liberal imperialist" Victorian-era model. Jenkins recalled that, in the 19th century, "The Balkans minorities fascinated the Victorians. Defending them against attack challenged their faith and their manhood." He cited Prime Minister Gladstone, and the poets Byron and Tennyson, as three examples, and then wrote that today's editorials in the London *Guardian*, the leading Labour Party-leaning establishment daily, "lack Tennyson's metre, but today's liberal imperialist revival is no less bold." There is the "quasi-imperial" handling of the case involving the extradition of Chile's Gen. Augusto Pinochet, and "President Saddam Hussein is being bombed by Iraq's one-time overlord, Britain, like the regular thrashing of a Victorian schoolboy 'for his own good.' . . . An air assault on Yugoslavia escalates toward all-out war, . . . to cheers from the *Guardian*, the *Independent*, and the *Observer*, and from the massed Labour benches in the House of Commons."

Jenkins blasted the use of the phrase "moral purpose" to justify what he calls "the new imperialism," commenting that "the builders of the last British Empire," such as "Gordon of Khartoum and Milner's Cape Town 'kindergarten,' . . . would have applauded Mr. Blair's Balkan adventure. Gladstone would have been ecstatic." In Kosovo, he said, "NATO seems intent on setting up a classic colony."

Jenkins asserted that the "liberal ideals" of the immediate post-World War II period had meant anti-colonialism and opposition to neo-imperial adventures. "This liberalism appears to be dead," he said. "The implications are awesome. The last British Empire was supposedly acquired in a fit of absent-mindedness. The next one is being acquired in a fit of morality. I do not know which is worse."

In comments to the London *Observer* on April 18, Jenkins warned that a ground war in Yugoslavia "would be stark raving lunacy. . . . This concept of NATO as the policeman, the agency of the new world order, does such offence to concepts of self-determination, concepts of non-intervention in internal affairs. It's such an offence to reality." Worst of all, this "Victorian fantasy" cannot work, and is leading Britain "into a blind alley."

'Pure globaloney'

On April 28, after Blair's return from the United States, Jenkins wrote that "Britain appears to be alone in NATO in its eagerness to invade Kosovo," and charged that Blair was

"redrawing the boundaries of British foreign policy," with the policy of military intervention in sovereign states that was enunciated in Blair's major address in Chicago on April 22 (see p. XX).

The principles of "globalization" that Blair postulated in his Chicago address were also attacked in a *Times* commentary published next to the April 28 Jenkins piece, under the title, "Tony, You're Talking Globaloney." David Selbourne wrote that "the thesis of 'globalization' . . . expresses a strong, even apocalyptic, death-wish for the nation-state. . . . It is pure globaloney."

In his discussion with *EIR*, Erickson denounced what he called the "Blair Doctrine," as "the final destruction of the 1648 Treaty of Westphalia (following the 1618-1648 Thirty Years War in Central Europe), that tried to define the morality and efficacy of intervention. The Westphalia principles were reaffirmed in the 1970s Helsinki agreements. Now Blair is trying to overturn all this, and that is a major problem, all the more so as he defines this as a doctrine, and has configured it with Margaret Thatcher, who has prompted him."

"A desperate situation"

But even among senior figures who share the idea of "globalization" and some concept of a "global order" led by the British and their Commonwealth, there are those who insist that Blair's Balkans policy is getting Britain into a hopeless morass. One such figure stated, in a recent private discussion, that the Balkans adventure had created "a very desperate situation. . . . The whole idea of bombing the Serbs into submission shows a complete ignorance of history. . . . It's appalling. Every historian of any worth in Britain opposes this war. Blair is trying to re-create the 'Falklands factor,' imitating Thatcher before him."

On April 23, George Joffe, Director of Studies at London's Royal Institute of International Affairs (Chatham House), told *EIR* that "there's a lot of truth in the view that Tony Blair and his government are trying to create a new empire. There's an attempt to replace a perfectly valid international organization, the United Nations, with NATO. I think this is just like the 'Concert of Great Powers' formed at the Congress of Vienna in 1815, when Britain, Prussia, and Austria decided how policy should evolve. This is now a very similar era, with a select few countries saying 'We know best.' There is a revival of the ideas of colonialism—the White Man's Burden, Manifest Destiny, La Mission Civilatrice—under the new guise of 'humanitarianism.' "

Joffe said that the plans of Blair et al., as now conceived, "won't work." "Moral self-righteousness is a pretty bad basis for forming global structures," he said. "I don't object to the goal, of universal rules of law, I would support it wholeheartedly, if an effective international organization were implementing it. But the way it's being done, is that some parts of the world are imposing rules of law on others who don't agree. . . . It's just not being gone about the right way."

Cooperate with Russia, China, says UN nuclear specialist

Dr. Hans Blix was Foreign Minister of Sweden during 1978-79, and Director General of the International Atomic Energy Agency (IAEA) during 1983-99. On April 12, after delivering a speech at the George C. Marshall International Center in Leesburg, Virginia, which focussed on UN arms control efforts in Iraq and the need to promote peaceful nuclear power, Dr. Blix spoke with EIR about the broader strategic crisis.

EIR: Dr. Blix, you've said that the world needs nuclear power to survive?

Blix: Billions of people around the world need electricity, and a way to respond to this need without risking the destruction of the Earth's atmosphere, is to let drastically more of the world's electricity in the future come from nuclear power. I've been to Chernobyl, and I will still tell you that the risk of putting all that CO₂ into the air is far greater. To those who say, "Okay, we should use neither fossil fuels nor nuclear," I reply, "Come on; you're not going to run a city the size of Shanghai, with 12 million people, on solar power." Peaceful nuclear energy could be the only thing to save us from a global catastrophe.

The United States had several great initiatives after World War II: One was the Marshall Plan, which helped rebuild Europe; another was President Eisenhower's "Atoms for Peace" program, under which the United States shared technology with other nations for peaceful development of nuclear power. This led to the creation of the IAEA, with two purposes: to promote peaceful development and use of nuclear energy, and to carry out inspections which would help prevent nuclear weapons proliferation.

After the end of the Cold War in 1989, we had a wave of international good will for nuclear disarmament. But, unfortunately, today I am not as hopeful as I was six months ago; Russia may not ratify the START II agreement, given the tensions between the United States and Russia. U.S.-Russian relations are not very good, and this is worrisome.

EIR: You said earlier these tensions started with the U.S. and British bombing of Iraq last year?

Blix: There were several incidents last fall where the U.S. and Britain were threatening to bomb Iraq if they did not allow UNSCOM [UN Special Commission] inspectors free range; as you know, UN Secretary General Kofi Annan was able to forestall one crisis last year. Then, in November, we were



"NATO must find a way to continue to work with Russia. There is no danger of a Cold War threat from Russia, to the United States or other NATO countries. The Russians, for their part, have been quite eager to collaborate with the United States and the West," says Dr. Hans Blix.

only hours away from bombing, and in December, UNSCOM issued a report that Iraq had significantly violated its obligations.

The U.S. learned of the report, and without waiting for it to be received and discussed by the UN Security Council, and without informing the Russians, the U.S. and Britain then, with the express purpose of forcing Iraq to fully accept inspections, began the present bombing.

The result has been not only a rise in U.S.-Russia tensions, but also, that all the UN inspectors had to be taken out of Iraq. And the bombing, to this day, continues, although in the so-called "no-fly" zone, and to this day we have no inspectors in Iraq. So, there is a dilemma to solve.

Another problem, is that there have been serious complaints raised about U.S. intelligence using UNSCOM for its

To those who say, “Okay, we should use neither fossil fuels nor nuclear,” I reply, “Come on; you’re not going to run a city the size of Shanghai, with 12 million people, on solar power.” Peaceful nuclear energy could be the only thing to save us from a global catastrophe.

own purposes. Even the accusation has damaged UNSCOM, and perhaps all international verification. Countries which are to be inspected must be able to feel confident that they are inspected by institutions of the international community, and not by any national intelligence agency.

As to IAEA inspections, there can only be one-way traffic in these matters, in the sense that if U.S. or other countries’ intelligence agencies want to provide information to help UN inspectors do their job better, fine. However, UNSCOM and other UN agencies have promised confidentiality to member-nations about data they have obtained, or promised a limitation of inspections to—say, weapons of mass destruction. Then, we must be totally reliable in respecting this confidentiality, we cannot have unauthorized information traffic flowing in the other direction.

I fear that before it can function properly again, UNSCOM will need some reorganization. Perhaps it should have fewer personnel seconded from member-state government agencies, and engage more international professionals.

EIR: Then, the U.S. and Britain and NATO acted unilaterally again, without consulting Russia, and approval of the Security Council, to bomb Yugoslavia?

Blix: In my view, one should work with the Russians more, and use Russia to find the solution. This is a very difficult problem because, of course, we cannot stand there and let half a million refugees be created.

EIR: Did you know that the Russians were ready at Rambouillet to go in with a cooperative UN peacekeeping force, as they did in Bosnia under the Dayton Accords; and then, Secretary of State Madeleine Albright unilaterally announced that NATO was taking action, without Russia or the UN?

Blix: I had not heard that. I am skeptical about unilateral NATO action. I have also been skeptical about the whole idea of NATO expansion; certainly, I fully understand that countries such as Poland or Hungary, which were occupied by Russia, wanted to join, just to be protected in the future.

But, we have to look at it also from the interest in bringing Russia together with Europe and the industrialized world. They open up their economy and adopt a policy of cooperation with the West. They disband their own military alliance, the Warsaw Pact. And what happens? Suddenly they’ve got a bigger military alliance closer to their doorstep. I think they have taken it remarkably well.

I also wonder if it was very wise to go along with the demand for a referendum in Kosovo. If Kosovo is to remain part of Yugoslavia, there will be problems. With 90% of the population Albanian, the result is predetermined. How could one expect agreement at Rambouillet on such a basis?

EIR: There is an Anglo-American group seeking to demonize Russia, to speak of a “new Cold War.” Former CIA chief James Woolsey charged in Congress last month that Russia is now proliferating nuclear weapons to “rogue states” around the world.

Blix: This does not sound credible. NATO must find a way to continue to work with Russia. There is no danger of a Cold War threat from Russia, to the United States or other NATO countries. The Russians, for their part, have been quite eager to collaborate with the United States and the West. But, one should avoid being high-handed vis-à-vis Russia. At present, several Western moves have, in fact, promoted a new Russian nationalism. This is very negative.

EIR: China has also been vocal against this unilateral action by NATO.

Blix: The world cannot condone, and remain passive in the face of ethnic cleansing. But it’s also true that if one ignores the Security Council and state sovereignty today in the Balkans, it may be done elsewhere tomorrow. There is a precedent.

EIR: China has also been accused, in a major campaign in the U.S. press recently, of everything from stealing nuclear secrets to threatening to bomb Taiwan, or even Los Angeles.

Blix: The charges about bomb threats sound far-fetched. In my view, it is as important to bring China into the modern post-Cold War world, as it is important to get Russia in. There are good reasons to keep up pressure on human rights issues, but they cannot be the whole agenda. China’s economy is modernizing, which is of tremendous benefit to its population and to the world. They are seeking more than ever to join the community of nations.

I am more worried about security-related issues. China seems alarmed about the idea of the U.S. developing a theater missile defense [TMD]. While I recognize that North Korea’s testing of missiles is very worrisome, I fear that U.S. development and deployment of a TMD may be very negative for further disarmament. The Chinese may say that they would

be opposed to a nuclear threat without being able to deter it by risk of retaliation. In such circumstances, they may not go along with any restrictions in future stockpiles of nuclear weapons.

And, if China would not accept the proposal for a prohibition on further production of plutonium and highly enriched uranium for weapons purposes, I fear India would also refuse.

Further work on TMD and demand for modifications of the ABM [Anti-Ballistic Missile] Treaty will also upset the Russians. I fear the TMD could spark a new arms race. It is a factor leading me to be less optimistic about global cooperation on nuclear non-proliferation than I was six months ago.

EIR: The U.S. Defense Intelligence Agency and House International Relations Committee claim that North Korea is now carrying on vast nuclear proliferation at more than a dozen secret sites. Do you believe this, or do you believe that the 1994 Agreed Framework between the United States and North Korea is holding up?

Blix: Claims by intelligence may or may not be true. Without any evidence presented, how can one know? What the IAEA knows is that in the declared and inspected installations, the D.P.R.K. [Democratic People's Republic of Korea] had re-processed more than once, and that they must have more plutonium than they declared. But it could be eight grams, or eight kilograms. Not very likely more. We have not seen

evidence of any other. If there is such evidence, let's see it.

The 1994 Agreed Framework is basically a fragile construction, but I don't see anything better. The North Koreans launching rockets last summer is worrisome, and certainly makes some peaceful accommodation on the peninsula even more urgent. I support the concept of four-party talks.

EIR: Lyndon LaRouche designed the original Strategic Defense Initiative for President Ronald Reagan in the early 1980s, to share technologies to develop a nuclear umbrella based on new physical principles with the Soviet Union, but they rejected it in 1984. Russian President Boris Yeltsin later, in 1993, proposed this same program under the name of "Trust." What do you think about collaborating with Russia and China in this way to reduce the threat of war under the Mutually Assured Destruction doctrine?

Blix: The world has scraped by with deterrence thus far, but as a philosophy, Mutually Assured Destruction is not the proper permanent solution. Détente, disarmament, and development is the better way, in my view.

It seems somewhat paradoxical to have nuclear weapons states jointly developing a program under which they can defend themselves vis-à-vis each other. If the reality is that they need protection against, say, North Korea, could it not be done more cheaply and with less damage to the nuclear disarmament efforts?

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EIR's Jeffrey Steinberg (left) and Gail Billington interview Cambodian Ambassador Var Houth.

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A useful reminder to the Europeans

UN Secretary General Kofi Annan's Berlin speech exposes the disinterest of European politicians.

Europeans should ask themselves whether they are satisfied with the world as it is, or with the way it is going. If not, they surely should do something to make their influence more effective." These remarks were delivered at the Berlin Adlon Hotel on April 26, by UN Secretary General Kofi Annan. Engaged in emergency diplomacy to de-escalate the ongoing Balkans air war before it develops into a full-scale ground war, which has the potential of drawing the big powers into another world war, Annan had come to Germany for three days, on his way to talks in Moscow, which began on April 29.

The Europe which Annan had in mind in his Berlin speech, is one which most of the politicians in Europe simply do not live up to—otherwise, they would not have allowed themselves to get drawn into this Balkans adventure, which has been staged by London and its co-thinkers among the Anglophiles in the United States and on the European continent. Granted, the remarks that President Bill Clinton made in San Francisco on April 15, on a new Marshall Plan for southeastern Europe, sparked a positive response throughout Europe, and the German government will be hosting an international conference on a Marshall Plan for the Balkans in Bonn on May 27. But the prevalent view of the German government is also, for the time being, that the air war against Serbia is to be upgraded.

Granted, Germany is involved in de-escalation diplomacy, but the government is also absorbed with repairing the damage caused on March 30, when Chancellor Gerhard Schröder

flatly rejected a Balkans cease-fire proposal by Russian Prime Minister Yevgeni Primakov.

The problems that keep the Germans hostage to London-centered geopolitics (which they may not like, but follow, nevertheless), are the same that prevail elsewhere in Europe. Annan addressed aspects of those problems: "Often people speak as if it were simply a question of deploying military force," he said. "No doubt the ability and will to do that, in extreme circumstances, is important. But there are many other ways for one people to exercise influence over others—through trade, through culture, through diplomacy, and so on." Annan criticized European Union institutions for giving "the impression of a Union preoccupied with its own affairs, which does not play the role in the wider world that could be expected of it."

The way EU politicians have approached eastern and southeastern Europe after the Iron Curtain came down in 1989, has led many nations in those parts of Europe to conclude that western Europe does not want them, Annan said. "In many of those countries, a sense of exclusion has taken root. People see little or no chance of ever being admitted to the Union, in any meaningful time-scale. . . . That state of affairs is deeply worrying. It should be especially worrying to the peoples, and the leaders, of the European Union. European unity is a fine and inspiring slogan. It would be sad, indeed, if in practice, it led only to a new division, with one side a comfortable, prosperous, democratic Europe—or West and Central Europe—and on the other side an impoverished, war-torn,

resentful eastern and southeastern Europe."

"It should not have required the present horrors in the Balkans, to bring forth imaginative proposals for the reconstruction of southeastern Europe. How much might have been avoided, if such ideas had been actively pursued earlier," Annan said. He told the Europeans that the attitude of neglect toward reconstruction would, in the near future, confront Europe with problems in the Mideast and North Africa as well.

Still, Annan's remarks were very polite, and did not even name the names that should be named, in a really in-depth critique of politics in the EU today. What he said, however, reveals how low the level of political discussion has fallen among most EU politicians, because they show an intense resistance to addressing problems even in the polite way that Annan chose. A few years ago, there was at least a handful of prominent Germans who would name London geopoliticians as responsible for the disasters in the Balkans of the early 1990s. This kind of debate has died out, and outside of *EIR* and the LaRouche movement and its supporters, it is almost impossible to find such candor.

This has to change, because otherwise, there won't be any Marshall Plan for the Balkans that amounts to anything. The immediate barrier is the International Monetary Fund and its conditionalities. The IMF ruined the positive impulses of the 1995 Dayton Accords on Bosnia, and it will do the same with whatever is being formulated for the Balkans, assuming a cease-fire is reached.

To date, Europeans have been unwilling to tackle the IMF issue seriously, because, since 1989, they have been unwilling to design a long-term reconstruction program for eastern and southeastern Europe.

International Intelligence

Jordan's King Abdullah meets Assad in Syria

The semi-official daily *Jordan Times* on April 22 described the meeting of King Abdullah and Syrian President Hafez Al-Assad as historic, quoting a senior official as saying that "a new era in Jordanian-Syrian relations was ushered in yesterday with His Majesty King Abdullah's first visit to Damascus." Abdullah and Assad held two and a half hours of talks dealing with strengthening bilateral relations and economic cooperation such as building the Wahda Dam on the Yarmuk River, and reactivating the Jordanian-Syrian committee chaired by their prime ministers.

King Abdullah's visit to Syria, his first since ascending the throne, follows years of strained relations since Jordan signed the peace treaty with Israel in 1994 without waiting for Syria to conclude peace negotiations with Tel Aviv. Assad had not visited Jordan for five years until he made a surprise appearance at King Hussein's funeral on Feb. 8, a visit which was understood as a major tactical move against Israel.

Al-Hayat covers LaRouche on Balkans

The London-based international Arabic newspaper *Al-Hayat* commented on Lyndon LaRouche's statement, "Gore Provokes Total War," in its April 27 issue. Science and technology editor Mohammed Aref quotes LaRouche as saying: "Given the shallowness and irrationality of the U.S. governmental institutions, and those of most Euro nations, and the mass-murderous insanity of the ruling circles in Israel, and given the ongoing disintegration of the world's present financial system, the Balkan war will create the spectacle of the fools in the U.S. and other commands moving the world, phase by phase into the stage that nuclear-doomsday scenarios become virtually unstoppable. . . . This will not be merely a war fought by armies. This will be a wonders' box—a total war, fought in virtually every neighborhood of the world, thus resembling the Thirty

Years War of 1618-1648.'"

Aref continues, "Since the 1980s, LaRouche was predicting the strange events that took place in the 1990s, not merely their general lines, but each detail and the persons involved in them, their family background, their intermarriages, and their bank accounts. . . . The failure of politicians to grasp LaRouche's ideas—he wants to create a new enlightenment age—is the cause of their misguided stumbling. . . ."

"LaRouche believes that saving the collapsing world economy and stopping the madness resulting from this collapse depend on two giant, scientific-economic projects. First: colonizing Mars. Second: building the New Silk Road which links Asia and Europe through railway networks and technological villages extending from Hong Kong to Rotterdam in Holland, and from Sakhalin in Russia to Dubai."

In a related development, on April 23, *El Libertador*, in the Argentine province of Corrientes, published a Spanish translation of LaRouche's statement in full.

Vitrenko preferred by Ukrainians in polls

The English-language *Kyiv Post* of April 22 reports that member of Parliament Natalya Vitrenko, leader of the Progressive Socialist Party of Ukraine, "for the past two months . . . has had the highest popularity ratings of all probable Presidential candidates." The elections are scheduled for this autumn.

The article by Katya Gorchinskaya leads, "If recent polls accurately predict the upcoming Presidential election, Ukraine will soon become the first former communist country to be led by a woman. . . . According to the latest monthly nationwide opinion poll by Socis-Gallup, 19% of eligible Ukrainian voters are ready to cast their ballots for Vitrenko, up from 6% when the poll was started last September. President Leonid Kuchma, who was still slightly ahead of Vitrenko in the February Socis-Gallup poll, took second place in the March and April polls, although by the bare margin of 2 percentage points."

Kyiv Post profiles Vitrenko as a "dogmatic, combative leftist," and "true Marx-

ist," who "would set the country on a course back to state control over everything and absolute isolation from the West." But, the only evidence they give is Vitrenko's call to end cooperation with the International Monetary Fund.

The article plays up allegations by supporters of Socialist Oleksandr Moroz and Communist Petro Symonenko, that the current regime would secretly support Vitrenko in order to split the left. Vitrenko, however, is quoted, "If you stand for your ideas honestly . . . people start to respect you. Even if they disagree with your views." It notes that "Vitrenko and her colleagues have traveled the country continuously, since they were elected in March 1998, to talk to the public and present their program for reversing Ukraine's post-Soviet economic debacle."

East Timorese to vote on autonomy on Aug. 8

Indonesian President B.J. Habibie and Australian Prime Minister John Howard emerged from four hours of meetings with each other and their respective ministers on April 27 to announce that a vote on expanded autonomy for East Timor has been set for Aug. 8. The date was chosen so that Habibie can report the results of the poll to the opening of the People's Consultative Assembly. The assembly could revoke the bill that legalized Indonesia's control of the province.

The initial agreement was reached at the UN in New York, between the foreign ministers of Indonesia and Portugal, the former colonial power. On April 24, UN Secretary General Kofi Annan hailed the "spirit of cooperation and citizenship" of the two foreign ministers, and praised Indonesia's commitment to ensure peace and order in East Timor in the run-up to the vote. Habibie told a press conference after the meetings that he has signed off on the proposed autonomy package, and it will be signed May 5. He also said he wants the following countries to participate in a UN "civilian police" presence in advance of the voting: Australia, U.S., Japan, Philippines, Germany (as current European Union president), and Britain.

Hollings exposes GOP Social Security fraud

Sen. Ernest Hollings (D-S.C.) took dead aim at proposals by the Republicans to create a so-called "lock box," that would set aside surpluses in the Social Security trust fund. On April 20, he called what the GOP was doing a "charade" to eliminate President Clinton's budget, and "to make members [of the Senate], and particularly the media that covers this thing, see the perception as the reality."

Hollings's attack came during debate on an amendment sponsored by Majority Leader Trent Lott (R-Miss.), Spencer Abraham (R-Mich.), and others, to supposedly set aside "every penny of the Social Security surplus to either fix Social Security or to reduce the public debt." The amendment contains a provision establishing a declining public debt limit through 2009.

Hollings said that the amendment "just levels off and obscures the true size of the national debt, whereby we are thinking we are reducing the public debt and we are paying our bills." All it does, he argued, is transfer Federal debt from public instruments to the Social Security trust fund, which "we have been doing for years and years on end." He said that because of this practice, the trust fund is \$857 billion in the red, and is projected, according to Congressional Budget Office figures, to be \$2.417 trillion in debt by 2009.

On April 22, a cloture vote on the amendment fell six votes short of the 60 required to close debate.

Budget offsets create heartburn in the House

The increasing difficulties of passing supplemental appropriations bills became apparent in the House on April 22, during action to appoint members

to a conference committee that will take up the supplemental appropriations bill passed before the Easter recess. David Obey (D-Wisc.), the ranking member on the Appropriations Committee, offered a motion to instruct conferees not to accept the offsets in the Senate version of the bill. The motion passed unanimously.

The unanimous vote, however, belies differences over the offsets, i.e., cuts in other programs to match the increased spending, which are required for non-emergency spending in a supplemental bill by the balanced budget agreement of 1997. Obey denounced the offsets in the House bill as unacceptable, and said that the GOP leadership blew up a bipartisan agreement that had been reached in the Appropriations Committee on which spending should be offset and where the offsets should come from.

Creating further divisions, is the GOP's plan to double the size of President Clinton's supplemental spending request for military operations in Yugoslavia, from \$6 billion to almost \$13 billion.

Dollarization of foreign economies put on agenda

The debate over dollarization of foreign economies entered the public arena on Capitol Hill for the first time on April 22, after Argentina's President Carlos Menem began a campaign to make the dollar the currency of his nation on Jan. 14. This is a British-inspired strategy designed to put an end to national sovereignty, and establish British colonial-style currency boards. It is sold as bringing about stability; it's the same stability the mafia offers you after they've destroyed your store-front the night before.

The issue was given a mostly friendly reception during a joint hear-

ing of two Senate Banking Committee subcommittees. Connie Mack (R-Fla.), after referencing a number of currency crises in Ibero-America, Russia, and Asia since the early 1980s, said that "bad monetary policy has been one of the most consistent economic shocks to emerging markets," and that "dollarization offers a way out of this cycle of devaluation and economic contraction." He said, "With the Fed focussed on price stability, emerging markets can import inflation-fighting credibility by eliminating their own currencies and allowing the dollar to circulate freely."

Democrats were more reserved. Jack Reed (D-R.I.) expressed concern about the effects of dollarization on the Federal Reserve's monetary policy. Tim Johnson (D-S.D.) said, "We have got to consider the ramifications of dollarization before such a dramatic shift occurs." He cited a number of questions that must be answered, including "whether dollarization does in fact help emerging economies stabilize and whether there are alternative mechanisms to that end."

Deputy Treasury Secretary Lawrence Summers, one of two witnesses at the hearing, hedged when asked whether he supported dollarization. "It is very important," he said, "in this issue that is so much freighted with politics and questions of national sovereignty, for us to emphasize that this is a choice that countries will have to make, and [one] based on their own judgments of their national interest."

Federal Reserve Chairman Alan Greenspan also hedged, but did say that if some of the countries that have been hit by currency devaluations in the last two years "had locked themselves into a currency of one of the more stable, larger countries, the general problems that were associated with instability would not have occurred."

National News

Virginia violates rights at 'supermax' prisons

After being denied the right to tour Virginia's Red Onion supermax prison in March, the George Soros-funded Human Rights Watch issued a scathing, 24-page report on April 19 week; the prison is supposed to house the state's most violent and incorrigible inmates. The report charges that "the Virginia Department of Corrections (DOC) is assigning to Red Onion men who are not the incorrigibly dangerous for whom supermaximum security may be warranted. Inmates who pose no extreme security or safety risk are subjected to unnecessarily restrictive controls and are arbitrarily deprived of the activities and freedoms available ordinarily even in maximum security prisons." The report also charges that prison staff "use force unnecessarily, excessively, and dangerously"; conditions are "unnecessarily harsh and degrading," with general population inmates confined in their cells more than 20 hours a day, and inmates in segregation isolated 23 hours a day.

Virginia legislators are now in discussions with the state Crime Commission, regarding an investigation of the allegations.

Clinton's statements spark debate in Iran

The Iranian Republic News Agency reported on April 18 that President Bill Clinton had made remarks at the White House on April 14, saying: "I think it is important to recognize . . . that Iran, because of its enormous geopolitical importance over time, has been the subject of quite a lot of abuse from various Western nations . . . and I think sometimes it's quite important to tell people, look, you have a right to be angry at something my country or my culture or others who are generally allied with us today did to you 50, 60, or 100 or 150 years ago."

IRNA treats the statement as an apology for Anglo-American policies, especially for British policies, but it has sparked a wider

debate throughout the country. Generally, Iranian commentators are encouraged by the remarks, but stress that Clinton must support his words with actions and reopen normal relations with Iran, lift trade sanctions, and unfreeze Iranian assets in the United States.

The English-language *Iran Daily* editorialized on April 19 that "Clinton's recent remarks regarding normalizing ties with Iran is in itself indicative of the emergence of a new phase in Washington's stance towards this country, at least in words. . . ."

"The time to exchange words is over, and it is high time to ensue practical steps for normalizing ties. Tehran-Washington rapprochement is not only of interest to both parties, but has also appealed greatly to the regional countries and the rest of the international community. Undoubtedly, the strategic importance of Iran, and the sensitive role that it plays in global equations, are of major interest to other countries."

Ledeen rants against Clinton Balkans policy

Speaking in Washington at the American Enterprise Institute on April 20, Anglo-Zionist agent Michael Ledeen called for special forces to assault Yugoslavia, and backed a policy of forcing out Slobodan Milosevic. One incident, he ranted, "sums up" the U.S. administration's weakness in rejecting the British demand for ground troops. He reported that Secretary of State Madeleine Albright thought she had to correct Blair when he said that Milosevic has to step down. Ledeen railed, "Blair's English is *not* garbled." Blair is right: Milosevic, like Saddam Hussein, he said, has to step down, and the fact that Saddam is still in power after 10 years, means that every dictator and would-be dictator in the world is just laughing at the United States, and saying in effect, "We can wait it out."

The failure to use Special Forces is one of the biggest missed opportunities ever, he went on, complaining that the administration wouldn't authorize them.

Ledeen shared the podium with Jeff Gedmin, Josh Muravchik, and John Bolton, all initiators of the British-American-Com-

monwealth cabal's "New Atlantic Initiative." The three BAC stooges blasted President Clinton for doing everything possible to come up with a deal to end the war, declaring that that would be a defeat for NATO, not a defeat for Milosevic.

"Elder statesman" Jeane Kirkpatrick, the senior AEI person, played the role of "moderate extremist": She proclaimed her support for the President, saying he is defending civilization against the travesty of ethnic cleansing. The former U.S. Ambassador to the UN declared that Washington should stay the course with the bombings, and also arm the Kosova Liberation Army.

Ledeen has long been close to Israel's Temple Mount Faithful terrorist circles, which have also penetrated U.S. intelligence and military institutions. He is a leading figure in the espionage ring, which included Jonathan Jay Pollard, known as the X Committee.

McDade-Murtha forces prosecutors to obey law

Despite its strenuous efforts, the Justice Department could not stop the McDade-Murtha legislation, enacted in the previous session of Congress, from going into effect on April 19. The legislation, originally co-sponsored by Pennsylvania Congressmen Joe McDade (R) and John Murtha (D) as the Citizens Protection Act, aimed to end Federal prosecutorial abuse, exemplified by the "Get LaRouche" and later "Get Clinton" operations.

Even though there was an effort led by Sen. Orrin Hatch (R-Utah) to delay implementation of the legislation and to set up a commission to "study" prosecutorial misconduct, the Hatch bill did not go through, and therefore the McDade legislation is now in effect. Justice Department spokesman Brian Steele told *EIR* on April 19 that the department would have preferred it not go into effect, as they maintain it will have a "chilling" effect on Federal prosecutors.

The portion of the McDade bill enacted last fall requires Federal prosecutors to comply with the laws and ethical standards of the state laws and state bar associations.

A positive strategic shift

It is not yet clear that President William Clinton understands that the war crises which have dominated his administration in recent months—first Iraq, and now Kosovo—were born out of the desperation of the world financial oligarchs to prevent the consolidation of a combination which could replace them. What is clear is that some of the major errors which led to the current crisis, are beginning to be reversed, opening up the strategic potential for the good.

Increasingly, we should point out, the world's press is admitting how close the current financial system came to extinction, during the crisis of the Long Term Capital Management hedge fund in late September 1998. At the time, only this magazine and its co-thinkers pointed out how serious the collapse of that institution was. Now, the Bank for International Settlements, and even the *Washington Post*, are admitting the existential terror the bankers faced.

But, while the imminence of financial death, and the capitulation of President Clinton to crisis management, rather than taking up measures for a New Bretton Woods, energized the drive of the British-American-Commonwealth group toward war, there were three other policy errors by the administration which fuelled the war drive. And, they are now being reversed.

First, there was the decision, under duress, by the Clinton administration to bypass the United Nations and take unilateral action (along with the British) in bombing Iraq in December. This action sent a signal far beyond the particular occasion, signalling to Russia and China, in particular, that traditional norms of international relations were being overturned, and that they would not be consulted on questions of war and peace.

In recent days, since the NATO summit, however, this error has begun to be reversed. Not only did the summit participants pay lip service to the importance of working with Russia, and the United Nations, but in the immediately following days, UN Secretary General Kofi Annan and the Russians have been at the very center of working with the United States and others on

a pathway to peace.

The second critical error which was made in the buildup to the launching of war against Serbia, was the avoidance of collaboration between the United States and the western European nations. It is hardly a secret that Italy and Greece, both members of the NATO alliance, have been much less than thrilled about the bombing campaign. But, while the Clinton administration initially worked almost exclusively with Great Britain and the blaring Tony Blair—the real masterminds behind this war—over the past days President Clinton has been collaborating much more closely with the Germans, in particular.

Thus, when President Clinton sent his personal emissary and friend, Deputy Secretary of State Strobe Talbott, to Moscow on April 25, he made a point of stopping in Berlin to brief the Germans upon his return.

Collaboration with Germany is a special slap in the face to the British imperialists, who consistently react with rage to any sign that their “special relationship” with (read: dominance over) the United States is being rivalled by U.S. partnership with Germany.

The third crucial error of the Clinton administration which led into this war crisis was the ignoring of the global financial crisis. Although both the President and Treasury Secretary Robert Rubin have stated publicly in the recent period that they are not planning to implement a New Bretton Woods, the President has shifted the agenda in the Balkans to the question of providing for economic development. This gives the President the high ground, against those who are simply following the logic of war, with greater and greater intensity.

This strategic shift could not have occurred without the work of the LaRouche movement, and its publications. It must now be furthered by an accelerated international movement for LaRouche's New Bretton Woods system, and the necessary international development program, including extensions into the Balkans. We have a period of new opportunity, which must be seized now.

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1st Wednesdays—8:30 p.m.
Following Sat.—3 p.m.

- WATERLOO—TCI Ch. 15
Tuesdays—5 p.m.

KANSAS

- SALINA—CATV Ch. 6*

KENTUCKY

- LATONIA
Intermedia Ch. 21
Mon.—8 p.m.; Sat.—6 p.m.
- LOUISVILLE—Ch. 70/18
Fridays—2 p.m.

LOUISIANA

- ORLEANS—Cox Ch. 6
Thurs. & Sat.—10 p.m.

MARYLAND

- ANNE ARUNDEL—Ch. 20
Fri. & Sat.—11 p.m.
- BALTIMORE—BCAC Ch. 5
Wednesdays—4 p.m. & 8 p.m.
- MONTGOMERY—MCTV Ch. 49
Fridays—7 p.m.
- PRINCE GEORGES—Ch. 15
Mondays—10:30 p.m.
- W. HOWARD COUNTY—Ch. 6
Monday thru Sunday—
1:30 a.m., 11:30 a.m.,
4 p.m., 8:30 p.m.

MASSACHUSETTS

- BOSTON—BNN Ch. 3
Saturdays—12 Noon
- WORCESTER—WCCA Ch. 13
Wednesdays—6 p.m.

MICHIGAN

- CANTON TOWNSHIP
MediaOne Ch. 18: Thu.—6 p.m.
- DEARBORN HEIGHTS
MediaOne Ch. 18: Thu.—6 p.m.
- GRAND RAPIDS—GRV Ch. 50
Fridays—1:30 p.m.
- PLYMOUTH
MediaOne Ch. 18: Thu.—6 p.m.

MINNESOTA

- ANOKA—QCTV Ch. 15
Thu.—11 a.m., 5 p.m.,
12 Midnight
- COLUMBIA HEIGHTS
Community TV—Ch. 15
Wednesdays—8 p.m.
- DULUTH—FACT Ch. 24
Thu.—10 p.m.; Sat.—12 Noon
- MINNEAPOLIS—MTN Ch. 32
Wednesdays—8:30 p.m.
- NEW ULM—Paragon Ch. 12
Fridays—7 p.m.
- PROCTOR/HERMAN—Ch. 12
Tue.: between 5 pm & 1 am
- ST. LOUIS PARK—Ch. 33
Friday through Monday
3 p.m., 11 p.m., 7 a.m.
- ST. PAUL—Ch. 33
Sundays—10 p.m.
- ST. PAUL (NE burbs)*
Suburban Community Ch. 15

MISSOURI

- ST. LOUIS—Ch. 22
Wednesdays—5 p.m.

MONTANA

- MISSOULA—TCI Ch. 13/8
Sun.—9 pm; Tue.—4:30 pm

NEVADA

- CARSON CITY—Ch. 10
Sun.—2:30 pm; Wed.—7 pm
Saturdays—3 p.m.

NEW JERSEY

- MONTVALE/MAHWAH—Ch. 27
Wednesdays—5:30 p.m.

NEW YORK

- AMSTERDAM—TCI Ch. 16
Fridays—7 p.m.
- BROOKHAVEN (E. Suffolk)
Cablevision Ch. 1/99
Wednesdays—9:30 p.m.
- BROOKLYN—BCAT
Time/Warner Ch. 35
Cablevision Ch. 68
Sundays—9 a.m.
- CORTLANDT/PEEKSKILL
MediaOne Ch. 32/6
Wednesdays—3 p.m.
- HORSEHEADS—T/W Ch. 1
Mon. & Fri.—4:30 p.m.
- HUDSON VALLEY—Ch. 6
2nd & 3rd Sun.—1:30 p.m.
- ILLION—T/W Ch. 10
Saturdays—12:30 p.m.
- IRONDEQUOIT—Ch. 15
Mon. & Thurs.—7 p.m.
- ITHACA—Pegasys Ch. 78
Mon.—8 pm; Thu.—9:30 pm
Saturdays—4 p.m.
- JOHNSTOWN—Ch. 7
Tuesdays—4 p.m.
- MANHATTAN—MNN
T/W Ch. 34; RCN Ch. 109
Sun., May 16 & 30: 9 a.m.
- N. CHAUTAUQUA COUNTY
Gateway Access Ch. 12
Fridays—7:30 p.m.
- ONEIDA—PAC Ch. 10
Thursdays—10 p.m.
- OSSINING—Ch. 19/16
Wednesdays—3 p.m.
- PENFIELD—Ch. 12
Penfield Community TV*
- POUGHKEEPSIE—Ch. 28
1st & 2nd Fridays—4 p.m.
- QUEENSBURY
Harron Cable Ch. 71
Thursdays—7 p.m.
- RIVERHEAD—Peconic Ch. 27
Thursdays—12 Midnight
- ROCHESTER—GRC Ch. 15
Fri.—11 p.m.; Sun.—11 a.m.
- ROCKLAND—T/W Ch. 27
Wednesdays—5:30 p.m.
- SCHENECTADY—SACC Ch. 16
Tuesdays—10 p.m.
- STATEN ISL.—CTV Ch. 57
Wed.—11 p.m.; Sat.—7 a.m.
- SUFFOLK, L.I.—Ch. 25
2nd & 4th Mondays—10 p.m.
- SYRACUSE—T/W
City: Ch. 3; Burbs: Ch. 13
Fridays—8 p.m.
- UTICA—Harron Ch. 3
Thursdays—6 p.m.
- WATERTOWN—T/W Ch. 2
Tue.: between Noon & 5 p.m.
- WEBSTER—WCA-TV Ch. 12
Wednesdays—8:30 p.m.
- WESTFIELD—Ch. 21
Mondays—12 Noon
Wed. & Sat.—10 a.m.
Sundays—11 a.m.
- WEST SENECA—Ch. 68
Thursdays—10:30 p.m.
- YONKERS—Ch. 37
Saturdays—3:30 p.m.

- YORKTOWN—Ch. 34
Thursdays—3 p.m.

NORTH DAKOTA

- BISMARCK—Ch. 12
Thursdays—6 p.m.

OHIO

- COLUMBUS—Ch. 21*
- OBERLIN—Ch. 9
Tuesdays—7 p.m.

OREGON

- CORVALLIS/ALBANY
Public Access Ch. 99
Tuesdays—1 p.m.
- PORTLAND—Access
Tuesdays—6 p.m. (Ch. 27)
Thursdays—3 p.m. (Ch. 33)

RHODE ISLAND

- PROVIDENCE—Cox Ch. 18
Sundays—12 Noon

TEXAS

- AUSTIN—ACT Ch. 10/16*
- EL PASO—Paragon Ch. 15
Wednesdays—5 p.m.
- HOUSTON—Access Houston
Wed., May 9: 3:30 p.m.
Mon., May 10: 6:7 p.m.
Wed., May 12: 6:7 p.m.
Thu., May 13: 5:6 p.m.
Mon., May 17: 6:7 p.m.
Thu., May 20: 5:6 p.m.

UTAH

- GLENWOOD, Etc.—SCAT-TV
Channels 26, 29, 37, 38, 98
Sundays—about 9 p.m.

VIRGINIA

- ALEXANDRIA—Jones Ch. 10*
- ARLINGTON—ACT Ch. 33
Sun.—1 pm; Mon.—6:30 pm
Wednesdays—12 Noon
- CHESTERFIELD—Ch. 6
Tuesdays—5 p.m.
- FAIRFAX—FCAC Ch. 10
Tuesdays—12 Noon
Thu.—7 p.m.; Sat.—10 a.m.
- LOUDOUN—Cablevision Ch. 59
Thursdays—7:30 p.m. & 10 p.m.
- P.W. COUNTY—Jones Ch. 3
Mondays—6 p.m.
- ROANOKE COUNTY—Cox Ch. 9
Thursdays—2 p.m.
- SALEM—Adephia Ch. 13
Thursdays—2 p.m.

WASHINGTON

- KING COUNTY—Ch. 29
Mondays—11:30 a.m.
- SPOKANE—Cox Ch. 25
Wednesdays—6 p.m.
- TRI-CITIES—TCI Ch. 13
Mon.—12 Noon; Wed.—6 p.m.
Thursdays—8:30 p.m.

WISCONSIN

- KENOSHA—T/W Ch. 21
Mondays—1:30 p.m.
- MADISON—WYOU Ch. 4
Tue.—2 pm; Wed.—8 am
- OSHKOSH—Ch. 10
Fridays—11:00 p.m.
- WAUSAU—Marcus Ch. 10
Fri.—10 p.m.; Sat.—5:30 p.m.

WYOMING

- GILLETTE—Ch. 36
Thursdays—5 p.m.

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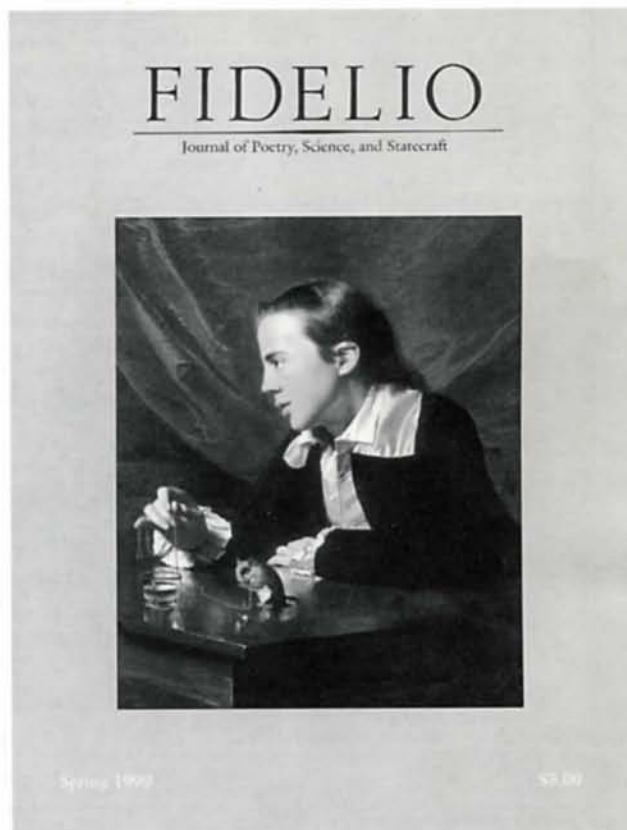
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