

EIR

Executive Intelligence Review

July 23, 1999 Vol. 26 No. 29

\$10.00

LaRouche on 'Prometheus and Europe'

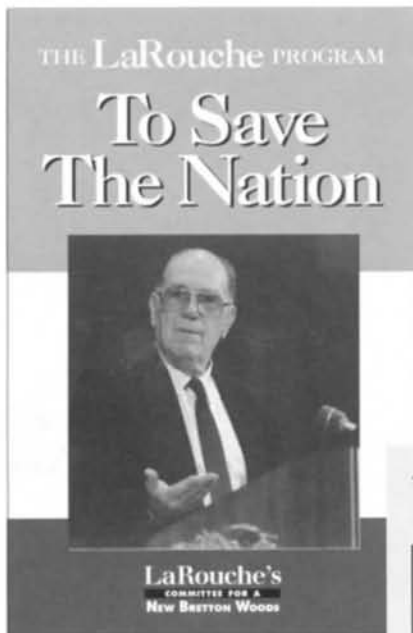
The true cost of the American gulag

Offensive by Colombia's narco-terrorists backfires

**Defeat the IMF sabotage
of Balkan reconstruction**



LAROUCHE *for* President



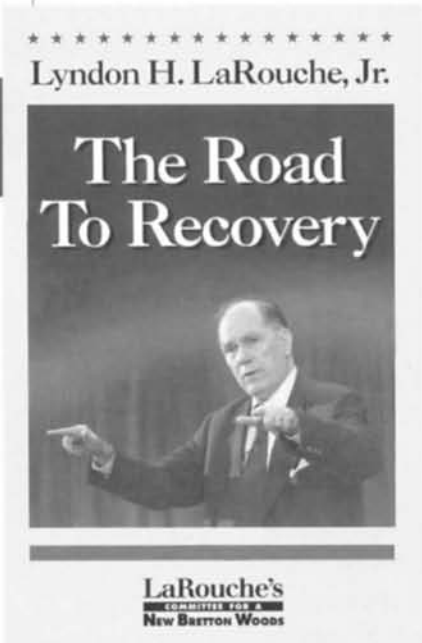
Suggested contribution \$10.

Read
These Books!

Abraham Lincoln warned you:

“You can fool some of the people all of the time,
and all of the people some of the time;
but you cannot fool all of the people all the time.”

Don't be fooled again;
this time, vote LaRouche.



Suggested contribution \$15.

- Become a campaign volunteer!
- Give money!
- Call toll-free 1-888-347-3258
- Write LaRouche's Committee for a New Bretton Woods, P.O. Box 89, Leesburg, VA 20178
- On the Web (soon!) www.larouchecampaign.org



LaRouche's
COMMITTEE FOR A
NEW BRETTON WOODS

For more information, call:
Toll-free 1-888-347-3258

Leesburg, VA 703-777-9451
Northern Virginia 703-779-2150
Washington, D.C. 202-544-7087

Philadelphia, PA 610-734-7080
Pittsburgh, PA 412-884-3590
Baltimore, MD 410-247-4200
Norfolk, VA 757-531-2295
Houston, TX 713-541-2907
Chicago, IL 312-335-6100

Flint, MI 810-232-2449
Minneapolis, MN 612-591-9329
Lincoln, NE 402-946-3981
Mt. Vernon, SD 605-996-7022
Phoenix AZ 602-992-3276
Los Angeles, CA 323-259-1860

San Leandro, CA 510-352-3970
Seattle, WA 206-362-9091
Ridgefield Park, NJ 201-641-8858
Boston, MA 781-380-4000
Buffalo, NY 716-873-0651
Montreal, Canada 514-855-1699

Paid for by LaRouche's Committee for a New Bretton Woods.
Contributions are not tax deductible.

Founder and Contributing Editor:

Lyndon H. LaRouche, Jr.

Editorial Board: *Lyndon H. LaRouche, Jr.,
Muriel Mirak-Weissbach, Antony Papert, Gerald
Rose, Dennis Small, Edward Spannaus, Nancy
Spannaus, Jeffrey Steinberg, William Wertz*

Associate Editors: *Ronald Kokinda, Susan Welsh*

Managing Editor: *John Stigerson*

Science Editor: *Marjorie Mazel Hecht*

Special Projects: *Mark Burdman*

Book Editor: *Katherine Notley*

Advertising Director: *Marsha Freeman*

Circulation Manager: *Stanley Ezrol*

INTELLIGENCE DIRECTORS:

Asia and Africa: *Linda de Hoyos*

Counterintelligence: *Jeffrey Steinberg,*

Paul Goldstein

Economics: *Marcia Merry Baker,*

William Engdahl

History: *Anton Chaitkin*

Ibero-America: *Robyn Quijano, Dennis Small*

Law: *Edward Spannaus*

Russia and Eastern Europe:

Rachel Douglas, Konstantin George

United States: *Debra Freeman, Suzanne Rose*

INTERNATIONAL BUREAUS:

Bogotá: *José Restrepo*

Bonn: *George Gregory, Rainer Apel*

Buenos Aires: *Gerardo Terán*

Caracas: *David Ramonet*

Copenhagen: *Poul Rasmussen*

Houston: *Harley Schlanger*

Lima: *Sara Madueño*

Melbourne: *Robert Barwick*

Mexico City: *Hugo López Ochoa*

Milan: *Leonardo Servadio*

New Delhi: *Susan Maitra*

Paris: *Christine Bierre*

Rio de Janeiro: *Silvia Palacios*

Stockholm: *Michael Ericson*

United Nations, N.Y.C.: *Leni Rubinstein*

Washington, D.C.: *William Jones*

Wiesbaden: *Göran Haglund*

EIR (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July, and the last week of December by EIR News Service Inc., 317 Pennsylvania Ave., S.E., 2nd Floor, Washington, DC 20003. (202) 544-7010. For subscriptions: (703) 777-9451, or toll-free, 888-EIR-3258.

*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 533-26-43.

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

Copyright © 1999 EIR News Service. All rights reserved. Reproduction in whole or in part without permission strictly prohibited. Periodicals postage paid at Washington D.C., and at an additional mailing offices.

Domestic subscriptions: 3 months—\$125, 6 months—\$225, 1 year—\$396, Single issue—\$10

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

From the Associate Editor

For the past three issues, Lyndon LaRouche has been writing articles in *EIR* of an extraordinary nature, somehow qualitatively different from his rich and provocative writings of the past. Perhaps what is so gripping about them, including “Prometheus and Europe” this week, is the way they pierce to the innermost soul of the reader, in order to raise him or her from the degeneracy that surrounds each one of us at this fag-end of the second millennium.

In “Prometheus,” LaRouche explains his purpose at the outset: “to prompt those who are able, to educate broader circles among their fellow-citizens. Their task, like that of *EIR*, is to communicate ideas which must become influential, if this nation is to outlive the presently accelerating global crisis.”

It is this organizing principle upon which the LaRouche movement was founded, more than 30 years ago. The success of LaRouche’s readers in rising to the challenge he poses, will truly determine the future of mankind for generations to come.

Some among those readers, perhaps too long soaked in the stinking brew of populism and pragmatism, and too much accustomed to mediocrity and evil in high places, may find far-fetched, LaRouche’s insistence that *poets* are the ones who will provide leadership to this world in crisis. As LaRouche reminds us, look at Abraham Lincoln, who lectured his war-time Cabinet on Shakespeare, and whose Gettysburg Address is one of the most important “poems” in world history. Look at Germany’s Friedrich Schiller, who has been a beacon to people aspiring to freedom for more than two centuries.

Listen to the poet Percy Shelley, from his famous *In Defence of Poetry*: “The most unfailing herald, companion, and follower of the awakening of a great people to work a beneficial change in opinion or institution, is Poetry. At such periods there is an accumulation of the power of communicating and receiving intense and impassioned conceptions respecting man and nature. The persons in whom this power resides . . . measure the circumference and sound the depths of human nature with a comprehensive and all-penetrating spirit. . . . Poets are the unacknowledged legislators of the World.”

LaRouche himself is using that power of ideas to awaken people today, to work just such “a beneficial change” in opinions and institutions. That is what poetry is—and that is leadership.

Susan Welsh

EIR Contents

Interviews

8 Sergei Glazyev

Sergei Glazyev, doctor of economics, heads the Information and Analysis Department of the staff of Russia's Federation Council. Formerly the Minister for Foreign Economic Relations, he has also worked as chairman of the State Duma's Committee on Economic Policy and at the Security Council.

22 Joe Towns, Jr.

State Representative Towns (D-Memphis) has been a leader in opposing the use of private prisons in Tennessee, which is home to Corrections Corp. of America, the nation's leading private prison company.

46 Miguel Bush

A Panamanian Congressman and chairman of the Legislative Assembly Judiciary Committee, Bush is seeking U.S. cooperation, not an invasion, to deal with the drug threat.

Departments

25 Australia Dossier

Wiping out trade unions.

88 Editorial

Susan Rice, and U.S. sovereignty.

Economics

4 Power, not money, is focus of post-crash scramble

The oligarchs know this financial system can't be held together, and they are in a mad rush for control, after the system crashes.

6 Japanese Foreign Minister looks to 'New Silk Road'

7 Mideast projects boost Eurasian Land-Bridge

8 'The Russian economy can become a miracle'

An interview with Sergei Glazyev.

13 U.S. prisons: The true cost of the 'American gulag'

The prison system has become a major business in America, which is both a symptom of, and is fuelling, the decline in the U.S. physical economy.

22 The criminal justice system is a mockery

An interview with Joe Towns, Jr.

23 Crony capitalism in Virginia prison scandal

Virginia's prison-building binge, and farming out the expanding inmate population to private businesses, have turned out to be a costly failure.

26 Business Briefs

Feature



Destruction wrought by NATO's air war near Ripanj, a town outside Belgrade.

28 Defeat the IMF sabotage of Balkans reconstruction effort

The NATO air war against Serbia is over, but there is no peace yet in the Balkans. Another, potentially far more deadly war is going on right now: an economic war, pitting the nation-builders against the oligarchy and its financial institutions, such as the IMF and the World Bank.

32 World Bank indicts itself on Balkans

33 LaRouche's reconstruction plan for the Balkans is a strategic emergency

A report on an *EIR* seminar and press conference in Washington, D.C., and a seminar in New York, on June 23.

34 Secure peace must be based on development

A speech by Debra Hanania Freeman, national spokeswoman for Lyndon LaRouche.

37 Panama is threatened by drugs, subversion

A speech by Panamanian Congressman Miguel Bush.

38 Croatia seeks ties with United States

A speech by Alexander Heina, the Economics Counsellor of the Embassy of Croatia in Washington.

39 We need a new approach, political decisiveness

Remarks by Faris Nanic, Secretary General of the Democratic Action Party of Croatia, and former Chief of Staff to Bosnian President Alija Izetbegovic.

42 Follow Lincoln's policy for reconstruction

Remarks by Pennsylvania State Rep. Harold James.

43 Support LaRouche to rebuild the Balkans

Remarks by Michigan State Rep. Ed Vaughn.

43 China, Russia enjoy strategic partnership

A speech by Le Yuchen, Counsellor to the Chinese Mission to the United Nations.

45 U.S. cooperation is needed to fight drugs

An interview with Miguel Bush.

Culture

50 Prometheus and Europe

By Lyndon H. LaRouche, Jr.
“The U.S.A. will not be capable of choosing those decisions on which its survival now depends, unless there is, now, a rapidly renewed influence of Classical thinking. This renewal must occur within a citizenry which had become, predominately, disastrously illiterate, and often wildly irrational, even relative to the standards of twenty-five years ago. The strategic purpose of the present, like related earlier reports, is to prompt those who are able, to educate broader circles among their fellow-citizens. Their task, like that of *EIR*, is to communicate ideas which must become influential, if this nation is to outlive the presently accelerating global crisis.”

International

68 Offensive by Colombian narco-terrorists backfires

While the Pastrana government continues its appeasement of the narco-terrorist FARC, the nation's Armed Forces and the citizenry are remoralized by the defeat of the FARC's latest bloody offensive.

71 British are the prime suspect in destabilization of Iran

74 Military diplomacy expands among China, Russia, India

76 London prolongs war in the Congo

79 International Intelligence

National

80 Gore campaign is dying a slow, painful death

The only person who seems to be enthusiastic about Al Gore's bid for the Presidency, is George W. Bush.

82 Celebrate Apollo with a return to 'American System' economics

President Kennedy did not undertake the mission to put a man on the Moon just to meet a Cold War challenge, but also to build up the skills, productivity, and well-being of the United States.

87 National News

Photo and graphic credits: Cover, RTS Web site. Pages 9, 13, 15, 17-19, 29, 51, 58 (Brainin), 64, EIRNS. Pages 34, 38, 39, 42, 43, 46, EIRNS/Stuart Lewis. Page 52, Library of Congress, Anthony Berger photographer. Pages 56, 62, www.arttoday.com. Page 58 (Goethe, Schiller), EIRNS/Martha Rosen. Page 81, Claudio Celani. Page 83, NASA.

Power, not money, is focus of post-crash scramble

by John Hoefle and Marcia Merry Baker

In recent months, the celebrity bankers of the era—Federal Reserve Chairman Alan Greenspan, Bank of England Governor Eddie George, and International Monetary Fund Managing Director Michel Camdessus—have made a point of speaking out, always using the past tense, of how their actions last fall *saved* the world financial system from potential meltdown. Reference is made to such crisis points as the Long Term Capital Management bust of September 1998, the Russian debt freeze, and others.

In fact, their “expert” interventions to date—hyperinflation, money rigging, IMF packages—have resulted in making the scale of crises even bigger, more frequent, and more damaging to the real physical economy along the way—to the point that the whole financial system itself is in the “goner” phase.

On July 14, Lyndon LaRouche commented on events, “The system is finished. It was on life-support, and now the life-support system has died. These guys don’t know what they are doing. Their system is finished.” Moreover, he advised not to look for rhyme or reason in what various financial power blocs are doing. Their actions are not being guided by financial survival anymore, but rather they are desperately jockeying to hold onto political power *after* the crash has occurred.

The whipsawing of financial hyperinflation and commodity inflation and deflation is under way, made evident in drastic swings in oil prices, all kinds of commodities, and elsewhere. The present situation is comparable to the hyperinflationary summer of 1923 in Germany, when pressure on the financial system drove people into the commodity markets, which, in turn, forced up commodity prices.

LaRouche emphasized that one should not look for exact

“cause and effect,” in any specific markets and moves. The financial oligarchs are under tremendous pressure, and they lashing out in all directions. They are, after all, not real people; they are “knee-jerks,” in LaRouche’s words. They are reacting, they have enormous debt obligations, and they have no assets. “Imagine you have a room full of rats, and the lights are out; and the rats are quiet. Then you turn on the lights. Don’t look for a rational explanation for what each rat is reacting to. It’s chaos.”

One startling indication of the state of affairs, is the recent resignation of several of the world’s highest-ranking financial officials. U.S. Treasury Secretary Robert Rubin resigned effective July 1, and Dr. Eisuke Sakaibara, Vice Minister of International Affairs at the Japanese Ministry of Finance, decided to retire before the New York stock market crashes.

Market commentator William Fleckenstein wrote in his Internet newsletter, “Market Rap with Bill Fleckenstein,” www.stocksites.com, on July 7, about an item which appeared in the *Australian Financial Review* on May 24, written by William Hartcher, on Sakakibara’s decision. According to the Australian article, Sakakibara “told an acquaintance that he decided not to press for another year in the post because he expected Wall Street would crash during that time and he did not want to try to be around to try to deal with the consequences for Japan.

“It would not only drag down the U.S. economy, he fears, but jeopardize the entire system of global capitalism. It is quite extraordinary, of course, that the Vice Minister of International Affairs at Japan’s Ministry of Finance would utter such thoughts aloud.

“It was Sakakibara who first conceived the brilliant nick-

name for the U.S. economy — bubble.com. The U.S. is vulnerable, he says, to the possibility that the Internet-led stock market bubble would burst with awful consequences.”

Bailouts are not working

Only last month, June 11-29, there was yet another gargantuan attempt to rescue the financial speculators, involving coordinated interventions into the currency markets by the Federal Reserve, the Bank of Japan, Germany’s Bundesbank, and others, just to rig currency prices to save the Tiger Fund, the second-largest house of speculation in the world. The Bank of Japan alone spent \$23 billion in buying foreign currencies, and dumping yen (see *EIR*, July 16).

But only days later, the turmoil has broken out again. Look at just the situation in Argentina and throughout Ibero-America: There are simply no “life-support” infusions that can save this dying system.

Over July 6-12, Argentina’s Merval exchange dropped by 14.1%, falling 8.7% on July 12 alone. This, in turn, caused a 10% decline in the value of Global debt bonds which come due in 2017, and a 7% drop in bonds coming due in 2027. Brady paper dropped by between 2 and 4%. On July 13, Stanley Fischer at the IMF rushed to offer \$2.8 billion for use as a stand-by credit, which was declined. Tremors were felt around the world, with the July 13 London *Guardian* wailing, “Global Markets Take Fright,” as the Argentina plight prompted “fears of new emerging markets crisis.”

On July 13, Brazil’s National Treasury cancelled its planned auction of notes, previously announced for that day. This action was the first time the Treasury had ever interrupted a planned sequence of auctions. Four had been announced on July 6, through which 2 billion reals (Brazil’s currency) in LTNs were to be sold, all coming due on July 5 in the year 2000.

A Treasury spokesman said the decision not to auction the bonds was due to “difficulties foreseen in the process of setting the prices of the bonds, given the moment of volatility in the prices of diverse financial assets.” In an auction at the end of the previous week, the Treasury had had difficulty selling its paper, and then over the week of July 12, things got worse. The Brazilian government guarantees the yield on these notes, regardless of what happens to interest rates, currency, etc. Brasilia takes the losses, not the buyer. But still, on July 13, no buyers were expected.

In Mexico, where, in June, a stand-by credit line of \$23.7 billion was announced by the IMF and the United States, it is already termed not nearly enough. On July 10, the Swiss daily *Neue Zürcher Zeitung* observed that the Mexican government and the nation’s private sector owe \$53 billion in foreign debt payments in the next 18 months, more than double the credit line. Mexico has been given some \$100 billion in bailout funds and credit lines since 1996 (funds which go mainly to the big Western banks), and even though the Mexican govern-

ment has intervened to help 16 of the nation’s banks, the level of bad loans is still rising.

Breakdown of physical economy

The physical economy in Mexico is paying the price of years of such financial “rescues.” Bufete Industrial, the nation’s second-largest construction and engineering company, is on the verge of bankruptcy, and saw trading in its stock halted on July 7, to avoid “disorder in the market,” according to officials at the Mexican stock exchange. Bufete, which has a market capitalization of \$50 million, must refinance \$100 million of bonds by July 15. AHMSA, Mexico’s largest steel producer, just defaulted on \$2.4 billion in debt, and faces dramatic cuts in production and personnel.

In Argentina, the effects of IMF looting are similarly devastating. Some 70,000 members of the nation’s Armed Forces have been compelled to take “forced vacations” due to IMF-mandated budget cuts. By the end of this year, according to *Clarín*’s Ismael Bermúdez, Argentina’s foreign debt will reach \$160 billion, more than double what it owed in 1990. In order to finance a raise in teachers’ salaries, the government voted to impose a 1% tax on the value of all vehicles, prompting a three-day strike by truckers which paralyzed the nation. The strike ended when the Argentine Congress voted to delay the imposition of the tax until November. But, what then?

Struggle for ‘post-crash’ power

These examples show that whole sections of the \$300 trillions in financial obligations sloshing around the world financial system — debts, futures, derivatives — are collapsing, and nothing can prop them up.

Among the most blatant features of the battle over who will hold power after the inevitable crash, is the scam to drive down the gold price, and then consolidate control over supplies. The Bank of England’s highly publicized announcement in May that it intended to sell off 415 of its 715 metric tons of gold holdings, for example, is designed to transfer that gold to the oligarchy, to use in establishing a system after the crash, in which the oligarchs, not sovereign nations, will call the shots. In effect, the customers (called “nominees”) at the July 6 gold auction, were taking possession of the gold through rigged sales, and then parking it, against future need after the crash. This is not a money matter; it is a *power play*. On July 6, gold dropped to the lowest price in 20 years, \$256.80 per troy ounce; and by July 13, it was down to \$255.40.

Gold-producing nations from Africa to Russia to the Philippines have been hit hard. In South Africa, since May alone, six gold mines have established plans to lay off more than 11,000 workers, in an attempt to survive at the forcibly depressed gold prices. On July 6, East Rand Proprietary Mines Ltd., one of South Africa’s oldest and deepest mines, filed for bankruptcy, which could threaten 5,000 jobs. With 103,000

mine layoffs already over the past three years, and 80,000 more threatened, South Africa's fragile economy is in trouble.

A Gold Crisis Committee of government, labor, and mining companies has been formed in South Africa, to try to deal with the job crisis. Pretoria is approaching the 14 nations in the Southern African Development Community to join forces. President Thabo Mbeki denounced the British move as "incomprehensible and unacceptable."

In London, on July 13, Her Majesty's government of Prime Minister Tony Blair reaffirmed that it will continue its policy of selling gold. The IMF plans to sell 10 million troy ounces, or 311 metric tons of gold.

But the oligarchs are also fighting among themselves. Look at the investigation now under way into Coutts & Co.,

for money laundering and fraud. Coutts is the British royal family's favorite private bank. Fraud investigations are under way by Manhattan District Attorney Robert Morgenthau, and by the New York Federal Reserve. Civil actions filed at the New York Supreme Court against Coutts charge that the bank specializes in tax evasion and money laundering. Coutts' customers, who must prove they have liquid assets of at least £100,000 before they are taken on as clients, include Britain's Queen Mother.

While the thieves fight among themselves, the opportunity presents itself for the friends of nations to make the post-crash period one of nation-building and economic development. In this regard, immediately below is a report on the trip to China on July 8-10, by Japanese Prime Minister Keizo Obuchi.

Japanese Foreign Minister looks to 'New Silk Road'

"Japan has set forth its Eurasian diplomacy as seen from the Pacific Ocean side, a new perspective announced in 1997 in building diplomatic relations with various countries in this vast continent." These are the words of Japanese Foreign Minister Masahiko Komura, in the January-March 1999 issue of *Japan Quarterly*. In an article entitled "Japan's Eurasian Diplomacy: New Perspective in Foreign Policy," Masahiko discusses Japan's attention to the "New Silk Road," or Eurasian Land-Bridge project for global international relations based on economic cooperation and reconstruction.

"Ten years since the Berlin Wall came down, the outlines of a new international order that can replace the stable order under the Cold War structure are still difficult to detect," he wrote. "It is now widely accepted that trying to stabilize international relations on the basis of balance of power backed by military force is impossible, and that the issues facing the international community cannot be solved, and stability cannot be maintained, without cooperation among countries, regardless how they align vis-à-vis the traditional west-east and north-south camps."

"Through Eurasian diplomacy," Komura continued, "Japan now seeks to build closer ties with Russia, China, and the Republic of Korea [South Korea], as well as with the nations of Central Asia and the Caucasus that make up the Silk Road region, and hopes thereby to foster stability on the Eurasian continent. The significance of Eurasian diplomacy thus resides in its propelling force for Japan's enhanced role in fostering a more stable environment in the continent."

The cornerstone of Japan's policy

He elaborated: "The cornerstone of Japan's Eurasian diplomacy is its relations with China and the Korean peninsula. . . . Strengthening relations with Russia is one of the top diplomatic priorities of Keizo Obuchi's cabinet.

"Diplomatic relations with the countries of the Central Asia and Caucasian region—the so-called Silk Road region—are an important dimension of our Eurasian diplomacy. . . . The Silk Road region has recently drawn worldwide attention as a potential source of supply of energy resources such as oil and natural gas. . . . Important not only for its energy resources, this hinterland of Russia, China, and Middle East nations is a key to the stability of the Eurasian region as a whole. . . . Based on these perceptions of the region, the Japanese government has sought to forge closer relations there in accordance with its specific action plan since the beginning of 1998. The effort is three way:

"Political dialogue to promote trust and mutual understanding;

"Economic and resource development cooperation to facilitate regional prosperity;

"Cooperation for peace through non-proliferation of nuclear weapons, democratization, and stabilization."

The Foreign Minister concluded: "Japan's foreign policy from the viewpoint of Eurasian diplomacy has only just begun. . . . It is my sincere hope that people will eventually come to realize that the adoption of this perspective will prove the occasion of greater strides in Japan's foreign policy."

In August, Foreign Minister Komura will travel to Iran, as one of the first initiatives of this Silk Road diplomacy. His trip follows Prime Minister Obuchi's recent successful three-day visit to China, where Prime Minister Zhu Rongji accepted his invitation to come to Japan for fuller discussions on economic cooperation.—*Paul Goldstein*

Mideast projects boost Eurasian Land-Bridge

by Hussein Al-Nadeem

This year, the Middle East witnessed a number of important developments related to reviving the ancient Silk Road, or Eurasian Land-Bridge project, and using it to link the continents of Africa, Asia, and Europe.

On April 29, Syria and Turkey, which were on the brink of a major war last September (because of Syria's hosting of Kurdish Workers Party leader Abdullah Ocalan), signed an agreement on land, air, and sea transport links between the two countries. The talks, between officials of the two countries' Transport Ministries, were held in Damascus in late April. The agreement was described in an official statement as aimed at "constructing bridges and expanding networks of mutual trust on the basis of historical relations of friendship."

Hijaz railway revived

The agreement made a direct reference to the concept of the Eurasian Land-Bridge, stating that "the two sides bear in mind that Damascus will become a hub for a number of rail lines linking Europe, Central Asia, and Iran in the north, and Jordan and Saudi Arabia in the south." The two sides agreed to revive the Hijaz Railway, which had been built by German engineers for the Ottoman state in the early years of this century as a parallel line for the Berlin-Baghdad Railway. The rail line extended from Istanbul, Turkey, to Halab and Damascus in Syria, and to Maan in Jordan and Al-Medina in what is today Saudi Arabia. The rail line did not become fully operational because of World War I and the consequent neglect and destruction carried out by British-led anti-Ottoman forces. Part of the rail line was revived by Turkey's Mustafa Kemal Ataturk after the war, but, again, it was neglected during World War II. The relevant parts within each country were intact, but the inter-state operations were stopped for long periods because of political conflicts among Turkey, Syria, Jordan, and Iraq up to this very day.

To a large extent, the 2,000 kilometer Hijaz Railway needs to be rebuilt. The Turkish government has shown interest in financing the project, and has offered to deliver 100 locomotives and rail cars to Syria as part of a contract to help Syria start service on the line.

Meanwhile, Jordan and Syria have agreed to begin work on a series of joint transport projects, including restarting operation of the Hijaz Railway. Its reopening will be designed so as to create a transport corridor from Syrian and Lebanese

ports on the Mediterranean, to the Jordanian port of Aqaba on the Red Sea, and on to Saudi Arabia. The agreement between Syria and Jordan was concluded in early June.

There also existed a third corridor earlier this century, extending from Aleppo in Syria to Beirut and Sidon on Lebanon's Mediterranean coast, and further to Haifa, Tel Aviv, Gaza, and northern Sinai to the Suez in Egypt. This corridor, which links Europe with Africa, has been closed since the establishment of Israel in 1947 and the Israeli-Arab war which followed.

However, with the potential for reviving the peace process between Israel and its Arab neighbors, it could be reopened. Egypt, for its part, is working on rebuilding the Gaza-Fardan-Ismailiya rail lines and highways. The Al-Fardan Bridge over the Suez Canal is under construction and will be completed in the year 2001. A bridge once existed at the same spot, but was destroyed during the Israeli occupation of the Sinai in the Six Day War in June 1967. The current bridge is being built with the help of Japanese companies.

Other projects planned

Further to the east, on the North African Mediterranean coast, filling the missing link across Libya is being seriously considered by the Libyan government. On June 9, a Libyan economic-technical delegation began a visit to China to discuss cooperation between the two countries to build "important infrastructure projects."

The main project on the agenda is construction of a 1,700 km rail line on Libya's northern coast. This will link Libya with Egypt, at the Sallum border town in the east. It will also connect Libya with Tunisia, Algeria, and Morocco in the west. A tunnel under the Strait of Gibraltar is being planned to link Morocco with Spain.

In the eastern Mediterranean, in Turkey, another tunnel is being planned under the Bosphorus Strait. In this way, Africa will be connected to Europe at more than one point, and at the same time, to Asia through Turkey, Iraq, and Iran. The Libyan government has made this project one of its important priorities, now that sanctions against it have been lifted.

(Recently, the United Nations suspended sanctions imposed on Libya, following the handing over of two Libyan suspects to be tried in Holland in connection with the bombing of PanAm Flight 103 over Lockerbie, Scotland in December 1989.)

These projects will be fundamental in the course of creating real potentials for the development of sound economic relations among European and African states. These historical transport links are a source of optimism for the nations of the region. They are also an important inspiration to the much-needed development projects in Sub-Saharan Africa. The economic development and realization of peace among nations of these regions can be established through such projects, which have historically shown that they are an indispensable tie of the highest interest to each individual nation.



‘The Russian economy can become a miracle’

Sergei Glazyev, doctor of economics, heads the Information and Analysis Department of the staff of the Federation Council, the upper house of Russia’s parliament where the country’s regional governors sit. Formerly the Minister for Foreign Economic Relations, he has also worked as chairman of the State Duma’s (lower house) Committee on Economic Policy (1994-95) and at the Security Council (1996-97). Dr. Glazyev was interviewed by Jonathan Tennenbaum on July 8.

EIR: It’s now nearly one year since the famous crisis of Aug. 17, 1998. What is your evaluation of the economic situation in Russia and what has happened since then?

Glazyev: Since that time the situation has improved dramatically. During the period beginning October last year, the growth of industrial production was about 25%, which is the absolute record for the last several decades. It means that, each month, industrial production grew by between 3 and 4%. In May, the level of industrial production reached 6% above the level of May last year. Thus, the damage inflicted by the financial crash on the industrial sector had been overcome by May. If the situation continues to be stable, I think that the level of industrial production this year will be about 6-7% higher than last year—a growth of 6-7%, which will be the first time since the beginning of the reforms. And, at the same time, we had success in stabilization. The inflation rate decreased from about 34% per month in September, to 2% in May. So, we have both industrial growth and decline in inflation.

This was achieved for several reasons. The most important one is the increase in competitiveness of Russian products because of the devaluation of the ruble by a factor of three in August-September. During the previous period, starting from 1993 until 1997, the real exchange rate of the ruble appreciated about eight times. That means that the competitiveness of Russian products, due to the exchange-rate policy alone, decreased by about a factor of eight in the previous period. So, what happened in August-September, is just that we reached an exchange rate which is more or less adequate to the competitiveness of the Russian economy.

Import substitution due to the devaluation was a major source of growth, but not the only one. Another important factor was the design of economic policy measures. The government succeeded in keeping the prices of energy and natural

monopoly inputs stable. So, the attempts of the energy monopolies to increase prices just after the ruble devaluation were resisted by the government, and the government pushed the energy sector to keep the prices stable.

EIR: You are speaking of the Primakov government?

Glazyev: Yes, this was the period of September-October. And they could keep prices stable until the beginning of May, when the government crisis started. By the way, immediately after the government crisis started, the natural monopolies, and especially oil-producing companies, increased prices sharply. We now have a rather serious threat to the stabilization of the macroeconomic situation, because the pressure of the monopolies increased during the last few months.

Another very important factor of growth was the interest rate policy and monetary policy as a whole. Contrary to the proposals from the IMF [International Monetary Fund]—which came in immediately after the crash with the idea to increase interest rates, to introduce a currency board, and to switch to a very restrictive monetary policy again—the Central Bank refused to do this, and did the opposite instead. So, the interest rate was kept stable at a comparatively low level. For the first time during the period of the reforms beginning 1993, we have low interest rates; in real terms, they were about 5-6%. And, simultaneously, the Central Bank started to organize new channels to refinance the real sector of the economy through the commercial banks. It started to discount promissory notes of the companies in the real sector, which gave an opportunity to those companies having a good financial situation to get very cheap credits to increase their production. And, keep in mind that at the beginning of autumn last year, the level of capacity utilization of production facilities was only 30%. So, 70% of the production facilities were not being used. But, due to the improvement of the competitiveness and due to the newly created channels for refinancing the real productive sector, the companies started to increase the level of capacity utilization. This was the real major source for economic recovery. The level of use of production facilities increased to 40%.

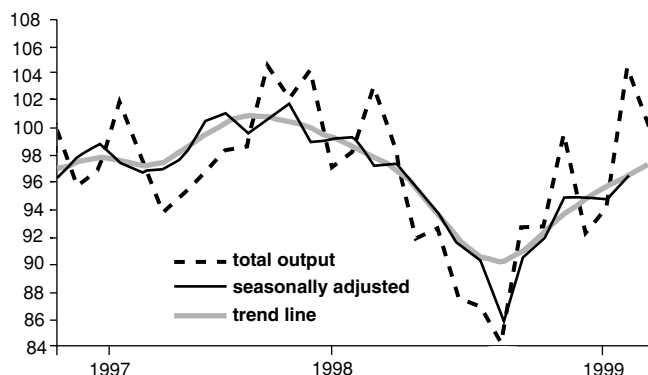
EIR: So there was not yet so much new investment?

Glazyev: Yes, the economic growth we had was low-investment growth. The growth achieved was only due to the im-

FIGURE 1

Russia: industrial production

(December 1996=100)



Source: Dr. Sergei Glazyev.

provement of the financial situation of the companies because of low interest rates, a good price structure for the real sector, a comparative decline of prices of inputs in comparison with prices of final goods, and, of course, the devaluation of the ruble, which gave new opportunities for the sale of the products.

These were the major factors of economic growth during the last half-year. According to our calculations, Russian industry has the potential to grow by about another 20% on the basis of the improvement of the financial situation of the companies, by restoration of their working capital. The key problem of the last couple of years was the outflow of working capital from the real sector. Working capital simply disappeared during the period of the high inflation, and was channeled through the banking system into financial speculation. So, to restore the working capital, we need to continue the soft monetary policy with low interest rates, and the key problem is to avoid currency speculation, to avoid capital flight. In order to avoid capital flight in a situation of soft monetary policy, the Central Bank introduced several measures of currency control. So, the possibilities to buy currency for speculation were restricted.

EIR: Did the IMF approve of these measures?

Glazyev: No. The IMF criticized this from the very beginning and insisted that all these measures should be abolished. And their key argument, their key idea was first of all to abolish the currency control measures. But strengthening currency control was the only means to avoid capital flight, to avoid speculation against the ruble, to avoid further devaluation of the ruble, and to avoid a wave of inflation. The Central Bank succeeded in this. Capital flight decreased by about a factor of three. During the last couple of years, capital flight has been about \$1 billion per month. Due to the introduction of capital and currency control measures, capital flight de-

creased to the level of \$300 million, and there is an obvious trend of decline of capital flight.

But now the IMF, by blackmailing the Russian government on the issue of the servicing of the foreign debt, pushed the Central Bank to abolish those currency control measures which were introduced recently. The IMF is also pushing the Central Bank to abolish the schemes for refinancing the real sector through discounting the promissory notes of the producing companies. It, again, is insisting on a restrictive monetary policy, and it insists that bankruptcy procedures should be used as a major tool in dealing with the arrears crisis between companies. I am sure that the results of all these measures, if they are implemented, would be to stop economic growth and create a new depression in the Russian economy.

The key bottleneck for further economic growth, which we have at the moment, is the lack of demand. After the financial crash, the real incomes of the population decreased about one-third, and this created a major bottleneck for further economic growth. So what we need at the moment, is to create conditions for growth of the real incomes of the population, and it would also be fruitful to stimulate final consumption through government expenditures, especially through government investment programs and government promotion of innovation activity.

EIR: The Primakov government also planned to establish a new bank.

Glazyev: Yes, this was another issue. Another serious bottleneck for economic growth is the lack of investments. The low-capital growth could continue maybe for another year or year and a half, on the basis of increasing the level of capacity utilization. So, at the moment, we have a rate of use of production facilities of about 40%. According to our estimates, this rate could be increased another 20%. So, we have the potential to continue low-capital-intensity growth at about 2-3% per month, for maybe one more year. Then the key bottleneck will be the lack of investments.

The majority of industrial production facilities are rather obsolete, only 30% are up-to-date. Reconstruction is needed. At the same time, during the period of reforms the investment rate declined by about a factor of five. In order to stabilize the production base we need to increase investment activity by about four times, now. Of course, that is a difficult problem, but at the same time there exist opportunities.

The key source to increase investment activity is the savings of the population. In spite of the decline of income, the Russian population still saves a lot. About 25% of the current income is saved. However, they do this not through the banks, but by buying dollars in cash; which means that 75% of the investment resources are not used, because those savings are not used in the banking system and are not used for investments. If the dollarization of the savings of the population continues, investment activity will be impossible. To avoid the dollarization of savings, we need again currency controls: currency controls, some limits on ruble convertibil-

ity, which should be limited to current account foreign trade operations.

This is one source of growth of investment. Another source is the savings in the natural monopolies sector. This sector was formerly controlled by the government, which kept the controlling shares in major gas and electricity supplies, and oil supplies as well. But the problem is, that those people who are in charge of government property in the natural monopolies and energy, are in fact not controlled by the government. So they use their position for their own needs, for their own profits, for their super-high salaries, and nobody knows how the monetary flows inside the natural monopolies are circulated. Just the amortization in the natural monopolies alone could provide a possibility to increase investment activities by about two times in comparison with the present level. The amortization is simply consumed now, instead of being reinvested. There are some other opportunities for investment growth, which include stimulation of investment activity through tax reform, through government guarantees and so forth.

At the end of the Primakov government period, in order to provide a channel for investment activity in the real sector, the government decided to establish the Russian Development Bank. The idea of the Russian Development Bank is to use government guarantees to attract private capital to the real sector. The budget, and the Law on the Budget, gives the government the opportunity to use government guarantees in the amount of 50 billion rubles to attract private capital to the real sector, which could work.

At the same time, as you know, the Russian commercial banks are still not in a position to work with the real sector. After the bankruptcy of the banking system, after the financial crash in August, the majority of the banks still suffer from lack of liquidity, and at the same time they have no experience and have no incentives, really, to move to the real sector. The Russian banking system was mainly designed for speculation purposes. It worked not as a transformer of savings into investments, but vice versa: It took cheap money away from the real sector and put it into financial pyramids, into financial speculation, and transferred it abroad. The banking sector pumped capital away from the real productive sector into speculative operations and abroad, in the amount of 14% of GDP per year. So, it means that almost half of all the investment potential of the economy was not used. Or it was used in the opposite way, not to finance economic growth but as the basis of capital outflow from the real sector. The banking system was a main channel for this capital flight from the real sector.

Our proposal was to restructure the banking system in such a way, to restore the key role of the banks in the market economy, as major transformers of savings into investments. The idea was, that the government should help those banks to survive, which are ready to work with the real sector, which are responsible, and which agree to be controlled by the gov-

ernment and the Central Bank in terms of active operations. It should work from both sides. On the one side, the government should introduce guarantees for personal bank accounts, in order to attract peoples' savings back into the banking system. But from the other side, it should impose controls on those commercial banks which use government guarantees for peoples' deposits, to be sure that the population's savings which come into banking system are used, not for financial pyramids, but for real investments. The construction of the Development Bank was a part of the whole program of restructuring of the banking system.

At the moment, according to the data of the Central Bank, we have about 50 billion rubles of free liquidity in the market, which is about 15% of the whole money mass in the economy. This amount of rubles is not used; the commercial banks just keep this money in the Central Bank at a negative interest rate, but do not use it as investments or credits to the real sector. So there are no channels of real-sector finance. Because the risk is rather high—you have about half of the companies insolvent, in the real sector; in order to overcome this high risk, you need exactly those instruments of investment activity promotion which I have mentioned: First of all, the government guarantees, then the Russian Development Bank and other development institutions which could help banks to avoid high risks and help to establish channels for capital delivery to the real sector.

The IMF, unfortunately, makes quite opposite proposals. It insists that the Central Bank should remove all capital control measures, which means that we have a threat now, to the financial system, that a huge capital flight will re-emerge again. And those 50 billion rubles which are liquid, which are now free in the market, could move to the currency market and be played against the ruble. So, in fact the IMF is opening up opportunities to speculate against the ruble. And there are a lot of incentives for the banks at the moment, when the situation is rather uncertain, just to buy hard currency in order to avoid the risk of further devaluation.

In order to avoid this, the IMF proposes for the Central Bank to issue Central Bank bonds. But the problem is, that in order to use Central Bank bonds as an instrument to stabilize the money market, to avoid a huge growth of demand for dollars, the interest rates on Central Bank bonds should be at least positive, which means, according to the present situation in the Russian economy, that the Central Bank should issue these bonds with an interest rate of at least 40%. At the same time, the profitability in the real sector is about 15% at the moment. So, if the Central Bank starts to issue bonds with such an interest rate, it means immediately that all the incentives to invest in the real sector will be undermined. Because the investors will receive a very profitable instrument, which they could use without any risk. So, we shall get another financial pyramid which will be financed through monetary emission, through money creation, since, of course, the only source for the Central Bank to pay an interest rate is to create

new money. So, it will be a self-reinforced mechanism of financial pyramid.

[Under this condition] nobody could control the Central Bank. The Central Bank has already played the role of a major commercial player in the GKO financial pyramid. The Central Bank was the main winner in financial speculation in government bonds in the previous period, and contributed a lot to the financial crash. And now we come to the same problem. If the Central Bank starts another financial pyramid, you can forget economic growth, you can forget about investments, and again we shall have a high probability of a new financial crash in the very near future.

Another IMF incentive is to eliminate government expenditures which are necessary to the economic growth policy; because, in a depression situation, to maintain economic growth you need the growth of final demand. If you cut off government expenditures, you make economic growth more difficult. You increase the barriers against economic growth. And, finally, the IMF call to use bankruptcy procedures in order to solve the problem of arrears between companies, is a very romantic and very dangerous idea, because in a situation where we have about 50% of the companies in the real sector insolvent, the bankruptcy of half the companies in the real sector would just stop everything.

EIR: The sudden removal of Primakov and the reemergence of Viktor Chernomyrdin into the Russian political situation, the trip by Anatoli Chubais to the United States just before the removal of Primakov, and so forth, are all clearly connected events. This focusses attention on the political situation and the foreign pressure on Russian economic policy right now.

Glazyev: The Primakov government resisted all those IMF ideas. At the same time, the Primakov government changed the Russian internal situation. In the previous period, the government was controlled by the financial oligarchs, who used their power first of all to steal money from the budget and to steal government property. So, the key issue of the Russian economic reform was the symbiosis between the IMF and the Russian financial oligarchs. The IMF gave political support to the radical liberal rhetoric, putting the umbrella of a liberal image over the Russian economic reform. But, in fact, they were not liberal reforms. Instead of liberalization of the market, the IMF, together with the Russian financial oligarchs, created a semi-feudal economy which has very little to do with the market. The financial oligarchs, using the IMF umbrella, which gave them political and ideological support for reducing government regulation, actually just privatized the government instruments, using the privatization campaign in order to steal the government property, and not to create private businesses. And now, competition is blocked by the pressure coming from the financial oligarchs, who use their monopoly position in government regulation to avoid any risk, to get a privileged market situation, to use the government subsidies and so forth. And so, in this symbiosis, the IMF took political

responsibility for the economic reform, and the financial oligarchs used their position close to power to have huge profits from this policy.

EIR: Many people were shocked to see how, just after the Aug. 17 Russian crisis, the huge Long Term Capital Management hedge fund in the United States suddenly went into collapse and was bailed out only by emergency measures organized by the Federal Reserve. This showed that the collapse of the GKO pyramid was not just a Russian event, but was part of the systemic crisis of the global financial system.

Glazyev: The Russian oligarchy together with the IMF created the most profitable commercial market in the world, which was based not on economic growth, but on purely speculative phenomena. The Russian government offered, on average, about 80% interest rates in real terms in dollars, taking into account the fixed exchange rate. So, they gave an opportunity to have an 80% interest rate in real terms, in dollars, for foreign and domestic investors playing with the government bonds. In comparison with the United States, where government bonds are about 4%; in Japan, where the government bonds are 2%; and in Germany, where they are maybe 3-5%, the Russian government in some cases offered more than 100% interest, doing this together with the fixed-exchange-rate policy through the currency corridor. And speculators from all over the world entered the Russian market and used this opportunity to have huge profits.

So, Russian economic policy, guided by the IMF, created a unique phenomenon. You had a decline in GDP by one-half and, at the same time, the financial market was the most profitable in the world, and without any risk. So the Russian financial market appeared to be a paradise for all the financial speculators, and because this was a purely speculative phenomenon, which was based on the creation of financial pyramids, it had to blow up, and it had a self-destruct mechanism inside from the very beginning. When the financial crash happened, those investors who did not have connections with Mr. Chubais and other guys in the Russian government, of course, lost.

We made a special investigation of how the decisions of Aug. 17 were made, and found very interesting details: The decisions to stop servicing the government debt and to stop maintaining the ruble exchange rate, were made by Chubais and Gaidar, who influenced [Prime Minister Sergei] Kiriyenko at the beginning, and the management of the Central Bank, and they did this in consultation with [U.S. Deputy Treasury Secretary Lawrence] Summers and [IMF Deputy Managing Director Stanley] Fisher. So the IMF was involved together with the Russian government in the preparation of the financial crash of Aug. 17. And the clients of the companies that were close to the Russian government, and to those people from the foreign side who played this market, got the opportunity to escape from this financial crash. They were given the opportunity to change their Russian ruble-denomi-

nated bonds into dollar-denominated bonds. A \$5 billion credit for the Russian Central Bank, given just two weeks before the financial crash, did not help to stabilize the currency. It just was used by those who were informed, to escape before the financial crash happened. And those hedge funds that became the victims of the propaganda of Russian financial stabilization, spread by the IMF, and supporters of the Russian so-called radical reformers, who believed in the miracle, invested money in the financial pyramid (and maybe did not know that it was a pyramid), and took a huge risk.

EIR: I want to ask you about the present situation, the coming Presidential election and what President Boris Yeltsin might possibly do, the possibility that some pretext might be created—such as a blow-up of the Caucasus, trying to shut down the Communist Party, circumventing the Constitution and so forth. How do you see the coming situation and the perspective for implementing the policies which you are recommending?

Glazyev: The financial oligarchy is in fact losing its power, because the living standard of the population declined dramatically—more than one-third of the population has an income below the poverty level—and there is no doubt that in this election campaign the Yeltsin regime will fail. They have no chance to keep their power, and for this reason, as far as we know from investigations, the oligarchs, together with the Yeltsin family and some newly appointed people in the government, are planning measures for how to avoid the elections themselves. So there are several plans being circulated, including a military coup, including the introduction of measures to extend Yeltsin's period in power, in spite of the fact that this would violate the Constitution. There are plans to start political repressions against the opposition. The authoritarian regime which exists in Russia at the moment, and which is totally corrupt and totally against the national interest, which gives only opportunities for huge profits to the financial oligarchs, will try to protect itself.

But, if we succeed in maintaining the law and maintaining an open election campaign, then I am sure that the situation will change in the near future. The Russian economy has a huge potential for growth. According to our experience of the last couple of years, and according to our calculations, the Russian economy could grow at the rate of about 8% per year without any problem. So there is a good chance to switch to a sustainable development with high rates of growth, to overcome the depression, and to organize a restructuring of Russian industry on the basis of new technologies with high efficiency. There are plans for how to improve the investment situation. The Russian economy can become a miracle in the near future, if we change the political situation. So there is a choice. Either the economic growth policy continues and we have very good prospects for the future; or, if the financial oligarchs, together with the IMF, insist on restoring the previous monetary and macroeconomic policy, it means a new

depression in a much worse financial situation.

EIR: Just recently the issue of the so-called strategic triangle Russia-India-China was raised in the Russian press. What are your thoughts about that?

Glazyev: I think this is a very fruitful idea, because the competitive advantages of these very large economies could, in combination, give a huge impulse for worldwide economic growth. Russia has a huge competitive potential in the high-tech sector which is not used at the moment, because of the lack of demand in the Russian market; while at the same time, we have a fast growth of the Chinese and Indian economies based on cheap labor, based on the large human resources which need modern technology, need education. All this could be combined together. So, the Russian high-tech potential, research and development opportunities, together with its large mineral resources base, together with the huge labor force in India and China market and Chinese opportunities to attract more investments from the world market, could, in combination, give an opportunity for very fast economic growth for the whole continent. At the moment, the trade turnover between Russia-China and Russia-India is growing. A lot of people are going to these countries to establish contacts, to establish mutual business, and so forth. But, of course, a more systemic policy is necessary, a policy which will create proper legal and economic conditions for merging, from the one side, the Russian industrial and scientific potential, and, from the other side, the human potential of these countries. I am sure this could really work. It could give huge opportunities for worldwide development, not only of these regions, but for the whole world.

EIR: In China, in the last year particularly, there has been considerable discussion about Lyndon LaRouche's work on physical economy and his analysis of the global financial crisis. I would like to ask how you see his influence now in Russia, also in light of the recent book, published by Russia's Vice Defense Minister, focussing on LaRouche's economic ideas.

Glazyev: These ideas are very natural for the Russian economic tradition. We used national economy as a basis for elaboration of plans for economic development, both in the pre-revolutionary and post-revolutionary Russia. So, this is a very natural approach from the standpoint of all our historical experience. The Russian government created long-term plans based on the national economy approach, and the whole economic growth of Russia during all of this century was based on the forecasts and instruments of economic policy to promote the development of the real sector. So, almost all the resources were allocated through the mechanisms of real-sector development planning, and only now this tradition was lost. So, at the moment, there is a strong interest in Mr. LaRouche's ideas in Russia, and there are a lot of followers of this approach, and I am sure that it will work.

The true cost of the ‘American gulag’

by Marianna Wertz

In the 1960s, Alexander Solzhenitsyn’s *Gulag Archipelago* opened Western eyes to the vast prison and slave labor system in the former Soviet Union. Thirty years later, America has developed its own gulag, with more than 5.7 million residents—more than 1 out of every 50 people—either incarcerated (1.8 million, **Figure 1** and **Table 1**) or on probation or parole (**Figure 2**), and with a reputation for brutality rivalling its Soviet predecessor.

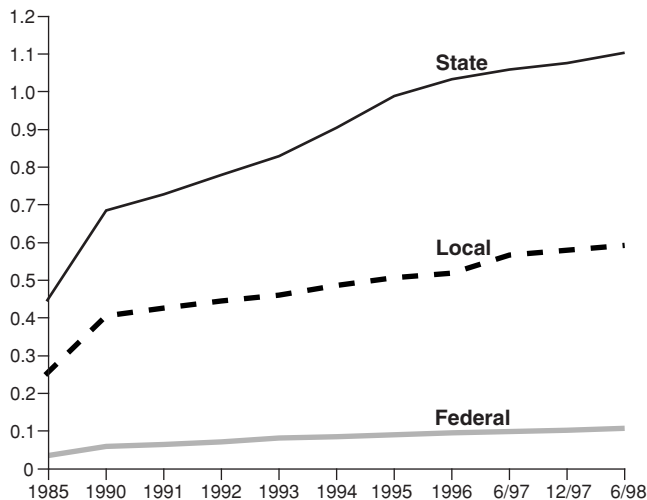
Ironically, America and post-communist Russia (now suffering from the criminality fostered by International Monetary Fund policies) lead the world in the percentage of population that they incarcerate. According to The Sentencing Project, Russia is first, with a 1998 rate of 685 inmates per 100,000 population; with 1.8 million residents incarcerated, the 1998 U.S. rate was 668 per 100,000.

The *Atlantic Monthly*’s December 1998 story, “The Prison-Industrial Complex,” reported that the United States imprisons more people than any other country in the world—perhaps half a million more than China (which doesn’t keep official statistics), the whipping-boy for Congressional “human rights” hypocrites such as Rep. Frank Wolf (R-Va.). While other estimates put China’s prison population at 6-8 million, this is still less *per capita* than the American prison population.

As of mid-1998, one in every 150 U.S. residents was in prison or jail. One out of every 14 black men is now incarcerated, eight times the rate for white men. Almost 1 in 3 (32%) black males in the 20-29 age group is under some type of correctional control, as is 1 in 15 young white males and 1 in 8 young Hispanic males. In parts of the United States, such as sections of South Central Los Angeles, an estimated

FIGURE 1
From year end 1985 to midyear 1998, the number of inmates in the nation’s prisons and jails grew more than 1.058 million, an annual increase of 7.3%

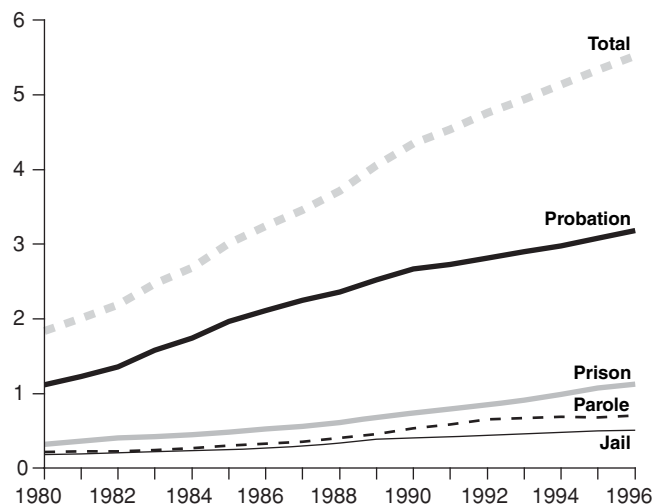
(inmate population, millions)



Source: *Bureau of Justice Statistics Bulletin*, March 1999, “Prison and Jail Inmates at Midyear 1998,” by Darrell K. Gilliard.

FIGURE 2
Correctional populations in the United States, 1980-96

(millions)



Source: Bureau of Justice Statistics.

TABLE 1

Number of persons held in Federal or state prisons or in local jails, 1985, 1990-98

Year	Total inmates in custody	Prisoners in custody		Inmates held in local jails	Incarceration rate*
		Federal	State		
1985	744,208	35,781	451,812	256,615	313
1990	1,148,702	58,838	684,544	405,320	458
1991	1,219,014	63,930	728,605	426,479	481
1992	1,295,150	72,071	778,495	444,584	505
1993	1,369,185	80,815	828,566	459,804	528
1994	1,476,621	85,500	904,647	486,474	564
1995	1,585,586	89,538	989,004	507,044	600
1996	1,646,020	95,088	1,032,440	518,492	618
1997					
June 30	1,725,785	99,175	1,059,531	567,079	645
December 31	1,743,886	101,755	1,075,052	NA	652
1998					
June 30	1,802,496	107,381	1,102,653	592,462	668
Percent change					
6/30/97-6/30/98	4.4%	8.3%	4.1%	4.5%	
Annual average increase					
12/31/85-6/30/98	7.3%	9.2%	7.4%	6.9%	
12/31/90-6/30/98	6.2	8.3	6.6	5.2	

*Total of persons in custody per 100,000 residents on July 1 of each reference year. Source: *Bureau of Justice Statistics Bulletin, March 1999*, "Prison and Jail Inmates at Midyear 1998," by Darrell K. Gilliard.

70% of the young African-American men are involved in the criminal justice system.

During the past two decades, roughly a thousand new prisons and jails have been built in the United States.

The question posed by this appalling situation is whether, when the true costs of such a gulag are taken into account, it can be judged to be good policy, even by its principal advocates. In the past two decades, criminal justice policy has been made largely for political gain, in response to a perceived or manipulated threat of rising criminality. "Lock them up and throw away the key," has been the calling card of the Conservative Revolution.

Today, the crime rate is going down, but we are left with the gulag, and with a burgeoning "prison-industrial complex"—including private prison companies and hundreds of suppliers for all the needs of a growing prison population—which continues to heavily lobby legislators to build more prisons. The prison-industrial complex is a multibillion-dollar sub-economy, attested to by the meteoric rise of privately run correctional facilities in the past ten years (**Figure 3**) and the broad array of products now produced in the nation's jails and prisons (**Table 2**).

It is now time, with national elections around the corner, to assess this situation and change it. That is the purpose of this report.

Crime rate and incarceration

The major political pretext for construction of the American gulag in the past 20 years was a perceived rising crime rate. In fact, according to the U.S. Justice Department's Bureau of Justice Statistics (BJS), the overall crime rate has been falling since 1994, and the violent-crime rate has fallen since 1994 by about 20%. In 1997, according to the BJS, the nation's murder rate fell to its lowest level in three decades, led by a sharp decline in cities with more than 1 million inhabitants. In 1995, fewer than one-third of those people entering prison were violent offenders, down from 50% in 1980. Fully 84% of the increase in state and Federal prison admissions since 1980 was accounted for by nonviolent offenders.

What *has* increased is drug-related crime and the number of drug- and alcohol-related offenders going to prison (**Figure 4**). In the 1997 BJS "Survey of Inmates in State and Federal Correctional Facilities," more than 570,000 of the nation's prisoners (51%) reported

the use of alcohol or drugs while committing their offense. Eighty-three percent of state prisoners reported past drug use, and 57% were using drugs in the month before their offense. In 1996, drug offenders constituted 23% of state prison inmates and 60% of Federal prison inmates.

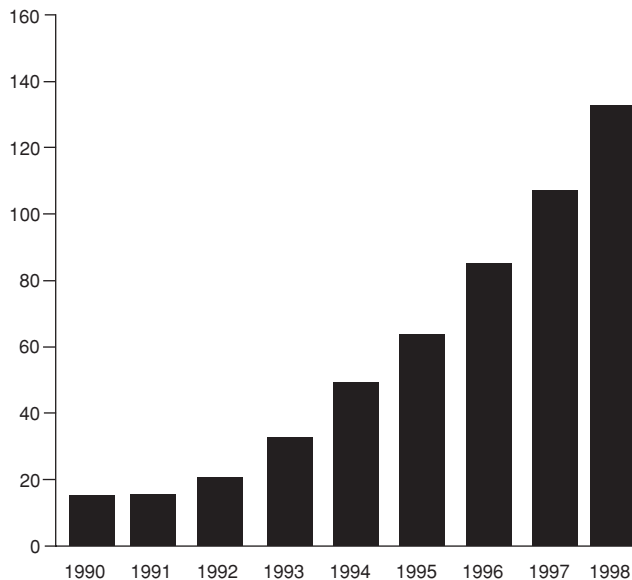
In addition to substance abusers, poor people and the mentally ill are also filling the nation's jails and prisons. Approximately 70% of American prison inmates are illiterate, 65% of state prison inmates have not completed high school, and, according to a July 11, 1999 BJS report, 16%, or 283,800 of America's prison and jail inmates suffer from mental illness. About 40% of mentally ill inmates were unemployed before their arrest, according to the BJS report.

In an interview with *EIR*, Henry Nicholas, International Vice President of the American Federation of State County and Municipal Employees, linked the fact that the welfare population is falling—4.5 million women and children have "disappeared" from the welfare rolls since 1996—to the rising prison population. "As we dump the poor, we increase the intensity of our industrial jail complex. Now, prisons are the fastest growing industry in the country," he said (see *EIR*, June 25).

FIGURE 3

Ten-year growth in rated capacity of private secure adult correctional facilities

(thousands)



Source: Center for Studies in Criminology and Law website.

Post-industrial crime

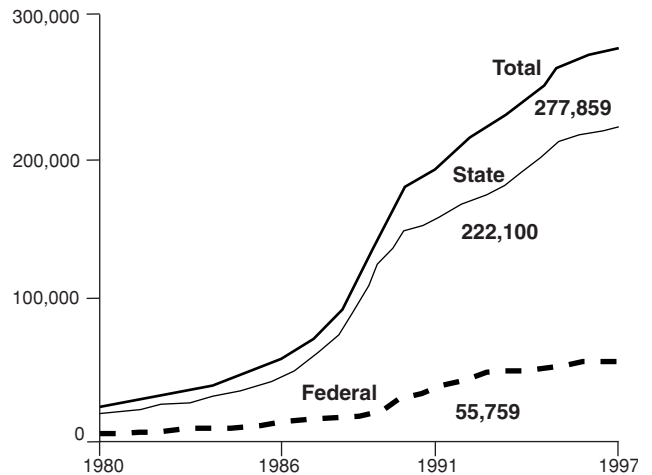
The underlying reason that such a large percentage of the American population has turned to criminal activity is the transformation of the economy, since the 1960s, into a post-industrial, and, eventually, a financial bubble, economy. The post-industrial society destroyed decent-paying industrial jobs (see **Figures 5** and **6**), and made *crime*, especially drugs, pay, while glorifying the criminal culture in movies and video games. Successful mega-speculators, such as the godfather of the drug-legalization movement, George Soros, made billions in the global casino, while the children of the formerly industrialized workers landed in jail.

Examples of this kind of transformation abound across the nation. Look at Youngstown, Ohio, once a center of steel manufacturing with a vibrant industrial economy. In 1997, its industry shut down, Youngstown turned in desperation for jobs to America's most notorious private prison company, Corrections Corporation of America (CCA), to build and run the Northwest Ohio Correctional Center. Today, CCA runs a private prison for thousands of Washington, D.C. felons at NOCC, where murder and mayhem are the substance of daily life, and Youngstown residents live in constant fear of escapes.

Far from doing anything to rectify the underlying cause of this transformation of America, Soros today finances initiatives to make drugs legal (and even more prevalent), while his

FIGURE 4

Number of prisoners serving a sentence for a drug offense



Source: Bureau of Justice Statistics Special Report, January 1999, "Substance Abuse and Treatment, State and Federal Prisoners, 1997."

fellow speculators invest in Hollywood's booming violence-entertainment industry. At the same time, America's leading financial houses — from Goldman Sachs and Merrill Lynch, to Prudential Insurance, Smith Barney, and Shearson Lehman — are making fortunes underwriting prison construction with private, tax-exempt bonds.

Crippling the real economy

Now, it is time for this nation to consider the true cost of this gulag. Lyndon LaRouche's "Triple Curve," or "Typical Collapse Function" (**Figure 7**), provides a useful approach to the question. This schematic was first used by LaRouche in 1995 in Europe, to depict the interactive trends of the collapse process over time, in particular the 1960s to the present, for the purpose of warning that emergency intervention was essential.

The Triple Curve illustrates that as financial valuations of all kinds increase (top curve, referring to ballooning share values, debt pyramids, derivatives, futures, and similar speculative assets), and monetary valuations also increase (middle curve, currency inflation, etc.), while at the same time, and as part of the same process, the conditions of the physical economy *decrease* (bottom curve, falling economic inputs and outputs), then, barring a policy intervention to put a stop to this disparity, there will be a shock-wave phase reached of financial blowout and physical collapse. We have entered that phase as of the late 1990s.

In this context, the hideous growth of the U.S. "prison-industrial complex" in recent years, is a dramatic part of the

TABLE 2

Prison Industry Enhancement (PIE) Programs

The PIE Certification Program was created by Congress in 1979 to facilitate states and units of local government bringing private-sector industries into their jails and prisons, and exempting them from restrictions on the sale of prisoner-made goods in interstate commerce. According to a spokeswoman for Correctional Industries Association, there are currently 145 companies involved, employing approximately 3,000 prisoners in 40 states. Here is a sampling of the kind of work they are engaged in.

State	Work product
Alabama	commercial laundry
California	airline reservations, cargo restraint systems, pig farm, oak furniture, circuit boards, machine shop, sheet metal ducts, micro systems, T-shirts, wire display racks, word processing disks, computer frames, cervical pillows
Colorado	saddles, leather goods
Connecticut	micrographics, baseball caps, wire and cable termination
Florida	eyeglasses, custom wood boxes, portable dog kennels; material goods manufacturing
Hawaii	papaya packing
Idaho	backpacks, potato processing, furniture assembly
Iowa	newspaper inserts, specialty foods, blow-molded plastics, telemarketing, punch press/dies, light welding, small assembly
Kansas	specialty wood and lucite products, drafting, children's clothing, shampoo bottling, sport clothing, cargo nets
Louisiana	coveralls, safety items
Maine	license plates, ash trays, stamped metal products
Maryland	reinspection of glass bottles and jars
Minnesota	metal fabrication, manufacture/assemble bird feeders, ring binders, brief cases, fishing lures, party balloons, plastic goods assembly
Nebraska	telemarketing, metal assembly, fishing weight assembly
Nevada	vinyl waterbeds, antique motor vehicles, automobiles, stained and etched glass, limousine parts, draperies, furniture
New Hampshire	output chokes, jewelry, epoxy and adhesives
Ohio	party tent floors and walls
Oklahoma	telemarketing, graphics, designer rugs, alternator disassembly and testing
Oregon	wood pallets, recycling fiber and plastics, bar code reading, clothing
South Carolina	electronic cables, furniture, hardwood flooring, polish faucet handles
South Dakota	internet research/design, truck suspensions/boat docks, fence stakes, electronic components, wood products assembly, ceramics manufacture
Tennessee	drapery panels, tote bags, aprons, sheets, napkins
Texas	brass valves and fittings, electronic circuit boards, welding and cutting metal products
Utah	road signs, garments, cold weather gear, mats, telemarketing family films, electronic library catalog creation, trailer manufacturing
Virginia	portable camp stoves, embroidery
Washington	garments, mesh and canvas bags, sub-assemblies for aircraft, sheet metal fabrications, telemarketing, shrinkwrap, waterjet, laser, plasma cutting services, commercial seating, carabiners for rock climbing, bicycle assembly
Wisconsin	metal conveyors, liners, gloves, mittens, insoles, clogs, slippers

Source: Correctional Industries Association website (www.corrections.com/industries).

falling lower curve, indicating the grinding down of the U.S. population and workforce during the years of the post-industrial, casino economy. Over the past couple decades, U.S. economic activity in basic industry, agriculture, infrastructure, and vital services has *declined* relative to household and

production needs. Industry has shipped jobs abroad through the North American Free Trade Agreement and other so-called free-trade, cheap-labor schemes. U.S. food and other necessities have been coming from “global sourcing.” Millions of productive jobs have been eliminated in the process, undercutting families, skill-training, and hope and motivation for education and culture.

Then, with the proliferation of drugs, the Hollywood counterculture, and despair, the transmission belt to crime and imprisonment has grown at an ever faster rate.

In this regard, look at Figures 4, 5, and 6 together. Figure 5 gives a snapshot view of the drastic drop in numbers of U.S. manufacturing jobs over the last 20 years, for basic sub-sectors of durable and non-durable goods output (metals, textiles, machinery). *EIR* has documented this process in detail over this period. Take, for example, the flagship U.S. company, General Motors; Figure 6 shows how this company alone cut out 296,000 U.S. jobs from 1980 to 1997. (See, for example, “At Stake in GM Strike: Globalization’s Destruction of Labor and Industry,” *EIR*, July 31, 1998, p. 34.)

Figure 4 shows the rising rate of prisoners incarcerated for drug crimes over the same time period (1980-97). Now, the full scope of the costs to society of this whole prison process begins to come into focus.

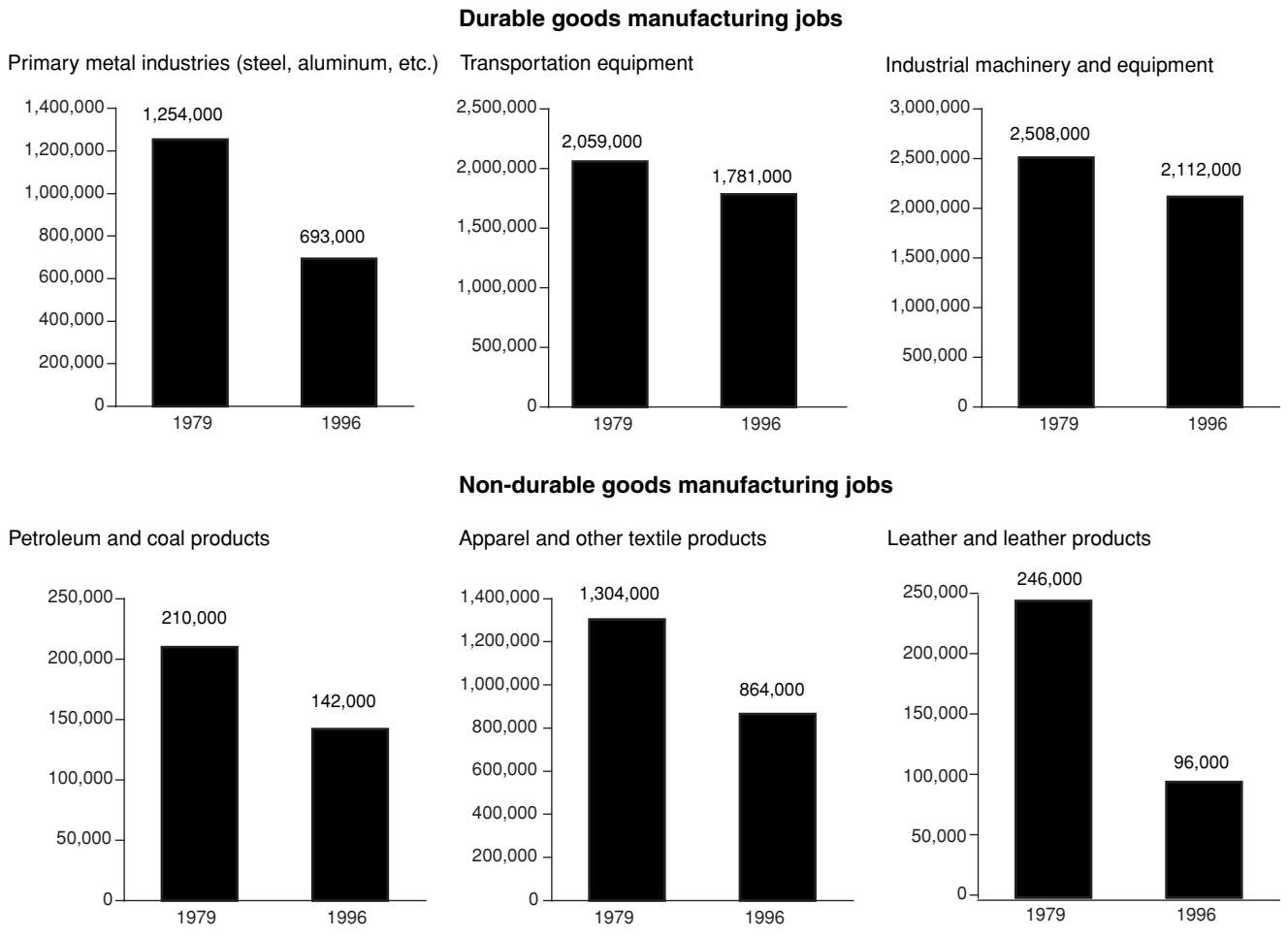
A particular irony is that the near-hyperbolic curve depicting the rate of growth of correctional facilities capacity in America (Figure 3), is similar to the hyperbolic rise in financial aggregates in the collapse function LaRouche has warned of. Like junk bonds proliferating in speculative finance, the incarceration rate reflects the junking of advanced sector industry and growing treatment of human beings, too, as mere junk — “lock ’em up and throw away the

key” — while virtually every effort to rehabilitate inmates has been discarded in recent years, as harsher and harsher punishment has become the order of the day.

The direct financial costs of the whole prison and law enforcement system, also eat up resources that should be

FIGURE 5

Decline in numbers of workers in U.S. goods-producing jobs, 1979-96



Source: U.S. Statistical Abstracts, 1995 and 1998, from the U.S. Bureau of Labor Statistics.

going for economically productive activity. Costs have nearly tripled in the past ten years! According to data from the Criminal Justice Institute and the National Association of State Budget Officers, in fiscal year 1997, it cost \$28.9 billion to run and build prisons for the 50 states, the Federal government, and the District of Columbia. This is up from \$10.2 billion in fiscal 1987. If one adds the cost of probation and parole for those systems, plus all costs for the 123 largest local jails in the country, the 1997 total is \$33.4 billion—equal to almost 15% of the U.S. defense budget. In 1987, only California and New York had prison budgets of more than \$1 billion. In 1997, seven states did—California, Florida, Michigan, New York, Ohio, Pennsylvania, and Texas. The Federal government’s prison budget exceeded \$1 billion as well.

There are still more real, though uncounted, costs associ-

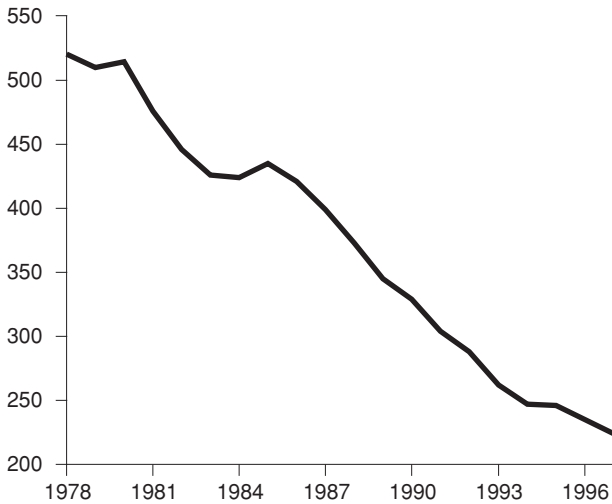
ated with the degradation of the population and the physical economic input/output shown in the falling lower curve on LaRouche’s collapse function: 1) the decreasing availability of funds for education and for drug and alcohol treatment and counseling, to keep would-be felons out of prison; 2) the misuse of the labor power of nearly 2 million incarcerated residents; 3) the resultant spread of a rage-filled and often diseased population once these inmates are released, as are 90% of the prison population; and 4) the damage to America’s image in the world as a champion of human rights.

Thus, today’s unprecedented bubble economy is paid for by the destruction of infrastructure, cities, and real living standards, to the point of vast “correctional” systems on the model of imperial penal colonies, or Roman slave brigades. The consequences are the subject of this report. But, first, let’s discuss who is responsible.

FIGURE 6

General Motors cuts 296,000 hourly U.S. jobs, 1978-97

(number of workers, thousands)



Source: General Motors.

Gore and Bush

Since Americans will soon be deciding on a new President, it should be noted that among the policymakers most responsible for the growth of the American gulag are the two top Presidential contenders: Al Gore and George W. Bush. As much as any single issue, prison policy makes clear that “there ain’t a dime’s worth of difference” between the two.

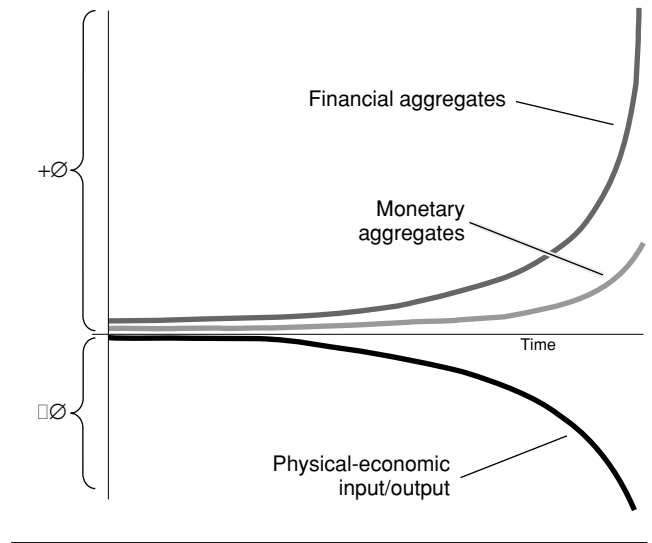
While the take-off in the U.S. rate of incarceration began under the Reagan/Bush administration, the Clinton administration, under Gore’s and former Clinton campaign adviser Dick Morris’s “triangulation” policy, has consistently pushed “get tough on crime” policies that have increased the rate of *Federal* incarceration at nearly twice that of state and local governments: Since mid-1997 alone, the number of inmates in Federal prisons has increased 8.3%; in state prisons, 4.1%; and in local jails, 4.5%.

In fulfillment of Gore’s “reinventing government” policy, a large portion of the Federal prison system is now being sold off to private prison operators. This includes the huge Lorton complex in Fairfax County, Virginia, which houses those convicted of crimes in Washington, D.C. Some 2,200 of its inmates will be housed in private prisons by the end of 2001. Gore’s Tennessee is home to the nation’s largest private prison company, Corrections Corporation of America, the pioneer in private-sector corrections, which today controls approximately 5% of the U.S. jail and prison population and is itself the sixth-largest corrections system in the United States.

Gore made clear that he will escalate in this same, failed direction, were he to win the Presidency. Speaking in Boston

FIGURE 7

A typical collapse function



on July 11, Gore called for harsher penalties for violent criminals, posturing with the Dick Morris-style statement: “Crime must have serious consequences and the rights of victims should be at the center of all justice.”

As for Texas Gov. George W. Bush, his state not only has the highest per-capita rate of incarceration in the nation (with the exception of the special case of Washington, D.C., which is both a state and municipal system), but Bush has also presided over the largest explosion of the most exploitative aspect of the new prison-industrial complex, the private prison system (**Figure 8**). While privately run prisons are growing at an even faster rate than incarceration, their growth in Texas is hyperbolic.

The following letter to the UN Secretary General from 29 prisoners on death row in Bush’s Texas, printed in the American Civil Liberties Union’s July 1999 *Abolitionist* newsletter, accurately describes the hell that exists in the “compassionate conservative’s” prisons:

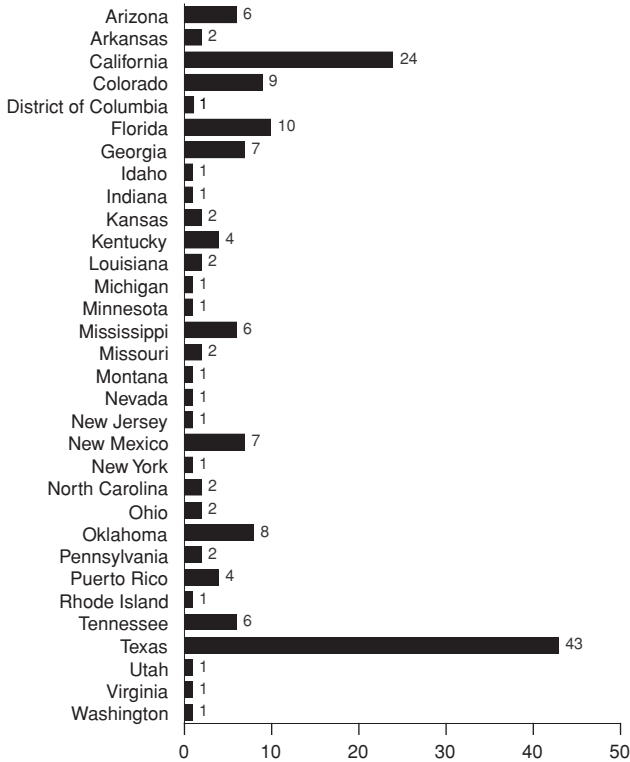
“We the undersigned men of the ‘F’ wing at the Texas Death Row Unit, Ellis-1, in Huntsville, Texas, hope and pray that you, the UN Commission on Human Rights, as well as the Italian Organization ‘Hands Off Cain,’ will investigate the inhumane conditions, mental and physical abuses, and torture tactics being practiced on us.

“... This wing is an air-tight 32-cell wing that is totally isolated from the rest of the prison. The 32 of us housed here . . . are forced to live in cells within cells. We are being gassed, denied normal amounts of food. . . . Some have lost up to 25 pounds in a few months. The wing is infested with insects and vermin. The officers routinely beat inmates in here coming or going from the shower in hopes that one will refuse to shower.

“Furthermore, we are supposed to receive an hour of rec-

FIGURE 8

Number of private prison facilities in the United States, by geographical location



Source: Center for Studies in Criminology and Law website.

The geographical location of facilities does not necessarily indicate contracting decisions made by agencies in those jurisdictions. Some states are contracting for the housing of their prisoners in other jurisdictions. Some states are providing sites only for Federal facilities. Estimates include both facilities in operation and those under construction.

reation three or four days per week. If we do choose to go out . . . [our] personal property is torn up, hygiene materials poured out, religious items confiscated, all under the guise of shakedown. . . . Everyone on this wing has been in solitary for over three months now.”

The loss of education

The question then is, what are the hidden costs to the economy, beyond the \$33.4 billion annual cost of building and maintaining the gulag, for this kind of cancerous growth? Once this is known, and honestly evaluated, there can be no sane policymaker who would continue to pursue the gulag-building policy.

Among the most important hidden costs of rising incarceration is the decreasing availability of funds for education, to

prevent our youth from becoming felons in the first place, and for substance abuse treatment for those already in trouble.

The year 1995 was the turning point for the prison/education funding debate: It was the first year in which more money was spent nationwide on prison construction than on college and university construction. The percentage of the states’ general fund money going to prisons rose from 5% in 1987, to 6.8% in 1996, according to the National Association of Budget Officers. During the same period, the states’ higher education portion fell from 15.5% to 12.9%. According to the Justice Policy Institute’s 1997 paper, “From Classrooms to Cell Blocks,” states spent 30% more on prison budgets and 18% less on higher education in 1995 than they did in 1987.

The institute’s paper concludes: “As states continue to lay off teachers to pay for corrections officers, it is becoming apparent that their citizens are more poorly educated and unemployable—precisely the kind of person who fills state prisons.”

The picture in various states is stark:

- In New York, spending has increased on prisons in the last decade by nearly as much as it has decreased on higher education. Spending for city and state universities has fallen since 1988 by \$615 million, to \$1.48 billion in 1998, while funding for the Department of Correctional Services has risen by \$761 million, to \$1.76 billion, according to the Justice Policy Institute and the Correctional Association of New York.

- Since 1984, California constructed 21 prisons and only one state university. For the first time in California’s history, since 1995, more money is spent each year on corrections (9.4% of the general fund) than on higher education (8.7%).

- In Florida, for the first time ever, the state spends more on 56,000 prisoners than on 203,000 university students, or 300,000 degree-seeking community college students. Of the increase in Florida’s general revenue over the last decade, public higher education received \$602 million, while corrections received \$1.05 billion.

- The District of Columbia has more inmates, than it does D.C. residents enrolled in its one public university. The District’s corrections system experienced a 312% increase in funding from 1977 to 1993, compared to an 82% increase in university funding during that 16-year period.

- More African-American inmates were added to Maryland’s prisons during the 1990s than full-time African-American students to Maryland’s four-year public colleges.

With respect to drug- and alcohol-treatment programs, among both state and Federal prisoners who had used drugs in the month before the offense, about 1 in 7 had been treated for drug abuse since admission; only one-third had enrolled in other drug-abuse programs.

Since admission, 14% of both state and Federal prisoners drinking at the time of offense had been treated for alcohol abuse; one-third had enrolled in other alcohol-abuse programs.

Cheap labor

The second major hidden cost of the gulag is the use of a vast pool of cheap labor in our jails and prisons. Next to welfare recipients forced to work for their checks, the 1.8 million American residents filling our prisons are one of the largest pools of cheap labor available. The one distinct advantage that inmates provide to employers seeking to capitalize on wages ranging from 12¢ an hour to just over minimum wage, is a captive labor force: Inmates don't take vacations, they have to show up for work, and employers don't have to pay overtime, comp time, day care, sick leave, or any other benefits.

UNICOR, the \$495 million-per-year U.S. Bureau of Prisons industrial conglomerate, staffed by 18,000 Federal prisoners, is the model for the prison-industrial complex. Established in 1934, it produces 150 different products, from furniture to parts for the Patriot missile. Inmates earn from 23¢ to \$1.12 per hour.

The Prison Industry Enhancement (PIE) certification program (see Table 1), created by Congress in 1979, goes beyond UNICOR, allowing states and municipalities to bring in private industry to prisons and permitting the work product to be sold into interstate commerce, something which cannot be done legally with products from UNICOR and non-PIE prison industry programs. PIE gets around objections of unfair competition by organized labor by paying inmates approximately the prevailing (but not union-level) wage for their work. Of course, the inmates actually see only about 10% of that wage; the rest goes to room and board, restitution, and family support. Despite legal guidelines, however, the PIE program has been subject to rampant corruption, as the case of Virginia makes clear (see article p. 23).

By creating this huge cheap-labor pool, the American economy is forced to bear the hidden costs of a further reduction in the overall wage level, forcing free labor to compete with a growing pool of inmate labor, and the degradation of skills of nearly 2 million inmates who might otherwise be learning real trades. In recent months, state legislators have been urging Nike footwear and other runaway American companies to bring their overseas operations home—to America's prisons—where their goods can once again be “made in America,” and made cheaper than even Third World labor can produce them.

The *Atlantic Monthly's* June 1999 followup to its 1998 “Prison-Industrial Complex,” titled “When They Get Out,” points to the crucial fact that, if the 1.8 million mainly low-skilled incarcerated American residents were counted as part of the unemployed workforce, as they should properly be, the official unemployment statistics would increase by as much as 2%. The article cites urban scholar Mike Davis's book *Ecology of Fear*, which describes the prison-industrial complex as “carceral Keynesianism”—an enormous public-works program to employ low-skilled workers whose jobs have disappeared in the post-industrial economy.

In fact, the prison-industrial complex, which is reaping an

estimated \$30 billion in annual profits, is a powerful force, lobbying in every state capital for continual expansion of the gulag. Such lobbying makes it difficult for state legislators to buck the trend. Tennessee State Rep. Joe Towns (D-Memphis), who led the fight to keep CCA from taking over the entire Tennessee prison system in 1997, exemplifies the courage that is required to do so, as his interview with *EIR* (see below) reflects.

The recent battle in Washington, D.C., which stopped CCA from winning a contract to build and run a Federal facility in the District's poorest neighborhood, was won because District residents stood their ground against CCA's millions. Our sons should be in school, not in prison, they argued, and our neighborhoods should be places for education, community activities, and worship, not incarceration.

Disease and rage

The third major hidden cost of the American gulag policy is the growing infection of prisoners with such diseases as AIDS, tuberculosis, and hepatitis; and their transformation into even more rageful and vengeful human beings as a result of their treatment while incarcerated.

As “When They Get Out” makes clear, 90% of American inmates are going to be released some day, and they will be bringing their diseases and their rage with them.

Tennessee State Rep. Kathryn Bowers told *EIR* on June 25 that her state began testing two years ago for HIV infection among all inmates 21 years of age and under—which was all that the budget would allow. The reason Bowers sponsored the legislation, she said, “is in light of the fact that there was a tremendous increase of African-American females who are HIV positive. There is a feeling that people who are incarcerated are bringing it out into the community.” In his interview, Representative Towns makes the same point.

The preliminary result of the study is that close to 27% of those tested were HIV positive. Bowers plans to introduce legislation to broaden the study, as soon as it is economically feasible, to include more of the inmate population.

A 1999 study by Brown University researchers, led by Dr. Anne Spaulding, examined the extent to which correctional facilities in the United States screen for and treat the deadly hepatitis C infection. Thirty-six states and Washington, D.C. responded, representing 77% of all inmates in state facilities nationwide. Colorado alone reported routine screening. Only California reported conducting a systematic sero-prevalence study, which found that 39.4% of male inmates were hepatitis C antibody positive in 1994, in contrast to an estimated 2% infection rate in the general population. Only four states follow a standard treatment protocol.

The May 3, 1999 *Richmond Times-Dispatch* reported that Virginia's inmate population has a 30-40% infection rate for hepatitis C. Corrections Department Chief Physician Dr. M.J. Vernon Smith told reporter Frank Green that “the scope of the problem is terrifying. It's a very expensive treatment that is going to rival AIDS in terms of its cost, and, unfortunately,

in terms of its [size], it's going to make AIDS look like a little baby." Treatment, which doesn't work in all cases, costs about \$15,000 per inmate per year for the drugs alone. At the moment, about 300 Virginia prisoners, out of a potential pool of 12,000, are being treated.

Dr. Anne Spaulding, principal author of the Brown University study and medical program director for the 3,500-inmate Rhode Island Department of Corrections, told the Richmond paper that, since 83% of the country's 2 million intravenous drug users are incarcerated at some point, "a significant portion of the 4 million Americans with hepatitis C have involvement with the correctional system."

As to the danger of a rageful prison inmate population being released onto the streets of our nation, the statistics speak for themselves. On average, more than 40% of prison inmates are released in any given year. In 1995, a total of 463,284 inmates were released. As the *Atlantic Monthly* figured it, in a worst-case scenario, some 660,000 will be released in 2000, some 887,000 in 2005, and about 1.2 million in 2010. There will be somewhere around 3.5 million first-time releases between now and 2010, and America by then will still be releasing from half a million to a million people from its prisons each year (not to mention hundreds of thousands more from short stints in jail). "That is an awful lot of potential rage coming out of prison to haunt our future," the authors conclude.

Because the 1996 welfare reforms drastically curtailed felons' access to welfare money, and because most felons are barred from any but the most menial jobs, as well as from voting, the *Atlantic Monthly* authors conclude that "mass incarceration followed by mass release into subcitizenship will undermine the great democratic achievements of the past half-century." This will be particularly true in those poorer neighborhoods of our nation from which most felons come—and to which they will return.

Human rights record

The fourth, and perhaps most damaging hidden cost of the American gulag, is the loss of America's reputation as a practitioner of fundamental human rights for all its residents. This nation's hypocrisy, with respect to its own record in criminal justice, has become a matter of almost daily international news. A good case in point is U.S. Rep. Frank Wolf (R-Va.), who parades around the world denouncing Chinese and other nations' prison policies, while his own state is incarcerating numerous political prisoners associated with Lyndon LaRouche and, in the operation of its "supermax" prisons, violating the fundamental norms of prisoner treatment established by the United Nations.

America's use of capital punishment, the only Western nation still to employ it, has elicited denunciations, from the Pope to the United Nations. In April of this year, the nations of the European Union, for the first time, denounced the United States for its use of the death penalty, considered by those nations to be a fundamental violation of human rights, and

called for a worldwide moratorium on its use.

In October 1998, Amnesty International, for its own political purposes, released its first worldwide report on human rights in the United States, titled "World Leader in High-Tech Repression." The fact that Amnesty refuses to take up the LaRouche case is evidence that it isn't really interested in justice in the United States, but the report touches on several areas which represent fundamental violations of human rights in the U.S. penal system, including the death penalty; the use of "high-tech repression tools," including electro-shock devices, chemical sprays, and restraint devices; the emphasis on incarceration rather than education and treatment in the prisons; a "widespread and persistent pattern of police brutality"; "endemic physical and sexual violence against prisoners"; and incarceration of asylum seekers.

What should be added to this list of human rights violations which have grown up in recent years in the American gulag, include the following:

- The use of chain gangs in county jails, with Massachusetts' Bristol County the latest (and the first northern) of ten jurisdictions nationwide that have reverted to the old slave-days practice.

- Alabama's decision in June 1999 to resume allowing inmates who refuse to work to be handcuffed to hitching posts, the only state so far that allows this practice. The policy was stopped last year when a judge ruled that the practice, which left inmates in the sun for long hours without water or bathroom breaks, to be unconstitutional.

- "Supermax" prisons which resemble medieval dungeons more than modern incarceration facilities. Inmates are kept in completely sterile environments up to 23 hours a day, with no human interaction, religious services, or educational activities.

- The disenfranchisement of an estimated 3.9 million Americans who have committed a felony but have served their time. This disenfranchisement particularly affects African-American men—at present, 1.4 million of them (13%). Three in 10 of the next generation of black men will be unable to vote at some point in their lives. In ten states, more than 1 in 5 black men are barred from voting because of their criminal records.

- As documented in the 1998 exposé *Acre of Skin* by Allen M. Hornblum, from the 1950s to '70s, American prisoners were systematically used for human experimentation, including drug experimentation by the U.S. Army akin to the practices condemned at the Nuremberg Tribunal following World War II. *EIR* is preparing an account of this for future publication.

If America is once again to rightfully claim its place as a leader in human rights, then the American gulag and its damnable practices must end. The costs vastly outweigh whatever benefits it provides society. Lyndon LaRouche's question—whether America is morally fit to survive—is very much at issue in the gulag. It's up to its citizens to make the right choice.

The criminal justice system is a mockery

State Rep. Joe Towns, Jr. (D-Memphis) has been a leader in opposing the use of private prisons in Tennessee, which is home to Corrections Corp. of America (CCA), the nation's leading private prison company. Representative Towns was interviewed by Marianna Wertz on July 1.



EIR: I understand that, though you helped lead a fight to defeat CCA's attempt last year to take over the Tennessee prison system, they are again trying to get the state legislature to give them the go-ahead.

Towns: There have been undertones and rumblings relative to it. What I have surmised is that the fight is not dead. When we heard that former Gov. R. Clayton McWhorter (D) was on the CCA board, that also signalled that the fight for the privatization of the Tennessee penal system wasn't over.

EIR: Former Gov. Lamar Alexander (R) is also a key supporter of CCA. Is CCA actively lobbying the legislature now?

Towns: The legislature is out now, so I would think that proponents of CCA would be lobbying the key people they thought could effect the change they were interested in.

EIR: Are you aware that CCA was recently defeated in Washington, D.C. in its attempt to get a private prison?

Towns: They've been defeated in quite a few places. They're having problems all over the country, because people are escaping, people are getting hurt while under their care, and buildings are not being maintained adequately.

EIR: One of the reasons it was rejected is that it is being sued by its stockholders for a stock swindle.

Towns: That doesn't surprise me, when the whole scheme is to profit from human misery. It's all germane to how they do business.

EIR: Do your constituents feel that private prisons aren't a good idea?

Towns: Yes, especially where Tennessee state employees are concerned. I held a town hall meeting two years ago. There

were 4-500 people there from across the state. No one was for private prisons. People who work in the system were against it and the general populace was against it. There were former wardens who were against the privatizing concept.

EIR: What reasons did the wardens give?

Towns: They talked about how the operation was purely for profit motive, and how people were not managing it efficiently, not taking care of the people. They talked about how, within a privatized system, you don't have the same redress of their problems.

EIR: The rate of HIV infection in Tennessee prisons is about 27% for those inmates tested, who were under 21 years old.

Towns: This is a problem people don't want to talk about. The penal system is a breeding ground for sexually transmitted diseases. People are gang-raped. We tolerate this because people don't care about prisoners once they're locked down. But those same persons return to the community. The key turns twice. It turns once, to lock them up, and a second time, to let them out. Whatever they have is transported back to your community. We don't want to deal with the dark side of the penal system. It's a downright disgrace that people can go to jail and serve some time for one situation and come out with HIV because they've been gang-raped.

HIV is epidemic within penal systems across this country, and a lot of those people come right back in the community. They've never been tested. They try to resume their same lifestyle, and they transmit it to some woman, and then after they break up, it's transmitted to someone else. In the African-American community, a lot of the AIDS that is being introduced is coming out of the penal system. I think that if prisoners are raped in the penal system, then the penal system should be penalized for it, because they don't have enough protection. You make a mockery out of the criminal justice system by ensuring that there's crime in the penal system. Dope is in there, rape is in there, alcohol, contraband, and women.

EIR: The current issue of *Atlantic Monthly* has a story titled "How Prisons Established to Fight Crime Produce Crime."

Towns: That's exactly right. Where do the drugs come from? Drugs are coming from the people that work there. You have organized crime within the penal system. That's a market right there. It's all money. Cheap labor. It's all designed to generate an economy. People working for 22¢ an hour, or 15¢ an hour, making furniture that sells for a competitive price.

There's another problem, with people who have committed a crime being reintroduced back into the ranks of voters. Once you serve your time, you should be allowed to have your rights back.

EIR: That affects as many as one-quarter of the African-American male population in many states.

Towns: That's part of the reason why it's being exploited, because it decreases the numbers of African-American voters.

Crony capitalism in Virginia prison scandal

by Edward Spannaus

Virginia's five-year binge of prison-building, and farming out the expanding inmate population to private businesses, have turned out to be a costly failure.

After the 1993 election of Republican George Allen as Governor, and Jim Gilmore as Attorney General, both running on demagogic "tough-on-crime" platforms, Allen and Gilmore made good on their campaign promises to seek longer prison sentences and the abolition of parole—despite the fact that Virginia was already infamous for its brutal justice system and draconian prison sentences.

During 1994, the legislature did abolish parole for inmates coming into the system. To warehouse the expanding prisoner population, the Commonwealth of Virginia embarked on a huge prison-building spree—such that state officials admitted last year that they had spent much more than necessary on new prison construction.

By last year, Virginia was resorting to two major methods of keeping its over-built prisons occupied: 1) drastically reducing the parole rate for those sentenced prior to 1994 and still technically eligible for parole, and 2) renting out surplus prison cells to out-of-state inmates. For example, a brand-new maximum security facility in Sussex contains no Virginia inmates at all, but it is filled with prisoners transferred from the District of Columbia. Virginia has also leased out space for inmates from Michigan, Delaware, Vermont, and Iowa.

Prison labor

After getting parole abolished and sentencing toughened in 1994, Governor Allen then launched a high-profile advertising campaign offering cheap inmate labor to private businesses in "joint ventures" with the prison-industry program, Virginia Correctional Enterprises (VCE).

The joint-venture program was riddled with corruption and cronyism—involving VCE's Director and Assistant Director, among others—and it has now been shut down after losing millions of dollars of taxpayers' money.

"Virginia prisons. They're wide open to business," an Allen administration promotional brochure boasted. With regard to the virtues of cheap prison labor, the brochure offered such inducements as: "There are no employee benefit packages to fund. No pensions, health insurance, vacation or sick leave."

Coincidentally, Allen conducted a number of trade missions abroad seeking investment in Virginia, and touting Virginia as a low-wage, anti-union state. There are credible rumors that at least one VCE contract came out of a May 1996 trade mission to the Far East.

That particular contract, involving the manufacture of flight suits for foreign customers, was terminated less than four months later amidst a criminal probe, and it remains shrouded in mystery to this day.

The flight suits were being manufactured to military specifications; documents indicate that the destination of the flight suits included Thailand, Peru, and Spain; Cambodia was also rumored to be a customer. Work on the project began in August 1996, and lasted only until January 1997 when the prison factories were raided by State Police and FBI agents. During the period when the flight suits were being made, a number of well-dressed oriental businessmen visited the production facilities, according to inmates.

Both Governor Allen and Attorney General Gilmore were reportedly well aware of the flight-suit deal. A spokesman for now-Governor Gilmore told the *Norfolk Pilot* that Gilmore ordered an investigation of VCE because VCE was manufacturing flight suits "for a company in Massachusetts that was shipping the flight suits offshore, stamping 'approved by the U.S. Military' on them, and then shipping them back to the U.S."—which violates Federal law.

No contracts, no approval

Another state official told this news service that the flight suit deal was also "completely illegal" from the standpoint of Virginia state law. There were no contracts, and the deal did not go through the approval process required by the Virginia state code.

Some sources view Gilmore's ordering of the investigation as purely designed to cover his own rear end—since he was Attorney General when informal approval was given for both the flight suit deal and other equally shady deals.

Eddie Dovner, the Massachusetts businessman who arranged the flight-suit deal, also was getting pants and promotional vests manufactured for him at cut-rate prices by the Virginia prison system. The flight suits cost the Commonwealth almost \$60 apiece to manufacture, but they were sold to Dovner for \$3 each. The pants cost \$28 each, and were sold for \$2.50; and the vests (promoting the release of the video version of H.G. Wells's "The Island of Dr. Moreau") cost \$13 each to make, and were given away for \$1.10 each. There were many rumors of under-the-table deals made with VCE officials, but what was under the table, was then quickly swept under the rug as well.

The only individual prosecuted for any of this was Dovner. Last November, Dovner pled guilty to violating the Federal law which prohibits shipping prison-made goods in interstate commerce, and in February he was given the extremely lenient sentence of a \$40,000 fine and five years' probation, with no prison time.

One indication of the collusion between VCE officials and Dovner can be found in Dovner's pre-sentencing report, which discloses the astounding fact that Dovner had, prior to the illegal vest contract, "entered into a joint business venture with David Addington [then Assistant Director of VCE] to privatize and buy the prison textile industry."

This deal—never before reported—might help explain why Addington and other VCE officials allowed Dovner to purchase goods at one-tenth to one-twentieth of their cost of production.

More Virginia 'crony capitalism'

There were other sweetheart deals besides Dovner's, in which prisoners, paid an average of 63¢ an hour, were being used for the benefit of private businessmen who were friends and associates of state officials.

As a result of these and other factors, VCE was losing taxpayer money hand over fist in recent years—and much of it is now gone for good.

As of March 1998, according to a state audit, VCE had debts of more than \$5 million, with only \$3.5 million in assets. And of those assets, only \$148,000 was cash. The audit said that VCE's cash-flow problems began seriously in 1996 when it began entering into the joint ventures with private contractors.

The audit identified the biggest single problem for VCE as Morton Marks & Sons, a Richmond office furniture dealer, which owed about \$1.2 million to VCE at that time. The audit noted: "Although VCE could not collect Morton Marks receivables, VCE continued to make sales to Morton Marks, increasing the dealers' receivables and worsening VCE's cash-flow problems."

It so happens that Morton Marks was Gilmore's second-biggest campaign contributor in his 1997 gubernatorial campaign. Furthermore, the vice president of Morton Marks, David Jones, had been the Director of VCE from 1992 until 1996, when he left the Department of Corrections to immediately take a position with Morton Marks. (According to a 1997 state audit, most of the records of VCE's joint-venture deals disappeared when Jones left VCE to go to work for Morton Marks, and there is no indication that state officials made any effort to reclaim the records.)

After public exposure of the links between Gilmore's campaign and Morton Marks, which owed the state more than \$1.5 million, Governor Gilmore bombastically vowed to collect "every penny" owed to the Commonwealth.

After the publicity around the losses and Gilmore's conflict of interest, the public dispute between Morton Marks and VCE—which had a large dog-and-pony show element for the gullible—intensified. In June 1998, Morton Marks sued the Commonwealth of Virginia for hundreds of thousands of dollars of unpaid bills, accusing the state of violating its contract and acting illegally.

To represent it in this lawsuit, Morton Marks retained the law firm of McGuire Woods Battle & Booth—the law firm which had hired George Allen after he left the Governor's mansion. Later, after Morton Marks filed bankruptcy, the creditors committee also retained McGuire Woods, but after the firm's conflict of interest was disclosed, the creditors had to find new lawyers.

The biggest creditor by far was the Commonwealth of Virginia, but the state was not even represented on the creditors committee. And, instead of having the State Attorney General's office represent the Commonwealth and VCE, they hired outside lawyers—who happened to be the law firm headed by Patrick McSweeney, who was Virginia Republican Party chairman when Allen and Gilmore were elected in 1993.

In August 1998, the Commonwealth of Virginia in turn sued Morton Marks for \$1.7 million. A month later, Morton Marks filed for bankruptcy. In October, Morton Marks filed another action against state officials in Federal bankruptcy court, accusing the state officials of "intentional violation of Federal law."

Morton Marks has now been almost entirely liquidated, and the creditors are still fighting over the scraps.

The prison-building boom

The most recent state audit of VCE states that VCE has terminated all of its joint-venture projects with private businesses, and that it is now strictly back in the business of making license plates, furniture, uniforms, and other products for the state.

The audit report gives some indication of how much money the state lost on its private-industry "partnership" program of hiring out inmate labor to the outside businesses. When Morton Marks filed for bankruptcy, it owed VCE \$1.6 million. Although various bookkeeping tricks have been applied, it seems clear that none of that will ever be collected. There is another \$260,000 due from other furniture dealers. Additionally, a sewing project under the Federal Prison Industry Enhancement program left VCE with unpaid invoices of \$215,000, which was determined to be uncollectible. Still another failed joint venture apparently resulted in writing off more than \$40,000 of receivables.

After shutting down all of the private-sector joint ventures, VCE actually had record sales in fiscal year 1998 and produced a net profit. The reason? The audit report says that "VCE shows significant improvement in profit over recent fiscal year primarily because of increased sales volume from the opening of new prison facilities." In other words, Virginia's extravagant prison-building boom has created a temporarily expanding market for the furniture, clothing, and uniforms manufactured by Virginia's prisoners—an ironic result of Virginia's campaign to become the "prison capital" of the nation.

Wiping out trade unions

Even employers are complaining about the Howard government's new anti-union legislation.

The Australian government has just introduced its second wave of industrial relations "reform" legislation into the federal Parliament, which is designed to finish off what is left of the country's ever-weakening trade union movement.

The first wave had been ushered in by the 1996 Workplace Relations Act (WRA), the most draconian anti-labor legislation seen in Australia in decades. The WRA had one purpose: to wipe out the institution of trade unionism. The WRA enshrined individual contracts to replace union-negotiated agreements, and made effective industrial action much more difficult by outlawing secondary boycotts, which prompted the International Labor Organization to denounce it as a violation of workers' human rights.

But, the WRA pales in comparison to Workplace Relations Minister Peter Reith's planned "second wave" of reform. According to Jennie George, the president of the Australian Council of Trade Unions, the nation's premier union body: "The legislation is the most draconian, anti-worker, anti-union legislation that I think I have seen in my career in the union movement."

Reith's proposed legislation, introduced into the Senate on June 30, seeks to break the back of trade union culture: It institutes secret ballots before unions can strike; extends the strike warning period from three days to five days; introduces a user-pays system of mediation as an alternative to the Australian Industrial Relations Commission (AIRC), the traditional judicial umpire in industrial disputes;

makes it easier for employers to introduce individual contracts, and harder for employees to initiate unfair dismissal action; and *requires employers to act to reduce union power in their workplaces*, so that no more than 60% of any workforce is represented by the same union.

The latter provision is a by-product of Reith's personal frustration at his inability to whip up widespread enthusiasm for his union-busting agenda among employers generally, the great majority of whom enjoy satisfactory relations with the unions representing their workforce. In fact, the main support for Reith's agenda among employers has come from the British multinational mining giant, Rio Tinto, which has taken the lead in applying it at their mine sites in New South Wales and Queensland. A Rio Tinto executive wrote the 1996 Workplace Relations Act, and the mining giant has financed several fanatically anti-labor think-tanks in Australia, all of which are spin-offs of the London-based Mont Pelerin Society, the economic warfare unit of the British Crown. The most notorious of these, HR Nicholls, counts a half-dozen members of the Cabinet, including Reith and Prime Minister John Howard, among its members or close supporters. For his part, Reith makes no secret that Margaret Thatcher and Tony Blair's Britain is his model for industrial relations: He told Channel 9's June 27 Sunday program, "It is true, industrial action in Australia is at the lowest it's been since 1913, so that's a fantastic improvement, but it's still much higher than places like the U.K."

Thanks to the zealotry of Reith and Howard, the second wave has caused consternation on all sides, not just among trade unions. Employer groups are up in arms about being legislatively forced to become union-busters by Reith's attack on "closed shops" (sites where more than 60% of workers belong to the same union). According to Roger Boland of the Australian Industry Group, which represents metals and manufacturing firms, many employers know that they have closed shops, but, he told the June 28 *Sydney Morning Herald*, they would be reluctant to "light a fire" under the issue because completely unionized sites "did not necessarily impede business," while other employers have stressed that they facilitate labor relations.

On another front, a group of 80 industrial-relations lawyers on July 2 attacked the legislation as "fundamentally unbalanced in favor of employers." Group spokesman Kevin Bell QC warned, "The Australian community must realize that the Reith proposals are not merely evolutionary change but would, if implemented, attack several fundamental features of our industrial system, and most particularly its fairness and balance."

To get his legislation through, Reith has appealed to the party which made his first-wave reforms possible, the Australian Democrats. Reith is confident that the Democrats will, once again, stab their working class supporters in the back, particularly under the auspices of party leader Meg Lees, who just enabled the once politically dead goods and services tax (GST) to be passed in the Senate the day before the second-wave legislation was introduced. The GST is a highly regressive attack on working people, especially low-income earners—and is entirely consistent with the objective of the second-wave industrial relations reforms.

Business Briefs

Debt

South Africa minister says G-7 policy criminal

Speaking at an economic summit of southern African political and business leaders, South African Trade Minister Alec Erwin declared that for the Group of Seven "to be cautious on debt is criminal. It's criminal."

Erwin was responding to castigations from U.S. Deputy Commerce Secretary Robert Mallett that the South African Development Community must erase all barriers to free trade regionally. "The global economy is here, and unlike Europe, you don't have 40 years to get your act together," the "ugly American" said.

Erwin answered: "In Mozambique, Zimbabwe, Zambia, how can we do projects in public-private partnerships when the sovereign risk is so massive because of debt? If we want to build southern Africa, the G-7 can help, but not by preaching to us about governance, but by taking debt off the books so we can have genuine public-private partnerships."

Central Asia

Karimov attacks IMF, as cooperation grows

Uzbekistan President Islam Karimov attacked the International Monetary Fund, at a summit of the Central Asian Economic Community on June 24 in Bishkek, the capital of Kyrgyzstan. "It is the policy of Western countries to drive commodity prices down as part of a campaign against countries like ours which are dependent on raw material exports. Then international lending organizations step in and put pressure on us, first dictating economic policy and then interfering in politics," he said.

The Presidents of Kazakstan, Kyrgyzstan, Uzbekistan, and Tajikistan met under the aegis of the Interstate Council of the Central Asian Economic Community. Georgia, Turkey, and Ukraine were granted observer status; Russia did not attend. The main

focus of discussion was on creating a free-trade zone among the states by the year 2000, through eliminating customs, trade, and technical obstacles, and on promoting the free exchange of manpower and goods. At the same time, the group discussed undertaking coordinated measures to protect regional markets and manufacturing.

Meanwhile, Radio Free Europe reported that Kazakstan and Kyrgyzstan have agreed to write off mutual debts. It reported, "The Kazak and Kyrgyz ministers of trade said in a statement issued after their meeting in Almaty on July 2 that the two countries will 'soon' sign an agreement offsetting mutual debts." Kazakstan owes Kyrgyzstan some \$22.5 million for electricity and irrigation water, while Kyrgyzstan owes \$12 million. Kazakstan will also abolish the 200% duty it imposed in March on imports of butter, soft drinks, and some other goods imported from Kyrgyzstan.

Petroleum

TotalFina makes bid to take over Elf Aquitaine

TotalFina, based in France, made a \$42.98 billion hostile takeover bid for Elf Aquitaine SA. The takeover, if completed, would create the world's fourth-largest oil company, and the largest company in France.

The takeover is part of the frantic consolidation of world petroleum production, largely under the control of the oligarchy. In December 1998, Exxon's \$79.5 billion takeover bid for Mobil Oil, which is now in process, set the basis for creating the largest oil company in the world. In August 1998, British Petroleum took over American oil giant Amoco, and then in March of this year, it made a \$28.5 billion bid to take over Atlantic Richfield. If the merger is completed, BP-Amoco-Atlantic Richfield would become the second-largest oil company in the world. The British-Dutch monarchy crown jewel, Royal Dutch Shell, is the world's third-largest.

In December 1998, Total bought the Belgian oil company Petrofina, for \$11.6 billion. If TotalFina's bid for Elf, which will be for-

mally tendered in August, goes through, TotalFina-Elf would have a market capitalization of \$86 billion, and a worldwide daily oil output of 2.1 million barrels per day.

Elf was privatized in 1994, but the French government retains a so-called "golden share," which gives it veto power over an ownership change in Elf.

Russia

'New poor' shows growing poverty

Not only is there a "new rich" in Russia, but there is a new poor, the July 1-7 *Obshchaya Gazeta* reported. In an interview with Irina Shurygina of the Russian Academy of Sciences Sociology Institute, the extent of poverty in Russia was described. Unfortunately, no link was made to International Monetary Fund conditionalities or the turning of Russia into a raw-materials-exporting country.

"The 'new poor,' " said Shurygina, "are those who previously lived prosperously, belonging to the intelligentsia or to the category of skilled workers, but who now live below the level of the subsistence minimum." She described the situation in Moscow, where former skilled workers are now forced to become the equivalent of travelling salesmen at "beggary wages." "Such workers are not especially valued: They are a dime a dozen," she said. "In monitoring the fates of these people, one sees how they have become socially degraded: Every new job which they take requires ever less skill, and pays ever less. And the family slips into poverty. Yet, while it is still possible to find work in Moscow, in the provinces this is extremely difficult."

A table, entitled "Deprivations as an Indicator of Poverty; Results of Studies in St. Petersburg and Vyazniki" (given in percentages, respectively), includes: family does not get enough to eat—3.9; 8.3; cannot afford meat or fish at least twice a week—24.4; 33.5; no money for vitally needed medicines and medical supplies—22.8; 24.0; cannot afford to go to paid doctors if aid of specialists is unavailable free of charge—23.1; 29.1; cannot organize ritual services without

excessive debts—6.4; 22.5; cannot buy fruit for the children—4.3; 15.3; cannot buy new shoes for children or replace shoes as children outgrow them—11.5; 6.5; family cannot afford to make repairs on house (apartment) in case of extreme necessity—22.8; 42.5.

Trade

British delegation returns from Iran

The largest British business delegation since the fall of the Shah, recently returned from Iran, the London *Daily Telegraph* reported on July 9. Senior executives from 32 major corporations, including Barclays Bank, Hongkong and Shanghai Banking Corp., British Aerospace, the London Stock Exchange, Shell, and Norwich Union, an insurance and investment group. This is the first such delegation since Britain's recent normalization of relations with Iran.

Britain hopes to increase its current exports to Iran, which stand at £300-400 million a year, or 4.9% of the Iranian market. Up for grabs is over £8 billion worth of contracts related to the oil and gas industry. Also, are new opportunities presented by the relaxation of government restrictions on foreign trade and investment. This is reflected in the fact that Iranian non-oil exports rose to £817 million for the first quarter of this year, an increase of 43% over last year.

The delegation was organized by International Trade Missions Ltd., a private firm, and led by its directors, Sir Jeremy Hanley and Sir Alan Monroe. The former was former state secretary for the Middle East and former chairman of the Conservative Party. The latter was ambassador to Saudi Arabia during the Gulf War. According to a spokesman for ITM, there will most likely be a follow-up mission. ITM has organized such missions in the recent past to Turkey, Brazil, Saudi Arabia, and Egypt, and will soon organize one to India and Malaysia.

The trip follows Foreign Secretary Robin Cook's policy of opening relations with Libya and Sudan as well. In addition, in June, Cook was the first British Foreign

Secretary to meet his Cuban counterpart. Apparently North Korea, Iraq, and Yugoslavia are still on the "no contact" list, but the *Daily Telegraph* commented that it is only a question of time before the "Union Jack will again fly over the Baghdad embassy."

Space

China becoming true 'space flight' nation

"The next footprints on the Moon could be Chinese," says international space expert Phillip Clark, in a commentary in an upcoming issue of *Jane's Intelligence Review*, CNN reported on June 30. Far from being a one-time stunt, the plan to start a manned space program in China is part of a long-term project that aspires to launch a space station, and to achieve a lunar landing in the next century.

Clark calls the maiden Chinese manned mission the "most ambitious" of its kind in any country. He says it will include two astronauts (*taikonauts*, in Chinese), who will orbit the Earth for at least a day. (The first Soviet and American orbital flights were for a few hours.) Clark believes that the second or third manned flight will include the docking of two spacecraft, as a dry-run for transferring a crew to a space station module.

On June 21, the German daily *Die Welt* reported that preparations are under way to put two Chinese astronauts into space next year on board a new space vehicle, launched by the also new "Long March 2F" rocket, capable of putting 20 tons into a low-Earth orbit or six tons into a geostationary orbit. The first, unmanned launch of the new rocket is scheduled for Oct. 1. Vice President of the Chinese Academy for Space Technology Ma Xingrui is quoted saying that on top of a manned space mission, China also intends to land a probe on the Moon's surface in the first years of the next century.

Contrary to the unprecedented series of U.S. rocket failures in the last 12 months, since 1996, China has achieved 14 successful launches in a row, putting two foreign satellites into a geostationary orbit, and launching 10 "Iridium" satellites for the U.S. firm Motorola.

Briefly

COLOMBIA'S industrial production dropped 9.2% in the first quarter, DANE, the government statistical agency, reported. It is the worst drop in 19 years. The decline was led by automobile production (57.2%), non-electrical machinery (39.7%), wood (49.8%), textiles (24.8%), and paper (15.7%).

A WALL STREET crash of 50% "is not impossible," the July 6 London *Economist* said, in an editorial. Regardless of what Federal Reserve Chairman Alan Greenspan is doing, "if there is a bubble, it will eventually burst anyway. That is what bubbles do. And this might happen sooner rather than later."

THE PACE of corporate cartelization increased significantly during the first six months of 1999, with \$880 billion in announced mergers and acquisitions involving U.S. targets, and \$620 billion in non-U.S. targets. By comparison, there were a record \$2.5 trillion in such deals announced in 1998.

JAKARTA, Indonesia has seen the number of street children rise 500% since August 1998. As of June 1999, the total is up to 68,888. The increase is contributing to a growing number of "crime spots" in the capital city.

ERASMUS of Rotterdam, in his *Enchiridion* of 1503, reviewed the "symptoms by which you may recognize either the sickness or death of the soul." It is useful for those whose lives revolve around "my money." He said, "When your knees feel weak and your feeble limbs can scarcely move, you know the body is in trouble; do you not infer soul sickness, then, when it languishes and feels squeamish over acts of piety? When it has not the strength to endure even a minor shock? When it is crushed by the loss of a little money?"

POLISH NURSES ended their strike after the government agreed to an increase in pay 2% above inflation—which the nurses must negotiate with health care institutions.

Defeat the IMF sabotage of Balkans reconstruction effort

by Rainer Apel

The NATO air war against Serbia is over, but there is no peace yet in the Balkans. Another, potentially far more deadly war is going on right now: an economic war.

On July 13, the International Monetary Fund (IMF), World Bank, and the European Bank for Reconstruction and Development — constituting themselves as the High-Level Steering Group — announced their “reconstruction” plan for the region. This is not a reconstruction plan at all, but a program for continuing genocide — by financial means. They specified that there will be nothing more than humanitarian aid for Yugoslavia, before political and economic reforms there have taken place. As Carl Osgood reports on p. 32, the World Bank is specifically denying funds for infrastructure development — including to devastated Kosovo — and will do nothing to restore the Danube River, the vital transportation artery for Central and Southeastern Europe (**Figure 1**).

German Finance Minister Hans Eichel told the press in Brussels that there will be “no big money for big infrastructure projects” in the Balkans. Referring to “the wrong lessons” supposedly learned from the Bosnia reconstruction efforts, Eichel said that there will be no additional European Union money for the Balkans in the next 12 months, on top of the already-pledged 1 billion deutschemarks. Explaining what he meant by “wrong lessons,” Eichel averred that in Bosnia, the EU built 6,000 houses with no access to water and electricity — as if that *proved* that any infrastructure investment is a waste of money!

For the Balkan countries, the state of production and technology of infrastructure, housing, and agriculture was already bad enough before 1989, and grew worse with ten years of IMF-imposed deregulation and privatization. With the NATO air war, the economies of all the Balkan states, including those not directly attacked, have suffered huge losses in foreign and domestic investments, trade, and trade routes (the destroyed Danube bridges, etc.), and have had to bear the immense costs of the Kosovar Albanian refugees streaming into, mostly, Albania and Macedonia. Only a crash program for postwar reconstruction and development in the broadest sense, can bring recovery to the region.

FIGURE 1

The Danube: a vital element of the LaRouche development policy



The Rhine-Main-Danube Rivers and Canal are shown here, on the background of the Productive Triangle region (shaded), identified by Lyndon LaRouche in 1989 as vital for Eurasian development. Unless the Danube is made serviceable again, in the aftermath of the NATO bombing of Yugoslavia, and unless the Balkans undergo a serious reconstruction effort, the entire region will plunge into deeper and deeper economic and political crisis.

Such a program, as *EIR* has emphasized, must be linked to an *international* economic reconstruction effort, including Lyndon LaRouche’s concept of a New Bretton Woods monetary system, and development of the Eurasian Land-Bridge, the infrastructure program of the twenty-first century. Unless the damage done by the NATO air war is reversed, the Land-Bridge effort will have received a major setback, given the vital economic and strategic location of the Balkans.

At the height of the NATO air war, the Balkan nations were still confident that a serious reconstruction program would be launched after the end of the war. President Clinton’s April 30 call for an aid program resembling the Marshall

Plan of 1947, for all of Southeast Europe, created heightened expectations among the various nations and their leaders.

For example, Romanian President Emil Constantinescu, who last autumn had expressed his view in several speeches and interviews, that his country should become an important partner at the “western end of the new Silk Road,” had good reason to feel encouraged by Clinton’s initiative, as did other Balkan leaders.

In Albania, a team of experts around Economics Minister Ermelinda Meksi worked out a memorandum regarding meaningful projects for national public infrastructure development, covering every aspect of infrastructure, from the

power supply to roads, railroads, and canals. The driving spirit behind this memorandum, which was published at the end of June, was the idea that now, after the end of the NATO air war against Serbia, the time had come to not only repair the immediate war damage, but to launch a grand-scale economic program. The list of projects proposed for Albania alone requires an input of \$6 billion — but this is only a “first estimate,” as Economics Minister Meksi explained.

The Greece-Bulgaria plan

In a parallel development, on April 15, the governments of Greece and Bulgaria presented a broad reconstruction program for all of the Balkans — including Serbia — in the range of at least \$30 billion. The plan, aspects of which were discussed between Greece and the Czech Republic, was presented also to the Chinese government, when Greek Foreign Minister George Papandreou visited Beijing on May 24; and, the Chinese signalled interest in joining the project. This is worth special note, because Greece, being a member of NATO, had been a voice of opposition inside the alliance against the air war from the start. While other Balkans governments did not agree on all aspects of the plan, particularly the fact that the Greeks wanted to include the Serbs from the start, they did signal genuine interest in the plan.

But the Greek-Bulgarian plan, which was greeted in the Balkans itself, in late June succumbed to strong resistance from the other NATO governments and the rest of the European Union (EU). The fact that the majority of the Western governments categorically ruled out any aid for Serbia, served as a foul pretext for not only rejecting the Greek proposal, but also for retreating from Clinton’s original proposal for a Marshall Plan approach to the entire Balkans region. The EU and the United States decided instead to turn the Balkans reconstruction into one of those bureaucratic quagmires that would copy the policy of conditionalities of the IMF and World Bank, and would make all potential Balkans projects hostage to the IMF’s “yes” or “no.”

Worse, at the end of June, the EU and the United States also decided to appoint Bodo “Bobo” Hombach, German Chancellor Gerhard Schröder’s chief aide, who is facing several investigations on charges of corruption at home, as the supreme head of the main Balkans reconstruction agency.

For the nations of the Balkans, this was a clear betrayal of justified hopes for Western assistance after the end of the air war, and this betrayal elicited protests from the highest political levels and in leading media of Southeast Europe.

West comes in for criticism

At the World Economic Forum conference in Salzburg, Austria, this dissent with the West became most visible, when four leaders of Balkans nations — Albania, Bulgaria, Macedonia, and Romania — held a press conference on July 1, attacking the Western approach. “There is fear,” Macedonian Prime Minister Ljubco Georgievsky said, “that what has been promised will be prolonged to an unspecified time. The stability

pact [the official name of the EU-U.S. Balkans program] is being delayed from month to month. . . . Now we see that it will come through only in September, then it may be pushed into a new fiscal year. . . . This is creating dissatisfaction among us. We should not allow Europe to forget southeastern Europe, to forget great promises by European politicians.”

Romanian President Constantinescu joined Georgievsky in the criticism, saying, “It seems very hard for the West to understand that peace and stability have a price. . . . In the ten years since the collapse of communism, we have learned very well the lessons of Western democracy and the market economy. But the West still has a long way to go to come to know us as we know them.”

Bulgarian President Petar Stoyanov added that “investment in infrastructure will be a less costly exercise than bringing in the blue helmets” from the UN.

And at home, Balkans media adopted a more critical tone concerning the West and NATO, than during the air war. For example, the leading Bulgarian business weekly, *Kapital*, in its issue No. 25, carried a very aggressive commentary on the false promises of Western governments, under the headline “Compensation Albright.” The commentary said that when U.S. Secretary of State Madeleine Albright recently visited Bulgaria, she had time only to meet her good friend, Bulgarian Foreign Minister Nadeshda Mikhailova, but no time to meet with other leaders of the nation. Albright thanked Mikhailova for the Bulgarian decision to grant NATO aircraft an air corridor for the war against Serbia. But she did not discuss anything that came close to the interests of Bulgarian industry in a broad economic program for the Balkans, with a genuine Bulgarian share in it, *Kapital* wrote. *Kapital* remarked that all the friendly contacts between the two foreign ministers had brought no benefit at all for the Bulgarians, just a lot of hot air. Other Bulgarian media criticized the disinterest of the U.S. State Department in discussing projects beyond the immediate Kosovo situation, such as the Bulgarian plan for a second large bridge across the Danube, a considerable improvement of the nation’s transport infrastructure, which, however, requires considerable investment.

The Bulgarian government and the other governments in the region have apparently come to the conclusion that not much aid will come from the “rich” West for the time being, and in that conclusion, they have been strengthened by the conduct of the IMF, whose teams of experts at the end of June reminded the Romanians, Albanians, and Greeks that more neo-liberal “reforms,” deregulation, and privatization are required, before their countries could be viewed as members of the community of free-market nations.

The Romanians received the most humiliating treatment: Having hurried to pay outstanding debt in the range of \$247 million to Western creditors just before the IMF team arrived, the government learned from the IMF that a promised loan of \$475 million would not be forthcoming, because the “reform” process in Romania was unsatisfactory, in the eyes of the Fund’s experts. With these kinds of “assessments,” the IMF

and the World Bank, as well as other leading Western monetarist institutions, have underlined during the last two or three weeks that the economic warfare against the formerly state-socialist nations of the Balkans is ongoing.

Balkans governments on their own

In what has remained largely ignored by the disinterested Western media, the Balkans governments are trying to make the best out of this situation. Through the intensification of bilateral or regional consultations among themselves, they are trying to get at least some economic development off the ground in an effort of their own, even if the big funds for that are not available in this impoverished region. During the first two weeks of July, an impressive array of such meetings has taken place; for example, on July 2, when Austrian President Thomas Klestil and Romanian President Emil Constantinescu met in Salzburg after the World Economic Forum conference, to discuss the perspective of restoring the 47 bridges across the Danube, which the NATO air war had destroyed.

On July 6, Hungarian Transport Minister Kalman Katoa and Croatian Transport Minister Zeljko Luzavec discussed joint efforts to make the Danube navigable again, through cooperation among construction firms of both countries in rebuilding bridges across the Danube. Luzavec was quoted by Balkans wires as saying that the quickest route for Hungarian goods for overseas shipment was via the Danube, and thence, via waterway and road transfer, to the Croatian ports on the Adriatic Sea, such as Ploce and Rijeka.

On July 8, Macedonian Prime Minister Georgievsky and Albanian President Rexhep Mejdani met in Skopje, the Macedonian capital, and agreed that their governments will step in to finance segments of the planned trans-European transport grid that have been left “orphaned” by the EU. In particular, the two leaders discussed a rail network, which is to be undertaken in cooperation with Italy, Bulgaria, and Montenegro. The extension of this network through Albania and Greece was also on the agenda of talks which Albanian Foreign Minister Paskal Milo had in Athens on July 10, when he met with with Greek Alternate Foreign Minister Yannis Kranidiotis.

Furthermore, a three-way consultation process on security, economic development, and trade, with a special emphasis on transport infrastructure projects, was inaugurated on July 15, at a meeting in northern Greece among the foreign ministers of Greece, Albania, and Macedonia. In this context, a memorandum has been prepared for a third infrastructure corridor to the two routes already planned—Corridors 8 (east-west) and 10 (north-south): a Dalmatian-Ionian highway, to be built by Albania and Greece.

Aid from outside the region

Among the little concrete aid that is coming from outside the Balkans, three examples are notable:

1. There is support from Russia, in the form of restoring the major railroad bridge across the Danube in the northern Serbian city of Novi Sad. This has been undertaken in a very

unbureaucratic way, through direct contacts between Moscow Mayor Yuri Luzhkov and Serbian businessman Dragoljub Karic. Co-funded by construction firms of the Moscow and Nishni-Novgorod regions, a team of 30 architects and reconstruction experts had already toured Novi Sad and other regions of Serbia before the NATO air war was officially ended. The initiative is to demonstrate that Serbia must not be omitted from reconstruction.

2. On July 7, an initiative of 90 chambers of commerce from 12 nations bordering the Rhine and Danube rivers issued a joint appeal for the immediate clearing of bombing debris from the Serbian section of the Danube. This, declared the signers of the appeal, many of whom are German chambers of commerce, would make the Danube navigable again for big barges, thereby allowing waterway transport of several million tons of materials and machines needed for the reconstruction of all of the Balkans countries. The initiative is very important, because it is the first sign, outside of the LaRouche movement in western Europe, of sound political reflection of the real economic needs of the Balkans region. The LaRouche movement has campaigned for a crash development of the Balkans since 1989.

3. On July 13, the German Reconstruction Bank in Frankfurt (Kreditanstalt für Wiederaufbau) announced a direct, unconditional loan of DM 40 million (roughly \$25 million), for the repair of failing power systems in southern Albania. This is important, because it benefits regions of Albania outside the northern regions, which were directly affected by the refugee flows from Kosovo during the NATO air war, and which, therefore, have been the exclusive recipients of the little aid that has so far come from the West.

The week before, on July 7, Chinese Deputy Foreign Minister Wang Yingfang had arrived for talks in the Albanian capital, Tirana, about Chinese assistance for reconstruction of vital infrastructure and industrial sites in Albania. This involves the project for a new hydroelectric power station at Bushat, the renovation of the electric power grid throughout Albania, as well as the rehabilitation of several industrial plants that had been set up with Chinese technology in the 1970s. At that time, relations between China and Albania were close, and thousands of Chinese specialists assisted the building of giant industrial plants and hydroelectric stations, Albanian media recalled in reports during Wang’s visit.

Granted, all of this is still far away from a real, broad program for reconstruction and development, but the few concrete initiatives that have been launched so far, bypassing the monetarist European Union and IMF bureaucracies, are pointing in the right direction. The case of the 90 chambers of commerce, most of which are located in western Europe, indicates that even broader ferment is also building among Europeans outside the Balkans, for a fundamental change in Western approaches to the problems of Southeast Europe. The “builders” are in a war against the destructive bureaucrats and elites—a war for reconstruction and development.

World Bank indicts itself on Balkans

by Carl Osgood

If there had been any doubt that the World Bank does not intend to mount a large-scale reconstruction program for the Balkans in the aftermath of the NATO bombing campaign that ended in early June, those doubts were removed by World Bank officials themselves, at a briefing for reporters on July 12. The plan that those officials put forward rests entirely on the bureaucratic procedures of the Bank and the other institutions that the Bank is working with, including the International Monetary Fund and the European Commission. These procedures supersede political considerations, such as whether to deal with Yugoslavia's President Slobodan Milosevic, and even humanitarian considerations, such as the living conditions of the refugees returning from Albania to Kosovo, or the civilian population of Serbia, which is suffering from the widespread destruction of civilian infrastructure.

The procedural pivot of the World Bank's "strategy" for Kosovo rests on the fact that Kosovo is a province of the Federal Republic of Yugoslavia, and that Yugoslavia is not a member of the World Bank. Therefore, the Bank is setting up a trust fund, from which assistance will be provided in the form of grants. The Bank is planning to contribute up to a paltry \$60-65 million to the trust fund over the next 18 months, and it is hoping that other entities, including governments, will also contribute, thereby making "the total pool of resources a little larger." All of this also depends on other procedures, such as the ongoing damage assessment which Bank officials promised would be ready by the planned July 28 donors conference in Brussels.

This is the World Bank's policy toward reconstruction of Serbia. World Bank Vice President for Europe and Central Asia Johannes Linn, in response to a question from a representative of China's Xinhua news agency, acknowledged that "overall regional development and integration in southeastern Europe can only proceed in the medium term successfully if, indeed, the Federal Republic of Yugoslavia is integrated into the region." In the immediate future, the Bank will focus its attention on Kosovo, because "there is strong support" for that among the Bank's board of directors and board of governors, which must approve any grants. But, he said, "we don't see support at our board for extending this beyond Kosovo." Before the World Bank will extend such support to Yugoslavia, Linn explained, "we would have to address the issue of non-membership, and there are important requirements that Yugoslavia will have to meet to be able to become a member of the

World Bank, including that it first has to become a member of the IMF." In other words, Yugoslavia would have to accept the IMF's genocidal conditionalities, and repay its debts, regardless of the social costs.

Nothing for the Danube

Asked by this reporter about clearing the Danube, Linn said that the Bank is not involved, despite the fact that, in material provided to reporters, the Bank itself acknowledges the hardships that the closure of the river has imposed on Bulgaria and Romania, in particular. Linn said that reopening the Danube is being handled by the Danube River Commission and, said one of his Austrian counterparts, the "clearing of the river and reopening itself is not actually a major task and could be undertaken relatively quickly."

Not only will physical economic reconstruction be subjected to these procedural requirements, but it will be only a part, maybe half, of the Bank's activities in Kosovo. The officials lamented that there is no functioning taxation, budgetary, or banking systems in the province. Christiaan Poortman, the Bank's country director and Southeast Europe Coordinator, said that "a lot more time, attention, and financing will have to go into institutional development," than was the case in Bosnia-Herzegovina. Rory O'Sullivan, World Bank Special Representative for Southeast Europe, added, "The order of magnitude of what will be spent on infrastructure and on institution building is probably about the same." As far as banking goes, the World Bank only hopes to "resurrect" that which existed in the province prior to the war.

Then, there is the question of what level Kosovo will be rebuilt to. The World Bank's figures give a per-capita GDP of the province in 1995 of \$400 per year. Is this the level to which the economy will be rebuilt? O'Sullivan repeatedly stated that the war damage is not as great as was reported in the media. He said that power stations are "relatively undamaged," telephones are working, water supply is largely available, and road access is widespread. He said that there is even a modicum of economic activity, and farmers are at work with their tractors. Such assertions, even if true, can be used to justify holding down reconstruction activity.

The World Bank is planning only for the next 12-18 months. Poortman said that the Bank's main objective is "that we make a contribution toward economic reconstruction and assisting the UN administration in setting up an interim administration as well as being able to provide technical and financial support to have this subsequently taken on by local administration." As for the longer term, he said, "We would like to see what political developments are . . . and see what the overall environment in the neighboring countries will look like."

These officials stated repeatedly that regional development is the key to growth and stability in the region. However, they did not put forward an actual regional physical economic reconstruction plan.

LaRouche's reconstruction plan for the Balkans is a strategic emergency

by Katherine Notley

The international fight for reconstruction of the Balkans was the subject of an *EIR* seminar and press conference in Washington, D.C., on June 23, attended by 75 individuals, and a smaller seminar in New York on the same day, representing 20 nations. The seminars took place only days after the bombing of Serbia had ceased, but also as the British raised the war-cry “not one red cent” for reconstruction of Serbia—and especially “not one red cent” for clearing the NATO bombing debris from southeastern Europe’s lifeline, the Danube River.

The purpose of the seminars was to combat this form of “war by other means”—whose weapons include everything from self-righteous sanctions to generous hand-outs from so-called international financial institutions (e.g., the International Monetary Fund), as always, conditioned on privatizing state industries, cutting subsidies for staple food, fuel and transportation, and opening the national currency to international speculation. The Britain-centered financial oligarchy waging “this war by other means” in the Balkans, is desperate to save itself and its own rotten financial and monetary system from global collapse. This global speculative system would evaporate like so much morning dew if the kind of great projects that Lyndon LaRouche has specified were to be built.

The issue of Balkans reconstruction epitomizes either a good problem to be solved, or the nodal point for ongoing instability and wars that the oligarchy can exploit against its opposition. In the first instance, the Balkans is one of the cross-roads of what has become famous as the Eurasian Land-Bridge, a “grand design” transportation project acting as the spine for “development corridors,” bridging the expanse from China’s Pacific coast to Rotterdam.

Below, we present the remarks by the panelists at the Washington seminar, who were introduced by Debra Freeman, national spokeswoman for Lyndon LaRouche’s Presidential campaign, the Committee for a New Bretton Woods. She communicated to the press conference and seminar participants her discussions with LaRouche, regarding the global strategic stakes involved in reconstructing what might seem to be a small corner of the world.

Debunking the ‘Who pays?’ myth

The first seminar speaker was Paolo Raimondi from *EIR*’s European bureau, who is an expert on the Balkans region. The failure of the June 12-13 Group of Seven heads of state summit in Cologne, Germany to address the urgency for reconstruction constitutes a serious problem, Raimondi said. “It is a problem that we cannot ignore even for one second, because the reconstruction of this region is not optional.” He stressed: “But the fundamental question is not a question of money. It’s absolutely not a question of charity. It’s not a question of humanitarian aid. It is a question of putting together economic reconstruction.”

Raimondi gave short shrift to the hysterical question: “‘Who pays? Who pays? Who pays? Where do we get the money?’ ” He answered, “What is involved in the reconstruction program for this region of the world . . . is the creation of credit. And this is the point that LaRouche, in his proposal, is making extremely clear. . . .

“First of all, he said we have an emergency situation, so we have to call in the engineering corps of the different armies to deal with the emergency. The emergencies are the bridges. You have to clear the area of the mines, because that’s why nobody can move. Then you have the bridges, the roads, the railroads, and so on and so forth; the hospitals, the houses—the immediate things that you have to do, to avoid the situation that by September or October you have the majority of the people in the area going into winter without having a way to survive.

“The second most important point, a very important point LaRouche is putting forward, is the creation of a special financial facility. So, this is what should be the center of the new Marshall Plan for the Balkan region—i.e., *how to create credit*. And . . . if somebody comes and proposes a donors’ conference, forget it! There is no time to gather people to donate—what? They don’t have it anyway!

“It’s not a time for charity. It’s a time of identifying *the way how to create the real economic development, the real reconstruction*. And this has been the experience, and the

successful experience, on several occasions. Here in the United States, after the Great Depression, with Roosevelt; in Europe, in particular in Germany after the Second World War, with the Bank for Reconstruction, the Kreditanstalt für Wiederaufbau: that from a totally destroyed nation — much more destroyed than Kosovo today — you were able, in less than 10 years, to bring Germany to become again one of the leading industrial-technological . . . nations of Europe.”

Raimondi’s full speech appeared in the “American Almanac” feature in the July 12 issue of the LaRouche movement’s weekly newspaper, *New Federalist*.

Raimondi was joined by Panamanian Congressman Miguel Bush, who also provided *EIR* with an interview, which we publish in this section; Pennsylvania State Rep. Harold James; and Michigan State Rep. Ed Vaughn. An important scheduled speaker, Faris Nanic, Secretary General of the Democratic Action Party (SDA) in Croatia, and former Chief of Staff for President Alija Izetbegovic of Bosnia-Herzegovina, was unable to attend due to a family illness, but sent a message to the conference (see *EIR*, July 2). Nanic participated in the general discussion by phone later. In addition, Croatia’s Ambassador to Washington, Miomir Zuzul, had been expected to attend, but had returned to Croatia for the signing of an energy project originally set up by the late U.S. Commerce Secretary Ron Brown. (An interview with Ambassador Zuzul appeared in our June 25 issue.) Attending in his stead was Aleksandr Heina, the Economics Counsellor of the Embassy of Croatia.

From the New York seminar, we include excerpts of the remarks of Le Yuchen, Counsellor to the Chinese Mission to the United Nations.

Debra Hanania Freeman

Secure peace must be based on development

Dr. Freeman is the U.S. Intelligence Director for EIR, and the national spokeswoman for Lyndon LaRouche.

In beginning today’s events, I’d like to convey to you some of the discussions that we’ve had leading up to today’s conference, and also to convey to you some thoughts from Mr. LaRouche, whom I spoke to earlier this afternoon. I think that there’s very little question — at least, there’s very little question in *my* mind, I hope there’s not so much question in your mind, either — that the just-concluded peace accords for the Balkans are resting on a very fragile foundation.

We’re obviously very happy that the bombing has



Debra Hanania Freeman, spokeswoman for LaRouche’s Committee for a New Bretton Woods, opens EIR’s press conference and seminar on “Balkan Reconstruction: The LaRouche Alternative to Global Catastrophe.”

stopped, for a variety of reasons, perhaps the most important one being that as long as we were engaged in bombing, the NATO command structure had far more control than was safe — than was safe for our country, and, in fact, far more control than was safe for any sovereign nation.

And one of the things that Mr. LaRouche had asserted, was that in fact, the NATO command structure — although the various people involved are attached to various nations, including this one — that, in fact, what they represent is something of a supernational institution that sees itself as standing above the position of the Commander-in-Chief of the U.S. Armed Services — our President — and that sees itself as standing above the authority of any other international institution. So, we are gratified that the control of the situation has now reverted back, presumably, into the hands of the heads of state.

There is no question that the UN Security Council resolution, in ending three months of bombing, put us in a situation where we might achieve peace. But I think that you would be really naive, if you thought that what we had right now was peace. In fact, what we have right now, is an opportunity.

Certainly, as long as the bombing was going on, we were on a very rapid track to World War III. However, I’m not entirely convinced that we are now off that road. On the positive side, very early on, long before the UN resolution was

consolidated, President Clinton took the advice that had been conveyed to him by Mr. LaRouche: that the only way out of what would otherwise undoubtedly be a complete catastrophe—the only sound exit strategy, would be to pursue a conception of peace that was based on the redevelopment of the region, not only of the Balkans but of the much broader region. A reconstruction that would be based on participation, not only of the countries involved, and certainly not only of NATO, but also of the Russians, the Chinese, and other interested parties. President Clinton embraced that idea on April 15.

Clinton's break with Britain

About a week later, he did something very important, which is, he initiated a public break with British Prime Minister Tony Blair. And this occurred at the 50th anniversary summit of NATO here in Washington. At that point, Mr. Clinton publicly repudiated the enormous pressure that was coming from Blair and from the British monarchy, for a full-scale ground invasion of Kosovo.

And, in downgrading our relationship with Her Majesty's Prime Minister, Mr. Blair, President Clinton also took other moves which we thought were critical. And that was that he downgraded the position of the two strongest advocates of the British monarchy's position in his own administration—those people being Al Gore and Secretary of State Madeleine Albright.

Indeed, were it not for that specific downgrading, probably the agreement that led to the cessation of the bombing would have never been reached. Because Mr. LaRouche identified, very early on in this conflict, that the cause of the war, the issue that was driving us into war, had absolutely nothing to do with the ostensible reasons that were put forward. And frankly, it did not take a genius to figure this out.

The American people were told that the reason why we were engaged in bombings, was to stop ethnic cleansing. We were told that it was a humanitarian mission to save the people of Kosovo. Yet, over the course of the last 10 years, we had watched the situation in that region deteriorate. Why was it necessary to begin the bombing now? And what did President Clinton think about all of this?

Well, we know that President Clinton actually believed that what he was doing, was intervening to save the people of the region. We know that President Clinton was manipulated, in large part. It was very well known, and it continues to be very well known, that President Clinton carries with him a tremendous portion of guilt for his failure to intervene in Bosnia much earlier than he did. It was on President Clinton's conscience that the delay in moving in Bosnia cost the lives of many innocent people, that it caused tremendous suffering, and in fact it did.

But President Clinton was then manipulated into this situation, which was not the same, which was not in the best interests of this country, and which certainly—and I think

anyone who looks at the situation now, can say most emphatically—did very little to save the people whom we were presumably trying to save. It's very difficult to make an argument that anybody in that region is any better off than they were three months ago before the bombing started.

Scrap the oligarchy's financial system

However, there is *potential* for them to be better off, and that is really the subject of today's program. But the question that would then have to come up, is: Well, if the purpose of the war was not to stop the ethnic cleansing, then what was the purpose of the war?

And again, Mr. LaRouche outlined very clearly, that the driving motivation behind this war was the collapsing financial system. And it was in the midst of this collapsing financial system, and the increased recognition by sovereign nations all over the planet, that if we were to make it safely into the twenty-first century, that this rotten, corrupt financial system that emanates out of the International Monetary Fund, etc., would have to be scrapped, and that a new, more just system would have to be put in its place.

And there was tremendous momentum in this direction by a grouping that Mr. LaRouche had identified as the Survivors' Club. We saw momentum coming out of the nation of China. We saw momentum coming from other nations in Southeast Asia, that had been the victims of this insane financial system over the course of the last year and a half.

Under the government of Mr. Primakov, Russia was moving in a very clear direction. President Clinton had repeatedly discussed the need for a new financial architecture. This was sufficient to throw the City of London and their minions here on Wall Street into a complete panic. And the question of the war in the Balkans, had one intention, and one intention only, and it was *not* out of concern for the Kosovars.

In fact, it had as its principal objective, ending *any* potential for cooperation between the Clinton administration, Russia, China, and other key nations in the world toward a new, more just financial order—toward, specifically, the New Bretton Woods proposal that Mr. LaRouche had put on the table months earlier. That's why the war started.

So, when President Clinton embraced this exit strategy, there was obviously—it was a moment of tremendous hope, and also one of tremendous irony. Because here, in this place that was supposed to be the beginning of World War III, you have the potential to actually turn it into the cradle of a new, more just economic order.

How? Well, obviously, with a move toward the reconstruction of the region. Because what Mr. LaRouche had outlined, is that a New Marshall Plan for that part of the world had to become the catalyst for shifting the entire global agenda away from the march toward war, which the Balkan war itself represented, and toward collaboration again, between the United States, China, Russia, key European allies, etc., to move into a new monetary system, based on a crash program

for development and reconstruction, first in this part of the world, where it's obviously necessary, and then branching out.

Now, Mr. LaRouche outlined it. He later elaborated it in the program that is the basis for this conference. April 14, the President endorsed it, so that should be the end of the discussion. But, obviously, that's *not* the end of the discussion, and we now find ourselves in a huge battle, because there are others who had different ideas.

Certainly, the dominant Republican power structure in the United States, which, like Mr. Gore and Madeleine Albright, tend to take their direction not from the White House, but from the British throne, had a very different view. And as the final negotiations to stop the bombing were being put together on June 7, in what threatened to disrupt those negotiations, the Republicans in the Senate passed a non-binding resolution barring the use of U.S. funds for reconstruction of Serbia.

So, what they said is, "Well, we can allocate money for rebuilding Kosovo, but clearing the Danube, restoring the power grid, restoring the bridges that we bombed—no way."

Now, it was a non-binding resolution. It did threaten to disrupt the negotiations—happily, it did not—and on June 10, the UN resolution was passed. That night, President Clinton went on TV, and President Clinton did what President Clinton is famous for, which is: He went on TV; he again talked about how happy he was that we had brought a halt to the bombing; he again talked about a Marshall Plan for the region, but he said, not one penny for the reconstruction of Serbia, as long as the barbarian Milosevic is in power.

And by doing so, our President thought he would "quiet the beast" in London, quiet the beast in the Republican Congress. He later explained what he meant, and said that we would not give one penny for reconstruction, but we would in fact give money for humanitarian aid. But humanitarian aid, in his mind, did, in fact, include restoring the power grid, clearing the Danube, and doing other things that most people would probably put in the category of "reconstruction."

It was our view that perhaps, with the meetings in Cologne this past weekend, that an important step forward would be taken—that President Clinton would take the initiative actually to move for a real reconstruction program. After all, he had said repeatedly, that we missed a crucial opportunity after the fall of the Berlin Wall—that we shouldn't miss that opportunity again, that we had to move forward with a real program of economic reconstruction, not only for the immediate nations involved in the conflict, but for the broader area. He addressed directly the question of restoring economic health to Russia.

The legacy of Ron Brown

But again, the question that was immediately on the table, was: How this would be achieved? Who would pay for it? We know that one of the things that occurred in the United States,

was that there was a tremendous amount of motion around the Congressional Black Caucus and other people, both within the Commerce Department and the Department of Transportation—people who had worked very closely with former Commerce Secretary Ron Brown. And it was their idea to carry on the legacy that Ron Brown began in Bosnia.

Now, just to let people know what that was—and I'm sure that our speakers will shed much more light on this. But certainly in the wake of the Bosnia conflict, we embraced the policy of reconstruction. The Dayton Accords were signed, but it was very clear to Mr. Brown and to others, that Dayton itself would not lead to reconstruction. And in fact, Ron Brown was appalled, because what he saw, was that what was coming out of Dayton was anything *but* reconstruction; that what was going on, was privatization, the implementation of the equivalent of the shock therapy that had been applied earlier to Russia.

So, he had an idea. His idea was that what he would do, is he would run around the Dayton Accords—make an end-run around the International Monetary Fund (IMF) and the World Bank. And if you knew Ron Brown, you knew that Ron Brown could never suffer bureaucracy under any circumstance. And if you know the President that Ron Brown served, you know that end-runs are a famous page in their playbook.

So, Ron Brown pulled together American companies. He had the idea that, by using the Ex-Im Bank, we could get around the problems with the IMF. The Ex-Im Bank, of course, is a semi-private institution in the United States; that they could provide loan guarantees, he would get the American companies together. There were also Japanese companies that were interested, and others. He would get them together, he would take them over [to Bosnia and Croatia], there would be bilateral agreements, we would initiate reconstruction. It would be good for Bosnia, it would be good for the region, it would be good for America, people would make money, and we could do the whole thing, and we could do it all without ever really getting into a head-on fight with the IMF.

But, Ron Brown never lived to do that.

Now, there are people, as I said, who worked with Mr. Brown, who are trying to revive that initiative. And let me say, their intentions are as noble as his were. Their intentions are good, and they are acting out of concern for the region, they are acting out of concern for peace, they are acting in opposition to what they know are genocidal policies emanating from institutions like the IMF.

But there's only one problem: It won't work. It simply will not work. And for all those people who say, "If only Ron Brown had not died in that plane crash"—in that very suspicious plane crash that killed his idea—"if only that had not occurred, maybe this would have never happened, maybe we wouldn't be in this position." Well, the only way we would not be in this position, would be if Ron Brown lived to embrace the policy that Mr. LaRouche has put on the table.

A new Marshall Plan, or World War III

Because, ladies and gentlemen, if there was one message that Mr. LaRouche wanted me *most emphatically* to convey to you today, it is that if, in fact, there is going to be reconstruction and development in the Balkans, or anywhere else in the world, it is going to have to be done through a financing mechanism which represents a distinct and clear alternative to the IMF. It is not going to be “snuck in.”

We have a financial system that is in a state of decay and collapse. And it is not just that the financial system is “too weak” to support a policy of the scale necessary. This financial system is in direct opposition. Its goals are the *opposite* of development. And if you have any doubt about that, look at what they have done on the continent of Africa. And if that looks like development and peace to you, then you go support that policy.

But what Mr. LaRouche wanted conveyed, is that at this moment, nothing but a direct political battle which succeeds in defeating those pro-British, pro-IMF forces within the U.S. government and within other governments, that only that kind of a fight will lead to peace. If we do anything less than that, I guarantee you that the people who control Mr. Blair—although he may not be with us very much longer—the people who control Al Gore (God knows who controls Madeleine Albright; the problem is, it doesn’t seem that anyone controls her)—that they will sabotage any effort toward peace, just as they tried to sabotage the consolidation of a cessation of the bombing.

And for our President, who I know has looked at Mr. LaRouche’s program—and if you look at some of the speeches that he made in Europe this past week, there is no question that he likes the program, he likes the idea of a Marshall Plan as an alternative to World War III and a Dark Age. Who wouldn’t? It’s a good idea. Most people would prefer peace and development over the end of civilization and war.

But our President says, “This is a great idea,” and then he turns to his advisers, and he says, “Can’t we find some acceptable way to do this? Isn’t there some compromise we can work out? I’ve got an idea. Let’s say that this is what we’re going to do. And we can praise the IMF in the process, and we’ll figure *something* out. It doesn’t matter what we say publicly. Let’s just say these various things publicly to try to lull these guys, and then we’ll figure something out, we’ll figure out some way to do this.”

Well, I’m sorry, but it is not going to work that way, this time. There is no compromise that’s going to be made. And that really, I think, is the message that we hope to be able to convey to you today. Because I think that what you’ll see, after some of the presentations that you’ll hear this afternoon, is that the question of a Marshall Plan is not “a good idea.” It’s not just that it’s a noble thing to do, and it would be nice to undo some of the damage that we’ve already done in this region; but that the question of the reconstruction of this re-

gion, and the financing mechanisms necessary for it, and what it would represent for the world, is as necessary to the continued survival of the United States, as it is to the continued survival of Kosovo.

And I think that if people actually manage to get a glimmer of that from today’s presentations, then delivering the mandate to this government that the American people, that the policy institutions, and that other governments will settle for absolutely nothing less, will be far closer to being accomplished. And that is really what Mr. LaRouche wanted me to convey to you today. And I hope that I’ve done that adequately.

Congressman Miguel Bush

Panama is threatened by drugs, subversion

Panamanian Congressman Bush’s speech to the seminar is excerpted here, following remarks by moderator Debra Hanning Freeman. The Congressman’s statement was translated from the Spanish. An interview with him is published on p. 46.

Freeman: I want to tell you something about Panama’s Congressman Bush. I met him for the first time about nine years ago, when then-President Bush—to whom I think you can figure out that the Congressman bears absolutely no relation—held Mr. LaRouche in prison. Mr. LaRouche was at that time a political prisoner. He had been sentenced to 15 years in Federal prison, because he had won the enmity of the Bush administration.

At that time, we asked for help. We asked for elected officials from the United States and from around the world, to speak out against this injustice, and to help us free Mr. LaRouche from prison. And Miguel Bush, who then was a young Congressman from Panama—and Panama had problems of her own, as a result of also having won Mr. Bush’s enmity—Miguel Bush was one of the very first people in the world, to answer that call.

He was on, I think, the first or second delegation of elected officials that came to Washington to lobby Congress to fight for Mr. LaRouche’s freedom. And I think that that speaks to the kind of person he is. It is something for which we will always be grateful.

Bush: . . . There is a silent war being waged, which day by day is killing our citizens, both here in the United States

of America, as well as in Panama and other countries of Latin America. And that is the drug war.

I am particularly pleased today to be here in Washington, sharing with this select audience, some of the concerns that we face in our country. One involves the remaining American presence of military troops past the year 2000.

Uphold the Torrijos-Carter Treaty

About three years ago, we received information from a group of friends in the international intelligence community, that there were plans on the part of certain reactionary circles in the United States, to keep American troops in Panama past the year 2000, in violation of the Torrijos-Carter Treaty. It was evident that, as we approach the zero hour—noon of Dec. 31 of this year—there has been an increase in subversive activities in the part of our region which borders the Darién Province on the Panama side of the Panama-Colombian border.

This scenario, which is really not known in our country, is beginning to create a destabilizing effect in the thinking of most Panamanian citizens, to the effect that without the presence of the United States Armed Forces, the Panama Canal then would be endangered, and the Colombian guerrillas would seize our country in alliance with the international drug-traffickers.

For more than 40 years, the FARC [Colombian narco-terrorists] have transited through and have used the jungle areas of Panama as a resting-place. They have resupplied themselves without creating any unrest in the government of our country, with full knowledge of this fact by the [U.S.] Southern High Command staff; with the tolerance of the Pentagon, and without affecting developments in the country—and, of course, not affecting the good diplomatic relations with Colombia.

We Panamanian politicians know very well what the geopolitical strategy is, including in the economic sphere, which has been imposed by Great Britain as well as by backward sectors here in the United States. From the times of Jeremy Bentham, the Gulf of Urabá has been a sector for exploration and research, because of its tremendous oil wealth, mineral wealth, gems. Given the weakening of the convergent points of production and extraction of raw materials around the world, Urabá constitutes an important piece in the geo-economic and strategic spheres. The increase of British investments in Colombia, shows that there is obscure interest on the part of the British to internationalize the Colombian situation and create what we would call a “domino effect,” which would mean increased paramilitary operations in Urabá. . . .

The Torrijos-Carter treaties should be carried out, should be respected. . . .

The reason I’m in Washington today, for the second time in less than three months, is that I want to bring these war threats to your attention. They are *low-intensity warfare*,

which threatens the peace and security of the hemisphere. As far as drug-trafficking is concerned, we should carry out a uniform battle, with the latest technological advances, with the right equipment to fight this evil, which increases every day, threatening the public order. This is a fight that belongs to all of us, and it knows no borders. . . .

I believe that you, the people of the United States, have a great opportunity, not only of saving this great country, but the world as a whole from madness, like this craziness of legalizing drugs. And I would like to thank the Schiller Institute, and to tell you that the recovery program that Lyndon LaRouche has put forward as an electoral proposal—I don’t think it is only good for this country, but it is also good for our countries, to apply to our own situation, and to the reality of the situation of Latin America. And I want to thank you for this.

Alexander Heina

Croatia seeks ties with United States

Mr. Heina is the Economics Counsellor of the Embassy of Croatia in Washington. The following are excerpts from his speech.

First of all, I would like to excuse Ambassador Dr. Miomir Zuzul, who was supposed to be here with you today and speak, and especially underlining the reason why he is not here: The reason is because he is today in Dubrovnik, Croatia, and he is present at the signing ceremony that Croatia, the Croatian government, has with the U.S. company Enron. . . .



Considering the circumstances in economic terms that Croatia has—I’m of course thinking about the war that happened in Croatia and what has happened in the neighboring countries—Croatia has gone further than anyone would have imagined.

We have received, in the last couple of years, very significant and good economic results. In 1993, there was one stabilization program launched, and since then, we have achieved one of the lowest inflation rates in Europe. For the

last couple of years, average inflation in Croatia was approximately 3.5%. The GDP last year was \$21.3 billion, which is \$4,663 per capita. And it is one of the highest GDP per capita in all the countries in Central and Eastern Europe countries in transition.

The annual rate of inflation, as I said, was approximately 3.5% for the last couple of years. The annual rate of industrial output in 1998 was 2.7%.

Furthermore, in the last couple of years, we have continued growth of foreign currency reserves. Then, in 1995 and 1996, negotiations with Paris and London Club were successfully completed.

In January 1997, credit rating agencies . . . gave Croatia the great rating “BBB” and “BAA3.” We have very low foreign indebtedness. For the past years, we’ll have a budget deficit—the figure for 1998—we had a budget surplus of 0.2% of GDP, which shows that even in the circumstances that Croatia were, it is possible to achieve good economic results. . . .

U.S. investment

Since 1996, numerous American government institutions and agencies have been actively involved in Croatia for many years: the United States Trade and Development Agency, U.S. AID, and in 1997, the U.S. Department of Commerce opened a permanent regional office in Zagreb. There are more than 80 companies present in Croatia with direct investment, branches, joint ventures, license production agreements, or otherwise.

Furthermore, in 1996, the United States ranked sixth in the list of countries that invested in Croatia. As of 1997, the U.S. has led all countries in foreign investment in Croatia. In the period of 1993 till the end of 1998, the total amount of the foreign direct investments from the United States to Croatia, was more than \$1 billion, which means that now U.S. foreign investment to Croatia represents more than 48% of all foreign investment that has been made in Croatia.

I have mentioned Enron, but Enron is not the only result from that U.S. trade and business mission held in Croatia. Beside that, two years ago, there was a huge contract signed with the U.S. company Bechtel, on the construction of the 150-mile section of a highway from Zagreb to Zadar. . . .

Because that presence of Bechtel, which will construct a highway worth more than \$600 million, and tomorrow’s presence of Enron for the project worth more than \$200 million—as was mentioned before, these are not grants. They are credits that Croatia got with the assistance of the U.S. government, with the assistance of the U.S. Export-Import Bank. And because of that, we succeeded in getting very favorable credit terms.

But that money will be not only money that the big Bechtel and Enron will get, but numerous especially small and medium-sized Croatian companies, which will get the jobs, will

be partners with Bechtel, with Enron, in constructing the thermal plant, the highway in Croatia. . . .

The Kosovo crisis

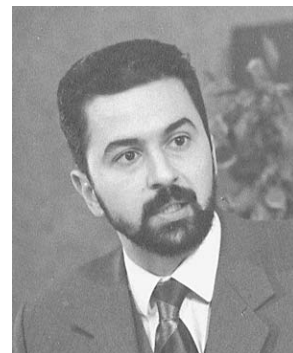
Now, finally, I would just like briefly to give some comments about the Kosovo crisis. Croatia has suffered, as has been already said, economic damages because of the NATO action in Kosovo. The gentleman [keynote speaker Paolo Raimondi] mentioned that the estimated losses are about \$2 billion. Our estimate is that it is a little bit less. Our estimate is about \$1.5 billion. We will mostly suffer the loss because of the decline of tourists this year. It will be more than a 50% decline from the revenues collected last year. Beside that, we will have some losses in food production, transportation, employment, tax revenues, and foreign investment.

But beside that, Croatia, the Croatian government supports very, very much that which NATO has done in Kosovo. We believe that the precondition, not only for Croatia, but for all other countries in the region, the precondition for economic growth, for an increase of the standard of living of the people, is to have political stability. And there was no chance that that kind of political stability could be achieved, without simply damaging the Milosevic regime’s ability, military ability, to threaten its neighbors. . . .

Faris Nanic

We need a new approach, political decisiveness

Mr. Nanic is the Secretary General of the Democratic Action Party (SDA) of Croatia, and former Chief of Staff to Bosnian President Alija Izetbegovic. He is the co-initiator, with Helga Zepp-LaRouche, of an “Appeal for Peace through Development in the Balkans,” which is circulating internationally for signatures.



Due to an illness in the family, he was unable to attend the seminar as scheduled, but addressed the following remarks to the audience by telephone. The text has been edited and subheads added. His written message of greeting, which was read by moderator Debra Hania Freeman, was published in EIR on July 2, p. 79.

. . . Unfortunately, I was not able to listen to the course of the conference. I just heard the last speaker, the gentleman from the Croatian Embassy. I would like to use the opportunity address a couple of things that I wanted to emphasize in my address to the conference.

First of all, I was thinking about having a certain description of what really happened in Bosnia and Croatia, so let's go back to the historical background, just for a little while. At the end of the 1980s, democratic changes began also in the former Yugoslavia. Also, despite being pawns of Communists, there was already very much indeed an economic, political, social crisis.

Bosnia and Croatia had resources to launch an economic recovery, especially before the war of the greater Serbian aggression. But at the very beginning, the devastating logic of liberalization was adopted, and there was not a single administration in those countries able or courageous enough to change the course.

Liberalization and monetarism in Croatia

Croatia was affected by the war in a significantly smaller proportion than Bosnia, in terms of physical devastation. But, instead of using this advantage, my opinion is that Croatia sold out a good part of its most competitive and quality industry, to mainly domestic speculators, or the state took them over, with no idea of how to restart production and improve quality.

I am quite aware that some of my remarks will not cohere with what the gentleman from the embassy said, but of course, we can always discuss it.

The result, unfortunately, is a mainly ruined Croatian industry, once competitive, especially in shipbuilding, construction, and machine construction industry. Large portions of the capacities are either abandoned or turned into storehouses for imported commodities. Real unemployment figures have gone up to 25%. Industrial production has declined for the 15th year continuously. The whole economy suffers from what we call illiquidity, which is nothing but a chain of mutual unpaid invoices that skyrocketed to the level of—some estimates say—\$7 billion. At the same time, the external debt increased to \$9 billion. Just to give you an example, former Yugoslavia went into the crisis when it reached the formal indebtedness of \$22 billion. The former Yugoslavia had 22 million inhabitants, it was 256,000 square kilometers.

This combination of \$7 billion of internal debt and \$9 billion of external debt, is a volatile mixture.

Unfortunately, the government—which is paid by the International Monetary Fund [IMF] for its macroeconomic stability, which means adjustments and restructuring in the economy—is stubbornly holding onto its policy of monetarism. That is the only way to keep the national currency relatively fixed compared to the deutschemark.

The result is the impoverishment of the population, where we already have about a million people living on the equivalent of \$4 a day. And we have a great increase in unemployment, a process of deindustrialization of the country. We have large food imports, and we are slowly becoming a food-import-dependent nation.

Every day, the external debt is increasing, by arrangements with the IMF. We have a block-out of investment, and a “Waiting for Godot” philosophy, in terms of waiting for foreign capital to flow in and solve all our problems.

I agree that some of these investments, especially the Enron deal that was signed today, are useful, and encouraging to some other possible private or government investors. But this is just a drop in the sea.

And we have so-called tycoon capitalism, where we have about 200 families that own practically everything of worth that is left in the country.

The important thing is that the concept of this free-trade liberalism is inherent to both—the government and the opposition. *There is no difference*, except that some of them have more social sensitivity, I should say—some more social sensitivity to the problems of the people.

Bosnia after the Dayton Accord

Bosnia, on the other hand, was largely devastated, physically devastated, by the war. About 80% of the pre-war industrial capacities were ruined, damaged, or dismantled, mainly by looting during the war.

And during the war, just about 10% of the capacity was working. The country only survived because of humanitarian aid and financial donations from abroad—both from the Bosnians and from some financial institutions or friendly countries.

The political settlement that is called the Dayton Peace Accord, which was accepted by the Bosnia government as has been stated numerous times, was accepted in return for a promise of the massive reconstruction effort, to be financed by the sponsors of the agreement.

Unfortunately, nothing of the sort has ever occurred. The agreement is a political experiment—a typical result of cabinet bureaucrats whose [ability to think in terms of] strategic dimensions does not go beyond the day after tomorrow.

And, the country is partitioned into two entities that have “vast authority”—except in monetary affairs, foreign affairs, and foreign trade issues. The Central Bank is nothing other than a Currency Board, which acts in a bookkeeping manner. It doesn't have anything to do with the development philosophy.

The idea of a Marshall Plan for Bosnia appeared only in 1993. And at the end of 1995, the beginning of 1996, a group of intellectuals worked out a plan of urgent measures for recovery of the national economy, which was based on a Marshall-like Plan, as leverage for sovereign credit generation for

a national bank, a reconstruction bank.

This plan, although presented to the responsible officials in Bosnia, has never been seriously discussed. Instead, what actually happened?

We have the governments, the entity government and the central government, weakened by corruption. And, as I said, the Currency Board, the Central Bank, is presided over by a figure from the international financier circles.

We have pressure from the IMF for repayment of part of the debt of the former Yugoslavia. We have the non-productive donor conferences, that have limited financial means, but even that is spent for the bureaucratic international structure—and, actually, to simply destroy the productive sector, because of non-competitiveness, and the orientation—which is largely a political thing—or even in the future, an orientation toward the [financial] quarter, which is the speculative economic sector.

And what I can see, is that the whole Bosnian economy still depends on foreign aid—the so-called donors' conference and foreign aid, the direct donations from abroad, and humanitarian aid, which is business-oriented, mainly to these 20-25,000 foreigners residing in the country in various areas and with various functions.

Bosnia has had a process of privatization which, from what I know, is a little bit more than what has been done in Croatia; but still, we don't know what the final results will be.

And there is one more thing that I would like to emphasize, which is that we had a number of contacts who were interested in private investment in Bosnia immediately after the Dayton Peace Accord was signed, and after NATO took control over the security situation in the country. But, unfortunately, their response was, that the bureaucracy of the World Bank and the IMF obstructed their efforts to invest into the real economic sector of Bosnia.

Finally, I would like to conclude with the idea that is presented in the *EIR*, and in the publications of the Schiller Institute, which is that what we can see, what we can recognize are the so-called engines of development for both countries. I'm especially thinking of the construction industry and the shipbuilding industry—the former military industry of former Yugoslavia that was largely concentrated in Bosnia, and that, with projects with good designs, could easily be turned for civilian production. And, of course, there is the vast potential of agricultural production in Croatia.

Transportation is the priority

What we definitely need to do in both countries—Croatia has made some steps forward—we need to recover, to reconstruct, and to modernize the transportation infrastructure. This is what is really killing the competitive ability of both countries. We have to rebuild, and reconstruct, and modernize the whole transportation infrastructure in both countries. This

is of the utmost importance, and has to be given a special priority.

And we do have resources for that, especially human resources. We have our engineering corps, we have our scientific institutions, the institutes. We have the *existing capacity* that can be revitalized, and that can produce the non-linear, physical aspect for development in the next decade.

I really do believe that what we need here, is a different approach. We need definitely, in both countries, for the governments to take responsibility for the development of their own people, for the overall development for the benefit of all.

We have been witnessing the process of governments slowly giving up their responsibility for the development of benefits of all the people. So, this is the problem. *So, what we need here is not only the economic theory applied, but what we also need here is a political decisiveness to change things, to go into a qualitatively new phase.* This is what is actually needed, particularly if we want to achieve much better and much more results than we have achieved in this period of 10 years.

Of course, the war has done its damage, and the war has produced a lot of problems, especially in Bosnia. *But we are in a position, now, that we have to face a number—hundreds of problems that we cannot solve one by one. We have to find a new quality, we have to make this phase-shift—as Mr. LaRouche repeatedly has said that we have to make a phase-shift—and then we will be able to cope with what is standing before us.*

That is the only way that I can see development of the region. So, we need a Marshall Plan. We need large investments, we need robust investments, we need to define the priority—the first-priority, second-priority projects in infrastructure—and we need to recover the industrial potentials and the agricultural potentials that we have in both countries, and that we have in the region.

Otherwise, there will be no development, unfortunately. Whatever these figures that have been mentioned here, they are mainly statistical figures that do not express the real situation that we have.

A credit-generation institution

So, I hope I was able to give you some of the ideas—and, of course, what we need here, is definitely an institution, a credit-generation institution, for the region, and a credit-generation institution in countries themselves, in order to prop up development.

Otherwise, waiting for someone else to come in, waiting for someone else to invest in what *we* need, and *what we think is important*, is not the way. This will produce no result whatsoever.

And that's what I wanted to share with you. And I hope that this short intervention of mine, can at least provoke you to discuss further.

Follow Lincoln's policy for reconstruction

Mr. James is a Democratic state representative from Philadelphia, and former head of Pennsylvania's Legislative Black Caucus.

I wish to add my voice to those around the world, who are calling for a program of economic reconstruction. The reconstruction should be of *all* the nations in the Balkans. And when considering the American reconstruction policy in the Balkans, we should keep in mind the principle expressed by Abraham Lincoln at the close of our own Civil War, "With malice toward none; with Charity for all."

It is my hope that cooperation among the United States, China, European countries including Russia, and other nations, to establish peace through economic development in the Balkans, will spread from there to encompass all of Asia and Africa, and lead to worldwide peace and economic progress in the twenty-first century.

There are some who will question where the money will come from to realize such a grand design. Many of these same people had no problem while our government spent billions of dollars in the bombing campaign. Many African-Americans throughout the years have wondered how our government could be so liberal and generous when it came to bombs and warplanes, and budgets for the military, but so conservative and stingy when it comes to creating jobs and social programs.

In any case, there are several plans on the table, such as the one developed by Lyndon LaRouche and the Schiller Institute, which will cost nothing in the long run, and will have tremendous benefit to the United States itself in terms of creating manufacturing jobs to meet the demand for construction of railroads, power plants, bridges, homes, and other infrastructure, in the Balkans and all over the world.

For example, I look forward to the day, when a great transcontinental railroad will be completed from the Atlantic to the Indian Ocean coasts of Africa, which will link up, by means of bridges across the Suez Canal, with the Eurasian Land-Bridge, thereby connecting the continent of Africa



directly with China, Europe, and all points in-between. This is a vision not merely of economic benefit and profit for business and industry, but of peaceful economic cooperation among all the nations of the world.

I believe this was one of Ron Brown's goals when he, as Commerce Secretary, travelled around the world, promoting long-term economic development and supporting the involvement of American industry and engineering in big infrastructure projects in the Balkans, China, the Middle East and elsewhere.

The issue of financing

Furthermore, we need to put the question of financing into perspective. I am the author of a bill, House Bill 1651 in the Pennsylvania legislature, to create a small, 0.2% tax on the sale or transfer of financial securities. And this is a painless means of financing medical assistance for the poor, education, and other public programs that have been under attack by our Republican Governor, Tom Ridge, who also wants to be Vice President.

We found that such a small tax could yield \$1.5 billion a year in Pennsylvania alone, because the amount of money involved in financial transactions is so fantastically huge. President Clinton himself has pointed out that \$1.5 trillion of currency trading goes on every day in the world. There are *trillions* of dollars of financial derivatives outstanding in the United States alone, which amounts to a massive waste of resources and pure gambling on financial markets. We only need a small percentage of that money to pay for world economic development, including reconstruction of all the nations of the Balkans, and thereby possibly avert bigger wars and worse genocides in the future.

Geopolitics behind the NATO bombing

I must also add that I questioned the legitimacy of the NATO war in Yugoslavia from the beginning. We were told that the goal was to stop "ethnic cleansing." But why was there no action taken when the worst genocide of the post-World War II period was taking place in Central Africa, where more than 6 million Africans have died? Why do the British Foreign Office and the U.S. State Department support policies of war and genocide in Africa even to this day?

And in conclusion, as an important part of reestablishing good relations with our friends around the world, I call upon President Clinton to take prompt and vigorous action against those in the NATO command structure responsible for the bombing of the Chinese Embassy in Belgrade, which may include even court-martial proceedings. Also, on behalf of the 58,000 constituents in my Philadelphia legislative district, I wish to express my most profound condolences to the families of the innocent Chinese diplomats and journalists who were killed or injured in the NATO attack, as well as all the casualties in this undeclared war.

Support LaRouche to rebuild the Balkans

Mr. Vaughn is a Democratic state representative from Detroit, and the head of the Michigan Legislative Black Caucus.

It is a pleasure for me to be here today on behalf of the constituents of the Fourth Legislative District in the City of Detroit. I represent 85,000 people there, and last week in Lansing, Michigan, our state capital, we had a press conference. We invited Mr. John Ascher of the Schiller Institute to come, and it was a very successful press conference. We had several meetings in Detroit that were well attended. And every day on the radio in Detroit, we have the "EIR Report" and the Schiller Institute reports on what is happening, especially in the Balkans.

I give my firm support to Mr. Lyndon LaRouche's plan for a Marshall Plan for the Balkans. It is my hope that this kind of plan can be a positive reconstruction of that particular region of the world, and we then can see movement in other parts of the world, especially in Africa, where wars need to cease and reconstruction needs to take place.

It is my hope that this reconstruction will be positive, will be very much like the old Marshall Plan, and very much unlike the American Reconstruction which took place from 1865 to 1875, in which political operatives, mainly the mercantile interests of the North, the landed aristocracy of the South, got together here in Washington, D.C., and sold out the people who had been murdered, lynched, raped, for almost 300 years. It is my hope that that kind of sell-out does not take place in the Balkans. But we know that it could, if vigilant people don't stand up and fight. And that's why we have to support Mr. LaRouche, because this is of utmost importance.

If the crooks who rob us daily are allowed to continue their activity, then all of us will be harmed, and all of us will see ourselves in a terrible condition, not to mention what will happen in the rest of the world. So I'm here to support Mr. LaRouche and the plan to reconstruct Kosovo and to reconstruct the Balkans, and really to change this world so that this will be a world where we can live in peace and harmony, and with love and respect for each other.

China, Russia enjoy strategic partnership

Le Yuchen, Counsellor to the Chinese Mission to the United Nations, spoke to EIR's seminar on Balkan reconstruction in New York City on June 23. Mr. Yu is also an expert on Sino-Russian relations. Here are excerpts of his remarks.

"Although today's topic is Balkans reconstruction, the Eurasian Land-Bridge has also been mentioned," Le began. "The Land-Bridge goes from China, through Russia, to Europe. I think it's important for you to know the relationship between China, Russia, and other powers. And since Mr. Speed also mentioned the bombing of the Chinese Embassy, I will say a few words about this tragedy.

"As you know, over a month ago, the Chinese Embassy was damaged by American bombs. It came as a big surprise to us, the Chinese people. Before the bombing, the Chinese people had always enjoyed a good feeling toward the American people, and we pursued a strategic partnership, with all the powers, including the U.S.A. We tried to build this strategic partnership with Russian friends, and during the state visit of our President Jiang Zemin to the U.S.A., we also put the task to build a strategic partnership between China and the U.S. Unfortunately, the bombing has not only bombed the embassy, but also hit the partnership. Now it's difficult for us to go on with this. But still, we hope that if the American administration is serious about addressing the problems and [willing] to try to solve the consequences of the bombing, I think we can still try to improve our relationship.

"A few days ago, the high-ranking official envoy of the Clinton administration, Mr. [Thomas] Pickering, headed a delegation to China, and gave us an explanation of the incident . . . involving an old map. But it *couldn't*. . . It's childish! How can a military action use an outdated map? If you are a tourist, you are going to visit Belgrade, you would try to get an updated map, not one from seven years ago. So it's not convincing. Certainly, we are not satisfied with the results of the investigation. We are expecting a new explanation. I hope we are not disappointed.

"I think the partnership should be based on mutual respect for national sovereignty, and of friendship. If you bomb a country's embassy, how can you view that as partnership? So, let me say a few words about our relationship with Russia. . . . As you know we are building a strategic partnership of collaboration, facing the twenty-first century, with our great

**Former Mexican President
José López Portillo:**

**‘And it is now necessary
for the world to listen to
the wise words of
Lyndon LaRouche.’**



An EIR Video

The Eurasian Land-Bridge: Ally with China, Not London

EIR's hour-long video features speeches by Lyndon LaRouche and Helga Zepp-LaRouche, and by former Mexican President José López Portillo. Here, Mr. López Portillo is shown with Mrs. LaRouche (right) and Mexican political leader Marivilia Carrasco.

Order Today!

EIE-99-002 **\$25**

Call Toll-free **888-EIR-3258** (888-347-3258)

neighbor, the Russian Federation. Maybe you know that China and Russia, as the former Soviet Union—maybe you know that the relationship between the two countries went not so smoothly over the past decades. In the '50s, we had an allied relationship, and in the '60s and '70s, we had disputes on sovereignty. I think we have some Russian friends here. At that time, some leaders in the Soviet Union tried to control China, to make China as their little brother, or one of their satellites. Certainly, the proposal was rejected, and the relationship from then on deteriorated, and even resulted in confrontation and conflict. . . . The relationship between the two countries did not go smoothly.

“But as the world came into the '80s, and as the Cold War came to a close, the two neighboring countries realized that we should improve our relationship, we should build a new type of partnership. So, as a symbol of normalization of our two countries' relationship, President Gorbachov paid a visit to China and shook hands with our leaders, particularly Deng Xiaoping. We began the process of normalization. Then we began to think of how to build a new type of relationship. In the early '90s, our two leaders exchanged visits to the two respective countries and came to the conclusion that we should build the strategic relationship.

“I remember, that I participated in the talks between Mr. Yeltsin and Jiang Zemin in Beijing, and Mr. Yeltsin proposed to build such a partnership. That was 1996. Since then, we tried to reach the formula of the strategic partnership, and the two sides came to the conclusion that there should be no confrontation and no direction against any third countries. There should be mutual respect for sovereignty. I think those are the main points of collaboration. Since then three years have passed, and both sides have benefited a lot. It has served the interests of both sides. . . .”

Le Yuchen recounted the successful collaboration on trade projects. He said that the Russia-China border, “4,300 kilometers, the world's longest, now becomes an area of cooperation, and collaboration. Economically, I would like to mention that the *EIR* published an article on the visit of our Premier to Moscow in February of this year. During this visit, the Premiers of the two countries reached 11 state-to-state trade and economic accords, including the building of gas pipelines, delivery of Siberian oil, and the joint production of televisions and air conditioners. . . . There were also regional agreements of strengthening inter-regional cooperation. Yesterday, in Beijing, a conference opened dedicated to this idea of inter-regional cooperation, and a big Russian delegation, representing many regions of Russia, came to meet their partners, and to talk about furthering joint work.

“So, the partnership between Russia and China goes smoothly. We are satisfied with this. In the international arena, Russia and China have also worked together closely. In dealing with the Kosovo problems, our two countries have frequent and close contacts. . . . In the UN we also cooperate.

So I think that the partnership between Russia and China should demonstrate that if we respect sovereignty, and deal with friends more sincerely, I think this is the way, the model, for the other powers to follow this example, to help each other to cooperate, and join together to solve the crisis, and the challenges that we are facing in this world as we enter the new century.”

U.S. cooperation is needed to fight drugs

by Carlos Wesley

A leading Panamanian legislator warned his American colleagues in the U.S. Congress that another invasion of Panama is being concocted on spurious charges, which would lead to disastrous relations between their two countries and for the rest of the region. Miguel Bush Ríos, president of the Committee on Credentials, Interior, Justice, Rules, and the Judiciary of the Panamanian Legislative Assembly, issued his warning during a press conference on June 23 in the U.S. capital, and at various meetings with U.S. Congressmen on Capitol Hill.

Bush's visit to Washington, his second in three months, coincided with the testimony of Gen. Charles Wilhelm, head of the U.S. Southern Command, to the Senate Foreign Relations Committee on June 22. At that hearing, Wilhelm said that, since Panama is “neither manned, trained, nor equipped” to deal with the Colombian FARC narco-terrorists increasingly making incursions across the border into Panama, “we are very mindful of our obligation to intervene, either cooperatively with the Panamanians, or unilaterally if the conditions dictate.”

LaRouche is the alternative

Panama refuses to accept that its only alternatives are the FARC narco-terrorists or another U.S. military occupation, which would be in open violation of the Torrijos-Carter Treaties that require the withdrawal of the last U.S. soldier from Panamanian territory by midnight of Dec. 31 of this year, said Bush at his press conference. “That is why we are asking” the U.S. population, and the Democratic Party in particular, “that they make Lyndon LaRouche their candidate in the [Presidential] primaries. LaRouche's proposal for the world, to seek improvements for our peoples and for your own, is a positive, human proposal, and touches all of our people, because we are all equal before God,” said Bush.

During *EIR*'s seminar that day, Bush pointed out that since the time of infamous British pederast Jeremy Bentham, founder of the British secret service, the region of the Gulf of Urabá, which borders the Panamanian province of Darién

where the Colombian narco-terrorists and paramilitaries operate, has been coveted by Great Britain and its allies.

In the meetings with members of the U.S. Congress, Bush reminded them that during his previous visit to Washington, on March 22-26, he had already warned that the presence of Colombian narco-terrorists in Panama was going to be used as a pretext for a military intervention. Panama has no army, he said, but that is because the 1989 U.S. invasion destroyed the Panamanian Defense Forces. Ironically, the transshipment of Colombian drugs through Panama has quintupled in the aftermath of that U.S. invasion, which was supposed to have “put an end” to Manuel Noriega's alleged drug trafficking. However, Panama has achieved important successes. In 1998 alone, the Panamanian Judicial Technical Police, despite its scant resources, seized more than 11 tons of cocaine.

Bush said that it is ridiculous to talk about an intervention to protect Panama from the FARC, when it is widely known that the U.S. State Department fully backs the policy of Colombian President Andrés Pastrana, of balkanizing his own country by giving territory to the narco-terrorists to set up their own “Coca Republic.” Even members of the U.S. Congress have held dialogues with the FARC as if it were a legitimate government, he said. And the president of the New York Stock Exchange, Richard Grasso, recently went to Colombia to meet with a top leader of the FARC, and invited him to visit Wall Street (see *EIR*, July 16).

Bush said that he doubted the seriousness of the United States's commitment to fight the drug trade, especially in light of the fact that, a week before he arrived in Washington, the U.S. Congress held hearings on June 16 on the legalization of drugs. That the majority of Congressmen oppose legalization was not the point, he said. Rather, the fact that such a matter was seriously debated in the Congress of the United States, with the participation of the main drug-legalization lobbies, is by itself dangerous.

Further, Bush said, except for a few specialized U.S. agencies like the Drug Enforcement Administration, the United States has offered Panama little collaboration in fighting drugs. When one Senate official reminded Bush that the United States had donated several used helicopters to Panama, Bush responded: “Yes, that's true. We were given some helicopters one day, and the next day they crashed,” causing the death of several police agents of both countries (see interview which follows).

To improve the efficiency of the police force and to defend Panamanian territory, Bush has prepared a bill for setting up a Ministry or Vice Ministry of the Interior, which would coordinate the fight against drugs. He has prepared another bill, to create a border guard to protect both the national borders and the banks of the Canal itself. Bush said that the best thing would be if the United States were to cooperate with modern equipment and training, and leave it to the Panamanians to guard their own borders.

Interview: Miguel Bush

The following interview with Panamanian Congressman Miguel Bush, Chairman of the Legislative Assembly Judiciary Committee, was conducted by Carlos Wesley, on June 24, in Washington, D.C.



EIR: Congressman Bush, what is the purpose of your visit to Washington? You were here only three months ago. Why have you returned so soon?

Bush: The last time I was here in Washington, I met with several Congressmen, friends of mine, who are concerned about the situation currently ongoing along our border with Colombia, and about the information we have received from various friendly South American intelligence agencies, as well as some local ones. We were concerned, because we had learned that, once the negotiations to establish a MAC [Multilateral Anti-Drug Center] in Panama had failed, some interests were seeking some form of confrontation—not provoked by us—to justify the presence of U.S. troops in Panama beyond the year 2000.

This brought us to the United States three months ago, to seek support from Congressmen, to help us obtain the necessary funds so that we could then present a bill to the Legislative Assembly for the creation of an Interior Ministry, which would facilitate the creation of a 5,000-man elite unit, a border police or border guard, with responsibility for protecting our border with Colombia. One which would be well-equipped, militarily, to confront the FARC narco-guerrillas, and also to have a contingent which would take responsibility for our commitment under the Torrijos-Carter Treaty, to patrol the banks of the Panama Canal.

Over these past three months, Panama's situation has changed dramatically, to the point that in the last three weeks, there have been incursions from both [Colombian] paramilitary groups and units of the FARC into our territory. I would say that this situation is being run by elements of the U.S. State Department, because the U.S. Ambassador to Panama, Simón Ferro, immediately said that they could order a mobilization of their troops into the area.

We have come to this country, and have discovered with great sadness that the possibility of legalizing drugs is already being discussed in the U.S. Congress. And since the State Department is not really interested in a frontal war against drugs in Panama, much less in Colombia, this tells me that there are other dark interests behind all this.

At the same time, I find that on June 22, the head of the U.S. Southern Command, Gen. Charles Wilhelm, proposed that the United States could unilaterally invade our country, occupy it once again, and send troops to Darién province [the border area with Colombia]—which creates a difficult situation. I think that General Wilhelm should direct his attacks against the State Department. And I will explain why: The ones who are meeting with the FARC are not the Colombian Army, which is in an all-out battle against the FARC in Colombia; it is not the Panamanian government, which is affected by the incursions of the paramilitaries and the FARC. Rather, it is the State Department, and even some members of the U.S. Congress, who are meeting with the FARC, virtually giving them recognition as belligerents, as a state within another state. It would appear that the State Department has two agendas: one, what they tell their people, which is that they are fighting drugs; and another, which is the real one, which is that there is no interest in fighting the drug trade, but rather in maintaining and increasing it until a law comes out of the U.S. Senate and Congress to legalize drugs.

EIR: It would appear that the essence of the matter is Howard Air Base. Why did the negotiations with the United States fail, and is Panama still disposed toward establishing a Multilateral Anti-Drug Center?

Bush: Look, it was, and continues to be, in agreement with establishing a Multilateral Anti-Drug Center at Howard Air Base, or anywhere else. The problem is the following:

First, they want an agreement for twelve years. Panama said three years, that twelve years was too long a period of time. And that every three years, we could review whether the center is operating effectively and could approve it for three more years.

Second, they are asking that we give diplomatic status to their forces, to their entire military contingent. That is unacceptable to Panama.

Third, is that they do not just want the center to fight drugs and money laundering. They want other things, too. For example, if they have a problem in Argentina, they want to be able to use the Howard base for sending a rapid-deployment elite force into Argentina. We could not permit that, because that would be intervention, using our territory to intervene into another South American nation.

Now, General Wilhelm is a very good soldier, a good military strategist, but he knows absolutely nothing about the diplomatic agreements among states. He says that it would be ideal for the United States to negotiate an agreement for access to Panamanian airstrips for anti-drug patrol flights, like Washington has with Ecuador, Aruba, and Curaçao. But the agreements Washington has with Ecuador, Aruba, and Curaçao involve no more than 30 American soldiers. What the Americans want in Panama is more than 2-3,000 soldiers.

So, this is not an agreement like that with Aruba, Curaçao, and Ecuador.

EIR: Is Panama prepared to sign an agreement like the ones with Aruba, Curaçao, and Ecuador?

Bush: Why not? Where there are no more than 30 soldiers? Please. And that they pay for the use of the airstrips. But that would have to be exclusively for anti-drug use. It could not be to intervene if there is a situation that arises in a fellow South American country. For example, the case of Brazil: I have heard an American politician say that if the governor of São Paulo state refuses to pay debt service, they would have to militarily intervene in São Paulo, Brazil. And they want Howard for that. It cannot be. Panama cannot lend itself to that.

EIR: How have your meetings with members of the U.S. Congress gone this week?

Bush: I think that the majority of Congressmen are not aware of the problem with Panama, but to the extent that we have been explaining what is going on, they have indicated their readiness to help us obtain the resources we need to carry out our proposal: the creation of an elite force to patrol our border and the shores of the Panama Canal. And they are aware that it is we Panamanians who must defend our borders.

EIR: In 1989, the United States invaded Panama, supposedly to do away with the drug trade, and accused Gen. Manuel Noriega of being tied to drug traffickers. In the ten years since then, has the drug trade been noticeably reduced in Panama?

Bush: I think that President Bush of the Republican Party—and I pray that the American people do not make a mistake and vote again for the Republican Party and for Bush’s son—miserably tricked the American people. Because it turned out that, once they had captured Noriega, that is when more cocaine began to flow into the United States from several points, among them Panama. The statistics offered by the U.S. DEA [Drug Enforcement Administration] and FBI indicated how, when Noriega ruled in Panama, drug flow into the United States was less than after they captured him.

This means, and I repeat this again, that President Bush fooled his people at the time.

If they had not destroyed our Defense Forces, which was an army prepared to meet the demands of the new millennium, which was to guard the Panama Canal and our borders—remember, the fight against the drug trade has to be carried out not by police, but by an army well-equipped with helicopters, with destroyers, with planes, and we could only do that once the U.S. troops were withdrawn from Panama. But the State Department, very cleverly, ordered the destruction of that institution, and imposed on the government of President Ernesto Pérez Balladares the elimination of the very concept of the army from our Constitution.

And what goal did they seek? Now that they must withdraw from our country, they say that, since we don’t have an army (the army that they themselves ordered destroyed), they will have to come and protect our borders, and the Panama Canal for us.

Their purpose is not to fight drugs. If they were interested in ending the drug trade in Colombia, they would have strengthened the Colombian Army three, four, five times. And they have done just the opposite: They have weakened it, and President Andrés Pastrana has practically allowed the insurgents to control nearly 40% of Colombian territory.

EIR: This is undeniably true, but now we have a reality in which we have the FARC and the paramilitaries crossing the border, and Panama obviously cannot protect itself. For example, the current National Police of Panama, do they have the equipment necessary to confront these threats?

Bush: They do not; truly they do not. We have made an effort, and we have allocated additional monies in our budget of nearly \$1 million, to put more than 1,200 men along our whole border, both on the Atlantic and the Pacific. But we only have three very old patrol boats, and no helicopters.

EIR: Only three patrol boats?

Bush: Three boats for both oceans, the Pacific and the Caribbean. We have no armored helicopters, which means that, of the five or six helicopters that a high-level Senate official very proudly told me had been donated—yes, helicopters that were already obsolete, that were already taken out of service.

There is no real interest on the part of the State Department in helping Panama in the fight against drugs. Further, we have repeatedly discovered, that many of the prominent businessmen who are received with such pomp and circumstance here in Washington, own companies that are dedicated to the laundering of dirty money.

So, what are we saying? There is no interest in fighting drugs. And it is important to stress this, so that the American people understand this: Those most affected by the dirty narcotics trade are the minorities, the African-Americans, and the Hispanic sectors of your population. And, it would appear that this is a lucrative business that some interested parties here in Washington want to see maintained.

EIR: On the Colombian side, during the time that Gen. Harold Bedoya was in charge, the Colombian Armed Forces issued a book in which the FARC was described as the “Third Cartel.” What do you think of this?

Bush: I think that General Bedoya was a soldier—he is now retired—who was very honest, a nationalist soldier who loved his country. He always maintained that the guerrillas could be defeated, that a different Colombia could be achieved. But there were interests, not necessarily Colombian, but from

outside Colombia, that succeeded in getting him thrown out of the military leadership. And these are precisely the interests which today conspire, which seek to balkanize, to divide Colombia, as they are doing at this very moment, which is affecting all of us. These are exogenous forces; they are foreign forces.

EIR: It would seem that there are certain circles which believe that one must negotiate with the terrorists and legalize drugs, because they cannot be defeated. Is narco-terrorism invincible?

Bush: [Peruvian President Alberto] Fujimori is defeating terrorism in Peru every day. He has them surrounded; the whole coca zone in Peru is being controlled. This guy has proven who wears the pants.

And, let me just say that he has given a great lesson to the leading power in the world. I would say that it appears that there are U.S. interests, even sectors of the U.S. political class, who see the drug trade as a fruitful one. I understand that in just one year, more than \$500 billion in narcotics has been moved into the United States.

This is a trade that is going to destroy American youth. It is sad. I say this to you because I come from a country where I have seen the ravages of cocaine, of what they call “crack” in this country, and of other by-products of cocaine, of bazuco, and there are others still worse than bazuco. I see how the U.S. political class is already viewing the matter of drugs as a good trade. This is the impression that I carry back with me when I return to my country.

EIR: Another person who seems to favor the FARC is Venezuelan President Hugo Chávez. What do you think?

Bush: Look, it saddens me, because I think that—well, this is a Venezuelan matter, which sometimes one shouldn’t get involved with, because it is an issue for Venezuelans, but I am a Latin American and sometimes it is sad. The Venezuelan people chose Hugo Chávez, and saw him as a hope, saw him as a Simón Bolívar, as an Omar Torrijos. And in practice, it is disheartening when one learns that a butcher such as George Bush, whom we drove out of Panama in tears, when he was in the Plaza Porras—when we learn that Venezuelan President Hugo Chávez went happily to congratulate Bush at his birthday party in Texas.

And I say it is sad because Hugo Chávez should remember that one of those who insisted that he be sent to jail when Carlos Andrés Pérez was President, was precisely Bush, because he [Chávez] opposed the International Monetary Fund measures. Now, it appears that Hugo Chávez is going to endorse that which led him, with good reason, to rise up against Carlos Andrés Pérez.

We in Panama watched Hugo Chávez as a candidate, and saw, “Oh, we are going to have a man who will help orient Latin America in the fight against the International Monetary

Fund.” And it turned out exactly the opposite; that is, it appears to be that what he is going to do, is represent the interests of the IMF. Chávez wasted a great opportunity to become a great leader, such as Tomás Torrijos Herrera. But, such are the sad things of politics.

EIR: Yesterday, at the *EIR* seminar, you said that Lyndon LaRouche’s doctrine was a solution not only for the United States, but for other peoples. What do you mean by that?

Bush: The reconstruction program that Lyndon LaRouche proposes in his Presidential campaign book, *Road to Recovery*, lays out for you the concept of the defense of the nation, of the interests of our nations, of the interests of integrating the struggle for the poor in the country and in the city, in defense of our natural resources. And that we should once and for all rid ourselves of the usurers, of the International Monetary Fund. So, these are measures that are not only good for the United States. Now that I have returned, I have realized how, in the case of heavy industry, in the case of automobile production, for example, I see already the practice of American industrialists, how workers are affected within the framework of globalization, how they are sending their industry to Mexico, where miserable wages are paid. And you can see how that same merchandise is returned to the U.S. at two or three times the price, but leaving a pauperized, unemployed working class in the streets.

We believe that the LaRouche doctrine could also be applied to Latin America. How long has it been since a President of the United States has looked toward Latin America? I remember the last was Kennedy. I remember that he did it in such a way that, through the institutions, his intelligence efforts also penetrated, but something came.

EIR: During yesterday’s seminar, Debra Freeman referred to the great work you did ten years ago, when LaRouche was in jail, and you responded to the call to get him out of jail.

Bush: Truly, I feel very honored and very gratified by that recognition given me by Mrs. Freeman, because Mr. LaRouche is a man of continental stature. He is a man who not only offers his views here in the United States, but in other parts of the world.

EIR: Your party lost in the recent Presidential elections in Panama, although it maintains control in Congress. What do you think of President-elect Mireya Moscoso?

Bush: She said in her election campaign that tariffs were going to be raised again, to protect the agricultural sector. I am certain that, in this, I am going to support her. She said that she would ease off from the neo-liberal [free-trade] policies; in this, too, she can count on our support. And, if these were merely electoral promises, we are going to demand from the Assembly that she meet those promises. Because I think that that is a commitment that she has made

with the people, and I think that we can together approve laws of a social nature to the benefit of our people.

EIR: Finally, I have just learned that you are sponsoring a youth chamber orchestra, and want to organize a complete symphony orchestra of 140. Why this initiative, and what are the antecedents to this initiative?

Bush: Well, this is the influence of LaRouche! I was raised in a tough city, Colón, a city where, as we *Colonenses* say, you gamble your life on the streets. And the only music that we knew, was our own music — well, first, that of the Caribbean, second, of my country, and third, the bad influence of U.S. music, of rock, of reggae. And I think that we have forgotten universal culture, Classical music, which is not the property of the rich, but belongs to all people.

Two years ago, we created the chamber orchestra. I have financed it with more than \$50,000 from my discretionary fund. There is a group of some ten music teachers, headed by Prof. Felipe Hudson, working on this in Colón. We give music classes and teach instruments to children from four to twelve years of age. And they are the ones who take part in the chamber orchestra. Now, we want to create a youth symphony orchestra of 140 children, who are already training. And once they are trained and we have been able to acquire instruments, we are going to give concerts in the poor neighborhoods

where there is the highest incidence of crime, and which are the most devastated by the drug trade.

EIR: How has the orchestra affected the children and their parents so far?

Bush: You would not believe it. These children wake their parents very early, or remind them in the afternoon: “Papa, remember that you have to take us to practice.” You see how the mother and the father bring their children to practice. Look, it is beautiful to see when the mother and the father accompany their children, to watch them practice and learn an instrument like the violin, the ’cello, the guitar, the saxophone, the flute. It is beautiful, because you see the mother and the father sitting together. This helps to unify the family, at a moment when family disintegration is a serious problem in Panama, and in my district in Colón, more than anything because of drug trafficking.

So, this is also a way of saying no to drugs, because the children find culture there, a way of forgetting that tragic effect caused by drugs.

It is a beautiful thing, indescribable. If you could only see those parents sitting there. When there are performances, you see the mother and the father with their little sons and daughters. I never had this opportunity as a child, and that is why I am doing this now.

The Plot To Annihilate the Armed Forces And the Nations of Ibero-America

INCLUDING:

The Bush Manual to Eliminate the Armed Forces

Limited Sovereignty: Objective of the Inter-American Dialogue

Stop the ‘Africanization’ of Ibero-America!

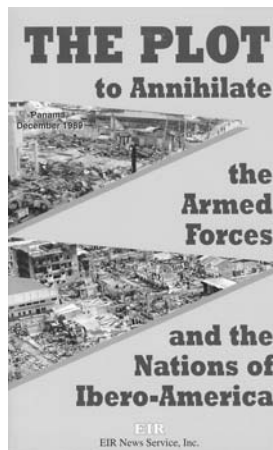
With a **PREFACE** by Col. Mohamed Alí Seineldín, **INTRODUCTION** by Lyndon LaRouche, and **PREFACE** by Michael Billington

\$15 AVAILABLE ALSO IN SPANISH AND PORTUGUESE

Order from:

EIRNews Service

P.O. Box 17390, Washington, D.C. 041-0390



The Plot is “required reading at several regional military academies and staff colleges. Students of Latin America affairs will ignore this book to their own detriment.”

—James Zackrisson, *Defense Force Quarterly*

Prometheus and Europe

by Lyndon H. LaRouche, Jr.

July 7, 1999

The U.S.A. will not be capable of choosing those decisions on which its survival now depends, unless there is, now, a rapidly renewed influence of Classical thinking. This renewal must occur within a citizenry which had become, predominantly, disastrously illiterate, and often wildly irrational, even relative to the standards of twenty-five years ago. The strategic purpose of the present, like related earlier reports, is to prompt those who are able, to educate broader circles among their fellow-citizens. Their task, like that of *EIR*, is to communicate ideas which must become influential, if this nation is to outlive the presently accelerating global crisis.

Effecting such a result, within the relatively short time now available, will not seem an impossible chore to those who are encouraged, as I am, by study of similar efforts in the Americas, and elsewhere, during certain critical earlier periods of, in particular, U.S. and European history.

The required method, is the same method used successfully during the middle to late Eighteenth Century, by our Benjamin Franklin, and by Lessing and Moses Mendelssohn in Europe, and by the Fifteenth Century Renaissance, earlier. The method is based on provoking not only prominent, but also so-called ordinary people, into facing those facts which force them to overcome the ignorance which has been recently, habitually embedded in them. The ignorance which must be overcome, is typified by present-day, widely and strongly held, but destructive popular prejudices. The proven method, from those cited and other notable cases of cultural renaissances from past history, is the method which *EIR* is applying to this work today.

The policy is, to educate a small minority of the citizens, who will, in turn, educate others, who will, in turn, educate still more. We should recognize, from comparable, successful

experiences of the past, that those who participate in learning to teach others, in this chain-letter sort of organizing process, will be, together with their children, among the leading citizens of our republic during the years to come. That happy outcome assumes, of course, that our republic survives the presently ongoing succession of crises, that during the months preceding the next U.S. general election.

The principal obstacle preventing such happy results earlier during recent times, has been that such a proposed, rapid success, in bringing up the level of the morality and intellect of an entire people, occurs only as the poet Percy Shelley described this process, in his celebrated *In Defence of Poetry*. In ordinary times, such an uplifting of the intellectual and moral level of even a small portion of the population, often appears to be a thankless, if necessary, tiresome drudgery, an effort enjoyed only by a few stubbornly exceptional thinkers and their pupils. Only under special conditions of profound crisis among nations, as now, do the preconditions exist, for a sudden upsurge of the general power of people *for receiving and imparting, profound and impassioned conceptions, respecting man and nature*.¹

At present, the world as a whole is gripped by one of history's greatest instances of the kind of period of rising crisis to which Shelley referred. During recent months, especially since the past Winter's mad effort to carry out a political lynching of President Clinton, and since the associated succession of financial crisis and war which followed the Washington G-7 meeting of last October, the political and economic situation now deteriorates at an accelerating rate. As a

1. "A Defence of Poetry," *Shelley's Poetry and Prose: Authoritative Text, Criticism* (New York: W.W. Norton and Co., 1977). Shelley himself emphasized that John Keats was the greater master as a poet; but it was Shelley who helped us better to understand the genius expressed by Keats.

result of this turn, there has been a perceptible, now accelerating quickening of the minds, spreading among more strata of the population. More and more of an increasingly fearful population smells the approaching death of the existing economic order. It smells that odor of doom emanating, worldwide, from the proverbial “old regimes.” In past history, this kind of window of opportunity now opening up, has been small. In such brief intervals as this one, we must then soon seize that opportunity, or lose it forever.

Any alert, reasonably well-informed observer, can see such a crisis, erupting, as if seismically, around the world today. If, and only if, that relatively brief opportunity is seized appropriately, and quickly enough, our nation can, and will land safely on the safer, far side of the presently rising storm. Otherwise, past comparable periods of history should have forewarned you, that without using that approach, of which this present report is an integral part, this nation will not survive during your children’s lifetimes.

If you had any doubt that our nation has been sinking into a quicksand of functional illiteracy, ask: What percentile of the pupils in local schools are being turned into virtual zombies, even killers, by programs of stuffing the pupils with the disassociative, mind-deadening drugs, such as Ritalin, Prozac, and dexedrine, and so-called “information,” instead of knowledge? What does that tell you about the kind of education being delivered to those victims, those pupils, by our schools, and by the Internet?

Ask, then: Is the content of mass media output much better, or, perhaps, even worse, than that destruction of our young, presently ongoing within our schools? Compare today’s schoolroom and popular readings with those of twenty-five and fifty years ago. Compare the most popular and other racks of bookstores today, with the offerings of twenty-five and fifty years ago. This nation has adopted many enemies, either real, or merely imagined; the most deadly among the real enemies, is the present “New Age’s” spread of illiteracy, and of moral and intellectual numbness, within both the leading ranks of politics and business life, and all ages of the population in general.

How citizens fool themselves

In proceeding as I do now, I forewarn you once more, not to allow yourself to be so microscopically small-minded, as to make the commonplace mistake of recent, increasingly illiterate decades in our nation’s life. Do not fool yourself into thinking that the topic presented here is relatively unimportant to the practical side of life in your local community today.

Perhaps some readers will be tempted to think, mistakenly, that I am referring to some “secret doctrine” known only to puppet-masters who control politics on stage from behind the curtain. Those readers should free themselves from such, or similar illusions.

Real politics operates on three levels.

On the lower level of thinking, even that practiced at what

most people would consider the levels of high office, ordinary politics operates on the basis of certain relatively superficial, axiomatic presumptions. People, at this lower level, cling to assumptions which operate inside their minds, pretty much as do the definitions, axioms, and postulates of a traditional classroom Euclidean geometry. Most politics — cheap political tricks, for example — functions on the basis of exploiting most people’s customary blind faith in those assumptions.

Suddenly, when a crisis like that now erupting worldwide, begins to reshape events, those axiomatic assumptions break down. This is true even for many people in relatively high positions of politics and finance, as today. They are suddenly perplexed by a rapidly changing world. Those changes are being controlled according to new rules they do not understand. That is what more and more plain citizens, and leading business and political leaders, are discovering now. This will become worse, that rapidly, during the coming weeks and months.

In such times, a new kind of political leadership must emerge. It must replace the style of leadership which was generally accepted, during a period of decades, or even longer, until now. Those who will be effective political and business leaders, under those conditions, will operate on one, or both of two levels of new thinking about policy-making.

On the first of these higher levels, the second level, the new assortment drawn from a retooled combination of both former and new leaders, will simply learn the appropriate new rules, to replace those failed definitions, axioms, and postulates which had seemed to be effective in earlier times.

However, the most effective leaders, will be those who look at this business of political axioms from a still higher, third level. That third level, is represented by those who have come to understand the way in which successive changes in ruling political axioms come about. These are the kinds of thinkers from which the world, in any time, obtains its greatest poets and scientists, and also the best qualified political leaders. This third level represents the quality of leadership which is indispensable for a time of great crises.

It is those other citizens, and their current political leaders, who resist understanding what I have just said in these immediately preceding paragraphs, who will fail us during the presently onrushing world crisis. Like hysterical passengers clinging desperately to what they thought they knew — their failed axioms, their sinking *Titanic* — their leadership, if we permitted it to do so, would take us all down — with the sinking ship.

So, it was, when Abraham Lincoln warned you, that most of our citizens are — as still today — fooled most of the time. He referred to the blind side of those who are so often fooled, because, to speak plainly, they wished to be fooled. Thus, often, in times of crisis, they wish to cling to their blind faith in beliefs which will fail them, even destroy them — as in the case of people occupied in the folly of “financial derivatives” trading today.

The “blind side” of the typical American (among other



“President Lincoln’s celebrated late-night lectures to his war-time Cabinet, on Shakespeare,” writes LaRouche, “are not an exception to the kind of practice to be found among the greatest political leaders, in all parts of the world.”

people), lies in his, or her indifference to subject-matters with which “I don’t wish to be bothered.” Nothing has caused greater suffering to ninety percent of the people of the U.S.A.—the underdogs—during the past thirty-odd years, than their own desire to limit their attention to so-called “practical questions,” or, so-called “bread and better” issues of daily life. Usually, it is what they do not wish to see, which hurts them most. Faced with actually important matters, the typical American says, “Please, let’s change the subject!”

Thus, disaster creeps up upon them, step by step, always catching them by surprise. That is how they were caught by surprise, by economic disaster which hit the financial markets in October 1987, in October 1997, in October 1998, the Brazil crisis of February 1999, each of which I had forecast beforehand, and also the most recent bail-out crisis of June 1999. In each and all of these cases, the crisis had crept up, year by year, during the past thirty-odd years, to become the situation of ninety percent of the U.S. population today. Now, the “big one” is coming soon, and most people will have said, “No, it won’t happen; they [the so-called authorities] would never let it happen!”

Usually, the “blind side” which makes today’s all-too-typical U.S. citizen fair prey for fresh disasters, lies within the domain of his customary cynicism, his so-called “popu-

lar”—or, *populist*—disdain for principles of science and Classical art. So, we must now do away with populism, and its cult of “libertarianism,” and go on to real politics.

In the following pages, I call your attention to one of the most important topics in all political science, the way in which political axioms are radically changed under conditions of severe political and social crisis. See why one of the most powerful political leaders the U.S. has had, operating during a period of the greatest crisis our republic has known up to now, President Abraham Lincoln, taught his Cabinet political lessons of master-politics, passages from the tragedies of William Shakespeare.

Lincoln’s celebrated late-night lectures to his war-time Cabinet, on Shakespeare, are not an exception to the kind of practice to be found among the greatest political leaders, in all parts of the world. All of the most successful doctrines of military science, are also derived, and used to be taught, from the standpoint of the Classics, reaching back to ancient Greece. All of the greatest military leaders gained much of their competence in being educated, as masters of real politics, in that way. Much of the knowledge we have about really serious politics, we have from the greatest art inherited from what are sometimes seemingly remote depths of earlier history.

The ancient myth of Prometheus, our subject here, contains one of the most fundamental, and important of those Classical lessons in grand political—and military—strategy.

1. What art must teach politics

Turn now, once again, to real politics: the nature of man. This time, I present that subject from an indispensable standpoint, the method of Classical artistic principle as such.

As I have stated the reason for this in a recent report: Personalized accounts of experience, on the subject of the elementary form of cognitive relations among groups of individual persons, provide the only mental images by means of which the discovery of validatable, universal artistic, or scientific principles, can be competently reported and argued.² Any different sort of discussion of such matters, is merely rhetoric. The difference between the cases of artistic and scientific principles, is that, whereas the subject of universal physical principles pertains to man’s masterful comprehension of the material universe, the subject of universal principles of Classical art, is the individual’s explicitly cognitive, rather than sensory, relationship to the sovereign individual cognitive processes of other minds. The clinical evidence of Classical tragedy illustrates this point.³

2. Lyndon H. LaRouche, Jr., “How to Save a Dying U.S.A.,” *EIR*, July 16, 1999.

3. i.e., those of Aeschylus, Sophocles, Shakespeare, and Schiller, most notably.

Classical forms of art put human individuals on its stage, and force the meaning of the interrelations so displayed there, to be made visible within the audience's powers of cognitive insight. In this way, Classical art, such as tragedy, impels the individual members of the audience, to experience a pre-science of the pairwise cognitive interactions of the deepest interior of those minds presented on stage.⁴

Successful such artistic compositions, force the mind in the audience, to look beyond the diversions of sense-certainty. They shift the audience's focus, to insight into the seemingly spiritual, shaping, orbital force exerted over the drama's battlefields. They show, thus, how real history is shaped by ideas.

This force is revealed in the interaction of the cognitive processes represented on stage. The sensitive audience recognizes, from that artistic experience, that the same principles demonstrated by great Classical art, are the principles by which peoples must shape the destiny of their nations. Thus, in this way, as the playwright and historian Friedrich Schiller defined the standard of competence for Classical tragedy, the audience must leave the performance of the Classical tragedy better, more insightful people, than had entered the theater a few hours earlier.

That is real politics, as practiced by the only people who are truly serious about the outcome of current history. That, conversely, is the political mission which supplies Classical forms of art its unique legitimacy, its moral purpose.

The real-life incident which I shall put on stage, here, occurred nearly fifty years ago, during the year 1950. This was during the closing years of a time of my occupation with, among other projects, a comparison of the treatments of the natural (i.e., *bel canto*) vocalization of the poetry of Johann Goethe, by such composers as Mozart, Beethoven, Schubert, and Hugo Wolf. Already, then, I sensed, more and more, that those composers understood the principle of composition of ideas within Goethe's poetry distinctly better than Goethe himself. Nonetheless, I had also come to know that Goethe was perhaps the most elegant composer of short Classical poetry in modern times, the one quickest and slickest to provoke in me a hilarious sense of truly Classical metaphor.

Therefore, in assessing Goethe's poetry insofar as I knew it, I compared him not only to Keats, Shelley, Heine, and Shakespeare; but, I also included the setting of short Goethe poems, as *Lieder*, by the composers Mozart, Beethoven, Schubert, and Hugo Wolf, masters of Classical poetic compo-

4. Or, in Classical musical compositions based on the notion of obliging the singing and instrumental voices to interact polyphonically in a *bel canto*-driven, well-tempered mode, the contrapuntal principle of inversion, combined with the voice-species registration, uses dissonance and register-shift, to force singing out of the monotony deemed appropriate for the oompah-band, into a relentlessly driving sense of true musical thorough-compositional development. To free music of the monotony of noun-ness, into a domain of living verbs. To force the singers to sing "between the notes" in this way.

sition in their own right.⁵

It was an incident which occurred during that year, which prompted me to reach a certain crucial political conclusion, concerning a crippling epistemological defect which lurked behind the customary Classical elegance of Goethe's form of poetic composition.

The incident which then provoked my judgment to this effect, involved a poetic soliloquy, excerpted from the draft of one of Goethe's plays, a soliloquy which came to be recog-

I forewarn you . . . not to allow yourself to be so microscopically small-minded, as to make the commonplace mistake of recent, increasingly illiterate decades in our nation's life. Do not fool yourself into thinking that the topic presented here is relatively unimportant to the practical side of life in your local community today.

nized as the celebrated Goethe poem *Prometheus*.⁶ That soliloquy reflects the influence of the ideas of Classical artistic composition, those of Aeschylus, Sophocles, Plato, and Shakespeare, which Gotthold Lessing had revived in Germany. The crux of the discussion on this 1950s occasion, was the examination of the Goethe poem itself, within the setting of that soliloquy, *Prometheus*, provided by the music critic and composer Hugo Wolf. Wolf's instinct for the musical side of vocalization of poetry often, happily, overwhelmed deliciously his factitious practice of musical Romanticism.

During 1950, I had been introduced to personal acquaintance with Vincent _____, and his wife, who had become known to me previously only from Vincent's reputation spilling over, as if from the other side of the fence, from a decade

5. The use of the term *Lieder*, as distinct from the commonplace use of the same German word for song, is used here in the restricted sense of conformity to the form of well-tempered *bel canto*, polyphonic composition set into motion by Wolfgang Mozart's composition of *Das Veilchen*. See, *A Manual on the Rudiments of Tuning and Registration*, Book I (Washington, D.C.: Schiller Institute, 1992). One of the most celebrated discoveries of universal principle in music, was that of Mozart's reading of Bach's *A Musical Offering*. Mozart's reading, and further development of a musical true metaphor in counterpoint, by Bach, in that work, led into the kind of compositional revolution in music toward which Haydn had been yearning in his Opus 33 string quartets. See, Lyndon H. LaRouche, Jr., "Norbert Brainin on Motivführung," *EIR*, September 22, 1995.

6. Johann Wolfgang Goethe, *Prometheus: Dramatisches Fragment*, in *Werke*, Vol. 4, p. 176 (Munich: Deutscher Taschenbuch-Verlag, 1998).

earlier, as having been a philosophical anarchist from Lynn, Massachusetts' circles of left-wing politics and poetry. During the period of the several occasions on which I was occasionally their guest, they were living in the quaint, celebrated Massachusetts fishing town of Gloucester, a few miles up the New England coast from Lynn.

This was during a time, my 1947-1952 years, when my activities included the occasional composition of poetry in the Classical mode, a preference which my host and I shared, but on which we differed. He was a true artist, and therefore expressed no difference with me on the principles of composition of poetry as such. Rather, the gist of his view on this account, was that the audience's current *Zeitgeist* required so-called progressive, modernistic forms. Differences, on both politics and poetry, made the discussions the more interesting; the fact that we were serious about ideas, in Plato's sense of ideas, made these occasional visits attractive, and fruitful encounters in respect to their by-products. As study of Plato should have taught each of you, disagreements over principle, situated in a pleasant social setting, have often been, for me, as for many others past and present, the most profitably stimulating grist for creative work.

In this setting, in one of the informal seminars held at Vincent's residence that year, it became my turn to contribute a theme. I brought up the subject on which I had been reflecting for some time: both the Classical idea of Prometheus, and, with it, both the Goethe poem and its Hugo Wolf setting. My reaction to the outcome of my presentation, and our discussion, on that occasion, contributed in a marginally significant way to shaping that approach to both science and Classical artistic composition, which was embodied within my subsequent, 1952, initial articulation of what were to become known world-wide, later, as the principles of the LaRouche-Riemann Method.

Sometimes, the correction of a seemingly small error, even a seemingly tiny error, if it involves a point of principle, can shape a great matter. So, as Carl Gauss showed for the case of the asteroid Ceres, a seemingly infinitesimal error in the Gauss-Riemann characteristic of Earth's orbit, would have been sufficient to doom our planet, long ago. The crucial importance of what might appear, mistakenly, as a mere subtlety of my understanding of the deeper importance of the Classical Greek conception of Prometheus, was forced upon my reflections during the weeks following the discussion which I had shared with my hosts and other participants in the informal seminar.

The participants in that seminar, had emphasized, that my rendering of the content of the Goethe poem, in English, was more successful artistically, than the Wolf setting.⁷ I often recalled, later, how I was startled by that response. Over the following days, I thought about that criticism, and was soon

satisfied that they were correct. After a well-prepared presentation of a subject, during a seminar among serious people, you may have reason to smile in acknowledgment of the fact, that you sometimes taught yourself more than you had taught the others.

The process of individual discovery, and refinement of one's own knowledge of universal principles, takes the form of a dialogue within one's self. It is the experience of that self-critical process of change, the which is generated by such internal dialogues, which should lead one to a more refined sense of one's inner self. Such a dialogue on some specific paradox, may be recurring over days, weeks, or longer. On one occasion, it is with others. On another occasion, it is with oneself. Nonetheless, on every occasion, it is always, primarily, with oneself.

It is one's insight into the process of change, associated with the outcome of repeated efforts to perfect such dialogues, through which one's private self-image is elevated. One may be transformed by such habits, away from the self-conception of a fixed thing, into a conception of oneself as a process of changing, a continuing process of becoming a better person. So, in Plato's *The Republic*, the leading figure, Socrates, argues for truthfulness and justice. It is in such experiences, and their outcome, that a truthful conception of the nature of both man and the universe is molded.

If ever this Socratic process of change of one's perception of universal principle, for the better, ceases, it is for the body as if a certain kind of willful death of the soul has set in, after which that still-living, emptied body only passes time.

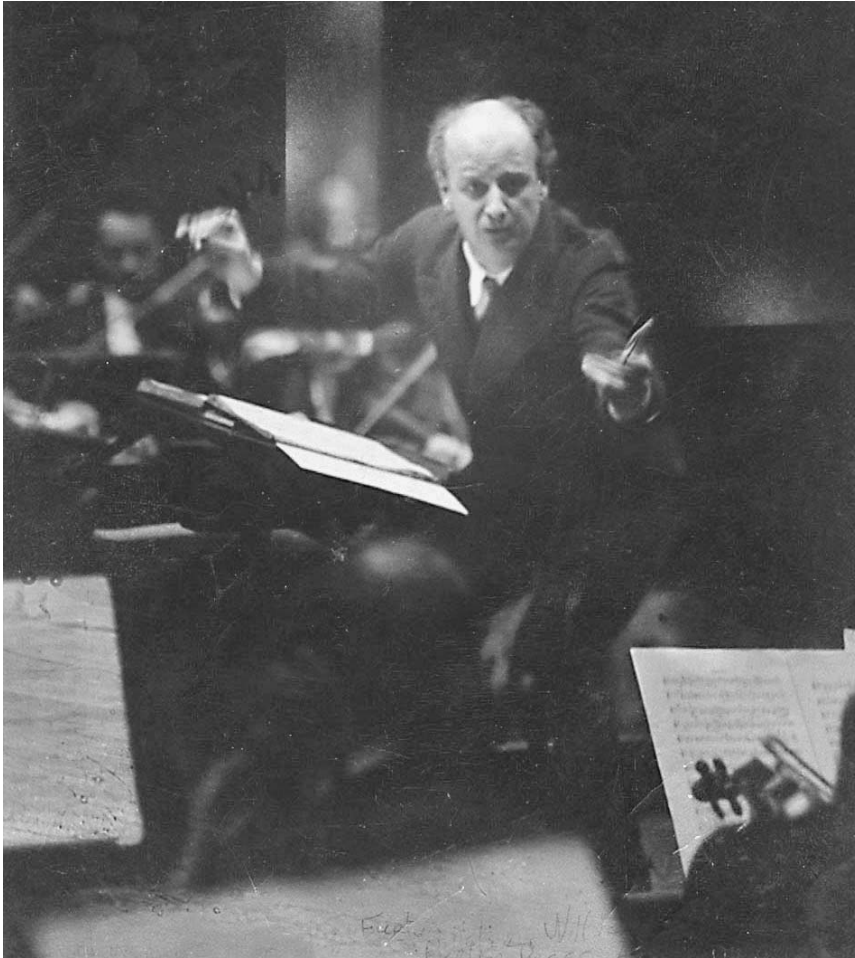
Just so, in my later reflections upon that evening's discussion, it dawned upon me, that, from the evidence contained within the internal features of that song, Goethe and Wolf, each in his own way, had expressed the wrong conception of the so-to-speak real-life Prometheus, and also of man.

A little less than two years after that discussion, I had occasion to put forth my corrected view on the subject of Goethe's *Prometheus*. About a year after that, I came to emphasize, that Brahms' setting of *I Corinthians* 13, in the conclusion of his *Four Serious Songs*, was a better poetic address to the actual issue posed by the Prometheus theme, and much better music. Both qualities had been achieved by Brahms without the epistemological flaw.

This reference to Brahms was prompted by my reflections upon a young baritone's, Dietrich Fischer-Dieskau's recorded presentation of the Brahms.⁸ Reflections upon strongly motivated, repeated study of that recorded performance, implicitly confirmed some crucial features of the correction of my 1950 estimate respecting the poetic and musical answer to the problem posed by Goethe's *Prometheus*. I learned years later, and was not surprised by that report, that the great-

7. For that occasion, I presented the recorded performance, using an eminently qualified singer, as supplied from the HMV pressings of the Hugo Wolf Society.

8. Johannes Brahms, *Vier ernste Gesänge*, Op. 121, Dietrich Fischer-Dieskau (baritone) and Hertha Klust (piano), Decca DL9666 (1953). The recording has been re-released on a compact disc as part of the Deutsche Grammophon Centenary Collection CD 13, catalogue no. 459012.



Wilhelm Furtwängler, the greatest conductor of this century, emphasized, not the reading of the literal text of a composition, but “the music, the cognitive ironies which must not be buried under the mere text,” LaRouche writes.

est conductor of this century, Wilhelm Furtwängler, had had a hand in the polishing of young Fischer-Dieskau’s performance of the Brahms.

How to read a poem

All this about a poem? As I shall demonstrate afresh, here, Shelley was right, when he proclaimed poets the true legislators for mankind.⁹ To know the laws which govern the reshaping of the direction of history, you must know Classical poetry, as the point is illustrated by the sense of that discussion of *Prometheus*, in Gloucester, back in 1950.

As I have already forewarned you, do not allow yourself to be so small-minded, as to think that such cultural issues are relatively unimportant to the practical side of life in your community today. The fate of you and your family might now depend upon your grasp of these issues.

The trouble is, very few people today, including most professional actors, know how to read a poem, such as the

9. op. cit.

legislative work of Shakespeare’s tragedies.¹⁰ Those with a formal university education in literature and the arts, are perhaps not the worst, but usually, like that poorer quality so painfully common among a large ration of today’s technically proficient, professional musical performers, today’s university graduates are the least likely to free themselves from foolish, pride-filled defense of their stubbornly adopted bad habits. Thus, the latter often prefer an interpretative reading of the literal text itself, rather than, as Furtwängler’s conducting did, emphasizing the music, the cognitive ironies which must not be buried under the mere text.

Most public recitations of the poetry I love, drive me from the room, unless I am held there by loyalty to the efforts of a student’s recitation, his, or her effort, thus, to learn what real poetry is. The performance of Shakespeare by most professional actors, disgusts me by its plain travesty! When such offenders deliver such poetry, they are posturing for effect; their offense lies in the fact that they are not even seriously attempting to “put across” the contrapuntal play of ideas which is the subject of every good Classical poem produced.

The essence of all great Classical art-forms, is a polyphonic interweaving of ironies, metaphor. The essence of poetry, is, that words as such could not contain the meaning of ideas. Relative to any literal statement in words, no matter how sincerely those words are chosen, reality is always ambiguous: the mere words leave something important out. It is not the reality itself which is ambiguous; it is the literal use of words which is always false to reality. Classical art corrects the error, to bring the idea corresponding to reality into the mind of the hearer, where the mere literal words could not. In poetry, as in all Classical art, the artist uses ambiguities about the use of not only words, but commonly known ideas, in order to impart to the mind of the hearer a sense of the reality which literal use of words could never accomplish.

In Classical sculpture, for example, the principle of ambiguity is the same. Thus, back in 1946, I was delighted by

10. His *Richard III*, which Shakespeare based chiefly upon the documentation of that crucial period of English history by Sir Thomas More, and his father before him, is key to understanding how the terrible Wars of the Roses were superseded by the conception of the modern sovereign nation-state, pioneered in France by Louis XI, and introduced to England under Henry VII.



Sculpture by the Classical Greek sculptor Praxiteles of Hermes with the infant Dionysus. "In contrast to the tombstone-like quality of Archaic forms of earlier Greek and Egyptian sculpture, Classical sculpture captures a body in mid-motion, as if off balance."

lectures on the work of the great Classical sculptors Scopas and Praxiteles, which made clear to me, how all Classical composition functions.

In contrast to the tombstone-like quality of Archaic forms of earlier Greek and Egyptian sculpture, Classical sculpture captures a body in mid-motion, as if off balance. Thus, to the mind, the Classical sculpture ceases to be a mere symbolic work, but rather communicates a sense of the body in mid-motion to the mind of the viewer. Thus, the ambiguity in the sculpture, is recognized by the mind as an image which is nearer to reality than the merely literal representations of inferior, symbolic representation.

It is most informative, to look at the way in which the same problem addressed by Classical sculpture appears in Classical Greek, as opposed to inferior Latin notions of space-time. The Roman conception, like that of Hobbes, Descartes, and Newton, is of a rectilinear universe of matter (objects) roaming in space and time. The ancient Greek Classical thinkers, such as Plato, looked at the physical universe as Scopas and Praxiteles defined Classical sculpture. The real universe, including the view by Classical Greek astronomy, was not seen as rectilinear in form, but

as a curved universe, just as the angular measurements of the ancient astronomers defined the universe as a whole as a more or less spherical one.

The function of all Classical art is the same as that. Literal meanings are always false to reality. It is through focussing upon the ambiguities posed by attempting to explain the world in terms of literal statements, that the human mind discovers the real universe hidden behind the deceptive screen of rectilinear-like, literal statements.

When the educated person recites a Classical poem atrociously, but apparently according to some academically accepted rule, he misses the purpose of art entirely.

In the case of Hamlet's much-celebrated Act Three soliloquy, "To be, or not to be. . .," the soliloquy addresses a conflict between two states of mind at war within the same person. Whether to cling to his present habits of behavior, which he knows will doom him and his nation, or, to leave the folly of his accustomed ways, for what is for him the unfamiliar alternative, the choice which might save him. He then pleads his excuses, his awe-stricken fear of the unfamiliar, and announces thus his intent to march to his doom. Thereafter, the audience follows his fateful decision to its natural outcome, his chosen doom.

Those are among the ironies of the drama; that is the metaphor, the idea of the tragedy of that Prince and his kingdom. That is what the poetry provides the actor the means to do: to put across to that audience, that idea, and its accompanying passions. On this point, most of the most famous actors fail miserably. They are so occupied with parading themselves on stage, that they leave the real poetry, the ideas, if they ever had them, behind, in the dressing room.

What must be imparted by the performance of a Classical tragedy, to the insight of the audience, is that stream of irony, whose subsuming metaphor is the idea to be conveyed by the reading of the poem. It is the same with music. In music, sight-reading is an indispensable capability, but when it is abused by the formally-trained user's temptation to sing and interpret the literal score of a worthwhile composition, as if symbolically, rather than the music, the result of public performance must be a saddening one.

The poor pedant never grasps the essence of either true science or Classical art. He resists the notion, that ideas do not reside within any literal language itself. All decent poetry is premised upon the principle of Ideas. All ideas, whether in science or Classical art, are metaphors, whose existence lies entirely outside any literal reading of language itself. The symbol-minded conceit, that one might cause the idea to appear, like a Genie from Aladdin's lamp, by stroking the spoken language of the poetry or musical score itself, is the rule of performance most likely to assure a pitiable sort of result, in any language, in any choice of artistic medium. The attempt to replace a lack of comprehension of the actual artistic idea, by some ruse of interpretive reading of the words, or notes, of the written text, is the practice, which like illiterate efforts

of Roman sculptors to replicate Greek sculpture, is most likely to succeed in transforming a pitifully sterile, literal performance, into an vividly pathetic one.

Poetic ideas are generated, not from language, but, as Goethe did, or Keats, or Shelley, by absorbing the human cognitive processes' experience of the real world. As Dante Alighieri showed, art is generated, as the expression of those ideas, by forcing the language to dance, as it may be possible to force it to do so. Language must dance to the tune set within a domain of the mind into which language itself could never intrude. Indeed, one of the traditional auxiliary functions of Classical poetry, such as Dante's celebrated *Commedia*, has been to transform the use and forms of expression within the language itself, for this very purpose.

Nonetheless, for all that, ideas are not the property of any language or custom. Ideas are imparted by the artist who has mastered the method of making his particular choice of language his obedient slave, as Dante did, as Goethe mastered this much, and more than a bit more.

The ideas of Classical European art are derived essentially from the Classical Greek notion of ideas as such. This is a notion expressed in the great art of the Golden Age of ancient Greece, and of Plato's Academy up through the time of Erastosthenes. Modern European Classical art, and every renaissance in European history, was built upon the foundation of replicating the same notion of ideas earlier stated in this Classical Greek.

The ideas themselves belong to none of those particular languages. None of them can be brought forth from within the language itself. It is the ideas, as they exist independently of the language used as a medium, which are the content and subject of art. It is as Dante Alighieri emphasized in his work, ideas which must shape language to their need, not permitting the mere current, vulgar, or other customs in use of language, to be imposed upon ideas.

It is this fact, that the idea rises above differences in spoken and written languages, which chances to empower Classical musical composition, since Johann Sebastian Bach, with a degree of immediate prescience of universality, which is not achieved in any other nonplastic medium.

Actual communication of ideas, including artistic conceptions, occurs as if directly from mind to mind, not as "information" embodied within some transmitted literal message. It is the image of an idea, existing in one mind, generated, and thus reproduced, within another mind, which is scientific and artistic communication of principled ideas. Artistry—and true scientific thinking—lies within the developed capacity to see, and also to cause others to see, an idea of this quality, as such, in its non-verbal, non-literal form, as an idea in its own right.¹¹

11. *Performing artistry*, as distinct from its essential basis found only in the artistry in the mind, lies in the development of the means to effect this expression with a certain degree of perfection.

In rule-of-thumb usages, we may refer to this capacity for direct communication among minds by indirect means, as "insight." True artistic composition begins with the non-literal idea in the mind of the composer; the words or notes are then selected as they seem, to the composer's mind, to fit the intent to evoke a corresponding generation of the same source-idea within the cognitive processes of another mind.

For example, if two actors rendering Shakespeare's celebrated Act Three Hamlet soliloquy, both proceed, independently, from a competent, cognitive comprehension of the same idea of both the play and soliloquy, that fact of such underlying agreement, will be recognizable to a sensitive audience, even if the specific style of delivery differs from one actor's presentation to the other's.

For example, conductor Furtwängler's conception of what is sometimes described as "performing between the notes" is so distinctive in its benefit to presenting the composer's idea, that, in earlier years, I have often recognized its distinctiveness on hearing even glimpses of his recorded conducting. This startlingly superior conducting, which I first recognized with astonishment on hearing an HMV recording of a Tchaikovsky symphony under his baton, in early 1946, evoked the same sensation as I later experienced in the first hearing of a Fischer-Dieskau performance of the "Four Serious Songs," especially the final song, during the early 1950s.

In music, otherwise, this is the singular quality which I later recognized in the work of the Amadeus Quartet, led by Primarius Norbert Brainin, and of outstanding other violinists in the Boehm-Joachim-Flesch-et al. tradition. It was much the same kind of distinction achieved by Pablo Casals, as both 'cellist and conductor. I have often referred to this as placing the emphasis on performing the "verbs," rather than the mere nouns.

Never permit the mere notes, or words, or a particular choice of language, to impose their will upon the process by which one person's mind prompts the generation of its idea from within the insightful mind of another person. Never do what I have often heard uninspired religious professionals do in their sermons: let the Romanticized, repeated, sensual mouthing of a noun chosen as the theme of the sermon, take over the occasion. True art never substitutes the fakery which is symbolism, for cognitive thinking.

Such issues are also the essence of the Classical-humanist method of education. It is the essence of communication in Classical artistic compositions. In contrast, the athletically well-trained musical performer, for example, like the modernist stage director, will follow the footsteps of Franz Liszt at his Romantic worst, to use sensual effects as a method of diverting the audience's attention away from the lack of actual artistic idea-content in either the performance, the composition itself, or both. Thus, the cognitively impaired performance, which is typical of the Romantic or modernist, aims, through symbolism, at the bestial passions of sense-



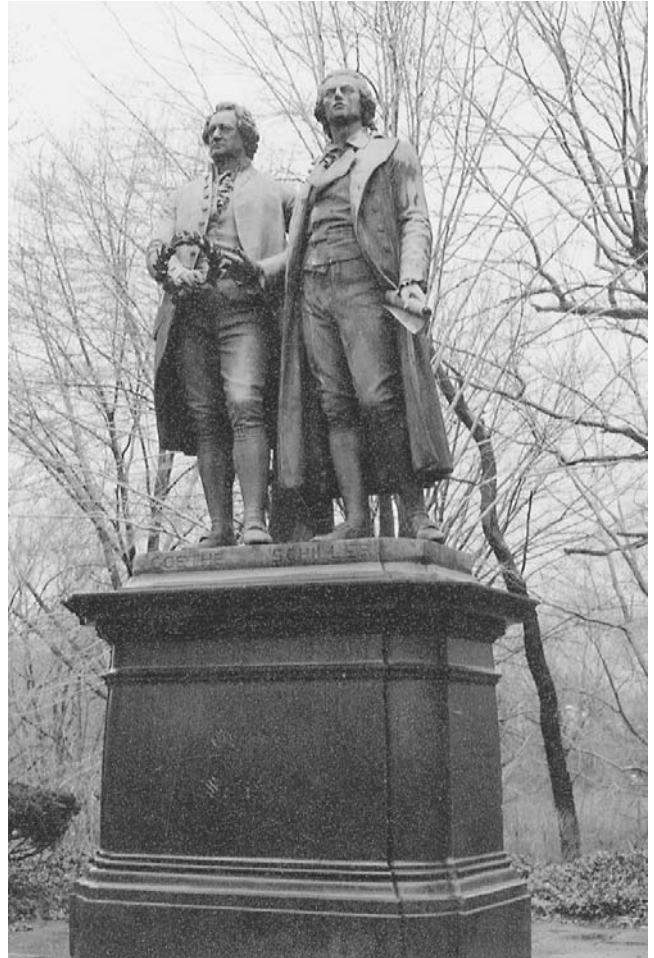
The former Primarius of the Amadeus Quartet, Norbert Brainin. Describing the singular quality of his playing, LaRouche writes, "I have often referred to this as placing the emphasis on performing the 'verbs,' rather than the mere nouns."

perceptual experience, rather than reaching toward the human mind.¹²

Thus, the Romantic, modernist, or post-modernist composer or performer, often has one leaving the concert feeling that one has passed the evening listening to the singing of one who first learned to sing after he was dead, or, worse, perhaps, as in the case of modernists of the Frankfurt School of Theodor Adorno, never actually born. In such cases, the human feeling uniquely associated with cognitive insight, the cognitive resonance of the sound of the soul singing, is wanting.

So, as Mozart, Beethoven, and Schubert proved, and, Schiller, too, showed, they each understood the principles of

12. Remember the old gag about the famous Bible-thumping, much "in your face" parson, who had died. When his zealous devotees used the occasion, to peek at last into that parson's celebrated, well-thumbed, much-pounded Bible, they often found repeatedly, in the words pencilled into the margin beside some heavily underlined portion of scripture, the phrase: "Meaning unclear: shout like Hell!"



"As Mozart, Beethoven, and Schubert proved, and, Schiller, too, showed, they each understood the principles of musicality implied by Goethe's poetry, better than Goethe." Shown here is a statue of Goethe (left) and Schiller at the German Cultural Garden in Cleveland, Ohio.

musicality implied by Goethe's poetry, better than Goethe.¹³ The same issue is that raised by Wilhelm Furtwängler, under the rubric of "reading between the notes."¹⁴ This issue of the musicality of poetry, and of Classical forms of poetry, as the origin of all developments leading into the origins of music, is the point of reference from which I proceed here.

That view of the matter of reading a poem, or reproduction of a musical composition, defines the medium in which to situate the outcome of the discussion of *Prometheus*, the which occurred at Vincent _____'s residence.

13. See Chapter 11, "Artistic Beauty: Schiller versus Goethe," *A Manual on the Rudiments of Tuning and Registration*, op cit.

14. See my fuller discussion of the superiority of Furtwängler's approach in the following locations: "What Economics Must Measure," *EIR*, November 28, 1997, p. 29; "The Comet of Doom," *EIR*, January 2, 1998, p. 37; "The Substance of Morality," *EIR*, June 26, 1998, pp. 31-32; and "Food, Not Money, Is the Crisis," *EIR*, November 13, 1998, pp. 36-38.

2. Three views of Prometheus

The various, reasonably well informed, but conflicting appreciations of the Classical Greek image of the figure Prometheus, may be assorted among three broad moral classifications. This leads us toward a still more profound conception, one of great importance for understanding the crisis of extended European civilization worldwide, today. Bear in mind, that these three views of Prometheus are mutually opposing political views, representing, collectively, the standpoint from which the critical issues of politics, throughout modern European civilization, are to be understood, still today.

All views concur with the version which identifies that figure of Classical art, Prometheus, as an immortal, ranking among the gods and demi-gods. His offense was to teach human beings such forbidden arts as the use of fire, among the other technologies by means of which the human species might be able to save itself from the unpleasant destiny intended for it by the ruling gods of Olympus. Since the mythical Prometheus was, according to the sundry accounts, an immortal, the pagan gods could not kill him, but they submitted him to captivity and perpetual torture, instead. His refusal to capitulate to his captors, even under torture, was considered by the latter his greatest offense.

The first of the three contrasted views of Prometheus, is a morally repulsive one. To be specific, it is the reactionary conservative's view of Prometheus, as from an oligarchical standpoint. It is fairly summed up, as judging Prometheus as, either guilty of the crime of *hubris* against all of the pagan gods, or, as a tragic figure fallen victim to his own error of tactical indiscretion, of breaking the "club rules" of the oligarchical game.¹⁵ That view includes the argument, that Prometheus, unlike Galileo, was guilty of refusing to make a reasonable submission to the authority of his tormentors.¹⁶ On that, and other premises, Galileo is clearly not "my kind of person."

The second view of Prometheus, which also appears as a mistaken reading of the Homeric character Ulysses, is the view of Prometheus as, perhaps a tragic figure shaking his angry fist, expressing thus a supposedly noble spirit of revolt, by the oppressed, against the bad gods. This is one permissible reading of Goethe's soliloquy as such, and is certainly Wolf's apprehension of Goethe's intent. This second was the view

15. That has been the frequently expressed view of this writer among spokesman of the oligarchy. One leading member of the British-American-Canadian intelligence establishment made the point, immediately after my imprisonment: "He tried to make policy without having paid his dues, and for that he got the punishment he deserved." Such is the nature of the oligarchical "establishment" which has usurped our nation's powers of government today.

16. Thus, when true evidence of guilt of the accused is lacking, today's crooked Federal judges and prosecutors in the tradition of English Justice Jeffreys' Bloody Assizes, shift to trying their innocent victims for the alleged crime of insolence, the crime of being unwilling to confess, and repent.

which prompted some contemporaries of Karl Marx as a young man, to portray him, inappropriately, as a Prometheus-figure.

The third view, which is introduced by Aeschylus' *Prometheus Bound*, defines the tyrant Zeus, not the hero Prometheus, as the tragic figure of the drama. Zeus is that tyrant and crooked judge whose beastly defiance of the immortal Prometheus brought doom, upon not only Zeus, but all of the gods of Olympus. It is this reading of Aeschylus' Prometheus trilogy,¹⁷ upon which contemporary European republican opinion modelled its references to Benjamin Franklin as a "new Prometheus." They spoke of Franklin in terms of "God's sparks." The latter reference is that adopted so famously by Friedrich Schiller in his *An Die Freude*, and by Beethoven for his Ninth Symphony. This is also Schiller's pervasively implied conception of the Prometheus image itself.

The view presented by Aeschylus, as imperfectly echoed by Goethe's poem, was, for a time, my own, a view of Aeschylus' *Prometheus Bound* which I had adopted, largely, under the influence of Goethe himself. If one recalls the moral self-degradation into which most of my fellow-veterans sank during the half-dozen, cultural-pessimism-ridden, post-Roosevelt years, it might be recognized, that my reaction against that then-pervasive stench of cultural pessimism, influenced the reading I tended to project upon the Goethe poem. Although that projected view erred only by virtue of what might be misread as a very small margin, since that error involved a matter of principle, it included a critical error of principle, even if a humanly understandable error. Until the aftermath of the referenced evening at Vincent's, the still deeper, nobler implications of the Prometheus image had not yet been brought home to me.

Had we today the last two, mostly lost parts of Aeschylus' *Prometheus* trilogy, the deeper implications of the Prometheus theme would, doubtless, be more widely understood, studied against the background of Aeschylus' own sometimes perilous relationship to the irate keepers of the Eleusinian mysteries.¹⁸ Lacking the lost parts, we must place the greater responsibility upon other evidence, in our searches into the meaning of the continuing, deep relationship between the Prometheus image and the political history of European civilization.

If, as I shall show, the Prometheus image is of such crucial importance in the political history of extended European civilization, still today: What is the historical and artistic truth of the matter? Who, if anybody, was the real-life Prometheus, and what is the specific nature of the importance of this issue

17. Only fragments of the later two parts survive today.

18. Location of Aeschylus' family origins, and the center of the oligarchy expelled from Athens by the great republican reforms of Solon. The mysteries, which Aeschylus was seen as betraying, are among the relevant topics to be included in understanding Aeschylus' Prometheus trilogy.

for current history? *What is the validatable universal principle of politics involved?*

On that account, I reference several sets of evidence here. First, there are chronologies in which various ancient reporters situated their real-life Prometheus. Second, there is the critical, scientific reading of those chronologies, the first that of Plato, the second my own. Finally, there is the view which overlaps my appreciation of Plato's work as a whole, including his celebrated *Timaeus*, which looks at Christianity and its legacy, as the location in which the role of the Prometheus

The notion, that the cult of Olympus has an historic basis in fact, and the myth of Prometheus, too, is a much more probable view of the indicated chronologies, than any cuckoo hatched under the wings of the modern British monarchy.

image must be situated for comprehension of the principles which are demonstrated by the transition of the Mediterranean region, from ancient times, into the emergence and development of modern European civilization as such.

The obvious chronologies, include those referenced by Plato and those of Diodorus Siculus,¹⁹ as these might be compared with the work of Herodotus.²⁰ Taken together, all these chronologies, tell us a story. We must listen to the narrators of the chronicles with what Theodore Reik, for example, identified as our "third ear."²¹ Is the story truthful? Is the account attributed to the ancient Egyptian authority Manetho, to be taken as factual?

When these accounts are situated circumstantially, within the hard evidence bearing on the broadest physical and closely related features of the recent 12,000-odd years of life in the Mediterranean region, we are confronted by a case of alarming verisimilitude.

First, summarize the chronologies, which run to the following effect.

About 12,000 years ago, or somewhat earlier, a flotilla of ships arrived from the Atlantic Ocean, to found a colony in the region of modern Morocco, near the Straits of Gibraltar,

19. *Diodorus Siculus*, Volumes 1 and 2, Loeb Classical Library (Cambridge, Mass.: Harvard University Press).

20. *Herodotus: The Histories* (London: Penguin Books Ltd., 1996).

21. Reik was a prominent U.S. immigrant and psychiatrist, whose emphasis on the point was presented in his book, *Listening with the Third Ear: The Inner Experience of a Psychoanalyst* (New York: Farrar, Strauss, Giroux, 1948).

in the vicinity of the Atlas Mountains. The colonists found there a relatively primitive culture, that of the ancient Berbers, whom the colonists educated in methods of agriculture, and made subjects of the colony. After a time, the sons of a royal concubine, Olympia, conspired to murder the tyrannical ruler, and seize power for themselves. The leading figure among these revolting sons of Olympia, was Zeus.

Prometheus was one of the legitimate heirs to the power of the colony. He joined the Olympians in the opposition to the tyranny itself, but fought against the brutalizing new tyranny which the patricidal sons of Olympia imposed upon the Berber population, over the corpse of Zeus's butchered father.

This occurred within the same, Peoples of the Sea, colony of the Atlas region, which extended its cultural impact throughout the Mediterranean littoral, to the included effect of participating in the founding of Egypt at a time now about 10,000 years ago.

Once we recognize, despite British frauds over the subject of "linear B," and so on, that the populations of the period of Greece prior to its usually referenced "dark age," were the same "Greeks" who had, as Peoples of the Sea, populated that area, and Cyrenaica, as elsewhere, during the millennium preceding that "dark age," we begin to close the gap between 12,000 B.C. and the emergence of Ionian sea-power as rivals to Phoenician maritime power. If we take into account some great catastrophe, perhaps a natural catastrophe, which wiped out much of the culture pre-existing about 10,000 B.C., the conceptual gap between 12,000 and 600 B.C., if not the actual lapse of time, shrinks. We may view this interval of nearly 10,000 years, as knowledgeable people today think of the Norman Conquest, Charlemagne, the birth of Christ, the great dynasties of ancient Egypt, and Vedic astronomers in Central Asia during the interval between 6,000 and 4,000 B.C.

The legacy of these events in the ancient Atlas region, and the policy-fight between Prometheus and the Olympians, persisted so, somehow, over the intervening millennia, to emerge as the pagan mythology of Olympus, as reflected in such places as the Homeric epics.

Such, in summation, is the chronicle and its setting.

Is that account a plausible one? First of all, the worst thing which can be said about it, is that, in no way does it appear to conflict with what is presently known. It corresponds in its adducible internal characteristics, and circumstantially, to the long existence, over millennia, of the cultural phenomenon known to early historical times as "Peoples of the Sea."

Secondly, most of the argument against the possibility of such a history, stems from the unfortunately widespread influence of what are known to have been academic frauds, concocted, chiefly, by Eighteenth- and Nineteenth-Century British hoaxsters. Those known frauds, include the absurdity, foisted by so-called "Biblical archeologists," and others, which claimed that not only the world's civilization, but also the existence of the human species, began in Mesopotamia

after 4004 B.C. Similarly, these hoaxsters shifted the actual dating of Egypt's history several thousand years closer to the present, as a way of defending claims for planet-wide, Mesopotamian precedence.

Contrary to the British monarchy's habit, in its adopted tradition of the Code of Diocletian, of encouraging its dupes not to think, there is relatively massive evidence of sophisticated human cultures existing in Europe 50,000 years ago, and crucial physical evidence, from European sites, showing evidence of human behavior as early as 600,000 years — the corresponding number of ice-age cycles — ago. There is also evidence of some devastating crisis throughout the Mediterranean region, or more widely, about 10,000 B.C., as well as awesome seismic events, such as the explosion of Thera, during the later period leading into the prolonged "dark age" of Greek civilization.

Consider the fact, that there is much evidence of a high degree of cultural development of solar astronomical calendars, and the languages related to those calendars, prior to the melting-phase of the last great glaciation in the northern hemisphere. This is part of the evidence pointing to the dominant role of transoceanic, especially transAtlantic, transPacific, and Indian Ocean maritime cultures, prior to the present interglacial period.

Consider the fact, of the rising of the relative levels of the seas and oceans by as much as 300-400 feet, sometimes at catastrophic rates, sometimes with accompanying, massive deluges, between the onset of the melting phase of the last ice-age and the present level reached about 2,000 years ago. This is to be taken into account in respect to those coastal sites of relatively denser, and higher levels of quality among some populations.

These circumstances thus reflect developments during the period since approximately 50,000 B.C., until 12,000 years ago, or even a later point of catastrophic climatic, seismic, and related crises afflicting what had been the most technologically advanced cultures of the immediately preceding times. Not only the rising of sea-levels, but also the effects of climate changes, in North Africa, Central Asia, and so forth, as a result of the unfolding of the present interglacial interval, are also to be emphasized, in looking back to the cultures which existed between 12,000 and 2,000 years ago.

Also take into account, the fact, that the Medieval falsehoods, which taught that the world is flat, or that the Sun orbits the Earth, were inherited by Medieval and modern Europe as intentional frauds. These had been introduced, as enforced delusions, to late-Hellenistic Europe under the culturally devalued influence of the Roman Empire. Such was but one of the many cultural calamities which Medieval and early Modern European culture suffered, despite contrary efforts of Christianity, from the legacy of what Christians of that time knew as "the New Babylon."

For those who know the actual circumstances of Christopher Columbus's rediscovery of America, this occurred as a

by-product of the reopening, by leading Fifteenth-Century scientists associated with Cardinal Nicholas of Cusa, of the previously known feasibility, as by Eratosthenes of Egypt, of circumnavigation of the planet. Columbus' voyage was the direct result of the rediscovery, by Cusa's circles, of the sane astronomy which emerged from a long "dark age" imposed by the legacy of Roman culture. Take into account the fact, that European civilization today, is still suffering cultural disorders introduced to the eastern Mediterranean's civilization 2,200 years ago, a cultural catastrophe which began about the time of the Roman butchery of the great Archimedes.

Aeschylus' Prometheus did not simply defy the pagan gods; he pointed toward a real God, the same God identified in Plato's Timaeus, upon whose justice for mankind Prometheus implicitly relied. The evidence is conclusive, that a Prometheus image was, artistically, a necessary idea, which contributed an essential role during the recent thousands of years of emergence of the best features of modern European civilization today.

The notion, that the cult of Olympus has an historic basis in fact, and the myth of Prometheus, too, is a much more probable view of the indicated chronologies, than any cuckoo hatched under the wings of the modern British monarchy. The ambiguities left unresolved by the foregoing types of evidence, may be cleared away by adducing the principle which underlies the pattern of transformations in the Greek view of gods and men, over the thousand of years or so preceding the missions of such Christian Apostles as John and Paul. Thus, in the end, we are advised to conceive the historical significance of the Prometheus image through the prism of Brahms' "Four Serious Songs."

Permit me to remind you again. Do not allow yourself to be so small-minded, as to think that such spans of cultural ties over many thousands of years, are relatively unimportant to the practical side of life in your local community today.

How men see their gods

Look at the images of the pagan gods of Mesopotamia, or of ancient Egypt. These were gods portrayed in the Archaic, tombstone-like images of something worse than beasts. Con-



An archaic Egyptian statue of god-as-beast. "It can be said, from the vantage-point of Christianity, that, as a matter of a general rule, man imagines his gods according to a conception of the universe which coheres, functionally, with man's image of himself."

trast these proffered Mesopotamian and Egyptian deities, in the forms of beasts or polymorphs, to the all-too-human gods of Olympus, as these appear in the Homeric epics, and, appear again, as viewed differently in the tragedies of Aeschylus and Sophocles. Then, consider Plato's insistence, upon putting the issues posed by the great tragedians, on a still higher level, that of Plato's *Timaeus*, for example. Finally, look at the Classical Greek culture of Plato, as the Apostles John and Paul viewed this.

It can be said, from the vantage-point of Christianity, that, as a matter of a general rule, man imagines his gods according to a conception of the universe which coheres, functionally, with man's image of himself. As the monstrosities of Mesopotamian theology forewarn us, the image of the gods is not, as a rule, a symbol-minded sophist's projection of the image of man; it is invariably a reflection of man's image of the universe within which man dwells as a subject of that which he imagines to be the ruling power. The characteristic mapping of the relationship of the gods to men, within the Homeric epics, as in contrast to the view of the Classical tragedian Aeschylus, and both in contrast to the view of Plato, underscores the point.

The question thus posed is, which image of God, if any, is a truthful expression of that latter principle of ruling power?

Herein lies, without doubt, the significance of the Prometheus image. Aeschylus' Prometheus did not simply defy the pagan gods; he pointed toward a real God, the same God identified in Plato's *Timaeus*, upon whose justice for mankind Prometheus implicitly relied. The evidence is conclusive, that a Prometheus image was, artistically, a necessary idea, which contributed an essential role during the recent thousands of years of emergence of the best features of modern European civilization today. That is the more easily proven of two facts.

The more difficult question, whether an actual, historical Prometheus, more or less cohering with such an image, ever existed, must be judged from determining whether or not a person corresponding to that image *necessarily should have existed*. It will be useful, as you shall soon learn, that, for our strategic purposes here, we should focus upon the second question first.

As Herodotus should be heard, and the role of the Islamic Renaissance's ibn Sina should be read, the fact is, that what is often regarded today as the land-locked Indian subcontinent did, at various intervals, play a powerful role in the development of European civilization. The role of the ancient Dravidian maritime culture in founding civilization in lower Mesopotamia, is but one instance. Nonetheless, even after such considerations are taken into account, the development of European civilization over the recent three thousand years, during which Classical art of Scopas, Praxiteles, Leonardo da Vinci, and Raphael Sanzio, superseded the Archaic sculpture of Egypt and earlier Greece, represents a functionally distinct phase-space within the emergence of modern history worldwide.

Our focus here is upon that phase-space, and on certain circumstances, and validatable universal principles, which clearly exerted an impact of exceptional significance in that process. *The image of Prometheus contributed a necessary political, artistic principle to creating that phase-space. There is only one way in which this cultural phase-space can be defined: in terms of an emerging conception of the nature of man, a nature defined, functionally, in terms of man's willfully changing ability to change the relationship of the universe to ourselves.* The conception of man implicit in the third perception of the Prometheus myth, is the crucial point on which to focus.

For reasons emphasized in an earlier report, this is the only way in which competent judgments as to principle, can be adduced in a way consistent with the requirements of proof. As specified there, the proof of any hypothetical universal principle, whether a physical principle, or one of Classical art, must meet the Riemannian standard of a *unique experiment*.²²

22. Lyndon H. LaRouche, Jr., "How to Save a Dying U.S.A.," *EIR*, July 16, 1999.

The only means by which this requirement can be satisfied, respecting the universal artistic principles reflected in man's changing the relationship of the universe to the human species, is the empirical standpoint embodied within my approach to a science of physical economy.

For related reasons, the matter of the Prometheus conception figured as a crucial element in my initial development of my contributions to that branch of physical science. In return, that branch of physical science enables us to unravel some of the mystery attached to the two questions I have underlined above.

From what we know with certainty today, the increase of the potential relative population-density of any past or present culture, is defined, as a movable upper limit, by a culture's submission to self-government by certain validatable kinds of universal principles. At the outside, these limits are defined by universal physical principles. Yet, the fostering of the discovery and employment of those physical principles, is shaped by those kinds of validatable universal principles typified by the principles of Classical artistic composition.

Mankind's physical power in the universe, is a matter of actions taken according to valid, universal physical principles. However, the ability to discover those physical principles, and, also, the ability of society to cooperate in use of those discovered principles, depends upon principles which are unique to the human mind itself. The principles of Classical artistic composition are the form in which the principles of discovery and cooperation are preserved and taught.

In physical science, we are prompted to discover new, validatable universal physical principles by means of ambiguities arising in those unsuccessful attempts to explain reality, which arise because of the errors inhering in literal statements borrowed from currently accepted general classroom principles of mathematical physics. These ambiguities are identical in form to the true ambiguities of great Classical artistic compositions. Just as the Classical poet uses the principle of metaphor to prompt an hypothetical solution to that metaphor by the sovereign, creative cognitive processes of the individual mind, so the scientific discovery generates the validatable hypothesis which becomes a new universal physical principle. In sharing such a latter discovery with another mind, the scientific discoverer employs the same methods of cognitive interaction which define the relationship between the great artist and his audiences.

Thus, the principles of Classical Humanist education, are an expression of the same principles as met in Classical art. Without those latter principles which are best represented in the form of Classical artistic compositions—such as great Classical tragedy—a progressive form of civilized cooperation in society would not be possible. The transmission of valid discoveries of universal physical principle, from one generation to the next, depends upon methods of education which are identical with the principles of Classical artistic composition. Scientific progress would not be possible with-

out those principles best known to us in the forms of Classical artistic composition.

Here lies the unique debt of the whole of extended European civilization to the Greek classic. Here is the key to the uniqueness of that European phase-space which was generated from precisely these Classical-Greek contributions to the foundations of science and Classical artistic composition.

The pinnacle of that contribution of ancient Greek civilization to modern civilization is that notion of the *idea*, as

The pinnacle of that contribution of ancient Greek civilization to modern civilization is that notion of the idea, as expressed in stone by Scopas and Praxiteles, the notion as made transparent by the dialogues of Plato. The kernel of this Classical Greek notion of the nature of the idea, is expressed as the impact of the Prometheus myth.

expressed in stone by Scopas and Praxiteles, the notion as made transparent by the dialogues of Plato. The kernel of this Classical Greek notion of the nature of the *idea*, is expressed as the impact of the Prometheus myth.

My specific contributions to science, as expressed by the LaRouche-Riemann Method, lie precisely here. See the Prometheus myth from the standpoint embodied in my discovery. It is, thus, in my work to that end, that it has become possible to show the necessity for the existence of an historical model for the Prometheus of Aeschylus.

Science as art

The entirety of physical science depends upon correlating the knowledge developed, essentially, from the standpoint of study of four distinct areas of empirical inquiry: astronomy, microphysics, the distinction between living and non-living processes, and the distinction between the human species and all other living processes.

The first known science was the development of solar astronomical calendars. This had achieved the level of rather precise measurements of such long-term phenomena as equinoctial cycles long before the Dravidians established the first rudiments of civilization, Sumer, in lower Mesopotamia. In tandem with this development of early astronomy, there was transoceanic navigation based in such astronomy. From such foundations in construction of solar astronomical calendars, ancient Egypt and other locations provided the foundations,

upon which ancient Greeks founded what developed into the foundations for the modern European science launched by Cardinal Nicholas of Cusa.

It was these foundations which provided us the notion of universal physical principles, principles associated with a notion of measurement itself rooted in the angular measurements of astronomy, as the premise for a notion of measurable regular curvature, and with this the notion of universal laws inherited by physics in general. The work of one of Cusa's and Leonardo da Vinci's successors, Johannes Kepler, provided what became the link to modern physics and microphysics, as Leibniz's concept of *monadology* led his followers to the notion of elementary forms of regular curvature of action in the microphysically small.

Ironically, although we have yet to define an absolute physical difference between the nature of what can be clinically distinguished as living and non-living processes, the work of Classical Greece had already bequeathed us the foundations for a rigorous, absolute notion of the functional distinction between human and other living processes. This distinction, as defined in spite of such hoaxsters as Immanuel Kant, is the notion of cognition, as the content of what we have defined here as both Classical artistic principles, and universal physical principles.

On the premises just stated, a simply biological distinction between man and higher ape, as biology is defined today, is virtually impossible. The only valid standard for human life, is evidence which bears upon the presence of human cognitive activity, as distinct from the lower capability which we share with lower animal life, the capability for learning, as chimpanzees, for example, do.²³

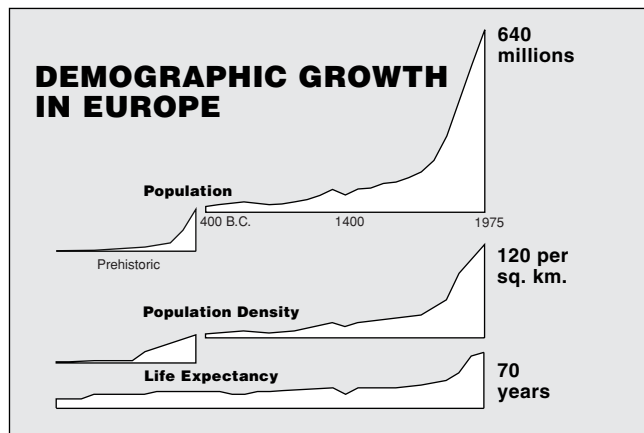
The case of a report by Thieme,²⁴ implicitly dating the existence of human activity in Germany, to as early as 400,000 B.C., is exemplary. In this case, the crucial evidence involves throwing spears found in a site so dated. The design of these spears was based upon principles of design, therefore the product of cognition, rather than animal-like powers, of even human beings, for mere learning. Similarly, the evidence of the controlled and task-oriented use of fire in certain archeological sites, shows the product of human cognition, rather than mere learning. The discovery of datable cave-paintings which qualify as actual art, rather than crude symbolic images, often demonstrates the antiquity of humanity to prehistoric datings in the order of somewhere between 50,000 and 100,000 years.

The human species, as defined by modern man's distinction from the beasts, has lived on this planet for perhaps a million years, or even much more. Our species not only

23. Thus, although Immanuel Kant claimed to be human, he, as the central point of Kant's *Critiques*, like his followers, defined himself, categorically, as not a cognitive being, and therefore not human.

24. Hartmut Thieme, "Lower Paleolithic Hunting Spears from Germany," *Nature*, Feb. 27, 1997, pp. 807-810.

FIGURE 1



lived here already long ago, but did not exactly waste all that intervening prehistoric time. Cultures were developed, and even, no later than tens of thousands of years ago, what we would classify, without exaggeration, as art. Millions of years of solar-orbit-determined glacial cycles, and their effects, have obscured most of the physical traces of human existence deep into pre-historic millennia, but we can infer certain among the incontestible, beneficial effects of the human cultures bequeathed to us from the lost shards of those earlier cultures.

When we look at the distinguishing characteristics of human populations over long periods, we are confronted by the phenomenon of increases of *potential relative population-density*, as I have defined that term.²⁵ [Figure 1.] This shows the effect of a fundamental distinction of the human species from all lower forms of life. That long-term view shows us two most significant general facts. First, man is the only species which has been able to willfully increase, successively, what I have defined as its potential relative population-density. Second, the greatest rate of such increase has been a product of the cultural changes introduced into and by European civilization beginning the great, Golden Renaissance of the mid-Fifteenth Century.

Looking at those two facts more closely, it is the establishment of a cultural-political revolution, the institution of the sovereign form of modern nation-state, beginning France under Louis XI, which has been the source of that fostering of scientific and technological progress, out of which the recent centuries' acceleration of increase of potential relative population-density was generated.

There are some notable exceptions to that happier trend. World Wars I and II have proven a demographic catastrophe for Europe generally. Since the aftermath of the assassination

25. e.g. Lyndon H. LaRouche, Jr., *So, You Wish To Learn All About Economics?*, second edition (Washington, D.C.: EIR News Service, 1995).

of President John F. Kennedy, the willful, top-down, destruction of the institutions of the modern sovereign nation-state, including the willful uprooting of the promotion of scientific and technological progress, has produced both a demographic catastrophe in Europe, North America, and elsewhere, and an economic catastrophe among what had been, until then, the world's leading economic powers.

This downward trend, resulting from the combined replacement of the modern nation-state through so-called "globalization," and the accompanying, willful suppression of scientific and technological progress, now threatens to become a global demographic catastrophe, a global "new dark age" of humanity, perhaps as catastrophic as that which struck the Mediterranean region, in particular, during some time after 10,000 B.C.

Call these combined effects "The Catastrophe of the Twentieth Century." It is also known by other names. During much of this passing century, it was referred to by its utopian advocates as "The New Age," or "The Dawning of the Age of Aquarius." During the post-Kennedy 1960s, it became widely known as the "cultural paradigm-shift" of the "rock-drug-sex counterculture," and also proclaimed as either "the technetronic society" by Zbigniew Brzezinski, or, as a utopian "post-industrial society" more commonly.

This lunacy produced the 1972 launching of the worldwide "environmentalist" conspiracy, in furtherance of the aims of the World Wildlife Fund and "1001 Club" co-founded in 1961 by Prince Philip of England and Nazi SS veteran Prince Bernhard of the Netherlands. This produced such dangerous military lunacies of Newt Gingrich, Al Gore, and the Tofflers as "The Third Wave" and "Air-Land Battle 2000." It produced the programs leading into the recent Littleton horror, too.

What you behold in these catastrophic Twentieth-Century developments, is a real-life re-enactment of Aeschylus' *Prometheus Bound*. The modern version of a self-styled "gods of Olympus," centered around the Anglo-American-Canadian-Dutch oligarchy, has demanded the suppression of a real-life Prometheus, the suppression of the principle of betterment of the general condition of mankind, through fostering those kinds of cultural institutions which, in turn, ensure the benefits of scientific and technological progress. That today, has become the only war worth our fighting, a war to bring to an end the tyranny of such evil, would-be gods, the twilight of the gods. Let our courage, like that of Aeschylus' Prometheus, bring about the effect known as "the twilight of the gods." That result could not come too soon for humanity at large.

My contributions to the science of physical economy, have the specific historic importance, of showing, for the first time, how universal cultural principles must necessarily dominate the development of scientific and technological progress in effecting the improvement of the conditions of mankind as a whole.

When I, so to speak, came on the scene, it had become customary opinion, especially in the universities, to adopt the neo-Kantian irrationalism of Germany's Nineteenth-Century reactionary, Savigny, in insisting upon the absolute separation of physical science from art and statecraft. Kant's and Savigny's lunatic folly of "art for art's sake," reigned, both in the arts as such, and in politics. Classical art was in the process of becoming lost art. Populations were becoming increasingly irrational.

Then, it became worse. Since the anti-science "cultural paradigm-shift" of the late 1960s was introduced to the

My contributions to the science of physical economy, have the specific historic importance, of showing, for the first time, how universal cultural principles must necessarily dominate the development of scientific and technological progress in effecting the improvement of the conditions of mankind as a whole.

U.S.A., both art and science rapidly lost their grip on the new generations of university graduates, and the society as a whole became more and more irrational, and self-destructive, each year. To any typical American or European visitor arriving by time-capsule from the late Nineteenth Century, or even the close of World War II, the world of the past thirty years' trends "makes no sense."

When we consider what we know today, of both history and pre-history in the large, we should be warned against the popular delusion of something like an irrational "invisible hand" in the shaping of human existence as a whole. Without the recurring intervention of the virtual Prometheuses of both historic and pre-historic times, the human race would have gone nowhere, except, as now, toward its own destruction at the hand of forces such as either its own children, or the oligarchical "Olympian gods" of past and present times. The kind of creativity and dedication represented by the mythical Prometheus is an indispensable factor in the progress, even the survival of the human species.

Looking at the broad-brush features of ancient Greece's history and legacy, all that occurred for the better within that culture, was of a pro-Promethean quality. When we trace the emergence of the role of cognition in society, from the Homeric epics, through the Classical period, through Plato, and when we look at that result through the eyes of the Apos-

bles John and Paul, or Augustine later, we recognize the specific importance of the idea of Prometheus as a special element of importance within the legacy of Greek culture, the element which sparked that culture into producing the foundations upon which all the best of modern European culture depends.

Somewhere in the pre-history shrouded by the millennial mists of the melting glaciation, there was a real Prometheus, by whatever name he were known in those times. Without some concretization of a Promethean tradition, resisting the deadening effects of a parasitical, Olympus-style oligarchy,

Without some concretization of a Promethean tradition, resisting the deadening effects of a parasitical, Olympus-style oligarchy, Ancient Greece could not have achieved its unique role in generating Classical culture, and with it, the foundations on which Cusa and others based the emergence of modern European science.

Ancient Greece could not have achieved its unique role in generating Classical culture, and with it, the foundations on which Cusa and others based the emergence of modern European science.

In that sense, a Prometheus had necessarily existed. This was clear to me from reflecting on what I had discovered.

During adolescence, when I had adopted Leibniz, and recognized the importance of discrediting Kant, I had already understood the principle of cognition, as distinct from the dead hand of formal logic. In the immediate post-war period, when I was startled by my recognition of the danger to civilization embedded in Norbert Wiener's promotion of the radical-positivist notion of "information theory," I returned to my earlier upholding of Leibniz against Kant. In my concern to define cognition for the specific purpose of pointing out the fraud of "information theory," I chose the subject of Classical artistic composition as the way of demonstrating how the idea of cognition itself can be shared among persons.

Once we recognize that the physical profitability of production comes from a continuing factor of technological progress, and know the connection between the experiments proving a scientific principle and the generation of new technologies from that experiment, the general picture is clear.

Reflections on immortality

However, this required an additional step. How do we define scientific and technological progress as a whole from the standpoint I had adopted respecting the relationship between Classical art and discovery of physical principle? Riemann supplied the key to solving that problem. But, then, another final step remains. The Riemannian edifice I assembled worked. The question was, what motivated that assembly into action? *Why should we—anyone—choose to progress in this way?*

What motivates us, as individuals, and groups of individuals, to devote our sense of identity to such work? The Apostle Paul's *I Corinthians* 13 supplies the gist of the answer: Plato called it *agapē*, a term which survives as a mere, commonly misunderstood English translation, as "charity." It is, as Prometheus was charged by Zeus: love of mankind, rather than what is called today "the establishment."

Now, state that same point a bit differently.

What quality must a person have, to be able to sustain that love of mankind in such a fashion, even when under the pain of immortal torture by the ruling oligarchy? Who would not play the contemptible, doomed role of a Hamlet under such fearful threat? Who would die, rather than recant and desist, as moral weaklings always do?

The answer lies within the domain of cognition itself. If we can see ourselves as we are, then we know that our mortal life is a talent given to us to spend in a way that the benefit we contribute shall be greater than that we have been given. When we recognize that the improvement of the condition of mankind, morally as physically, depends upon an endless stream of additions of newly discovered valid universal principles, of both Classical art and physical science, to the stock of mankind's power within and over the universe, our best hope for our brief mortal life is to add something of durable value to the mankind which comes after us.

Once that sense of one's proper true identity is acquired, you have the necessary motive to act as you must, to become the kind of person who can confront mortality with a smile. Anyone who has achieved that correct understanding of his, or her most vital personal self-interest, will not think differently about such matters than I do.

The trouble is, people who are not certain that their existence is really of any value to mankind, settle for lesser, even foolish questions, such as "I am too busy taking care of my family, my personal interests, and my community, to be bothered with such things. First things first!" Such small-minded people are the most foolish among the fooled people to whom President Lincoln referred.

Out of the parting mists of Mediterranean pre-history, came the necessary idea of Prometheus, the idea which sparked the birth of what became European civilization. People with such ideas, must win, in some way or another.

FIDELIO

Journal of Poetry, Science, and Statecraft

Publisher of LaRouche's major theoretical writings

Summer 1999

What It Takes To Be a World-Historical Leader Today

Helga Zepp LaRouche

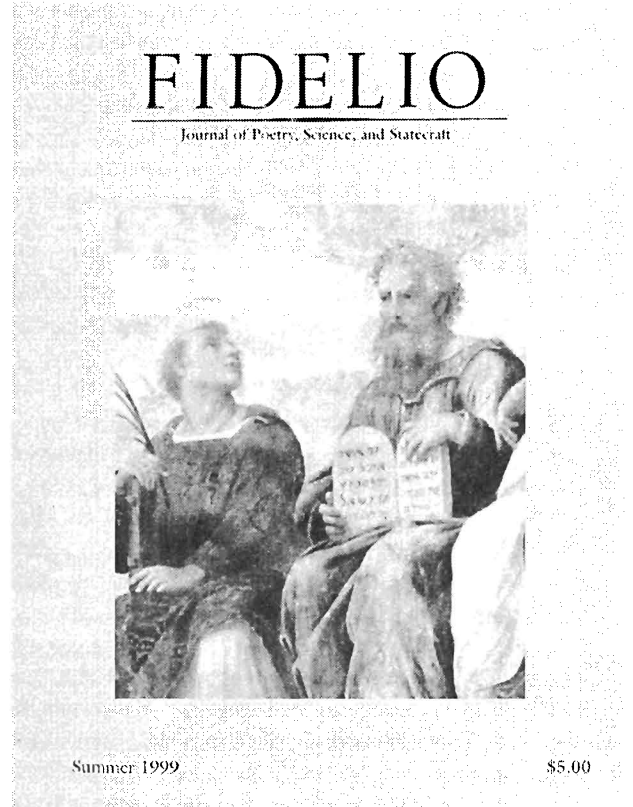
Moses Mendelssohn is a very good example of a world-historical individual. By breaking out of the containment of the Jewish ghetto, taking the best of humanist culture from Plato to Leibniz to Bach, to everybody else, he is a model of what every oppressed minority can do today. Take everything mankind has produced so far, add your own creative contribution, and be part of the creation of a new Renaissance, and all divisions in society will disappear.

Philosophical Vignettes from the Political Life of Moses Mendelssohn

David Shavin

Moses Mendelssohn and the Bach Tradition

Steven P. Meyer



Sign me up for **FIDELIO** \$20 for 4 issues

NAME _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

TEL (day) _____ (eve) _____

Make checks or money orders payable to:

Schiller Institute, Inc.

Dept. E P.O. Box 20244 Washington, D.C. 20041-0244

Offensive by Colombian narco-terrorists backfires

by Our Special Correspondent

The terrorist offensive launched by the Revolutionary Armed Forces of Colombia (FARC) on July 7 turned, over subsequent days, into one of the greatest tactical defeats ever suffered by the FARC. When the battles subsided, at least 400 FARC narco-terrorists and 37 soldiers were dead; 40 policemen had been kidnapped; and 100 homes and other installations in 22 towns had been levelled, the majority of them located near the so-called “demilitarized” zone, the zone from which the government of President Andrés Pastrana had graciously withdrawn all military forces, so that the narco-terrorists could establish their rule over 42,000 square kilometers of territory. It was from this territory, that the attacks were launched with impunity.

The offensive was the preamble for the initiation of formal negotiations between the Pastrana government and the drug-running FARC, otherwise known as Colombia’s “Third Cartel.” Preliminary talks on the negotiations have been ongoing for a year now, at each step of the way actively promoted by the U.S. State Department. Echoing London’s logic, Madeleine Albright’s U.S. State Department has urged the Pastrana government to strike a deal to share power and sovereignty with the FARC, with the lame argument that only in that way can these criminals be induced to “limit” drug production and trafficking in their areas of influence. The result of such craven capitulation, has, of course, been that the drug-running FARC now threatens to overrun the entire nation.

After innumerable concessions to the FARC, and innumerable delays, negotiations are now set to begin. The plan had been to begin the negotiations on July 7, but on the initiative of the FARC (and with Pastrana’s complicity), the talks were put off until July 20, the day on which Colombia cele-

brates both Independence Day and Armed Forces Day. The negotiations were finally set for July 19, brought forward a day, after the Armed Forces, in protest, had cancelled its traditional July 20 military parade.

The offensive planned by the narco-terrorist *jefes* (chiefs), had among its objectives: to assault jails in Florencia, Caquetá, and Bogotá, as well as other towns, in order to free jailed terrorist leaders whom the FARC needs to lead the thousands of new recruits who are being trained in their misnamed “demilitarized zone” (DMZ); to terrorize the Colombian population with a display of their aura of power; and to bring their followers back again in the DMZ for a triumphal parade on July 20, to celebrate what they call Colombia’s “New Independence.”

In the offensive, the FARC deployed 2,000 terrorists from staging areas in the DMZ to attack 22 different objectives, using the tactic of “5 to 1”; that is, it takes five terrorists for every policemen or soldier present, to overwhelm a military or police unit. By using this approach, they have defeated numerous units, and have kidnapped some 500 soldiers and policemen over the past two years.

The brutal *modus operandi* employed by the FARC in this offensive, was to begin the attacks with bombs fashioned out of metal cylinders used for natural gas. The terrorists’ innovation this time, was to add sulfuric acid to the usual explosives and shrapnel packed into the cylinders, which turned them into exploding chemical weapons, burning those caught within their range. The explosions destroyed not only the police stations which they sought to take over, but also neighboring homes. In some cases, the towns attacked suffered utter destruction, worse than if they had been hit by an

earthquake. Another innovation utilized in the offensive were homemade tanks—all-terrain vehicles to which armor had been attached—which could not be destroyed except by air bombardments by the Colombian Air Force and Army Aviation.

In the initial offensive, the FARC killed 37 soldiers in Gutiérrez, a town located 30 kilometers southeast of Santa Fé de Bogotá, the nation's capital. A good number of the 37 soldiers killed were executed by a shot to the head. Forty-seven terrorists also died in this battle. Their bodies were buried by the FARC in a mass grave. It is the FARC's policy to hide its dead, so that their losses are never known, thereby building up the terrorists' aura of power and invincibility. But this time, the common grave was found by the Army, which had to deactivate explosives filled with sulfuric acid that had been planted around the grave.

Wall Street's partners

The Armed Forces counteroffensive was swift and effective. The weak flank of the FARC's mobilization was the high visibility of its forces, which had to use boats and trucks to reach the towns they were to attack. The few airplanes and helicopters which the Armed Forces have, were pulled into service to bomb FARC forces and transport combat troops. Even the Presidential airplane, which is the property of the Air Force, was used in the counterattack. The majority of the FARC "combatants" who died in the fighting were women and children under 14 years old. And, the majority of these had either been forcibly recruited, or were poor people who had contracted themselves out to the FARC as mercenaries, in a desperate effort to escape unemployment.

Keep in mind that conservative calculations estimate FARC revenues at over \$2 billion a year, double the Colombian government's combined annual defense and justice budgets, thanks to the drug trade, kidnapping, and extortion, among other activities. Other reports say that the FARC has an income of over \$20 billion a year, from which it helps to finance Fidel Castro's regime in Cuba.

Military sources report that the FARC has constructed underground bunkers in the DMZ, where they have stored an enormous quantity of gold, and dollar and peso bills, along with many financial papers which document the movement of the group's money, and which identify the group's frontmen, in whose name their money is kept.

It is not by coincidence, that a delegation from Wall Street, headed by New York Stock Exchange President Richard Grasso, went to cut a deal with the FARC, and talked for hours with Raúl Reyes, considered to be the FARC's financial brains. (Last week's cover of *EIR* showed a photo of Grasso and Reyes embracing.)

Military sources told *EIR* that they have found 400 dead terrorists, and that it is very likely that for each body found, there are two other bodies buried. Among them, were some

whose arms and legs had been cut off, so that they could more easily be transported and hidden, and others, whose faces and fingerprints had been disfigured by sulfuric acid so that they could not be identified, in order to keep the international community from realizing that they were children, or perhaps, because some of them were narco-terrorist leaders.

Red Cross supports narco-terrorism

It is not only the terrorists who received a harsh blow, but also the international networks that support the narco-terrorists as an instrument to destroy Colombia as a viable nation. Each FARC squad went into battle with photographers assigned to film footage for television, and with Red Cross units to attend to their wounded. In Cravo Norte, in Arauca (near the border with Venezuela), the Red Cross actively participated in the terrorist attacks. The terrorists were transported in International Red Cross vehicles, which the Colombian Armed Forces did not attack, because they adhere to the Geneva Convention for conduct of war.

In El Doncello, Caquetá, International Red Cross officials carrying white flags appeared in the middle of the fighting, to deliver a message from the narco-terrorists to the policemen: Surrender and turn over your arms, or the terrorists will annihilate you. The policemen did not surrender, and were therefore able to report on the active participation of the Red Cross in the battle.

Government grovels

But even as the Armed Forces troops are remoralized, and the public has witnessed both the vulnerability of the terrorists and the barbarity of their acts, the government insists on continuing the "peace" negotiations with the narco-terrorists, in spite of the fact that it has been made abundantly clear that, for the FARC, "peace" will only come when they are handed power.

Despite all the confirmed abuses, the government insists on maintaining the demilitarized zone in which the FARC commits every kind of arbitrary act, and whence the FARC prepares its attacks. Thanks to the demilitarized zone, there is war throughout the Colombian nation—except where the FARC general headquarters are located.

According to the Prosecutor General's office, 41 people in the DMZ have been executed, on FARC orders. Classes in the primary and secondary schools have been suspended, because the students were forcibly recruited to the FARC's ranks. All those kidnapped around the country, possibly as many as 2,000 people, were taken to the DMZ, where they are being kept until ransom is paid, or until the government signs a law guaranteeing the release of the jailed terrorist chiefs, in exchange for the FARC's military and police hostages.

Military sources have told *EIR* that the FARC is building a highway in the Macarena nature park, which would permit

them greater mobility in entering and leaving the DMZ. There are stretches of the highway which are completely straight, which could be used as landing strips. Three fighter aircraft and five helicopters have, in fact, been sighted in the DMZ, which indicates that the FARC is forming an air force, and that their attacks could soon be carried out with air support. The sources also report that the FARC is acquiring, and bringing to the DMZ, tanks, surface-to-air and air-to-surface missiles, and all kinds of heavy weaponry and construction equipment. "The moment that the negotiations be suspended, and they give us the order to retake the demilitarized zone, the fighting will more resemble regular warfare, than irregular warfare," the source told *EIR*.

Colombians gaining heart

The narco-terrorists' military actions, brazen crimes, and threats, have brought about a phase-change in the morale of Colombian citizens. The families of all the people kidnapped by the FARC's National Liberation Army (ELN) allies on May 30, as the people attended mass at the Roman Catholic Iglesia del la María, have signed a declaration, stating that they will not pay a single peso in ransom to the ELN for their kidnapped loved ones. Another statement circulating, "There Is No Price on My Life," is being signed by people who consider themselves potential kidnapping targets, which asks that, should they be kidnapped, neither their families nor their businesses pay any ransom for them.

Recent polls show that more than 80% of the citizens reject the way the so-called "peace" process is being conducted, and reject the excessive concessions which President Pastrana has been making to the terrorists.

The sophism promoted by the non-governmental organizations (NGOs), that so-called "civil society" is "neutral in the conflict," and should not take sides in the war—a way of inviting that civil society not to denounce the terrorists—is losing all credibility. People now believe that this is a war "of the narco-terrorists against civil society." Many Colombians are eager to join a national militia formed by the Armed Forces to participate in their own defense. Leaflets are circulating, which argue that it cannot be possible for 40 million people to be cornered by "20,000 armed, heartless" narco-terrorists. Every week there are demonstrations in Colombian cities against the kidnapping, violence, and extortion. Colombians' onetime timidity before these terrorist groups, is becoming a will to fight.

Among the news items most commented on by Colombians, besides the fighting, is an interview which Peru's President, Alberto Fujimori, gave on July 10 to *El Espectador* and the Caracol radio and television network. Fujimori contrasted the chaos which Colombia is suffering, with the peace which Peru has achieved by fighting narco-terrorism.

"This peace has been achieved through an entire strategy which involved the development of an efficient intelligence service and bringing together the Armed Forces and the peo-

ple to gain their trust, the participation of the civilian population in the fight through the peasant militias, and very strong laws. . . . I would not allow these narco-terrorists, after negotiations, to retain their citizenship rights, and enter national political life. I cannot imagine a former terrorist as a member of Parliament," Fujimori said.

However, the Colombian government still clings to the process of slowly handing the country over to the narco-terrorists. Pastrana pays more attention to the U.S. State Department, the United Nations, the British Foreign Office, NGOs of every stripe, and international financiers, all of whom insist on the balkanization of Colombia, than he does to Colombians.

There are 106 points of discussion on the table for the peace negotiations. The discussion of these points implies, de facto, that the government intends to co-govern *with* the terrorists in all aspects of national life. Among those points of discussion, is the "reform" of the Armed Forces, which could mean that military promotions would be agreed upon with the FARC, and also that many members of the FARC would become soldiers, non-commissioned officers, and even full officers of the Armed Forces.

At the speed with which the talks have advanced thus far, agreement would be barely reached on two points every month. That is to say, at least 53 months would be needed—more than four years—for these negotiations. The negotiations are to be carried out without the FARC "demilitarizing" the rest of the country, and without there being any cease-fire, so that the FARC would always be trying to demonstrate its force with greater violence.

But for the FARC, this is only a stratagem to gain time, and fulfill its objective. This would be a period of time more than sufficient for the FARC, protected by Pastrana's commitment to respect the FARC's "demilitarized zone," to spend its money buying on the black market all the weapons it needs, to attempt to seize control of the whole national territory, or, failing that, to control part of that territory, balkanizing the nation.

That is why former Presidential candidate Gen. Harold Bedoya (ret.), in a speech before members of his movement, Fuerza Colombia, on July 8, stated that Pastrana must be overthrown. Similarly, the view among active-duty military officers, is that they will accompany Pastrana, only "as far as the Constitution permits," and that the defense of territorial integrity is one of the Constitutional obligations of the Armed Forces.

Curiously, the U.S. State Department and the human rights NGOs are promoting a new military criminal code, in which troops would not be obliged to follow the orders of their superiors, if the subordinates believe that the order violates the law. And what would happen if the military believes that the orders of the President violate the Constitution, which requires the military to defend the country's territorial integrity?

British are the prime suspect in destabilization of Iran

by Muriel Mirak-Weissbach

On May 18, British Foreign Secretary Robin Cook announced that Britain and the Islamic Republic of Iran had reestablished full diplomatic relations, and that the newly named ambassadors, Nicholas Browne and Gholamreza Ansari, would take up their posts in Tehran and London, respectively. Less than two months later, on July 8, student demonstrations erupted in Tehran University, opening a week of unrest, which was the most severe social confrontation in the country since the 1979 revolution.

To put it bluntly: That's what happens when you make friends with the British.

Although the causal relationship between the two developments is not linear, it is real, and it is efficient. Unless the role of the British in the current crisis in Iran is investigated, exposed, and thwarted, there is the danger that the recent social upheaval there could be the start of a destabilization wave sweeping the region.

The 'Great Game' revisited

To understand the nature of this relationship, it is necessary to step back from the immediate arena of events, and look at the broader picture.

As *EIR* has uniquely documented, the main thrust of British geopolitics, historically and in the recent period, has been to undermine the cooperation among a group of sovereign nations, capable of implementing the Eurasian Land-Bridge perspective. Specifically, it has been to sabotage cooperation among China, Russia, and India; and to break up the "strategic partnership" which the Clinton administration had established with China and Russia. The main purpose of the British-led NATO war against Yugoslavia, was to pursue this strategic aim.

Now that the Yugoslav war has officially ended, the British geopolitical elite has readjusted its sights, targetting the vast area comprising the Caucasus and Central Asia for destabilization. One aspect of this destabilization thrust, is the "debate"—or, more precisely, threat—around expansion of NATO eastward, into the Caucasus. The leading agent for this policy, is Azerbaijan President Heidar Aliyev, who has gone on record offering up territory for a NATO base in

his country. Similar proposals have been floated by Georgian President Eduard Shevardnadze.

According to one British expert with experience in the region, there are contingencies being discussed, for NATO to intervene in the Caucasus, especially Azerbaijan, if the situation in the northern Caucasus—the areas of Chechnya and Dagestan inside Russia, for instance—were to further deteriorate. NATO would not intervene directly, given the Russian involvement, but, if unrest from Dagestan were to spill over into Azerbaijan, then Aliyev could call for "help." The same goes for Chechnya, which borders on Georgia.

As this source and other region specialists have stressed, the pretext used for such action would be the need to "protect" the oil in Azerbaijan. Given the massive, recent finds of gas in the Caspian Sea, off Baku, by BP-Amoco, such pretexts are bound to gain credibility.

According to *Limes* magazine editor Count Lucio Caracciolo, the situation in the Caucasus-Central Asia is being redefined by an array of "old-new alliances," prominent among them the "Turkish-Israeli axis" which enjoys backing from the Anglo-American geopolitical faction. It is, in fact, through the Turkic networks that destabilizations in the region are run. Turkey is functioning also as the NATO connection for most raw materials looting schemes involving pipelines for oil and gas out of the region.

Although control over massive amounts of oil and gas is at stake in the region, it is *not* merely a raw materials grab that is at the heart of this British operation. Rather, in the collapse of the world financial system, British geopolitical thinking is shaped by considerations of raw power: After the region has been turned upside-down by orchestrated "ethnic" strife, civil wars, and concomitant social disintegration, who will impose the military presence to exert power over the region?

Directly counterposed to this perspective and array of alliances, is Russia, which has established a strategic triangle with China and India. Increasingly, Iran has been drawn into this tripartite cooperation, as is appropriate to the position the country occupies along the historic Silk Road. Iran, is in fact, the "other pillar" to China, of the Eurasian Land-

Bridge. Since 1991, and increasingly over the past three years, Iran has defined its foreign policy from the standpoint of its crucial role in the Land-Bridge.

The Russians, fully cognizant of the dangerous contingency plans for some sort of NATO activity in the region, albeit under Turkish-Israeli disguise, have made known that any such intervention would cross a very well-defined red line. As one European strategist put it to *EIR*, "The Russians know how to play the Great Game in the Caucasus, too; they've been active there since 1737."

The institutional confrontation in Iran

It is in this context, that the recent upheavals in Iran are to be viewed. And the question must be posed: From a global strategic perspective, who stands to gain from a destabilization of the current government of Iran? Most obviously, those geopolitical interests in the British-American-Commonwealth faction, who have been openly debating their new "Great Game" strategy, in the pages of publications such as *Foreign Affairs*, organ of the New York Council on Foreign Relations, which is the daughter think-tank to the Royal Institute for International Affairs.

What happened inside Iran in the week of July 8-15, has an internal dynamic, which is also important to understand, in order to grasp how external forces can manipulate the situation.

On July 8, students from Tehran University launched demonstrations, to protest the closing of the liberal newspaper *Salaam*. The paper had been closed by the judiciary, on charges that it had published documents which were false. Whether the specific charges against the paper and its editor were justified, is difficult to determine, and, in a certain sense, beside the point. At issue is the freedom of the press, which has been one of the cardinal points of the political program of reform pursued by Iranian President Seyyed Mohamad Khatami.

Khatami was elected in May 1997 by an overwhelming majority of 69%, in an election with an extremely high turnout, against a conservative candidate, Nateq Nouri, who is the speaker of the Majlis (Parliament). Since his inauguration in August 1997, Khatami has pushed forward consistently, but also cautiously, toward liberalizing social life inside the country, while reestablishing working relations with countries throughout the world, which in many cases had been suspended or had stagnated since the Iranian revolution of 1979. In this process, Khatami has come up against staunch opposition, from the conservative faction, which still controls crucial institutions in the country, including the judiciary, and the Parliament, where it represents a majority.

The judiciary, for instance, dealt a blow to Khatami in 1998, when it arrested and prosecuted the popular mayor of Tehran, Gholamhossein Karbaschi, a close associate of Khatami's. At the same time, the Parliament succeeded in

impeaching Abdollah Nouri, another Khatami associate, from the post of interior minister, for having defended the mayor. At that time, too, students had mobilized in Karbaschi's favor.

The thrust of the student demonstrations which broke out on July 8, was initially in favor of the Khatami government and its liberalization policies. Students marched through the streets of the capital with large pictures of the President. That night, elements of the Law Enforcement Forces (LEF) entered the university grounds, in violation of the sanctity of that institution, and violently attacked students, injuring many and killing an as-yet-undetermined number. Hundreds were arrested.

Predictably, the violent police action provoked an escalation of protest, which rapidly turned violent. Provocation and counter-provocation continued, culminating in the July 14 showdown in the streets of the capital: On that day, the conservatives mobilized a massive show of force, with thousands of demonstrators—not students—sporting large placards with the pictures of Ayatollah Khomeini, and his successor, the Supreme Leader of the Revolution, Ayatollah Khamenei.

Police intervention condemned by all sides

Significantly, after the first police intervention took place, it was condemned by all sides. Not only the university board, a group in the Parliament and the entire cabinet, but also Khamenei spoke out against the violation of the university's immunity. The Culture and Higher Education Commission of the Islamic Consultative Assembly (Majlis) issued a denunciation of the incident on July 11, and demanded that those responsible be identified and prosecuted. The government, meeting on July 11, deplored the incidents and expressed hopes that "pressure groups" and advocates of violent acts—i.e., conservative political factions behind the violence—would be identified and punished. The cabinet condemned "the breaking of the sanctity of learning and of the university."

Ayatollah Khamenei stated that the tragic events were "unacceptable in the Islamic Republic of Iran." He said that the "bitter incident" had "hurt his heart." He went on: "I have a lot to say, but the most important thing that has preoccupied my mind is the attack on the dormitories of the youth and students. In the Islamic system, it is not acceptable at all to attack the house and shelter of a group, particularly overnight or at the time of congregation prayers."

His statements rang out as if in explicit support of the students: "The youth of this country, whether students or not, are my children," he said, "and it is very difficult for me to see them embarrassed and upset." He promised that violence would be dealt with "no matter in the garb of law enforcement forces or else." He said, "Violators in the Islamic system must be dealt with, but it is very wrong

and unjust to encounter someone who has not committed a violation, someone who is resting at home, and that too in a youth and student environment.”

According to a paraphrase of his remarks, the Iranian news service IRNA reported that he said, “The fact that 100 or 200 people take into the streets from the university campus to utter some words cannot provide an excuse and authorization for others in whatever garb or under whatever name, to enter their place.”

Khamenei was emphatic in saying that the violent attack had been launched by “some people,” and that this had tarnished the “sacred name of the law enforcement forces,” whose work had been characterized by a spirit of self-sacrifice. Consequently, the head of Khamenei’s office, Hojatoleslam Qomi, announced on July 12 that Khamenei had issued orders for a speedy investigation by relevant organs, including the Supreme National Security Council. In comments to IRNA, he said that the LEF’s entry into the university had been “neither acceptable nor tolerable,” and added that their mere entry was “an illegal act.” He also noted that among those attacked were children of martyrs, volunteer forces, etc. Both he and Khamenei hinted at “suspicious agents” who might have been involved.

The fact that Khamenei made such statements bears witness to the extraordinary popularity and support enjoyed by President Khatami, and by the students demonstrating in his favor. At this point, the official line was that rogue elements had been responsible for the violent entry into the university. According to a statement issued on July 11 by the deputy commander of the law and order force, Brig. Gen. Mohssen Anssari, a group of officers raided the university dormitory without the order of their superior officers. He said that those who had been guilty of not controlling their sub-commanders had been reported to the secretariat of the Supreme Security Council.

By Sunday, July 11, demonstrations by university students had spread out to other major cities, including Tabriz, Shiraz, Mashhad, Esfahan, and Hamadan. The students in Tehran University continued a sit-in on July 12, together with faculty members. They agreed not to demonstrate without authorization, and received the explicit gratitude of the Supreme National Security Council for their cooperation in maintaining calm. A press strike which had been planned for July 13, was also called off, after the government urged journalists to continue their work, saying that in times of domestic crisis, the population needs accurate, thorough reporting more than ever.

Then, on July 13, contrary to earlier indications, students and others demonstrated, without authorization, and the situation rapidly degenerated into confrontation. There can be no doubt, that *agents provocateurs* were deployed, most probably on both sides, to escalate tensions into violence. President Khatami addressed the nation on television, and

said that the protests, which had started peacefully, had degenerated into rioting. He characterized those leading the plundering and rioting as people with “evil aims” who were threatening national security. He said that further lawlessness would be “repressed with force and determination.”

There are conflicting reports as to what happened in the streets. Iranian press outlets reported that students chanted slogans like, “We don’t want a violent government, we don’t want a mercenary police.” They said that other layers of the population expressed support for the students and addressed the police with slogans from the 1979 revolution, like “Army brothers, why are you killing brothers?” Other slogans directed against the conservative clergy were also reported.

At this point, when the demonstrations shifted tone, with explicit attacks against the law enforcement forces, the movement was perceived as constituting a threat to the entire existing order. Thus, on the night of July 13, Khamenei delivered a speech in which he said, “It [has been] two days that a group of vicious people, supported by certain bankrupt political groups and encouraged by foreign enemies, have been engaged in corruption and destruction of people’s properties, creating an atmosphere of terror and intimidation, etc. Officials in the government, especially those in charge of public security, have been emphatically instructed to put down the corrupt and warring elements with insight and power.”

The following day, a massive rally took place in Tehran, “in support of the remarks of the Supreme Leader” and, officially, also in support of “President Mohamad Khatami’s government and in condemnation of the recent violence by a group of rioters.” The group, which Iranian press claimed was a million strong, included people carrying posters with slogans like “Down with the U.S.A.,” “Death to Israel.” The pictures carried by the crowd were those of Khomeini and Khamenei, while those of Khatami were conspicuously absent. Among the prominent personalities taking part in the rally, was Parliament Speaker Nateq Nouri. The conservative Deputy Speaker of Parliament, Rowhani, reportedly stated that the rioters had been guilty of crimes which carried the death penalty, and so forth. A resolution from the rally was issued, which expressed total support for Khamenei and for the Khatami government. The resolution condemned the violence as the work of outside forces.

President Khatami had also dramatically shifted his tone, to one of outright condemnation of the rioters.

By July 15, the streets of Tehran were calm again, and order had been restored.

Who are the outside forces?

One lesson to be drawn from the tumultuous week in Iran, is that any force attempting to tip the delicate balance which exists among the institutions, will reach a result contrary to its aims. The Iranian political institutions, established

by the Islamic revolution, are controlled by opposing forces, and they will not be easily changed.

Those among the movement of intellectuals and students desirous of a quicker pace of reform, who believed they could use the power of the street to effect a shift in the correlation of power, were mistaken: Despite the overwhelming popularity Khatami enjoys, there is no way within the present system that he could prevail over the institutional arrangement, particularly over the office of the Leader of the Revolution. Any attempt to force through such a process, would inevitably destabilize the entire system, creating the preconditions for civil war. At the same time, regardless of the institutional power still wielded by the conservatives, in the judiciary, the Parliament, and the bazaar, there is no way they could eliminate the President, without unleashing a similar process of civil war.

Significantly, following the degeneration into violence, all sides spoke of outside elements being involved, manipulating events. Although the accusations against the “Zionists” and the “arrogant power” come from a stock vocabulary, there is, ironically, some truth to the charges. The question is: Who is the “arrogant power”?

Khamenei had pointed to the United States, and asked whether the \$20 million allocated by the U.S. Congress for actions against Iran, had been deployed in this protest action. No doubt, there are fools in the Congress who will cheer on any destabilization of Iran. But that is not the direction of the Clinton administration policy; on the contrary, careful, cautious moves have been perceived, indicating some progress in the painstakingly slow process of reconciliation.

More to the point would be to ask: What have the British deployed, in terms of finances and personnel, into Iran, since their celebrated reestablishment of diplomatic ties? For a time, it was known in Iran what the real face of British policy was. Salman Rushdie, after all, had been deployed by British intelligence, to orchestrate a conflict leading to a *fatwa* (religious decree) against him, and subsequent ostracism of Iran. It was Britain which, in the wake of the Mykonos murder trial in Berlin, had whipped up a frenzy in Europe, demanding that the “state terrorists” be isolated forever. Then, it was Britain, which took the first, energetic steps to reestablish diplomatic ties with Iran, naming an ambassador, and setting up a full presence in the capital. It was Britain which organized conference after conference in London, on the topic of investment in Iran; and Britain, which sent a high-level delegation just recently to the country, in the spirit of reconciliation. And so forth.

Most important, it is the British oligarchy which is pulling the strings of detabilization in Central Asia and the Caucasus, and which sees such demonstrations in Tehran as one big string to pull. The Iranian leadership is right to suspect outside interference and malicious conspiracies. One should remember, however, that the most vicious wolves often appear in sheep’s clothing.

Military diplomacy expands among China, Russia, India

by Mary Burdman

The “Moscow-Beijing-New Delhi triangle,” which was proposed by former Russian Prime Minister Yevgeni Primakov in New Delhi in December 1998, while it remains “a geopolitical reference point for diplomats, it is already a quite tangible reality for the participants of military-technical cooperation,” political columnist Vsevolod Ovchinnikov wrote in the official Russian government newspaper, *Rossiyskaya Gazeta*, on June 16. “The expansion of NATO to the east, the formation of a Far Eastern analogue to this alliance, self-willed use of force bypassing the UN Security Council—all this is prompting the largest countries such as Russia, China, and India to think in concert about strengthening their defense and security and, in particular, to develop military-technical cooperation.”

It is essential to understand that these three nations are *not* in the process of building any kind of military or political “alliance,” along the lines of the West’s NATO, or the U.S.-Japanese alliance—far from it. The foreign and national policies of each of these nations, is independently formulated and carried out.

However, the NATO war against Yugoslavia, which was only the most destructive among several massive Anglo-American assaults, using most-advanced technologies against small, isolated nations, sent shock waves through China, Russia, and India, among many other nations.

China’s entire foreign policy has, for decades, been to foster a peaceful international environment, in which China would have the extended period of stability it so urgently requires, to be able to overcome the problems of its underdeveloped economy.

Already in February 1998, Chinese Defense Minister Chi Haotian called for a new security concept “to win a lasting peace.” In a speech in Australia, Chi called for nation-to-nation relations on the basis of the Five Principles of Peaceful Coexistence—mutual respect for territorial integrity and sovereignty, mutual non-aggression, non-interference in each other’s internal affairs, equality and mutual benefit, and peaceful coexistence. He called for mutually beneficial economic cooperation, as the foundation for global and regional security and peaceful resolution of conflicts. “It has been

proven that the security system in the Cold War period, which was characterized by making military alliance as its foundation and the enhancement of military armament as its means, could not help create peace," Chi said.

Now, China is rapidly expanding its "peripheral diplomacy" among the nations of Asia and Eurasia, with these aims. At the center of this effort, is an expanded military diplomacy, "in search of a peaceful environment," as the official Xinhua news agency wrote on June 17.

"The Chinese government is actively promoting diplomacy with China's neighboring countries," the official Hong Kong-based *Wen Wei Po* stated in an editorial on July 5. "China has become more mature in facilitating its diplomatic activities and the maturity is more fitting to its status as a big country and as a permanent member of the UN Security Council."

In mid-June, Beijing sponsored talks between the vice foreign ministers of the Democratic People's Republic of Korea and the Republic of Korea, and a delegation from North Korea (D.P.R.K.) visited China for the first time since the death of President Kim Il-sung in 1994. This senior state delegation was accompanied by a military delegation, also the first to visit China in five years.

China has also striven to ensure that India and Pakistan end their dangerous conflict in Kashmir (see *EIR*, July 16, p. 60).

In mid-June, Vice Premier Qian Qichen, the *éminence grise* of China's foreign policy, visited Turkmenistan, Tajikistan, Kyrgyzstan, and Uzbekistan. The security of Central Asia is of primary importance to China; Beijing has been watching NATO's expansion into this region under the "Partnership for Peace," and the regular U.S. military exercises inside Central Asian nations, including its neighbor Kazakhstan, with understandable concern. (Americans should consider what hysteria would be generated in Washington, were China to engage in military exercises in Central America.)

At a news conference in Tashkent, the capital of Uzbekistan, on June 11, Qian Qichen said that the purpose of his visit was to "to deepen the mutual understanding between China and these four Central Asian countries. . . . China shares a borderline of more than 3,000 kilometers with Kazakhstan, Kyrgyzstan, and Tajikistan." He noted the progress in relations, especially in infrastructure development. "China, Uzbekistan, Kyrgyzstan, Kazakstan, and Pakistan have signed the agreement on highway transportation," he said. "China, Uzbekistan, and Kyrgyzstan also signed the agreement on highway transportation, and the railway network linking these three countries is being planned. Once these plans are put into effect, this will be a magnificent feat to revive the Silk Road."

He also made a point of emphasizing China's opposition to the NATO assault against Yugoslavia, and condemned the "U.S.'s mistaken way of doing things" there, including

using war to "settle" issues of human rights, humanity, and refugees.

In discussions with Kazak Deputy Prime Minister and Foreign Minister Kasymzhomart Tokayev during his return to Beijing on July 10, Qian said, "Stability in Central Asia is of great significance to the stability in the regions across Europe and Asia." Tokayev responded that Kazakhstan wants to strengthen cooperation with China, "including building a continental bridge across Europe and Asia," Xinhua reported.

Japanese Prime Minister Keizo Obuchi made an official three-day visit to China beginning on July 8, his first since he took office. His delegation of more than 100 included Japan's Foreign and Home Affairs ministers, and a number of industrial and business leaders interested in rectifying the sharp fall in Sino-Japanese trade last year due to the financial and economic crisis in Asia. The volume of Japanese trade with China, its second-largest trading partner after the United States, was down 10.7% from 1997. Japan's exports to China, at \$20.1 billion, fell 7.7% from a year earlier, and imports, at \$36.9 billion, were down 12.3%. Japan's investment in China, the largest of any foreign country, has fallen 10% from 1997. Unfortunately, the two sides did agree to support China's accession to the World Trade Organization—which, although it is advocated by Beijing, would devastate China's agriculture and industry.

Obuchi assured the Chinese government that Japan is committed to never becoming a military superpower, and that the reference to U.S.-Japanese military collaboration in the event of "emergencies in areas surrounding Japan"—part of the "New Guideline for the U.S.-Japan Defense Cooperation"—is purely for defense.

China's diplomacy continued on July 15-17, when Chinese President Jiang Zemin embarked on a state visit to Mongolia. Later in July, Foreign Minister Tang Jiaxuan will lead a delegation to the Association of Southeast Asian Nations (ASEAN) regional forum in Singapore, where, wrote *Wen Wei Po*, "Chinese representatives will comprehensively expound China's proposals on regional and global security, and strive to make more countries understand and support the five principles of peaceful coexistence."

Military exchanges in 'new phase'

China is taking its military diplomacy to a new level, as demonstrated by the nine-day visit of Zhang Wannian, vice chairman of the Central Military Commission, to Russia on June 6-15. Zhang is also co-chairman of the Chinese-Russian Committee for Military-Technical Cooperation. Zhang and his delegation, which included the People's Liberation Army (PLA) Deputy Chief of Staff and deputy commanders of the Chinese Navy and Air Force, visited Moscow, Novosibirsk, Vladivostok, Komsomolsk-on-Amur, and Khabarovsk in Russia's Far East, at the invitation of Russian Defense Minister Anatoli Sergeev.

Zhang spoke with Russian President Boris Yeltsin by telephone, and met with Prime Minister Sergei Stepashin, Security Council secretary Vladimir Putin, and Presidential Office Chief of Staff Aleksandr Voloshin. Zhang and Sergeyev “reached a broad consensus” on the “current international situation, regional security, bilateral relations, and issues of common concern,” Xinhua reported.

Zhang also visited Russia’s General Staff Academy and a command post of the Moscow Air Forces and Air Defense District in Moscow, and the command authorities of the Pacific Ocean Fleet in Vladivostok and of the Far East Military District in Khabarovsk. He visited the Aviation Production Association in Komsomolsk-on-Amur.

Earlier in the spring, Chinese Defense Minister Chi Haotian had visited Pakistan, and PLA Chief of the General Staff Fu Quanyou visited Malaysia and Australia.

On June 30, a PLA delegation returned to Beijing after visiting Pakistan, Bangladesh, Nepal, and Myanmar.

In mid-June, a high-level PLA delegation, led by Deputy Chief of the General Staff Col. Gen. Kui Fulin, visited Croatia, where they discussed the Balkans regional military situation, and the world security situation. The Chinese visitors met with President Franjo Tudjman, and invited him to visit China. PLA delegations also visited Romania and Hungary during the first week of July.

Already this year, China has received military leaders from more than ten neighbors, including defense ministers from Cambodia, Thailand, Laos, Australia, and North Korea, as well as armed forces leaders from Bangladesh, Pakistan, and Mongolia.

Strategic cooperation

Russian arms sales to China now exceeds \$1 billion annually, or nearly one-fifth of total trade between the two countries, Ovchinnikov wrote. Military-technical ties between Moscow and Beijing, disrupted in the early 1960s, were reestablished 25 years later. “Chinese purchases of the newest types of arms in Russia soon became the concrete manifestation of the policy of strategic cooperation,” he wrote. These include Su-27 fighters, Su-27SK and Su-27UB aircraft, and a license to produce the Su-27SK. China also wants to acquire the newer model Su-30MK, of which India has already bought 40 planes, and the newest Su-37 fifth-generation multi-role fighter.

Despite the collapse of Russian-Indian military trade after 1991, India’s Armed Forces are still two-thirds equipped with Soviet and Russian equipment. “Deliveries of weapons to India today comprise nearly half of the annual exports of our country’s military-industrial complex,” Ovchinnikov wrote. These contracts, and joint research projects, are keeping Russian military-industrial plants in operation. Finally, “joint production of arms for third-party countries with subsequent guaranteed servicing may become a new promising direction in Russia’s military-technical cooperation with India and China.”

London prolongs war in the Congo

by Linda de Hoyos

Hopes have been dashed that the highly publicized negotiations taking place in Lusaka, Zambia, among the belligerents, would bring about an accord and the beginning of the end of the war in the Democratic Republic of Congo (D.R.C.). Although defense and foreign ministers of the warring countries involved in the year-old Congo war hashed out a peace plan, and although that plan was then signed by the relevant heads of state and witnesses in early July, the three Congolese rebel factions present at the talks refused to sign, and declared that the cease-fire, stipulated to go into effect 24 hours after the signing, did not apply to them.

Hence, the guns have not been stilled in the Congo: On July 13, Zimbabwean forces fighting on the side of the Congolese government reported that they had been attacked by rebels at three different locations. On July 15, the rebels announced that they had captured the northern town of Gemena after a “serious fight.” The same day, Zimbabwean forces reported that rebels “have started movements which are threatening our supply lines,” and that they were prepared to retaliate.

The war in the Congo perpetuates a conflict that affects nearly every country in Africa; Congo, located in the center of the continent, has borders with nine other nations. The countries now directly militarily involved in the war include: the Democratic Republic of Congo, Namibia, Angola, and Zimbabwe, which are fighting in defense of the Congo, against the Aug. 2, 1998 invasion from Uganda, Rwanda, and Burundi. To the west, continuing civil war in the Republic of Congo (Congo-Brazzaville) is a spin-off of the Angola and the Congo wars. Sudan has been accused by Uganda of involvement in the war on the side of Congo. On July 3, Ugandan-backed rebel leader Jean Bemba warned the Central African Republic that “this act of supporting [Congo President Laurent] Kabila will bring problems” for it.

Furthermore, the spillover of refugees from Congo places political and economic pressures on Tanzania and Zambia. In combination with the wars in the Horn of Africa now involving Ethiopia, Eritrea, and Somalia, and threatening Kenya; the war in southern Sudan; and the escalating war in Angola, much of Africa is besieged by war, with no immediate end in sight.

A war against Africa

It is, in reality, one giant war *against all of Africa*, as a detailed analysis of any one of these wars readily shows. The

real belligerents were not even at the peace table in Lusaka: the British Commonwealth and allied French interests who, operating with complicit channels in the United States, are seeking to destroy the nation-states of Africa in a domino chain of wars, and to ensure the full domination of Africa's vast resources for themselves. These are the powers that stand behind the invaders of the Congo, behind Jonas Savimbi's UNITA in Angola, and behind John Garang's Sudanese People's Liberation Army in Sudan. In each, domination of wealth, not ethnic conflict, is the key issue of the war, especially for the powers outside the continent.

While the peace plan hammered out in Lusaka looks unlikely to be implemented, an examination of its contents establishes precedents and assumptions that are guaranteed to keep the engine of war grinding onward. As stated by Rwandan President Pasteur Bizimungu, in an interview with Agence France Presse on June 23, "We are ready to agree to a cessation of hostilities, as we have already done, but on condition that there is *another engagement*, to deal with these problems" (emphasis added)—that is, *another war*.

This condition was written into the Lusaka agreement, which calls for a United Nations peacekeeping force to enter the Congo, charged with the task of "disarming" various militias and groups that are fighting in eastern Congo. These groups include: insurgent forces against Uganda, grouped in the Allied Democratic Forces; the Forces for the Defense of Democracy, the remnants of the elected Burundian government of 1993 which was overthrown by Tutsi military dictator Pierre Buyoya; Rwandan Hutus fighting the Tutsi military regime of Paul Kagame; and Congolese local militias which have not accepted the Rwandan-Ugandan occupation of one-third of Congolese territory. The military annihilation of these groups—euphemistically called "disarmament"—is a precondition of the agreement.

"As far as Rwanda is concerned, the most interesting aspect of the agreement is that the countries involved have committed to disarm and fight the genocidal forces, and that was our objective," said Rwandan President Bizimungu on the eve of the signing. This plan is to be carried out by the UN Security Council, which in cooperation with the Organization of African Unity (OAU), is to constitute a peacekeeping force to carry out the disarmament. The force, UN Secretary General Kofi Annan said, would be in place within three months. It was not envisioned that the foreign forces currently inside Congo would be withdrawn until after the operation was completed, projected to be nine months from now.

Thus, the Congo peace plan ratified a new future war in the Congo. The plan lacks "good will and commitment," said Kenyan President Daniel Arap Moi on July 13, in explaining why he did not go to Lusaka to witness the signing.

The Lusaka plan was warmly welcomed by the United States government. U.S. State Department spokesman James Foley indicated that Washington is considering sending troops to be part of such a force. "We're going to carefully study any proposal for a UN peacekeeping operation, espe-

cially its mandate, before making any decisions about U.S. support for the operations or role in it, but we are eager to be supportive," he reported on July 8.

A stand-off

The peace agreement reportedly was shattered by the failure of the three Congolese rebel factions represented at the talks to decide who among them could sign the agreement, with the upshot that none of them did. This imbroglio was precipitated by the presence of Ernest Wamba dia Wamba, the ousted chairman of the Rally for Congolese Democracy (RCD). The RCD's current chairman Emile Ilunga, who is based in Goma and has strong ties to Kigali, refused. Jean Bemba, the Ugandan-backed businessman-rebel based in Kisingani, insisted that Wamba sign, leading to the stand-off. Behind this, however, are unresolved issues among the heads of state. Reportedly, Ugandan President Yoweri Museveni opposed the deployment of any UN force in Congo, arguing that the "disarmament" of militias should be carried out by the Joint Military Commission of all belligerents. This is essentially an argument to perpetuate the war. Zimbabwe refused cooperation in this venture, and the UN peacekeeping force was maintained as a point of the agreement.

From Museveni's standpoint, the deployment of a UN peacekeeping force into eastern Congo could block his drives for an offensive deeper into the south of Congo. *EIR* has received multiple source reports that Ugandan forces are preparing a major offensive in Congo, with the goal of seizing Mbuji-Mayi, the diamond-mining center that is currently financing Kabila's side of the war; the completion of the takeover of Katanga province; and then driving down into Angola to come to the aid of Jonas Savimbi's UNITA, completing the dismemberment of that country. This would carve a corridor out of the mineral-rich eastern Congo, across Angola's diamond and gold fields, handing these over for administration through the Kigali-Kampala nexus.

Given that the giant mining firm Anglo American finally managed this year to wrest the copper fields of Zambia from the Zambian government, this would put the British Commonwealth backers of Ugandan and Rwandan aggression in control of the great swath of mineral and other resources of central Africa. It would also place the British marcher-lords within striking distance of key countries of the South African Development Community, Zimbabwe and Namibia.

There are also indications that the Ugandans and Rwandans put forward ideas for a possible partitioning of Congo, which has been a longtime objective of the Museveni regime, but a far longer-standing goal of the British Privy Council. On July 29, Zimbabwean Foreign Affairs Minister Stan Mungende said that Zimbabwe agreed with the peace plan Zambia had drafted, but opposed the "new ideas" that Rwanda and Uganda "were bringing in," according to the *Lusaka Post*. Mungende reportedly "said his government would not support any move which would end up dividing the D.R.C. into two countries. 'We will not accept that.'"

Congo is already dismembered

A de facto partition of Congo already exists. Rwandan and Ugandan administrations are in place in the territories their troops control. Under Museveni's nephew, Col. James Kazini, operating out of Kisangani, Uganda is already hauling out large amounts of Congo gold and timber. According to Ed Marek's NCN, Rwanda is involved in a venture to retrieve the rare mineral, tantalum, from eastern Congo, with a consortium that includes Banque du Commerce, du Développement, et d'Industrie of Rwanda; the Banque Nationale de Paris of Switzerland; B&L Trading International of Ireland; Kenrow Inc. and California Natural Resources of the United States; and H.C. Starck of Goslar, Germany. It is unlikely that, with such deals in place, Rwanda would foresee budging from eastern Congo at any point in the near future.

At the same time, Rwanda continues to operate as a satellite of Uganda. On the eve of the OAU summit, Rwanda sent a message to the OAU state members to inform them that Rwanda wanted to leave the Central African union of which it has been a part, to join the East African union within the OAU, in keeping with Rwanda's changing the official language from French to English. Rwanda has also stated its desires to join the East African Community of Kenya, Uganda, and Tanzania, and Rwanda has in fact overtaken both Kenya and Tanzania as Uganda's major regional trading partner—mostly Ugandan exports to Rwanda of electricity, fruits, milk, and agricultural produce. The same week the Lusaka agreement was being prepared, Rwanda and Uganda announced an agreement for the purchase from and sale of power to each other, with Uganda's border town of Kisoro using Rwandan power.

The consolidation of the Ugandan-Rwandan nexus and its move to take large bites out of the Congo follows precisely the plan behind the 1990 Ugandan invasion of Rwanda which ultimately led to the murder of Rwandan President Juvenal Habyarimana and the bloodletting of 1994. The return of the Tutsi refugees from Uganda to Rwanda, via force of arms and the Rwandan Patriotic Front (RPF), was but the cover and first step for the bigger plan: the seizure of eastern Congo on behalf of British Commonwealth and allied interests which have backed the Ugandan and Rwandan regimes to the hilt. This explains the condominium of lies in the "international community" that surrounds the events that take place in eastern Africa.

Double standards

This also explains how Rwanda and Uganda are permitted to carry out their designs with impunity. For instance, although the U.S. State Department and British Foreign Office are insistent that D.R.C. President Kabila hold dialogue with all political parties in Congo and that he call elections, neither Rwanda nor Uganda is anywhere near the status of a "Western democracy." The RPF announced in May that it was extending its mandate for power in Rwanda another four years; in Uganda, one week before the Lusaka agreement, the ruling

National Resistance Movement rammed through a non-quorum Parliament a bill for a national referendum in the year 2001 to vote on the final eradication of all political parties, leaving Museveni's "Movement system" intact and without competition. And, while D.R.C. President Kabila is told that he must directly negotiate with the Congolese rebels, the insurgent forces of Uganda, Rwanda, and Burundi are slated for forced disarmament at the hands of the United Nations. No negotiations are necessary.

The cover for this operation is the Rwanda game of branding anyone who opposes the vengeful regime of Paul Kagame as a "génocidaire." All insurgents are labeled as "Interhamwe," after the militia group in Habyarimana's Rwanda that orchestrated the anti-Tutsi slaughters of 1994. However, most of these Interhamwe did not survive the 1996-97 onslaught of Rwanda and Uganda into eastern Congo. Since Kagame and the RPF came into power in July 1994, their practices of revenge in blood have created an entire new generation of insurgents who operated primarily in northwestern Rwanda, but were driven out into Congo and other countries. These forces are attempting to resist the anti-Hutu pogroms of the Kagame regime.

The Forces for the Defense of Democracy of Burundi, also reportedly slated for dismemberment, are resisting the Tutsi military coup and dictatorship of Pierre Buyoya. The FDD is the military wing of the National Council for the Defense of Democracy (CNDD), which was created by the leaders of Burundi's only elected government, the Melchior Ndayaye government of 1993. President Ndayaye himself was assassinated by the Tutsi military only three months after election. The Alliance of Democratic Forces in Uganda is a homegrown outfit born out of frustration with attempts to mount civil opposition to Museveni at home, but there is no pressure on Museveni, despite the fact that now hundreds of thousands have been displaced by the war *inside* western Uganda, to sit down and negotiate a settlement with this rebel force.

Lastly, among the groups to be disarmed is the Mayi-Mayi militia of *Congolese resistance to Rwanda and Uganda occupation* of Congo. That occupation has not been kind. In addition to eliminating most local and indigenous leaders, religious leaders, and intellectuals, the occupation has resulted in the loss of 75% of the livestock of the region, as the cattle were hauled off to points east. Even a peace plan that ostensibly seeks to end the war and to force the withdrawal of Ugandan and Rwandan troops from the region, incorporates within it demands from Kampala and Kigali for the clean up of all resistance to their drive for unchallenged power and expansion.

For these reasons on the ground, and for reasons of the relentless drive by British and allied intelligence networks to turn central and southern Africa into a corridor of "failed states," unless the Ugandan-Rwandan-Burundian military complex is decisively shoved back into its borders, there is little chance for peace in central and southern Africa.

International Intelligence

London unwelcomes Henry Kissinger

Sir Henry was noticeably absent from an international conference of former foreign secretaries in Moscow, over the July 3-4 weekend. Whereas Henry cited "poor health," a source in Moscow told *EIR* that his illness might have been caused by some very bad treatment over the previous week at the hands of his controllers in London. On June 28, he appeared on BBC's "Start the Week" radio program, hosted by Jeremy Paxman.

According to the July 1 *Guardian*: "It was a pummelling more than an interview. In short, Paxman asked how a man could accept a Nobel Peace Prize after being responsible for bombing the life out of a neutral country (Cambodia), for extending a war well beyond the necessary (Vietnam), and for destabilizing a democratically elected Marxist government (Chile)? Didn't he feel a fraud? . . . Over the past couple of decades, Kissinger has grown more and more unpopular, so much so that a mainstream radio program can treat him as something approaching a war criminal."

On June 30, the *Guardian* published a letter to the editor regarding Kissinger's effort to deny his role in overthrowing the Salvador Allende government of Chile in 1973, saying: "Readers should visit the National Security Archive website," where they will find "a secret cable from Thomas Karamessines, the CIA deputy director of plans, to the Santiago CIA station chief, Henry Hecksher, dated October 16, 1971, in which Karamessines relays Kissinger's orders that: 'It is firm and continuing policy that Allende be overthrown by a coup.'"

Infighting breaks out at RIIA, Club of Rome

An outbreak of infighting at London's Royal Institute of International Affairs (Chatham House) and the Club of Rome reflects the power brawls within the British-centered oligarchy over how to deal with the unraveling global financial and monetary system. At the same time, Chatham House's U.S. agent of influence, Henry Kissinger, got

caught in the cross-fire during a visit to London (see accompanying item). The July 9 *Guardian* reported: "Long-simmering resentments boiled over last month, when the [RIIA] director, Christine Gamble, dismissed her number two, George Joffe. . . . The unresolved dispute, which triggered a tense emergency council meeting on Wednesday, highlights far deeper divisions." Before long, writes the *Guardian*, Gamble herself may be out.

The *Guardian* does not mention that Joffe was an outspoken critic of the Blair team, and opposed the Kosovo war. Moreover, Prime Minister Tony Blair and Foreign Secretary Robin Cook have sponsored a new, rival think tank, the Foreign Policy Center, run by "New Labour" insider Mark Leonard.

EIR has also learned that in early June, Club of Rome Secretary General Bertrand Schneider resigned his post. In a discussion on July 12, Schneider said: "I disagree completely with the current trend of the Club of Rome. I was offered the post of Club president, but I refused. It is becoming an old body. I have no more contact with the Club of Rome. It has decided to headquarter itself at UNESCO [the UN Educational, Scientific, and Cultural Organization], a decision I disagreed with."

The deeper policy issues in his resignation are not clear. One week earlier, Club of Rome President Ricardo Diez-Hochleitner, speaking at a Hegel Week event in Bamberg, Germany, warned that financial speculators are endangering the global economy.

Ramos-Horta: East Timor would accept autonomy

Nobel Laureate Jose Ramos-Horta told the National Press Club in Canberra, Australia on July 13, that if East Timorese voted for autonomous status within Indonesia, "We say honor it, we will do our part to persuade our side to accept the result, as painful as it may be. And we will go further than that, we would work with the pro-integration, pro-autonomy faction to create the conditions for that autonomy to be implemented."

The Indonesian government is currently negotiating with the UN to set Aug. 21 as the date for East Timorese to vote on the

status referendum.

If the vote goes for independence, Ramos-Horta said, the National Council of Timorese Resistance (CNRT) would like the UN and international community to assist a three-year transition. CNRT would call a government conference on conciliation and power-sharing with the pro-integrationists, who "should not fear that in the new legal and political structure in East Timor they will be discriminated, persecuted, or excluded. East Timor has enough space, enough goodwill for everyone."

Ramos-Horta's fellow Nobel Laureate and fellow East Timorese, Bishop Carlos Filipe Ximene Belo, has left for a week-long trip to address student human rights groups at California State University. "Peace is born from a new soul," he said. "It is up to the East Timorese themselves, especially the pro- and anti-integration leaders, to resolve the East Timor problem peacefully by putting the interest of all people above their personal and group interests."

President pardons 5,000 Algerian Islamists

Algeria's President Abdelaziz Bouteflika pardoned and released from prison 5,000 Islamic militants on July 5. The move was part of an ongoing attempt to end the civil war that has raged since the 1992 military coup that overturned the elections in which the Islamic Salvation Front (FIS) had won a large plurality. Bouteflika is also granting amnesty to thousands of members of the Islamic Salvation Army, the military wing of the FIS.

The civil war was a bloodletting between the London-based Armed Islamic Group, and its controllers within sections of the Algerian military, the so-called Eradicators. Many thousands of FIS members were butchered, as were civilians.

Regarding the amnesty, President Bouteflika told a gathering of senior military officers: "I call on you quite frankly and sincerely in the name of the Constitution and the Republic's laws to help me in achieving national harmony and restoring peace." Bouteflika is expected to hold a referendum on the new law pardoning the militants.

Gore campaign is dying a slow, painful death

by Debra Hanania Freeman

Democratic activists allied with Vice President Al Gore's bid for the Democratic Party Presidential nomination are growing increasingly alarmed. Though Gore's nomination was once thought to be inevitable, there is widespread speculation among leading Democrats that Gore will not make it through the summer.

In Washington, the view is that the Vice President "shot himself in the foot" when he chose his first day as an official candidate to attack President Bill Clinton for the Monica Lewinsky scandal. A leading Democratic Party strategist said, "It's the first time a suicide was broadcast on national television. What the hell were they [Gore's campaign advisers] thinking? It wasn't just that he came across as moralizing and self-righteous. The only thing Al Gore had going for him in this race was his association with Clinton. Separate Gore from Clinton, and he has no appeal whatsoever."

Could Gore hold a government together?

When Gore's fundraising efforts, once thought to be among his campaign's greatest assets, started to lag a couple of months ago, Gore brought in former California Representative Tony Coelho, as campaign chairman. But, when Coelho's "access to the big money" failed to turn things around, in a sure sign of panic, Gore hired Carter Eskew to replace his longtime friend and adviser Bob Squier as "message guru." For the second time in two weeks, the political press feasted on stories questioning Gore's personal loyalties.

Eskew was once Squier's business partner and protégé. The relationship ended in a very bitter and very public breakup. That was seven years ago. The two haven't spoken to each other since. During that time, while Squier worked diligently at Gore's side, Eskew made a pile of money working for those tobacco companies that Al Gore loves to de-

nounce and blame for the lung cancer that killed his beloved sister.

Gore did not deliver the news of Eskew's hiring to Squier himself, and more than a week later, has still not spoken to him about it. Eskew and Squier have not spoken to each other at all. Making matters worse, Squier responded by sending Gore what the *Washington Post* referred to as "an exploding package in the form of a front-page *New York Times* interview."

Gore's aides have tried to play down the melodramatic clash that seems destined for a spot on Oprah Winfrey's TV show, arguing that voters don't care whether Carter Eskew and Bob Squier get along. While that is probably true, the fact that Gore cannot hold his campaign staff together does raise questions, even among the most indiscriminating voters, as to whether he could hold a government together.

And, as his staff struggles to move the Gore campaign away from staff battles and toward a battle over "issues," the problems seem to grow. With Republican front-runner George W. Bush running 20 points ahead of Gore in the polls, Gore spent the week trying to out-Bush Bush.

'Tough on crime'

In a Boston speech billed as "Fighting Crime for America's Families," Gore promised savage measures against accused or convicted criminals.

He began his address arguing that police-state measures had already reduced crime dramatically. "Crime is at its lowest level in 25 years," Gore said. "We've lived up to every promise to you and your loved ones: . . . We funded 100,000 new prison cells, and expanded the death penalty. Criminals don't laugh at the legal system anymore."

He went on to unveil his "crime-fighting" program with

a series of proposals that some have called bizarre:

- “If you commit any violent crime in front of a child, you should pay a higher price.”
- “I believe we should raise the penalties for those who commit crimes against the elderly.”
- “Let’s punish crimes of hate with the full force of our laws.”
- “I will lead a fight to pass a Victims’ Rights Amendment to the U.S. Constitution, so our justice system puts victims and their families first.”
- “I will fight for a Federal law . . . for a ban on gang-related clothing.”

The speech was met with a combination of horror and ridicule by legal experts. William Moffitt, the president-elect of the National Association of Criminal Defense Lawyers, said, “Al Gore poses a clear and present danger to the citizens of the United States.” Charging that Gore is willing to ignore even the most basic constitutional rights, Moffitt demanded to know exactly how Gore intended to enforce his proposed ban on gang-related clothing. “Will he establish the fashion police?” Moffitt asked sarcastically.

Marc Mauer, spokesman for the Sentencing Project, ridiculed Gore’s plan for longer prison sentences for crimes against the elderly. “How will we define elderly? Do you ask for an ID before you go and mug somebody?”

The DLC meets in Baltimore—without Gore

Two days later, when the Democratic Leadership Council (DLC) convened its annual “national conversation” in Baltimore, Al Gore was conspicuously absent from the list of participants that included leading Democrats from across the nation: a host of governors, mayors, and state legislators, along with President Clinton, who keynoted the gathering.

Although Gore co-founded the DLC and headlined the DLC’s first “national conversation,” a DLC spokesman said that the Vice President had declined an invitation to speak. He offered no explanation as to why representatives of the Gore campaign were also absent, while supporters of Democrats Bill Bradley and Lyndon LaRouche were highly visible.

Gore’s absence fueled speculation about the growing rift between Gore and the President, as did the fact that the President chose not to plug his Vice President’s candidacy and, in fact, never even mentioned Gore’s name. And, adding another twist to the episode, just as President Clinton was beginning his address, Texas Gov. George W. Bush, the Republican front-runner, made an appearance at a Baltimore youth center, then dashed off to a fundraiser at a Baltimore hotel, adding another \$1 million to his already bulging campaign war chest.

Gore’s aides seemed desperate to deny that there was any strain between Clinton and Gore, or that Gore was afraid of a face off with Bush. Gore, they said, had simply committed himself to a series of nondescript events in Iowa.

But, the Gore campaign has been in a frenzy since late



They need each other

June, when anonymous quotations from Clinton aides began appearing in the news media, slamming the Vice President as overly eager to declare how “inexcusable” he found Clinton’s behavior in the Monica Lewinsky affair. In an attempt to bury talk of the obvious schism, Clinton’s Chief of Staff, John Podesta, held a staff meeting in which he angrily told Clinton’s aides to remain silent about their problems with the Vice President.

Gore staff pointed out that the President was still slated to make a series of fundraising appearances for their man, but White House spokesman Joe Lockhart later admitted that Clinton had made the commitments back in January, and was reluctant to pull out.

Clinton and Gore have not appeared on a public stage together since May 26, when the President journeyed to Texas to hail Gore’s “unparalleled combination of creativity and energy, experience, and determination.” The appearance was designed to heal Gore’s ego, which had been badly bruised when Clinton told a reporter that he was frustrated with Gore’s disastrous campaign performance.

In Texas, Clinton’s introductory speech was warmly greeted with one rousing ovation after another. When Gore followed Clinton with a 40-minute policy speech, he was derided as stiff, bureaucratic, and uninspired. Since then,

Gore has avoided events where, according to one leading newspaper, “he risks being upstaged by a President whose gifted intellect and smooth, graceful public speaking only underscores Gore’s inadequacies.”

Gore skipped a June 28 White House press conference on the budget. Nor did Gore attend the June 29 unveiling of the administration’s plan to overhaul Medicare, an issue considered central to the 2000 campaign. And, on July 15, the day after the DLC conference, when Clinton was speaking out for the Senate Democrats’ version of a popular patient protection bill, Gore was boarding Air Force II en route to a small event in Nebraska.

And, despite Podesta’s gag order, Clinton staffers readily conceded that they, and the President they serve, were fed up and “very upset” by Gore’s repeated sabotage of key Clinton initiatives.

Gore aides tried to counter by noting that the President did eat lunch with Gore in mid-July, and that the two were photographed together at the July 2 swearing-in ceremony for Treasury Secretary Lawrence Summers, an event a Gore spokeswoman said was their most recent joint public appearance. The Washington press corps wasn’t buying, arguing that there was nothing “public” about the event, which was closed to both reporters and the public.

The money is not coming in

New campaign finance reports, detailing the candidates’ fundraising and spending for the first half of 1999, seem to

indicate that the Democratic Party establishment is abandoning the sinking Gore ship. Gore’s campaign has had to spend heavily to raise the money it has taken in. For instance, in the second quarter, although Gore raised about \$8.7 million, he had to spend more than \$6 million to do it. And, Bill Bradley, who, along with economist and statesman Lyndon LaRouche, is also seeking the Democratic nomination, trounced Gore in a handful of key money states. In California, Bradley outraised Gore \$1.6 million to \$1 million. In New York, he collected more than twice as much as the Vice President.

But Gore’s biggest problem is that voters just don’t agree with him on critical issues. The Battleground Poll, conducted by Republican pollster Ed Goetas and Democratic pollster Celinda Lake, asked voters whether they had more confidence in Democrats or Republicans in Congress in dealing with education. Voters picked the Democrats by an overwhelming margin of 46% to 31%. But, when the same question was asked about candidates Gore and Bush, they were dead even at 40% each.

It is no wonder that Washington analysts are calling Bush Gore’s biggest booster. One key Democratic strategist admitted, “The only thing that even allows Bush to be taken seriously is the assumption that Gore will get the Democratic nomination. Knock out Gore, and it sinks Bush. Bush’s millions [in campaign funds] would be irrelevant. It will open up the entire race.” And, when pressed, he admitted that it was probably the only hope the United States had of making it into the next century intact.

Celebrate Apollo with a return to ‘American System’ economics

by Marsha Freeman

As *EIR* has been documenting, the world stands at the brink of the greatest financial crash in humanity’s history. This crash will only be the most dramatic manifestation of the past 30 years’ failed economic policies, which have destroyed the productive capabilities of the United States and most of the world’s economies.

Thirty years ago, the world was celebrating the most magnificent achievement of this century, the first landing of a man on the Moon. The success of the Apollo lunar landing program rested on the accomplishments, over the preceding 40 years, of the rocket team led by Wernher von Braun, which came to the United States after the Second World War. It required the genius of James Webb and the management team of the space

agency, to coordinate the efforts of a half-dozen NASA laboratories, hundreds of companies, and hundreds of thousands of scientists, engineers, and highly skilled workers.

But the Apollo program was only made possible through President John F. Kennedy’s commitment to an economic policy whose foundation rested on the mobilization of the nation’s human and technological resources. The President’s policy was based on the idea that a program with a noble national purpose would rally the productive forces of the economy, as long as there were direction from the top, as President Franklin Roosevelt had demonstrated during World War II.

Ninety days after taking office in 1961, and one month



President John F. Kennedy (right) congratulates astronaut Alan Shepard, Jr., the first American in space, for his May 5, 1961 flight in the Freedom 7 spacecraft. Three weeks later, the President was optimistic enough to propose, on the basis of that 15-minute suborbital mission, that NASA could land a man on the Moon within the decade.

before he would challenge NASA to, within the decade, “land a man on the Moon, and return him safely to the Earth,” President Kennedy proposed the enactment of an investment tax credit, to promote capital formation in industry. Walter Heller, the chairman of Kennedy’s Council of Economic Advisers, stated that the purpose was to shift the focus of government policy away from “corrective” action, or defensive responses to swings in the “business cycle,” toward a “propulsive orientation, geared to the dynamics and the promise of growth.”¹

In his tax message to Congress, President Kennedy noted that America’s success “has been one of rising productivity, based on improvements in skills, advances in technology, and a growing supply of more efficient tools and equipment. This rise has been reflected in rising wages and standards of living for our workers, as well as a healthy rate of growth for the economy as a whole. It has also been the foundation of our leadership in world markets, even as we enjoyed the highest wage rates in the world.”

The President continued, “Today, as we face serious pressure on our balance of payments position, we must give special attention to the modernization of our plant and equipment. . . . Additional expenditures on plant and equipment will immediately create more jobs in the construction, lumber, steel, cement, machinery, and other related capital-goods indus-

1. Andrew Rotstein, “Kennedy’s Investment Tax Credit,” *New Federalist*, June 15, 1990

tries. The staffing of these new plants, and filling the orders for new export markets, will require additional employees. The additional wages of these workers will help create still more jobs in consumer goods and service industries. The increase in jobs resulting from a full year’s operation of such an incentive is estimated at about half a million.”

The Investment Tax Credit allowed a company that spent more on new plant and equipment than its depreciation allowance, to deduct 15% of its investment, above the already-allowed deduction. There was also a flat 10% credit for smaller firms, and a universal 30% ceiling on the credit.

In order to ensure that the investments were vectored toward basic durable goods, the credit applied only to domestic assets with a life of six years or longer. To prevent abuses through artificial “swapping”—a speculative activity, in which a company would purchase new equipment to obtain the tax credit, and then sell off the asset to a firm not entitled to the tax credit—the policy allowed for the recapture by the government of any credits for such assets.

A survey of projected business investment by the McGraw Hill Department of Economics a year later, found that “businessmen have revised their capital spending plans sharply upward. The \$40 billion they now plan to sink into new plant and equipment this year will set an all-time record.” The survey also found that firms projected a steady acceleration of capital investment through 1966.

The Investment Tax Credit was surely an important factor in the stunning expansion of the U.S. economy during the

1960s, which saw per-capita income rise by 20%, corporate profits double, and 7 million new jobs created.

The President also recognized that specific sectors of the U.S. economy were in dire need of upgrading, particularly in the infrastructure that would underlie his industrial expansion program.

In a Special Message on Natural Resources, delivered to Congress in early 1961, President Kennedy stated, “No water resources program is of greater long-range importance, for relief not only of our shortages, but for arid nations the world over, than our efforts to find an effective and economical way to convert water from the world’s greatest, cheapest natural resources, our oceans, into water fit for consumption in the home and by industry.”

“To keep pace with the growth of our economy and national defense requirements,” the President said, “expansion of this nation’s power facilities will require intensive effort by all segments of our power industry. . . . Our efforts to achieve economically competitive nuclear power before the end of this decade in areas where fossil fuels are high will be encouraged through basic research, engineering developments, the construction of various prototype and full-scale reactors by the Atomic Energy Commission in cooperation with industry.”

One month after his inauguration, President Kennedy stated in a Special Message to the Congress on Education, “Our progress as a nation can be no swifter than our progress in education. . . . The human mind is our fundamental resource. A balanced Federal program must go well beyond incentives for investment in plant and equipment. It must equally include measures to invest in human beings, both in their basic education and training in their more advanced preparation for professional work.”

The President said, “Too many classrooms are overcrowded. Too many teachers are underpaid. Too many talented individuals cannot afford the benefits of higher education. Too many academic institutions cannot afford the cost of, or find room for, the growing numbers of students seeking admission in the ’60s.”

Along with the need to increase investment in education, came the need to invest in health care. On Feb. 9, 1961, in a Special Message to Congress on Health and Hospital Care, the President stated: “Twenty-six years ago, this nation adopted the principle that every member of the labor force and his family should be insured against the haunting fear of loss of income caused by retirement, death, or unemployment. To that we have added insurance against the economic loss caused by disability.”

“But,” he continued, “there remains a significant gap that denies to all but those with the highest incomes a full measure of security: the high cost of ill health in old age.” The President presented to Congress a plan for guaranteed health care for hospitalization, skilled nursing home services, hospital outpatient clinic diagnostic services, community visiting nurse pro-

grams, Federal scholarships for medical and dental students, matching grants for construction, expansion, or restoration of medical and dental schools, increased funds for medical research and construction grants for medical research facilities and experimental hospitals, and many other programs.

One year later, President Kennedy announced a “mass immunization program, aimed at the virtual elimination of such ancient enemies of our children as polio, diphtheria, whooping cough, and tetanus.” Through programs that included Atoms for Peace, initiated by President Eisenhower, President Kennedy planned to make available to developing nations the “tools of progress” which were the basis of a growing American economy.

To do all of this, a “great project,” to capture the imagination and drive of the American people, was needed. The organizing principle for the investments in infrastructure, industry, and human resources envisioned by the President, was the Apollo program, which propelled the physical economy, education, and science forward, on the basis of optimism.

‘Hitching the economy to the infinite’

Following President Kennedy’s May 25, 1961 Apollo message to Congress, in 1962, the editors of *Fortune* magazine authored a book about the emerging aerospace industry, one chapter of which was titled, “Hitching the Economy to the Infinite.”² “There is no end to space,” the authors wrote, “and so far as the U.S. economy is concerned, there will probably be no end to the space program. Man has hitched his wagon to the infinite, and he is unlikely ever to unhitch it again. . . . The space venture, in short, is likely to be more durably stupendous than even its most passionate advocates think it will be. It is bound to affect the nation’s economy powerfully and in many ways.” The dedication of the book by these staid Wall Street analysts—“To our grandchildren, who, no doubt, will think nothing at all of going to the Moon”—reflects the optimism of the time.

Although specific financial and economic initiatives, such as the Investment Tax Credit, spurred economic growth, a study by *EIR* in 1986 demonstrated that even before such government policies were fully in effect, American industry was not waiting for government contracts from NASA, or tax credits, but was spending its own money to expand facilities and create an array of new technologies on the *expectation* of what mankind would need to get to the Moon.

Between 1950 and 1957, there was an 8% decline in new orders for capital goods in non-defense industries, which reached an 18% decline in 1958. That year, there was a *net loss* of 211,000 metal-working machine tools. In 1963, there was a *net addition* of 124,000, as heavy industry basically rebuilt its capabilities, to ready itself for the space and nuclear ages.

2. *The Space Industry: America’s Newest Giant*, by the editors of *Fortune* magazine (New Jersey: Prentice-Hall, 1962).

Ten years ago, President George Bush stood on the steps of the Air and Space Museum in Washington, D.C., flanked by the three Apollo 11 astronauts who accomplished the goal of President Kennedy's visionary program. On the occasion of the 20th anniversary of the first lunar landing, he announced that the new vision for the space program should be a return to the Moon, "this time to stay," to be followed by human exploration of Mars. In 1986, former NASA Administrator and visionary Dr. Tom Paine had laid out such a program, in the National Commission on Space's report, requested by President Ronald Reagan.

But, a space program requires more than speeches. That President Bush had no intention of implementing the economic and budgetary policies that would make such a long-range goal for the space program possible, demonstrated that announcing such a program does not alone create it.

The balanced budget fanatics, or "fiscal conservatives," primarily in the Republican Party, insisted that such huge sums of money that the space effort would require could not, in good conscience, be allocated, as long as there were a budget deficit. The irony of such an ideological fallacy is that it ignores what President Kennedy and only a handful of economists, most notably Lyndon LaRouche, have understood: that it is only investments in new machine-tool technologies, and the human resources required for advancing levels of technology, that will create the physical economic (as opposed to financial) growth that can create the surplus to be reinvested in the nation's future.

Why we go to the Moon

Did President Kennedy propose to go to the Moon in 1961 because the U.S. economy was doing so well, that he had a lot of "extra" money to spend?

When President Kennedy took office, the nation had suffered through the fiscal conservatism of the Eisenhower administration, and 1957 recession. In his Jan. 29 State of the Union Message, Kennedy summarized the situation: "The present state of our economy is disturbing. We take office in the wake of seven months of recession, three and one-half years of slack, seven years of diminished economic growth, and nine years of falling farm income.

"Business bankruptcies have reached their highest level since the Great Depression. Since 1951, farm income has been squeezed down by 25%. Save for a brief period in 1958, insured unemployment is at the highest peak in our history. Of some 5.5 million Americans who are without jobs, more than 1 million have been searching for work for more than four months. And during each month, some 150,000 workers are exhausting their already meager jobless benefit rights."

Kennedy continued: "Our cities are being engulfed in squalor. We still have 25 million Americans living in substandard homes. . . . Our classrooms contain 2 million more children than they can properly have room for, taught by 90,000 teachers not properly qualified to teach. One-third of our most

promising high school graduates are financially unable to continue the development of their talents. . . . We lack the scientists, the engineers, and teachers our world obligations require. We have neglected oceanography, saline water conversion, and the basic research that lies at the root of all progress. . . .

"Medical research has achieved new wonders, but these wonders are too often beyond the reach of too many people, owing to a lack of income (particularly among the aged), a lack of hospital beds, a lack of nursing homes, and a lack of doctors and dentists."

Our progress as a nation can be no swifter than our progress in education. . . . The human mind is our fundamental resource. A balanced Federal program must go well beyond incentives for investment in plant and equipment. It must equally include measures to invest in human beings, both in their basic education and training in their more advanced preparation for professional work.

—John F. Kennedy, 1961

Less than four months after making those remarks, President Kennedy called for the lunar landing program. It has been argued that the only motivation for the President's initiative was to win the "space race" with the Soviet Union. The President definitely was aware that such a feat would be "impressive to mankind"; that nations in the Third World, being courted by the Soviet Union, would see a vibrant, economically growing United States as a positive alternative.

But, there were many arenas in which President Kennedy could have chosen to out-do the Russians. In his Special Message to the Congress on Urgent National Needs, on May 25, 1961, referring to the first human space flight less than a month before, when cosmonaut Yuri Gagarin circled the Earth, President Kennedy described the "impact of this adventure on the minds of men everywhere." After stating that space policy had been under review by Vice President Lyndon Johnson, the President concluded that "now it is time to take longer strides, time for a great new American enterprise, time for this nation to take a clearly leading role in space achievement, which in many ways, hold the key to our future on Earth."

Aware of the lack of the national mission in the previous administration, Kennedy stated, "I believe we possess all the resources and talents necessary. But the facts of the matter are that we have never made the national decisions or marshaled the national resources required for such leadership. We have never specified long-range goals on an urgent time schedule, or marshaled our resources and our time so as to ensure their fulfillment."

Putting the program he was asking Congress to endorse in the proper perspective, the President stated, "This is not merely a race. Space is open to us now; and our eagerness to share its meaning is not governed by the efforts of others. We go into space because whatever mankind must undertake, free men must fully share."

President Kennedy also told the nation and its elected officials that accomplishing the goal would demand "a major national commitment of scientific and technical manpower, material, and facilities, and the possibility of their diversion from other important activities where they are already thinly spread. It means a degree of dedication, organization, and discipline which have not always characterized our research and development efforts."

The effect on the business community was immediate, as indicated by the *Fortune* magazine book. While less than half of U.S. citizens polled at the time supported the new lunar program, the President continued to explain the importance, and potential, of the effort. In his second State of the Union address in January 1962, President Kennedy reported on the progress, and the fact that weather observations from space would soon be available, as well as international communications via satellite.

In his September 1962 speech at Rice University, the President put the unique potential of this country forward, stating, "Those who came before us made certain that this country rode the first waves of the industrial revolution, the first waves of modern invention, and the first wave of nuclear power, and this generation does not intend to founder in the backwash of the coming age of space."

While acknowledging that this effort was very costly, President Kennedy reported that "the space effort itself, while still in its infancy, has already created a great number of new companies and tens of thousands of new jobs. Space and related industries are generating new demands in investment and skilled personnel."

The nation rallied to the President's call.

A cultural paradigm shift

In addition to the widespread circulation of books, pamphlets, and educational films about space that were being distributed to schools during the first half of the 1960s, a flood of books commercially available and widely read reflected the optimism of the times.

In a 1964 book, *Project Apollo*, Tom Alexander, a science reporter for *Life* magazine, wrote, "A curious breed of individ-

ual seems to be making a place for himself in this ordeal of emerging from the pupal state into the space age. This is the man who, technically speaking, appears to be willing or able to think more than ten years ahead. A few years ago, people of his type were called crackpots."

Alexander himself joined the ranks of the "crackpots," proposing that the next steps after the lunar landing should be development of Earth-orbiting stations, then a lunar base using nuclear rockets (already proposed by President Kennedy in his Apollo speech in 1961), and then manned expeditions to the planets. If nuclear fusion becomes feasible, Alexander wrote, "it might be an even more efficient way of providing the necessary large amounts of energy to process lunar rock. Already Atomic Energy Commission officials envision implanting a permanent 1,000-man colony on Mars."

In his 1965 book, *The Case for Going to the Moon*, Neil P. Ruzic wrote: "The premise of the case to be made for technological transfer is that even if we were not to use the Moon for *anything*, the trip itself would be more than worth the cost in terms of practical knowledge learned and applied. . . . It should and can contribute to maintaining or increasing our national rate of economic growth."

Apollo 11 astronaut Michael Collins made a similar point in a speech before a Joint Session of Congress on Sept. 16, 1969. "We cannot launch our planetary probes from a springboard of poverty, discrimination, or unrest. But neither can we wait until each and every terrestrial problem has been solved," he stated. "We have taken to the Moon the wealth of this nation, the vision of its political leaders, the intelligence of its scientists, the dedication of its engineers, the careful craftsmanship of its workers, and the enthusiastic support of its people. We have brought back rocks. And I think it is a fair trade. For just as the Rosetta Stone revealed the languages of ancient Egypt, so may these rocks unlock the mystery of the origin of the Moon, of our Earth, and even our Solar System."

It was principally in response to the unbridled optimism that the Apollo program created, that the 1960s Malthusian, countercultural "environmentalist" movement was created out of whole cloth, through think-tanks like London's Tavistock Institute, to convince the U.S. population that nuclear power is dangerous, that not *every* child can grow up to be an astronaut, that the age of technology was over, and that personal pleasure rather than great projects was the pathway to a fulfilling life.

When Neil Armstrong took his first "small step for man" onto the Moon, on July 20, 1969, fulfilling a dream of mankind since the time of the ancients, an estimated 500 million people watched it live on television, and millions more listened on the radio. That first step was only possible because of the leadership of a President who understood that investment in this nation and its people would be organized around a great project that challenged the mental capabilities of its citizens, while it captured the imagination of the world.

That same task is before us today.

National News

Astronaut Pete Conrad buried at Arlington

On July 19, one day before the 30th anniversary of the first manned landing on the Moon on July 20, 1969, Apollo astronaut Pete Conrad was laid to rest in Arlington National Cemetery, with full military honors. Conrad, a former Navy captain, flew on two Gemini missions, and commanded Apollo 12 and the first long-duration mission on Skylab in 1973. Conrad died in a motorcycle accident on July 15.

The other astronauts buried in Arlington are Mike Smith and Dick Scobee, who died in the Challenger accident in 1986, and Gus Grissom, who perished in the Apollo 1 ground fire in 1967.

Celebrations for the 30th anniversary of the Moon landing took place over ten days in different parts of the country, including a banquet to honor Neil Armstrong and Buzz Aldrin, the first two men to walk on the Moon, at the Kennedy Space Center in Florida. Organizers for the event planned a moment of silence for four deceased Apollo astronauts, including Alan Shepard, the first American in space, who died last year.

Hugh Harris, the former Kennedy Space Center public affairs chief, who was the commentator for all of the Apollo launches, said on July 10: "We're 30 years from the time that we first landed on the Moon, so a high percentage of our population grew up knowing it is possible to get there. But it's important to point out what the meaning of it all was, how it changed the way we looked at ourselves and what we can accomplish."

Teller blasts Congress's spy hunt at labs

Veteran nuclear physicist Edward Teller, who worked on the Manhattan Project and helped establish Lawrence Livermore Laboratory in 1952, said that Congress is taking the wrong approach to finding any spies at the nation's weapons laboratories, if there are any. "Trying to find out about spies should be handled very, very quietly, and that is the exact opposite of what has hap-

pened," Teller told the *Sacramento Bee*, which published an interview on July 4. "I would hope the Congress in Washington would be one-tenth as careful about not spreading secrets as the labs," he stated.

Teller indicated that the story that is being presented on Capitol Hill is overly simplistic, reported interviewer Michael Doyle. "People outside the labs, and particularly politicians, have completely failed to understand that there is not 'one' secret. We are trying to preserve what is, in fact, gone; and gone not because of spies, but because of independent work" by other governments' scientists.

In Teller's view, people make discoveries independently, and sometimes simultaneously. Although countries may spy, he said, eventually the truth comes out anyway. "Secrets may keep for five years. They're less likely to keep for 50 years," Teller stated. "Politicians, and very especially Congress, have completely non-valid ideas about secrecy." He especially takes exception with the current efforts to impose a moratorium on visits to the labs by people from "sensitive" foreign countries. That is the "opposite direction" than where the labs should go, he stated. "Attempting to keep secret what is not secret interferes with our obtaining information in other countries," Teller warned, adding that "peace can be assured through cooperation."

Dellums calls for 'AIDS Marshall Plan for Africa'

The U.S. Senate Appropriations Subcommittee, chaired by Sen. Arlen Specter (R-Pa.), conducted special hearings on the AIDS crisis on July 9, at San Francisco City Hall. Although the hearings were convened to discuss the AIDS epidemic in the United States, and particularly the devastating effect of the 10% reduction in funding mandated by the Balanced Budget Act of 1997, former Rep. Ron Dellums (D-Calif.) used his testimony to deliver an impassioned plea for emergency action to stop the spread of AIDS in Africa.

Dellums said: "Ninety percent of AIDS cases in the world are in the developing countries where there is no treatment. . . In

Sub-Saharan Africa alone 6,000 human beings are dying every day. . . . How can the world stand by and let 20 million people die, and do nothing?" He said that fighting AIDS is not just a moral issue, but also a matter of national security: "The virus travels. What makes us think we live in a cocoon? This is a great storm that can also engulf the United States."

Dellums called for an "AIDS Marshall Plan for Africa," saying it will take billions to fight the disease. As a first step, he asked for the U.S. government to spend \$500 million to \$1 billion over the next five years. He stated that less than 1% of AIDS drugs are sold in Africa, where 70% of new HIV infections occur.

DeBakey unleashes fury against 'heartless' HMOs

World-famous heart surgeon Dr. Michael DeBakey wrote a scathing attack against so-called managed health care, in the July 7 *Wall Street Journal*. In a guest editorial, he and co-author Lois DeBakey call the move toward unionization by physicians "a reasonable response to managed care's obsession with 'cost containment' that puts profits over patients." He added, "The insidious intrusion of unqualified, profiteering entities into decisions regarding patient care can have only a deleterious effect on the patient's welfare. Like scores of other medical professionals, we have personally witnessed such dangerous, even fatal, effects on patients who were denied lifesaving procedures by their managed-care insurers. The horror tales are many, and heartless."

"Today, patients are called 'consumers,' physicians are 'providers,' and health care is a 'product'—all terms of commerce, not a profession, and certainly not of a humanitarian profession," DeBakey wrote. "The new vocabulary, and its obvious intentions, are grossly inappropriate. Physicians do not provide inanimate commodities, as salespeople and service people do; they treat human beings. They deal with our most precious possession—our health and well-being—and to apply rules of commerce to such activities is unsound, indeed disastrous."

Susan Rice, and U.S. sovereignty

If anyone were to doubt the accuracy of *EIR*'s insistence, that important areas of U.S. foreign policy are run by the British oligarchy, that person should take a long, hard look at what a senior official in the State Department has recently proclaimed to leading figures of that oligarchy.

The person in question is Susan Rice, U.S. Assistant Secretary for African Affairs. On May 13, Rice delivered the Bram Fischer Memorial Lecture at the Rhodes House in Oxford, England. She declared her undying loyalty to the British establishment. "I am deeply honored to be the Bram Fischer lecturer this year," she said. "It is gratifying to be back at Oxford representing President Clinton and Secretary Albright. . . . Almost nine years ago, I spent much of my time in this very house, buried in the library upstairs. To be at Rhodes House tonight with so many friends, benefactors, and mentors is a personal privilege. It is like a coming home for me—for much of what I know about Africa was discovered within these walls, refined at this great university, with the generous support of the Rhodes Trust."

With this display of Anglophilia, Rice has assured herself a prominent place in the list of British agents-of-influence within the U.S. State Department. Her Rhodes speech echoes the declaration made in May 1982 by Henry Kissinger at the leading British foreign policy think-tank, the Royal Institute for International Affairs, known as Chatham House. Kissinger had said at that time, that throughout his tenure as Secretary of State, he had always served the interests and foreign policy directives of London, rather than those of his own White House.

Rice, like Kissinger, comes out of the British school of geopolitics, but the branch connected to Kissinger's Tweedledum counterpart, Zbigniew Brzezinski. Her mentor, Secretary of State Madeleine Albright, is a graduate of Zbiggy's school. Thus, Rice, over the past five years, has pursued every British policy aim in Africa: from supporting Ugandan dictator Yoweri Museveni and the Tutsi extremist Paul Kagame in Rwanda, to exacerbating confrontation with Sudan. Rice is now engaged in the renewed assault against Sudan, as the U.S. Congress announced in House Resolution 75,

passed in June, which calls for establishing "no-fly zones" in Sudan, along the Iraqi model. This means preparing the ground for armed conflict with Sudan. The policy, like most of U.S. policy on Sudan, originated in Britain, and was channelled into Congress by British intelligence agent Baroness Caroline Cox.

But now it appears that the evil doings of Rice are linked up with those of another high official with a "special relationship" to the British: Vice President Al Gore. Gore's racist policy of depriving AIDS victims in Africa from procuring inexpensive medications, in order to protect the interests of pharmaceutical industries, has been documented by *EIR*. Gore pressured the new President of South Africa, Thabo Mbeki, to repudiate Section 15C of the South African Medicines Act, signed into law by Nelson Mandela, which allows for the production with royalties of less-expensive generic drugs to combat the disease. Now, it emerges that Rice was one of Gore's closest collaborators in putting the squeeze on Mbeki. It was Rice who pushed for South Africa to be subjected to sanctions and export tariffs, and to be placed on a free-trade watch-list. And, it was Rice who, in February, oversaw the report to Congress on "U.S. Government Efforts to Negotiate the Repeal, Termination or Withdrawal of Article 15C of the South African Medicines and Related Substances Act of 1965."

If Gore is thus responsible for abetting genocide, Susan Rice is the willing accomplice. With this in mind, it is legitimate to suspect that no good will come out of the special envoy which the United States is planning to send to Sudan. The announcement was made by Albright, in an address to the Annual Convention of the National Association for the Advancement of Colored People, in New York on July 13. Albright repeated the litany of accusations against Sudan, originally drawn up by Baroness Cox, and sent through the usual Congressional hearings channel to the top.

The question is not, when will Albright declare her historical allegiance to the British Crown; the question Americans must ask is: When will we finally rid the foreign policy establishment in Washington of this British contamination, and reestablish sovereignty in the tradition of the American republic?

SEE LAROUCHE ON CABLE TV

All programs are *The LaRouche Connection* unless otherwise noted. (*) Call station for times.

ALABAMA

∞BIRMINGHAM—T/W Ch. 4
Thursdays—11 p.m.
∞MONTGOMERY—TCI Ch. 3
Mondays—10:30 p.m.

ALASKA

∞ANCHORAGE—ACTV Ch. 44
Thursdays—10:30 p.m.
∞JUNEAU—GCI Ch. 2
Wednesdays—10 p.m.

ARIZONA

∞PHOENIX—Access Ch. 98
Sundays—7 p.m.
∞TUCSON—Access
Ch. 62 (Cox)
Ch. 54 (CableReady)
Thursdays—12 Midnight

ARKANSAS

∞CABOT—Ch. 15
Daily—8 p.m.
∞LITTLE ROCK—Comcast Ch. 18
Tue. or Sat.: 1 a.m., or
Saturdays—6 a.m.

CALIFORNIA

∞BEVERLY HILLS*
Century Cable Ch. 37
∞BREA*
Century Cable Ch. 17
∞CHATSWORTH
Time Warner—Ch. 27/34
Wednesdays—5:30 p.m.

∞CONCORD—Ch. 25
Thursdays—9:30 p.m.
∞COSTA MESA—Ch. 61
Mon.—6 pm; Wed—3 pm
Thursdays—2 p.m.

∞CULVER CITY
MediaOne Ch. 43
Wednesdays—7 p.m.
Aug. 4, 11, 18, 25
∞LOS ANGELES
BuenaVision—Ch. 6
Fridays—12 Noon

∞HOLLYWOOD
MediaOne Ch. 43
Wednesdays—7 p.m.
Aug. 4, 11, 18, 25
∞LANCASTER/PALMDALE
Jones Ch. 16
Sundays—9 p.m.

∞MARINA DEL REY
Century Cable Ch. 3*
MediaOne Ch. 43
Wednesdays—7 p.m.
Aug. 4, 11, 18, 25
MID-WILSHIRE
MediaOne Ch. 43
Wednesdays—7 p.m.

Aug. 4, 11, 18, 25
∞MODESTO—Access Ch. 8
Mondays—2:30 p.m.
∞SAN DIEGO—SW Ch. 16
Mondays—10 p.m.

∞SAN FRANCISCO—Ch. 53
2nd & 4th Tues.—5 p.m.
∞SANTA ANA—Ch. 53
Tuesdays—6:30 p.m.

SANTA CLARITA

MediaOne/T-W Ch. 20
Fridays—3 p.m.
∞SANTA MONICA*
Century Cable Ch. 77
∞TUJUNGA—Ch. 19
Fridays—5 p.m.

VENICE
MediaOne Ch. 43
Wednesdays—7 p.m.
Aug. 4, 11, 18, 25
∞WEST HOLLYWOOD*
Century Cable Ch. 3

COLORADO

∞DENVER—DCTV Ch. 57
Sat.-1 p.m.; Tue.-7 p.m.

CONNECTICUT

∞BRANFORD—TCI Ch. 21
Thursdays—9 p.m.
Fridays—10 a.m.
∞GROTON—Comcast Ch. 23
Mondays—10 p.m.

∞NEW HAVEN
Comcast Ch. 28
Sundays—10 p.m.
∞NEWTOWN/NEW MILFORD
Charter Ch. 21
Thursdays—9:30 p.m.

DIST. COLUMBIA

∞WASHINGTON—DCTV Ch. 25
Sundays—3:30 p.m.

ILLINOIS

∞CHICAGO—CAN Ch. 21*
∞SPRINGFIELD—Ch. 4
Wednesdays—5:30 p.m.

IOWA

∞DES MOINES—TCI Ch. 15
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

∞AMHERST—ACTV Ch. 10*
∞BOSTON—BNN Ch. 3
Saturdays—12 Noon
∞WORCESTER—WCCA Ch. 13
Wednesdays—6 p.m.

MICHIGAN

∞CANTON TOWNSHIP
MediaOne Ch. 18: Thu.—6 p.m.
∞DEARBORN HEIGHTS
MediaOne Ch. 18: Thu.—6 p.m.
∞GRAND RAPIDS—GRTV Ch. 25
Fridays—1:30 p.m.

MINNESOTA

∞ANOKA—OCTV Ch. 15
Thu.—11 a.m., 5 p.m.,
12 Midnight
∞COLUMBIA HEIGHTS
Community TV—Ch. 15
Wednesdays—8 p.m.

∞DULUTH—PACT Ch. 24
Thu.—10 p.m.; Sat.—12 Noon
∞MINNEAPOLIS—MTN Ch. 32
Wednesdays—8:30 p.m.
∞NEW ULM—Paragon Ch. 12
Fridays—7 p.m.

∞PROCTOR/HERMAN—Ch. 12
Tue.: between 5 pm & 1 am
∞ST. LOUIS PARK—Ch. 33
Friday through Monday
3 p.m., 11 p.m., 7 a.m.

∞ST. PAUL—Ch. 33
Sundays—10 p.m.
∞ST. PAUL (NE burbs)*
Suburban Community Ch. 15

MISSOURI

∞ST. LOUIS—Ch. 22
Wed.—5 p.m.; Thu.—Noon

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.
∞ILION—T/W Ch. 10
Saturdays—12:30 p.m.

∞IRONDEQUOIT—Ch. 15
Mon. & Thurs.—7 p.m.
∞ITHACA—Pegasys Ch. 78
Mon.—8 pm; Thu.—9:30 pm
Saturdays—4 p.m.

JOHNSTOWN—Ch. 7

Tuesdays—4 p.m.
∞MANHATTAN—MNN
T/W Ch. 34; RCN Ch. 109
Sun., Jul. 25: 9 a.m.
Sun., Aug. 8, 27: 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
Fridays—11:00 p.m.
∞WAUSAU—Marcus Ch. 10
Fri.—10 p.m.; Sat.—5:30 p.m.

OHIO

∞COLUMBUS—Ch. 21*
∞BERLIN—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

∞E. PROVIDENCE—Cox Ch. 18
Sundays—12 Noon

TEXAS

∞AUSTIN—ACT Ch. 10/16
Sat., 7:24: 1:30 pm (16)
Sun., 7:25: 3 p.m. (10)
Mon., 7:26: 12:30 pm (16)

∞EL PASO—Paragon Ch. 15
Wednesdays—5 p.m.
∞HOUSTON—Access Houston
Mon., July 26: 10:30 a.m.
Wed., July 28: 5-6 p.m.

Wed., July 28: 6-7 p.m.
Thu., July 29: 5-6 p.m.
Tue., Aug. 8: 12:30 p.m.
Wed., Aug. 4: 6-7 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.

∞PW. 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.

If you would like to get *The LaRouche Connection* on your local cable TV station, please call Charles Notley at 703-777-9451, Ext. 322.
For more information, visit our Internet HomePage at <http://www.larouchehub.com/tv>

Executive Intelligence Review

U.S., Canada and Mexico only

1 year \$396
6 months \$225
3 months \$125

Foreign Rates

1 year \$490
6 months \$265
3 months \$145

I would like to subscribe to
Executive Intelligence Review for

1 year 6 months 3 months

I enclose \$_____ check or money order
Please charge my MasterCard Visa

Card No. _____ Exp. date _____

Signature _____

Name _____

Company _____

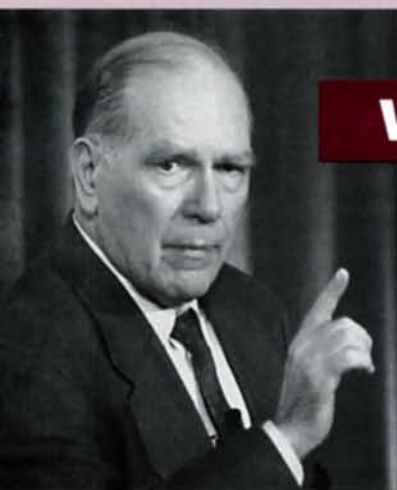
Phone () _____

Address _____

City _____ State _____ Zip _____

Make checks payable to EIR News Service Inc.,
P.O. Box 17390, Washington, D.C. 20041-0390.

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

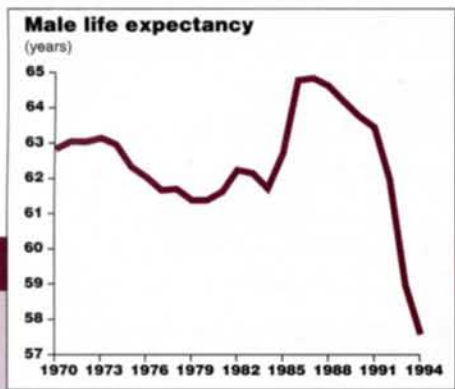
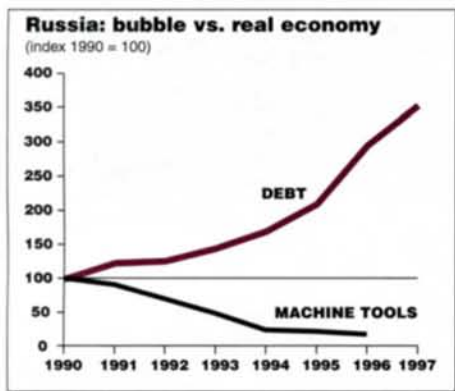


Who was right . . .

Lyndon, H. LaRouche, Jr.:

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

And who was wrong?



**Harvard economist
Jeffrey Sachs:**

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



SUBSCRIBE TO

EIR Executive Intelligence Review

For subscription rates and order blank see the inside back cover.