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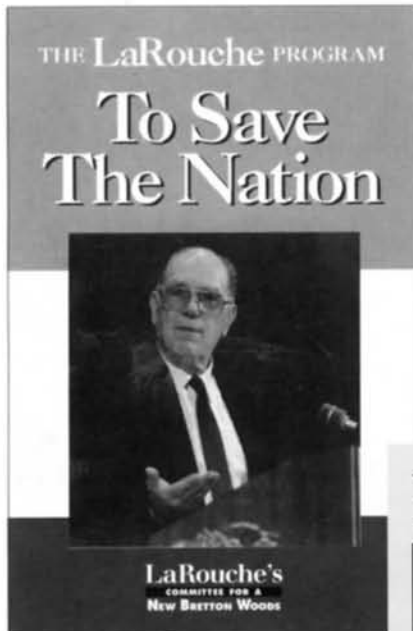
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Russia, pressed to the wall, may use nuclear weapons
Great Britain plays its ace in East Timor crisis
LaRouche case is key to ending Waco cover-up

A new strategy for the United States



LaROUCHE *for* President



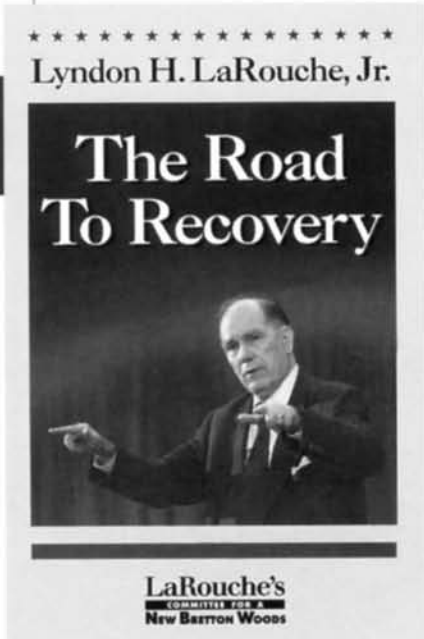
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From the Editorial Board

In reading this issue of *EIR*, and every one, the reader must beware of fascination with any particular “issue.” The world strategic picture which we present—from Indonesia to Russia to the capital of the United States—defines the context in which every more limited situation must be understood. With that global perspective in mind, one can grasp the fact that the only question facing all nations is whether the world as a whole, including every local community in the U.S.A., is going to go to Hell within the year or so, or whether, as the only alternative, the tasks of the Presidency of the U.S.A. will be defined as Lyndon LaRouche outlines them in the address which we feature in this issue.

There can be no understanding of this conjuncture, without a grasp of the fact that the world is in the midst of a financial and economic breakdown which is unstoppable under the current IMF system. The systematic looting of the world’s physical economy, in order to sustain the system of usurious speculation which LaRouche has depicted in his famous Triple Curve, has provided the preconditions for the political and military upheavals in Russia, Indonesia, and South America.

Note, by the way, our interview with Ukrainian Presidential candidate Natalia Vitrenko, and her use of the Triple Curve in her campaign. A focus on these fundamentals in other nations would be most salutary.

The world financial breakdown acknowledged, the intensity and number of strategic hotspots is growing rapidly. The British monarchy is playing a global game, of the same nature that we documented at length in our feature on Central Asia last issue. Longstanding assets and weaknesses are being utilized in areas like Taiwan and Indonesia, in order to serve the purposes of the British geopolitical gamemasters. Nations such as Russia are being pushed to the point of having to make decisions on military policy, including mooting the use of nuclear weapons, as a matter of survival.

In our *National* section, we present a short package on the “Waco” scandal, in historical perspective, with documentation on the predecessor raid in the LaRouche case. The importance of exposing the DOJ at this time is located in the need to prevent its misdeeds from preventing the U.S. President, and LaRouche, from doing what they must do in this global strategic crisis.

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The red-green ‘program for the future’ is economic suicide

by Lothar Komp

If a given work-place in Germany has much higher productivity, and generates correspondingly more income, than a comparable work-place in eastern Europe, that can hardly be attributed to harder work, in this “land of the world-champions of recreation.” Rather, the decisive factors are the skill level of the operatives, the production technologies in the firms, together with the quality and density of basic infrastructure, from transportation to energy and water supply, as well as facilities for health care, education, and research. Whoever cuts expenditures for the maintenance of infrastructure in times when the government’s wallet is in dire straits, or whoever auctions off public services to the highest bidder for the sake of short-term profit, or whoever aims at paralyzing central areas of infrastructure out of environmentalist motives, is sawing off the branch upon which the German economy sits, and is threatening millions of productive jobs.

Yet, that is precisely what the ruling Social Democratic-Green party coalition government’s “Program for the Future” is doing. The damage that it is inflicting on the German economy, and the reaction of voters, are so severe, that this government may not long remain in power (see p. 32).

The previous Christian Democratic government also continuously wound down expenditures for public infrastructure. The proportional share of government expenditures allotted to infrastructure in public budgets has dropped by half since 1970. Despite the challenge of German reunification, capital investment by the federal government, states, and municipalities fell, between 1992 and 1998, from 107 billion deutsche-marks (roughly \$65 billion), to DM 87 billion. In the new German states over the same period, municipalities’ expendi-

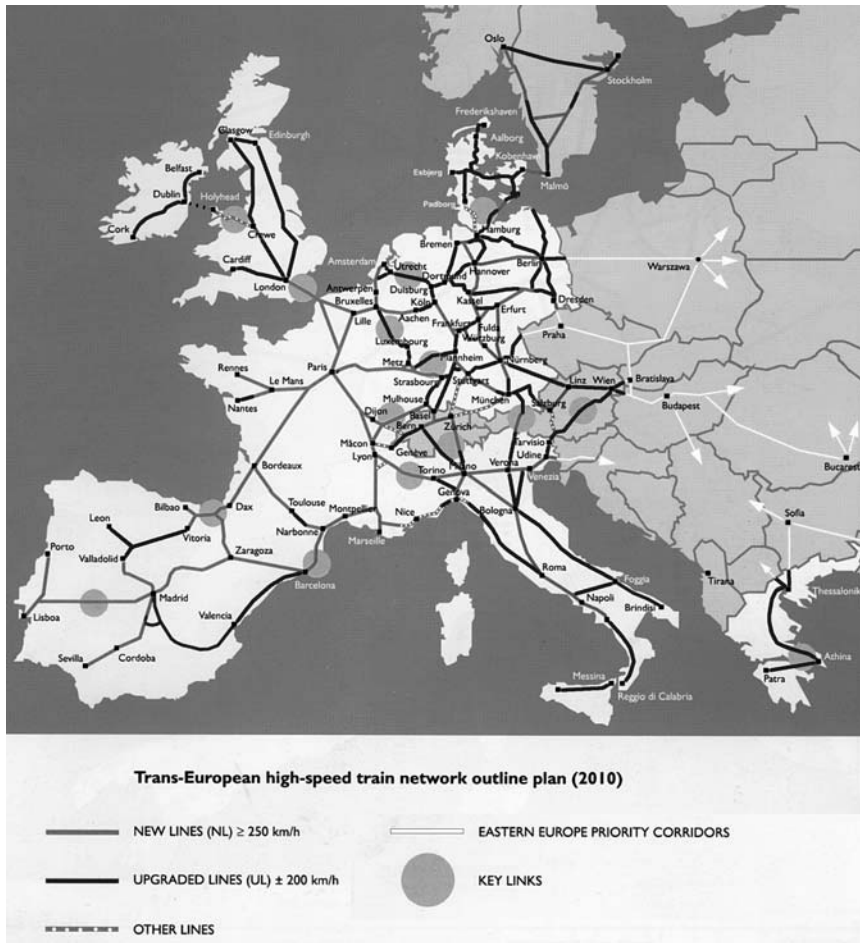
tures for infrastructure collapsed by one-third. An immense backlog of urgently needed investments in Germany’s physical infrastructure, has accumulated in the meantime.

Transportation is being crippled

In the transportation sector alone, needed investments are estimated at some DM 400 billion. In order to keep the German airports fit for the increasing volume of passengers, DM 30 billion of investments are needed. Germany’s public sewerage network, 400,000 kilometers long, somewhat more than the distance from the Earth to the Moon, and the additional 800,000 kilometers of private sewer lines, require short- and medium-term investments, according to most recent estimates, of at least DM 300 billion, but probably closer to DM 500 billion, simply for needed maintenance.

Where former Chancellor Helmut Kohl and the liberals stopped, current Chancellor Gerhard Schröder and his Green partners are picking up, taking things from bad to worse. The most severe austerity budget in the last 30 years of German history—DM 30 billion of cuts planned next year, and DM 161 billion over four years—involves considerable, direct cuts in the federal government’s transportation investments. At the same time, the “Program for the Future” shifts social expenditures in grand style from the federal government, onto the shoulders of the states and municipalities—which will further cut into their own investment budgets.

The larger federal transportation projects are headed for catastrophe. According to Transportation Minister Franz Müntefering, there is a DM 90 billion hole in the projected budget for the federal transportation plans for 1992-2012. All of the projects which have not yet been started are under



projects designated in the Trans-European Network, decided at the European Union summit meeting in Essen in 1994. The halt to construction on the Nuremberg-Erfurt route, primarily for ecological reasons, would effectively decouple Thuringia from the European high-speed rail network. The construction timetable of the Erfurt-Halle route, which links up with the Nuremberg-Erfurt route, and which is the only high-speed rail connection through Saxony-Anhalt, has been pushed back, at least till 2010. Construction of the Stuttgart-Ulm ICE route, which is part of the route from Paris to Budapest, was cancelled by the German side, while all of the other countries involved still have great interest in the project.

For ideological reasons, planned cuts in road construction are at least as drastic as those for rail. According to the German Automobile Club, there exist scenarios in the Federal Ministry for Transportation up to the year 2003, which foresee 50% cuts in highway construction, and the planned investments for the western German states would drop to one-quarter of currently planned investments. Highway projects in the new German states, such as the A71 and the A73 routes from Thuringia to Ba-

review, and most of them are scheduled to be postponed by five to ten years, or eliminated entirely. This also hits one-third of the 17 "German Unity Transportation Projects," which is a minimal program for the transportation integration of the old and new German federal states. Whether it is the rail lines, roads, waterways, or the Transrapid magnetically levitated railway lines, there is not a single transportation project which is protected from the Social Democrats' push for austerity and the Greens' sabotage of vitally needed infrastructure.

Construction on the new ICE high-speed rail route from Nuremberg to Erfurt has been halted indefinitely, although DM 1.5 billion out of DM 8 billion has already been spent on the project. This is a severe blow to passenger transportation from Thuringia to Bavaria, which may well also land the federal government in a lawsuit with the European Union, because the Nuremberg-Erfurt route is one of the most important western European north-south transportation corridors. It runs from Italy, via Munich and Berlin, to the new Baltic routes, to Sweden. The construction of the high-speed route Verona-Munich-Berlin is, accordingly, one of the 14 priority

varia, or the Baltic highway A20 through Mecklenburg-Premomerania, are seriously threatened. The same goes for the southern Harz route, A38, and the Bavarian highways A93 and A96. While only DM 600 million out of a planned DM 4.5 billion have been invested in the waterways of the Elbe, Havel, and Saale rivers, the lion's share of the outstanding investments are likely to be sacrificed because of the prejudices of the Green party.

Also, the future of the Transrapid route from Berlin to Hamburg, the first rail line for this revolutionary magnetic levitation technology worldwide, is still hanging by a thread.

The economy and debt

If this blockage of urgently needed infrastructure investments is not reversed, the danger is that the German economy will collapse to a second-rate status, with the attendant dramatic loss of jobs and income. Then, despite all the efforts to save money, Germany's national debt will really explode out of control.

The actual cause behind the doubling of the mountain of debt in the 1990s, lies in successive governments' failure to

ensure that a productive industrial landscape emerged in the new federal German states, and also in the resulting failure to combat mass unemployment in both parts of the country. While a mere 3% of German exports are produced by firms located in the eastern states, the approximate equalization of standards of living in the east and west can only be maintained by sustaining a net transfer of funds from the west to the east to the tune of DM 200 billion annually. Out of this sum, DM 150 billion involves transfers to the public budgets in the east.

On the other hand, official unemployment in both parts of the country, according to the unemployment office (IAB), led to an increase of expenditures and a shortfall in income in 1997 of DM 166 billion. The western German states accounted for DM 120 billion of that sum. Even if the remaining DM 46 billion is accounted for by the transfers to the east, the total national cost of unemployment and eastern deindustrialization, run at about DM 270 billion annually. And, these costs will increase with each new slice taken from the investment budgets.

It is instructive to consider the effects of reversing this policy. Every billion deutschemarks invested in physical infrastructure creates 12,000 jobs, half of them in the construction sector. Every new job relieves the state of a burden of DM 40,000, so that half of the expenditures immediately flow back to the treasuries of the federal, state, and municipal governments. In addition, there are the effects of every investment on private households and firms. The current underemployment in Germany, according to IAB calculations, costs the economy about DM 530 billion annually. Conversely, investments made in infrastructure lead to lasting increases in the productivity of the entire economy. To put it straightforwardly:

- There should be no cuts in the “German Unity Transportation Projects” and the other projects in the federal transportation network.
- To the contrary, drastic expansion of public infrastructure investments should be undertaken immediately as part of a program for overcoming mass unemployment and as a contribution to the reindustrialization of eastern Germany. If the share of capital investments in the federal budget in total investments is steered back to the proportion of 1970, that alone would create more than a million jobs.
- The construction of the Trans-European Network needs to be quickly expanded with large infrastructure projects in eastern Europe, including in Ukraine and Russia. The reconstruction of eastern Europe, in the context of a new, Marshall Plan-style investment program, with a focal point centered in southeastern Europe, is indispensable for peace in Europe, and would at the same time be a motor for industrial reconstruction in the new German states. The European East is also the bridge for German firms to the largest export market worldwide in the 21st century: China, India, and the other nations of Southeast Asia.

Sober realities aired at Alpbach economic debate

by Mark Burdman

From Aug. 21 to Sept. 4, the annual Alpbach European Forum was held in the Austrian village of Alpbach. The yearly gatherings are patronized by leading Austrian officials and private military-strategic, political, and financial institutions. One of the central events was an Economic Symposium, on Sept. 2-4. Despite the efforts of some prominent individuals there to obfuscate or distort what is going on in the global financial and economic realm, a number of important voices were raised, to bring a strong dose of reality into the proceedings.

Clinical insanity

The economic debate did not begin on a very promising note. During a Sept. 2 panel on whether the world financial system was or was not just a “global casino,” Klaus Liebscher, Governor of Austria’s central bank, the Österreichische Nationalbank, spoke on “Macroeconomic causes and effects of international financial crises.”

In a presentation filled with central banker double-talk, Liebscher noted that, in the recent period, in response to a number of “crises” and “turbulences,” there have “emerged calls for sweeping changes to the global financial framework.” He advised: “I do, however, believe that it would not do any good to push too far in one direction or other. . . . There is no reason, in my opinion, to fret about the escalating global crisis, . . . in view of the stability of the financial markets and banking systems of the European Union.”

So, in the same breath, Liebscher admitted that the global crisis was “escalating,” and insisted that there was no reason to “fret”!

Liebscher further noted that there are dangers “which can plunge big parts of the financial system into turbulences and lead to a massive loss of confidence,” and then advised that the key measure required is to “improve the manageability of systemic risks,” especially through “an effective supervisory system.” He stated: “When crisis strikes in a developed financial market, . . . assistance should be sought from a credible international institution, such as the International Monetary Fund.” He failed to note that this supposedly “credible” institution has done more than any other to wreck nations—from Mexico to Russia to Indonesia.

The threat to the real economy

On the next day, sobering voices were heard. During a panel on the effects of financial crises on “the real economy,” the first speaker was Dr. Christian Helmenstein, of the Austrian Institute for Higher Studies. Basing his analysis on formalistic calculations of price/earning ratios, he warned that the U.S. stock market was vastly overvalued, and that, even in the best-case scenario, Wall Street stocks will contract by 20%, whereas in the worst case, Wall Street will crash by 62%. This could pose a threat to the real economy, should the crash be followed by a “systemic banking crisis.” The global banking system, Helmenstein stressed, was made more vulnerable by such factors as the very small number of banks involved heavily in such markets as the one for currency derivatives.

Helmenstein wrung his hands, and hoped that effective “supervision and regulation” could contain a massive collapse in the “real economy.”

Stampede from the dollar?

He was followed by Dr. Konrad Seitz, former head of the Planning Staff of the German Foreign Ministry and former German ambassador to China, until February 1999. Seitz agreed with Helmenstein, that the U.S. market was greatly overvalued, but said that focussing on this, ignored a very serious and more dangerous problem, namely, the vast indebtedness of the United States. The United States has built up a large capital accounts deficit since the 1980s, reaching \$200 billion in 1997-98 and \$300 billion in 1999-2000. The net indebtedness of the United States has reached \$3 trillion in 1999, and “it is evident that not even the U.S., year by year, can increase its foreign debt” in this way. What Seitz sees coming, is a “crisis of confidence,” leading to a “stampede from the dollar,” which will create a currency crisis like that previously seen in Korea and Indonesia.

The Indonesian currency, the rupiah, has collapsed 80% over the past two-plus years (this all before the current dramatic crisis now erupting in and around East Timor). Imagine the effects of a collapse of such magnitude hitting the dollar, the currency in which most international trade and finance is conducted.

In Seitz’s view, the U.S.-centered debt-currency crisis, combined with various problems in Asia, signifies, that all the conditions are ripe for a generalized, international economic-financial upheaval.

Seitz also differentiated between the various forms of “the Asian crisis.” In his view, much more important than the most-often-discussed “Southeast Asian crisis,” is the “Japanese internal crisis,” and the question whether a “developing crisis in China” of a “recession-deflation” form, can be stopped. According to him, of all these, the Japanese crisis is the most serious. It has the superficial appearance of a boom and bust cycle, with “enormous speculation” followed by collapse, and significant effects on the real

economy. He warned that “the Japanese government is indebted in an unbelievable way. . . . The degree of indebtedness of the Japanese government is 450% of Gross Domestic Product,” and the government is in no position to fuel further growth by deficit spending.

Seitz was followed by a babbler from the senior echelons of Germany’s Deutsche Bank, Thomas Fischer, who rambled on and on, trying to defuse the sense of impending or actual crisis.

Despite Fischer’s tactics, *EIR* was assured by one senior Austrian military figure that, in private, the Economic Symposium debate had stirred up profound concerns among Austrian elites in attendance, that the global economic situation was “moving out of control.”

The long shadow of Mahathir

On Sept. 4, the debate centered on the measures that must be taken to deal with the financial-economic crises. The most provocative presentation was made by Heiner Flassbeck, Deputy Finance Minister under former German Finance Minister Oskar Lafontaine, who resigned on March 12 of this year, at which time Flassbeck was removed from his post. Flassbeck had flown into Alpbach from Kuala Lumpur, Malaysia, where he had attended a Sept. 1 symposium, sponsored by Malaysia’s Institute for Strategic and International Studies, Mainichi newspapers of Japan, and the Japanese External Trade Organization. Participants there included Malaysian Prime Minister Dr. Mahathir bin Mohamad, Japanese former Deputy Finance Minister responsible for international affairs Eisuke “Mr. Yen” Sakakibara, and leading people from Thailand and China. That Kuala Lumpur event celebrated the first anniversary of Malaysia’s Sept. 1, 1998 imposition of capital controls. In Kuala Lumpur, according to reports received by *EIR*, Flassbeck had insisted that the world’s financial system needed a paradigm shift, based on a return to fixed exchange rates, especially because the recent global crises had demonstrated that the current monetary system is not working.

Speaking in Alpbach, Flassbeck praised not only Malaysia, but also China and India, for their successful imposition of capital control measures. He told the Alpbach audience, that capital controls in Malaysia have worked quite well. In contrast to other Asian countries, which had been subject to International Monetary Fund medicine, Malaysia did not plunge into a deep recession. Flassbeck added, that by the use of capital controls, Malaysia could shield itself against massive capital outflows, as China and India had done before, with their far-reaching capital controls.

Flassbeck’s comments astonished certain attendees at Alpbach. Writing in the German economic daily *Handelsblatt* on Sept. 6, international correspondent Klaus C. Engelen expressed his profound surprise and dismay that “the long shadow of Mahathir” was cast over the deliberations in Alpbach, far away from Kuala Lumpur.

Presidential candidate declares, Ukraine can recover from the IMF

Dr. Natalia Vitrenko, Member of Parliament and leader of the Progressive Socialist Party of Ukraine (PSPU), is running for President of Ukraine. The election is scheduled for Oct. 31. An economist, Vitrenko co-initiated, with Schiller Institute founder Helga Zepp-LaRouche, the “Appeal to President Clinton to Convoke a New Bretton Woods Conference,” in February 1997. She gave this interview to Anatoli Voznytsa for EIR, on Sept. 6, 1999, in Kiev.

EIR: The election campaign is in full swing. What do you think your chances are?

Vitrenko: The political struggle in Ukraine has become acute, because the activity of the International Monetary Fund is now clear for many people. In 1991 or 1992, when I would explain what the IMF was and what it would bring to Ukraine, many people didn't accept what I was saying, or they shrugged it off. The ruling authorities would still like to shrug it off, but they cannot.

People have experienced the effects on themselves. Ukraine's foreign debt is \$12.4 billion, while the anticipated national budget for 1999 is 20 billion hryvnias, or approximately \$4.5 billion, at the current exchange rate of 4.4 hryvnias to the dollar. Thus, the foreign debt is almost three times bigger than the budget. During 1999, \$2.02 billion is supposed to be paid out of the budget to service this debt.

What, then, is happening in our country? Insolvent as it may have been, even the 1999 budget did provide a line for “Restitution of Working People's Savings,” under which 370 million hryvnias — a paltry sum, just 1/400 of the total government debt with respect to devalued savings — was supposed to be paid by the government to depositors older than 80 years. If not the entire sum, they were to have received 48 hryvnias apiece, which means at least \$10. But, what has the government done? The government has paid not one kopeck to these deceived people, instead spending the funds to service the foreign debt. Thus, people have directly experienced what paying the foreign debt means. Next year, debt service will demand \$3 billion, so budget spending will be even less than this year.

The situation in the country is one of growing unemployment and general disconsolation. It confirms my forecasts so strongly and makes my struggle against the IMF so timely,

that when I hold public meetings, there are packed halls, standing-room-only crowds, throughout Ukraine.

In the two weeks since Aug. 25, we have toured 8 of the 25 provinces in Ukraine, and everywhere there were packed meeting halls. Where we couldn't get a hall, we met with people on the street. In the small cities, there were 1,000-1,500 people, and several thousand in the larger cities.

Everywhere, I begin my speeches by saying that I warned, I fought, and I made proposals. I show what the IMF is. It is very interesting, that when the programs of the various Presidential candidates were published, we looked and saw that mine was the only one to call for breaking off relations with the IMF, that is, to abrogate the agreement — unconditionally, absolutely, and without qualification. Nobody else writes this.

What does this mean? If the people of Ukraine support a different candidate, that absolutely does not mean that he will break ties with the IMF. But if he doesn't, I think, he will be unable to change anything. Even should he desire and strive to do so, the IMF will not permit it. If people support my program, however, that means a referendum — an expression of the will of the people, by which I shall immediately have received the legal authority to break off relations with the IMF.

This is why, in my meetings with voters, I show LaRouche's graph [the Typical Collapse Function], and I always emphasize that this graph comes from Lyndon LaRouche, a scientist of world renown, and that he established what the consequences of such “reforms” would be, and how they would unfold. And I say: Now, look at what awaits Ukraine. See what this policy leads to, for anybody who follows it. There can be no miracles on such a pathway of reform.

Then I say: The country is at a watershed. People who want the situation to continue as it is, will vote for [President Leonid] Kuchma, or for somebody else — in this respect, they are all the same; they will not break off relations with the IMF. If people want to make a radical change in the reform policy, and they know that ties with the IMF must be broken, then they should vote for me. I am the only one proposing such a break.

Because I can see how many people, what an overwhelming majority, are dissatisfied with this reform policy, I assess



An election poster for Ukrainian Presidential candidate Natalia Vitrenko features Lyndon LaRouche’s famous “Triple Curve” diagram. Officially known as the Typical Collapse Function, it is a schematic representation of the soaring of financial and monetary aggregates in a “bubble” economy, while the physical economy collapses through the floor.

my chances as quite high, and I think it will be possible to win [with an absolute majority] in the first round. The various sociological polls mostly put me in second place. Some of them show me in first place, some in third, but most of them have me in second place after Kuchma. But, the entire empire of the mass media is working for Kuchma, as we may discuss further.

EIR: Do you think that the Presidential election campaign in Ukraine is being conducted democratically? Do you encounter resistance, or support, from government institutions during your campaign?

Vitrenko: You know, the institutions of power attempt to put obstacles in the path of our work surreptitiously, in such a way that it won’t be noticed. The obstacles are of the following sort. First of all, we need premises for meetings. We are given some facility either on the outskirts of a town, or a tiny one, seating only 200 or 300 people, which simply won’t accommodate the number of people who want to attend. There is no room for two-thirds of the people, and only one-third can get in. I get very worked up. I can’t split myself into parts—so, can’t we get direct audio broadcast to the street, so that the population can really meet with a Presidential candidate?

Secondly, there have been gross violations of the law on the right of a Presidential candidate to regional media coverage of his campaign, including publication of information on his public appearances and presentation of his program. I can cite Summy, Zhitomir, and Chernivtsy provinces, where we just were, for example. We were simply denied air time on

any conditions at all—paid or not paid, live or pre-recorded. They told us: No way. I think this can be seen as a direct impediment to the campaign and a violation of the law. We intend to complain to the Central Electoral Commission [CEC], that this is a gross violation of the law.

The central mass media exclusively show Leonid Danilovich Kuchma, from dawn to dusk. He gave a speech in one place, he travelled to another, he proposed something, he was in another location—and people see only him on the screen. The regional media either run old films, or stage concerts—anything but the Presidential candidates, and I mean other candidates, as well as myself. This is such an unequal situation, that I cannot think of anything comparable. As far as I know, civilized countries have gotten beyond the stage of development, when one candidate is boosted by means of suppressing all the others. There are supervisory agencies, which monitor access to air time and check how much air time a given candidate or party has, during electoral campaigns. In Ukraine, there is nothing like that. Therefore, I can say that the current Ukrainian Presidential campaign has no democratic basis.

I would also add, that we Presidential candidates are absolutely defenseless in the face of slander. Slanderous leaflets against me have been distributed since May. We appealed to the Ukrainian Security Service, the Prosecutor General, and the CEC. These anonymous leaflets are circulated in huge numbers, and were clearly not printed by some lone adventurer. They are anonymous, they smear me, and they undermine my chances to win. Nobody, not the Prosecutor General, not the Ukrainian Security Service, not the CEC,

has done anything about it.

The leaflets continue to circulate, in a new version. We just returned from a tour of the country. We have two versions of the leaflet, in which the same authorship is evident. We talked to some individuals, who were handing out the leaflets. This was in Zhitomir, where we were able to move fast. On one occasion it was a woman, who admitted that she had been paid 10 hryvnias to hand out the leaflets. She didn't care how she was earning money. The other time, it was two boys, with the same explanation. Nobody will investigate. Nobody within these agencies has any interest in the proper conduct of the Presidential election campaign. This is yet another manifestation of the absence of democracy and an indication of the lack of a law-based state in Ukraine. I should think that, in a law-based state, the rights of a Presidential candidate, as well as the ordinary citizen, would be defended.

EIR: U.S. Presidential candidate, Democratic Party member Lyndon LaRouche recently said about the IMF, that countries like Ukraine should accuse the IMF of "credit fraud." Every credit issued by the IMF did not improve the situation, but worsened it, making the recipient of the credits insolvent. Under normal credit arrangements, a bank may be subject to criminal charges. What do you think about that?

Vitrenko: I think that the IMF has derived so much profit from the credit agreements it imposes, that it does not even want to investigate, how these credit agreements function. They derive profits, when each country experiences the destruction of production, and foreign goods can enter that country unhindered. They flood the country with dollars, and the printing of this money supply, which has nothing behind it, makes it possible to exploit these countries yet again. Unemployed people emigrate to the West, to those Western "capitalist" countries, and sell themselves there for nothing. Nowhere else in the world are labor power and intellectual property so lowly valued, as with the Ukrainians who sell themselves in the West and in America.

The IMF benefits on all sides, from the agreements they impose. It is, therefore, profitable for them to keep international legal agencies, as well as various international organizations like the European Parliament, under their control. I am convinced that they "feed" the officials of those agencies, in order that the latter "not notice" the actual consequences of IMF actions. If the International Human Rights Court or the European Human Rights Court were truly institutions of the law, they should react. Ukraine has never experienced such mortality rates, such unemployment, and such crime as now, and had no experience of phenomena such as trafficking in children or their organs. This happened only after the reforms that were imposed.

Lyndon LaRouche is absolutely correct in his speeches, to say that the criminal state of affairs, caused by the IMF, is "20th-century financial fascism." There are not only financial methods here, but fascism, the annihilation of people, the degradation of the population. Unfortunately, the above-men-

tioned agencies do not react, they do not monitor the IMF's actions, and they ignore our appeals and warnings.

I think, however, that the situation will change. Why? Because I am convinced that power will change hands, and that people will come to power in Ukraine and other countries, who will struggle against the IMF. Without question, joint efforts are required.

EIR: The expression, "There is life after the death of the IMF," has come into usage lately. How do you envision the development of Ukraine under your Presidency?

Vitrenko: I emphasize everywhere I go, that when people fear the rupture of relations with the IMF and ask what will happen then, thinking that nothing but death awaits them in that case—economic embargo and disruption of all ties—I answer: Absolutely not! On the contrary, breaking off relations with the IMF, on the basis of a referendum like the Presidential election, for example, will show that a country is quite capable of carrying out its own policy. Other countries will respect such a country. The national election of a President and the changes that will come about in legislation, will enable other countries to have relations with such a country and such a President, on the basis of partnership.

I would like to give an example: Last December, [fellow PSPU leader] Volodymyr Marchenko and I were in England. We visited the firm of Merrill Lynch in the City of London. This company is directly involved in financial speculation in Ukraine, with government bonds and Eurobonds. In a conversation with the firm's department head for Russia, Ukraine, Belarus, and Moldova, Mr. Steven Reeves, I asked him: Do you see the consequences of the IMF reforms in Ukraine, and of the financial speculation you are directly engaged in? Do you see that Ukraine is in poverty, and is becoming a bankrupt state? He had to agree.

Then I asked him: Do you agree, that this cannot continue, that it threatens to lead to a social explosion, and disasters involving technology? Ukraine is in the center of Europe, so Europe will not be unaffected. Wouldn't you find it appropriate, as we insist, for us to cut off relations with the IMF, and freeze our debts to the IMF until Ukraine has gotten out of the crisis? Couldn't you and your bank act as underwriter for foreign investment in Ukraine? Then, thanks to a reliable bank like yours, foreign investors would not be afraid to put their money in. And Steven Reeves, in the presence of a parliamentary delegation including members of the government, said: Yes, we can continue to discuss with you along these lines. That is, this is a competent approach.

I am convinced that this approach must be adopted today, so that when we cut off relations with the IMF, we can simultaneously use our own resources and attract foreign investment on a civilized basis. The question is often asked: Where will the money come from? If not from the IMF, then where? They push this question, this ideology.

Compare what happened in Ukraine and in China. China did not accept IMF credits, and banned currency exports by

Ukraine has never experienced such mortality rates, such unemployment, and such crime as now, and had no experience of phenomena such as trafficking in children or their organs. This happened only after the reforms that were imposed. LaRouche is absolutely correct to say that the criminal state of affairs, caused by the IMF, is “20th-century financial fascism.”

law. They have strict exchange controls. Ukraine, however, fulfilled its obligations to the IMF—liberalized exchange regulations and permitted an outflow of capital. This was not only the “Lazarenko Affair” [the arrest of ex-Premier Pavlo Lazarenko for money-laundering]. Unfortunately, there are around 500 families of people like Lazarenko. This is a mass phenomenon, and capital flight from Ukraine has been estimated at around \$40 billion. If these funds were returned, we should be able to pay off our foreign debt of \$12.4 billion. Forty billion dollars would also constitute a full-blooded state budget.

I shall try to utilize an important resource, namely, a mechanism for the repatriation of capital, exported from Ukraine. I have already drafted the relevant law, so there will be a legislative basis for the repatriation. There is a convention, ratified by all the European countries, which permits this to be done. The European countries will support the search for the people who “laundered” the “dirty” money and took it abroad. Thus, I have not only hope, but a real basis for hope and for asserting that this capital—perhaps not all of it, but a large part—will be returned to Ukraine.

Still, Ukraine’s main resource remains its own potential, which is still very great, despite the attempts to annihilate it.

The firms functioning now are either foreign, or underground, illegal enterprises, which siphon off their profits and pay no taxes. We see this especially in the energy sector in Ukraine, where there are literally only a handful of companies. They have a monopoly. Take, for example, the firm of Derkach, the son of the chairman of the Ukrainian Security Service (this type of “family enterprise” is flourishing in the country), which is called Bison. This is a private concern, which handles 43% of all the petroleum business in Ukraine. Just one company, and it controls 43% of the business. Thus, private monopolies have been created, which are not subject to supervision. We ask ourselves: How can this be? A private company concentrates such a large share of the country’s energy resources in its hands. Therefore, we see that Ukraine can discover a very great potential, by restoring supervision, proper accounting, and order, so that the tax system will be transparent, everybody will pay their taxes, and anti-monopoly legislation will be enforced.

It should be forbidden to play games with prices. This is especially the case in the energy sector, where prices shoot up and then plunge, bankrupting competitors by means of

a speculative game.

I think that the main factor for success—and I do believe that Ukraine will succeed in economic reform—is to realize Ukraine’s own potential. And, to repatriate capital that has been exported.

EIR: Ukraine has enormous potential in science, machine-building, and so forth. The current government is destroying these sectors. What ideas do you have about this?

Vitrenko: Machine-building was always the heart of the Ukrainian economy. This is where the intellect of the nation was concentrated, as well as financial resources and advanced, modern technologies. That is how things were. When Ukrainian weapons came onto the world market, it was not because Ukraine was so aggressive, but because the world arms market exists. Furthermore, Ukraine was capable of producing modern weapons, for which there was demand.

Under slogans about establishing a supposedly nuclear-free status, and disarmament—although disarmament is nowhere to be seen in the world—it was precisely the military-industrial complex that was subjected to attempted destruction. But the military-industrial complex was closely tied with civilian machine-building. It is difficult to make a separation, within the aircraft industry, and say: Here’s one plane, which will defend the country in the event of a conflict, while another is strictly a passenger plane. Therefore, the destruction of the military-industrial complex effectively led to the destruction of machine-building, as such, in Ukraine.

Machine-building and food-processing companies suffered the most. Therefore, Ukraine does not produce or process its own food, and cannot feed the population. In whose interest was it, to destroy the food-processing industry? Now Ukraine lacks machine tools, as well as agricultural machinery for harvesting and processing crops, and has become food-dependent.

We have been told that in Khmelnytsky Province, there was nothing with which to gather the harvest. There was only one way out: to rent German combines. But the condition was attached, that payment had to be only in grain. But, as we know, at current levels of parity, that is an extremely unfair exchange. The rental prices are off the charts. Although the combines are modern and efficient, it turned out that virtually the entire harvest had to be handed over in payment for the equipment needed to gather it.

This is why the Ukrainian machine-building sector was deliberately destroyed, under the aegis of this sort of "reform."

What must be done, to revive machine-building? First of all, it is necessary to finance science. Science should be properly financed from the budget. In the 21st century, new scientific designs should move immediately into production.

Scientific complexes are the future of a modern nation. They are where a scientific and technical design moves from a scientific idea, right through to where it is brought on line in production. This is what is needed in the 21st century.

I think that this can be done in Ukraine. Then many of our scientists, who have left the country, will return. Unfortunately, many of them left because they saw that Ukraine today had no use for them. If science is financed, conditions will be created for them to see that they are needed, and they will return to their homeland. A new generation is growing up, and, as Lyndon LaRouche has said, the intellectual matrix of the Slav cultures is very high, that is, they will be able not only to do this, but to have an effect on the overall recovery of the economy.

I am certain that machine-building will do the most to uplift the Ukrainian economy. I would like to show you my election poster. I don't imagine that anybody else in Ukraine is doing as much to popularize LaRouche's ideas, because my poster depicts his "Typical Collapse Function." The entire print run of this poster was gone almost instantaneously.

At all of my meetings with voters, I use this "Typical Collapse Function" graph when I speak. I explain: This is how material production has collapsed, and here is the upward surge of financial speculation, with the money supply rising not as rapidly. Here you see the result. In Vinnitsa, we plastered our campaign vehicle with these posters and drove around the whole city, which drew tremendous interest from the citizens.

We shall see the result on Oct. 31.

EIR: You are world-famous for your call to create a new world financial system. This appeal for a New Bretton Woods has been strongly supported around the world. Recently, the Chinese Foreign Minister spoke out for a new world economic order. What would you do, along these lines, as President of Ukraine?

Vitrenko: As President of Ukraine, I would carry out all of my proposals without fail. My proposals are designed to defend humanity from the IMF and U.S. aggression. Therefore, I incorporated the following into my program and I emphasize it in all my speeches: Nations must be liberated from the dollar. All dollars should be collected and returned to the United States. They can buy them with commodities.

How can other countries be supported? The IMF extends them credits on the same intolerable terms. I have met representatives of the Indian Embassy, representatives from Libya. What we discussed was that the world is waiting for

countries that are in slightly better economic condition, to initiate the creation of an alternative to the IMF. That is, to pool credit resources for the development of shared infrastructure. This would make it possible for the initiating countries both to develop their own production better, and to find markets for their products, while allowing the now least-developed countries to grow. If these conditions correspond to the national idea in each country, they will undoubtedly be supported.

Only this sort of alternative to the IMF can tear other countries out of the IMF's claws. Just look at how Latin America and Africa are appealing for debt relief. They know, that they simply physically cannot pay these debts. Thus, mankind has already realized that we can't go on like this. More work remains to be accomplished, however, on the question of what should be done. I think as President of Ukraine, I shall be able through communication with other Presidents and institutions of power, and through putting forward and implementing proposals along these lines, to create an alternative to the IMF.

EIR: Thank you very much for this rich interview. In conclusion, allow us to wish you success in your election campaign, and happiness and successes for Ukraine and its people.

Vitrenko: Thank you.

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Three years of welfare ‘reform’: New studies show the poor are losing

by Marianna Wertz

On the third anniversary of the passage of Federal welfare reform legislation, signed into law in August 1996, new studies, utilizing data that are just now becoming available, indicate that the so-called reform policy is a tragic failure, harming most those poor women and children who are the most vulnerable.

As of August 1999, there were some 7.3 million people on welfare nationally—down from 14.1 million when President Clinton took office in 1993, and from 12.2 million when he signed the “Contract On America” policy into law in 1996. As *EIR* documented in its June 25 report, “America’s Missing in Action: Al Gore’s Genocide vs. the Poor,” the status of more than 4 million of those cut from the rolls is currently unknown—they’ve disappeared onto the streets or are barely making ends meet with dead-end jobs or, in many cases, criminal activity. The vast majority of those who have found “welfare-to-work” employment, have jobs at or slightly above minimum wage, with no benefits or long-term perspective for improvement.

The most recent study of the results of the welfare reform policy, “The Initial Impacts of Welfare Reform on the Economic Well-Being of Single-Mother Families With Children,” released on Aug. 22 by the Washington, D.C.-based Center on Budget and Policy Priorities (CBPP), found that the average disposable income of the poorest fifth of single-mother families—those most affected by the welfare reform—fell \$580 per family between 1995 and 1997, a decline of 6.7%. About 80% of that decline was due to declines in such means-tested assistance as food stamps, Medicaid, and cash assistance, assistance for which most of the families were still eligible but which, for many reasons, they were no longer receiving.

This finding contrasted sharply with the study’s finding of a substantial *rise* in the disposable income of that same poorest fifth of single-mother families in the two years *prior* to the passage of welfare reform.

A second study, released on Aug. 2 by the D.C.-based Urban Institute, also found a sharp drop in income from means-tested assistance. In addition, it found that only 60% of recipients who had left the rolls between 1995 and 1997 had jobs at the time of the interview—mostly entry-level

work, such as food handling or cleaning service or retail, earning an average of \$6.61 an hour. Thus, of the 2.1 million adults who went off welfare rolls in those two years, the study found, 840,000 did not have jobs. Counting their children, that is a total of 2.5 million people.

Both of these studies underplay the actual genocide against the poor which the grossly misnamed Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 has wrought, as *EIR* documented in June. However, given their source in establishment think-tank circles, these studies are important to note, because they indicate that the vicious reality of “welfare reform” is beginning to make itself felt among policymakers.

As the 2000 election debate begins to take shape, the welfare reform must become a significant factor if the next Congress is to undo the harm to what Lyndon LaRouche has identified as the “general welfare” of the nation, which is supposed to be guaranteed by our Federal Constitution.

More attention to working poor

On Sept. 8, *EIR* asked Dr. Wendell Primus, Director of Income Security at the Center on Budget and Policy Priorities and principal author of the center’s study, how he thought the study would impact the Clinton administration and the 2000 elections. A former official in the Department of Health and Human Services, Primus resigned from the first Clinton administration to protest Clinton’s signing PRWORA.

“I guess what I’d like to see, and to some extent we are seeing, is that more attention is given to making sure that the working poor actually get the food stamps and Medicaid to which they’re entitled,” Primus said. “The study found income losses, and the income losses were kind of directly associated with loss of assistance. I think that if we put a little less emphasis on caseload reduction and more emphasis on making sure families get the assistance to which they’re entitled, it would alleviate some of those income losses that our study found.”

As to the election campaign, Primus said he was optimistic, given recent statements about reducing poverty by both Bill Bradley and George W. Bush, that the issue would find prominence in the campaign. As to Al Gore, who crafted the

TABLE 1

Change in income amounts by source for single-mother families

(1997 dollars)

| | Poorest quintile | | Second quintile | |
|--|------------------|----------------|-----------------|--------------|
| | 1993-95 | 1995-97 | 1993-95 | 1995-97 |
| Earnings | \$435* | -\$182* | \$1,642* | \$901* |
| EITC | \$228* | \$73* | \$517* | \$398* |
| Means-tested income | \$291 | -\$458* | -\$34 | -\$1,463* |
| Other | \$82 | -\$10 | \$189 | \$274 |
| Total change in disposable income | \$1,036* | -\$577* | \$2,314* | \$110 |

* Statistically significant, $\alpha = .01$

Source: Center on Budget and Policy Priorities, Washington, D.C.

Clinton policy in cahoots with “Rasputin” Republican Dick Morris, Clinton’s 1996 campaign adviser, Primus simply said that he thought Gore will “start to talk about it as well,” because the other candidates are.

Of course, the presence of Lyndon LaRouche as a Democratic Presidential contender will shape this and related campaign issues in a way that Primus and others are not now prepared to recognize. LaRouche denounced the welfare reform policy as slave labor when it was first announced in 1994 as part of the Newt Gingrich “Contract On America.” LaRouche warned Clinton against signing PRWORA in 1996, and called it a grievous error on the President’s part when he did sign it. LaRouche’s New Bretton Woods policy is aimed at creating the kind of international economic recovery that would guarantee productive employment for millions of those Americans now being thrown on the scrapheap by this welfare reform policy.

Declines exceed decreases in need

The central finding of the CBPP study is that the drop in participation in means-tested benefits—the food stamps, Medicaid, and cash assistance which are part of the welfare program—between 1995 and 1997 was much steeper than can be explained by increases in the earnings of poor households. In other words, caseloads declined more rapidly than economic need.

- From 1995 to 1997, the number of people receiving Aid to Families with Dependent Children (AFDC)/Temporary Assistance to Needy Families (TANF) benefits fell by 3 million, or 22.2%. But the number of people in single-mother families that were poor before receipt of means-tested benefits declined only 770,000, or 5.4%.

- Similarly, between 1995 and 1997, the number of people receiving food stamps fell 16.6%, while the number of people below the poverty line before receipt of means-tested

benefits fell 2.9%.

- In 1995, some 57 children received AFDC cash assistance for every 100 children who were poor before receipt of benefits from means-tested government programs. In 1998, only an estimated 40 children received cash assistance for every 100 such poor children, the lowest proportion of poor children receiving cash aid for any year since 1970. In the food stamp program, 88 children received food stamps for every 100 who were poor before receipt of means-tested benefits in 1995. By 1998, only an estimated 70 children received food stamp assistance for every 100 such poor children.

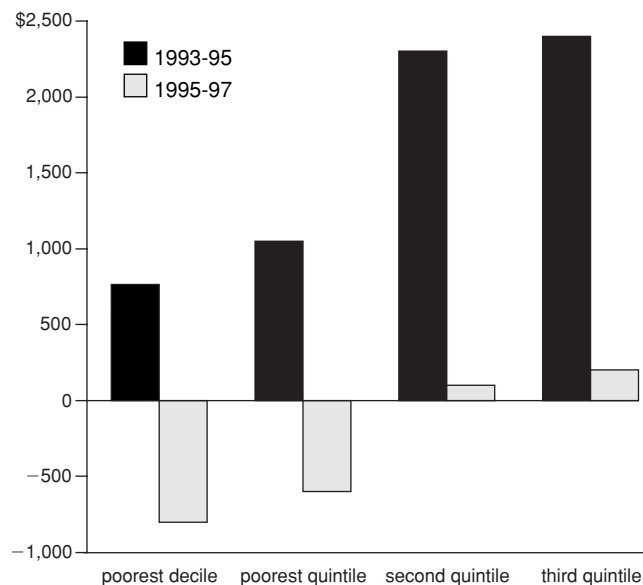
Declining disposable income

The second part of the CBPP analysis examined whether low-income single-mothers in families with children earned enough to offset the loss in income from means-tested programs, from 1993 to 1997. Their key findings include the following:

- Between 1993 and 1995, the average earnings and incomes of single-mother families rose substantially. Increases were particularly large among the bottom 60% of these families, with double-digit percentage gains in average disposable income. For the poorest 20%, disposable income increased an average of 13.7% per family between 1993 and 1995, or a little more than \$1,000. Earnings rose an average of \$430 per family among these families, an increase of one-third. Income

FIGURE 1

Changes in disposable income among single-mother families with children



Source: Center on Budget and Policy Priorities, Washington, D.C.

from means-tested benefit programs also increased.

- Between 1995 and 1997, by contrast, the poorest single-mother families experienced a significant *decline* in their average disposable incomes, largely due to sizable decreases in assistance from means-tested programs. These families also experienced a drop in earnings. Among the poorest 20% of persons in single-mother families (a group with incomes below 75% of the poverty line), average disposable income fell \$580 per family between 1995 and 1997, a decline of 6.7%. About \$460 of this income loss, or about 80% of it, was due to declines in means-tested assistance.

- The next-to-poorest fifth of single-mother families, which had incomes between 75% and 112% of the poverty line in 1997, experienced an average increase in earnings of \$900 from 1995 to 1997. Nevertheless, their overall disposable income failed to rise.

- Only the 2 million single-mother families with the highest incomes — that is, the top fifth of single-mother families — experienced income gains between 1995 and 1997.

So many children hurt

The Urban Institute study found that only 31% of families that have left the welfare rolls were receiving food stamps, though two-thirds of those families had incomes low enough

to continue to qualify for food stamps. As to Medicaid, the number of children and parents enrolled in Medicaid declined in 1996 for the first time in almost a decade, even as states continued to expand Medicaid eligibility for children. (Most children whose families leave welfare cash assistance remain eligible for Medicaid. In many cases, the entire family retains eligibility.) The Urban Institute study found only about 47% of children in families that were no longer receiving cash assistance had Medicaid coverage, and only 34% of the adults in these families did.

Peter Edelman, a former Clinton administration official who served in the Department of Health and Human Services, and who resigned in protest against Clinton's signing PRWORA and is now a professor at Georgetown University Law Center, wrote a letter to the editor of the *Washington Post*, entitled "Who Is Worrying About the Children?" which appeared on Aug. 11. In it, he scored the policy that has led to the Urban Institute's findings. "The Urban Institute study is in fact very unsettling. It implies a need for policy change, not satisfaction, especially because so many children are involved. The Post's story ('Welfare Reform Is on a Roll' [Aug. 3]) helped no one except the politicians who are trumpeting the success of a policy that has hurt so many poor children."

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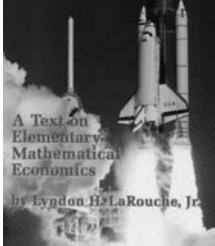
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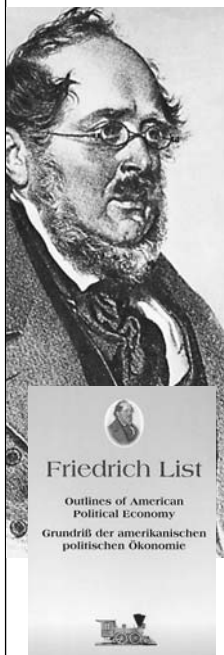
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Economic Policy

Danish paper hits IMF, praises Malaysia

The Danish daily *Jyllands-Posten* praised Malaysia's capital controls and attacked the International Monetary Fund (IMF) on Sept. 1, on the occasion of Malaysia's National Day, in an article entitled, "Malaysia Boleh!" ("Malaysia can!"). This has become the slogan of the country, not only regarding sports results, but has a deeper meaning in the light of two years of economic crisis in Asia, the newspaper reported.

"Where the other countries, which were victims of the financial world's reckless monetary speculation, turned over their economic sovereignty to the IMF, Malaysia defiantly chose another path," the daily said.

"Prime Minister Mahathir, who is more respected than disputed in his own country, while it is the opposite in the West, early on saw the negative side effects of swallowing the IMF's bitter medicine, and instead, established limited capital controls.

"It has quite openly been a better crisis cure than the IMF's budget cutting and high-interest policy, which still holds millions unemployed in Thailand, South Korea and, not least, Indonesia.

"In the weeks up to the Merdeka celebration (the 42nd freedom day since independence from colonial rule in 1957), Bank Negara could say, 'Malaysia Boleh!' The national economy has grown by 4.1% in the second quarter of the year, and the country is now comfortably out of two years of recession."

Mining

WWF demands closure of Papua New Guinea mine

The World Wide Fund for Nature (WWF), a tool of the British Crown to attack industrial society, has denounced the giant Ok Tedi open-cut copper mine in Papua New Guinea as an environmental disaster, and demanded that it be closed immediately, *The Australian* reported on Aug. 23. The mine is 52% owned

by Australian mining giant BHP, and the remainder is 30% owned by the P.N.G. government and 18% by Inmet Mining Corp. P.N.G. is heavily reliant on the mine for national income.

Under new CEO Paul Anderson, an American, BHP has said that it should never have become involved in the mine in the first place, but will continue operating the mine until the P.N.G. government has decided its future.

Ironically, BHP is a takeover target for British mining giant Rio Tinto, and the WWF—whose largest backer has always been Rio Tinto—would seem to be acting as a hit man for its patron.

Capital Controls

India should follow Malaysia, says The Hindu

If India wants to curb speculation, the Malaysian model is relevant, the Indian daily *The Hindu* said on Aug. 30. Reviewing the Indian central bank's Aug. 23 announcement that in order to get the speculation in rupees under control, it would intervene strongly to protect the Indian currency, the daily *The Hindu* rejected the rupee becoming "part of the global casino."

Under the sub-headline, "The Malaysian Model," the daily wrote: "Speculative transactions in the exchange market are those that are not backed by commercial transactions. Banks, active in this, trade as if the currencies were mere commodities. Foreign exchange dealing, a highly specialized activity, involves taking a view of one currency against another. In volume terms, non-commercial transactions have reached mind-boggling figures at the global level. In India, banks do not have the kind of leeway to trade which banks in some other countries have. That, according to one school of thought, is a positive feature and, considering India's present state of integration with the global markets, is to be wholly welcomed.

"The underlying philosophy is exemplified by the Malaysian experiment of reverting to currency controls, after its Prime Minister launched his celebrated attacks on

currency speculators. In Dr. Mahathir's view, speculators had ruined the Asian economies and contributed to their crises. Currency collapses in the affected economies preceded sharp economic downturns. The Malaysian experiment, which is winning over influential adherents, is relevant to India in one important sense."

The *Hindu* recalled that while the central bank of India originally "did oblige" those who said that currency controls should be removed in India, events forced it to rein in that policy. "In the meantime, even in countries where there are minimal controls, there is a feeling that currency trading is akin to gambling on a gigantic scale, and hence some restrictions would be in order. There are critics who call exchange trading the world's greatest casino. The debate goes on in those countries. In India, it is time to look inward even more."

Health

New York City hit with encephalitis outbreak

Encephalitis has broken out in New York City, after sections of Queens, New York were invaded by mosquitos carrying the virus, the *New York Post* reported on Sept. 4. Between Aug. 31 and Sept. 3, two were left dead and 24 hospitalized after being bitten by mosquitos. At a press conference, Mayor Rudolph Giuliani said that the disease "can be very, very dangerous, particularly for people over 60."

In a four-mile-square area of northern Queens, helicopters were dispatched with insecticide, and on Sept. 4, wider-scale street spraying was to be carried out. The City's Consumer Affairs director declared an emergency shortage of mosquito spray, and declared a ban on price gouging. Emergency Management director Jerry Hauer warned residents of the area to remove all stagnant water, including in flower pots, for fear that the mosquitos will rapidly breed.

A medical expert on the virus told the *Post* that St. Louis Encephalitis, the specific strain of the virus carried by the mosquitos in Queens, can cause everything from a low-grade fever to meningitis to encephalitis.

RUSSIA'S population continues to fall sharply. Irina Sbarskaya, head of the Demographics Department of the Russian Statistics Agency, said that in the last seven years, Russia had lost 2 million people. She estimated the loss of 8 million more by 2016. During the first half of the year, the population had dropped by 406,200, to 145.9 million as of July 1, compared with a loss of 226,700 during the same period last year.

LIBYAN leader Col. Muammar Qaddafi called for applying the Abuja agreement of 1991, which established the African economic group, and "reviving the African Development Bank," in statements broadcast by South African television and reported by Arabic News on Aug. 31.

THE KRA CANAL received a flurry of coverage in Southeast Asia, after Thai Science Minister Arthit Urairath said on Aug. 26 that construction of the canal was expected to begin in the next three years and would take six years to complete. However, the Japan-financed feasibility study has yet to be done.

AUSTRALIA'S annual goods trade deficit has ballooned from \$2.9 billion in 1997-98, to \$11.6 billion in 1998-99, a fourfold increase and the largest figure on record. The biggest collapse in goods exports in the year was to Japan and China.

SPACE cooperation between Russia and China to jointly build a new space station to replace the Mir should not be ruled out, Russian Deputy Prime Minister Ilya Klebanov said during a visit to Beijing in late August, Itar-Tass reported.

PRIVATE PENSIONS will be gone after a worldwide stock market crash, economics professor Wilhelm Hankel warned, in an editorial in the German economic daily *Handelsblatt* on Aug. 30. He urged keeping the state-run pension system, but not forcing people into it at age 65, and getting millionaires to contribute to it, as is the case in Switzerland.

Elderly people are most susceptible to encephalitis, and the death rate can be as high as 20%. Of those who survive, 20% may suffer permanent brain damage.

Finance

Currency speculation is a gangrene, says Mahathir

Malaysian Prime Minister Dr. Mahathir bin Mohamad stated that, in his view, an economy, even a free market economy, could function without any currency trading, with no adverse effect on real trade. Currency trading, and in particular, speculative attacks, are "a gangrene that should be chopped off," he said. Currency trading would become superfluous at the moment the governments sat down together and determined exchange rates, he told an international symposium on currency controls and a new financial architecture, in Malaysia's capital, Kuala Lumpur, on Sept. 2, according to the Malaysian daily *New Straits Times*.

Mahathir mocked "the great economist Milton Friedman," who was telling the world that Malaysia's currency controls were "the worst possible choice," while reality proved they were the best choice for Malaysia's economy.

Mahathir said that listening to the International Monetary Fund was, in his view, "the single-most devastating mistake" the government made; it did not achieve anything for Malaysia, nor did IMF policies achieve anything in any other Asian nation. "They wanted to see our businesses crushed and extinguished. We obliged, but it was never enough. Blood, more blood, had to be spilled. . . . The Malaysian economy dropped like a stone. . . ."

"Those nations that went to the IMF for help, have to surrender the direction of their economies to foreign masters — people who could only see revival of the ability to pay foreign debts as the sole objective of having a government. The people may starve, they may riot and loot and kill. These are irrelevant as long as foreign debts are paid. The IMF, with its limited stock of remedies, is no alternative."

Mahathir said that Malaysia did well without the IMF, and can be especially proud of it, because it did well "without having to bend and to bow to anyone, without having to kiss anyone's feet." He added that "Malaysia has not gone kaput," as some analysts had warned when the currency controls went into effect on Sept. 1, 1998.

He added, however, that the genuine crisis of the Western speculative system itself created conditions for Malaysia and other Asian economies to recover from the worst situations of 1997 and early 1998: "The hedge funds have taken a hasty and forced retreat after the LTCM [Long Term Capital Management] fiasco. Their bankers and bankrollers have become much more cautious."

Petroleum

Sudan begins to export its oil

Amid an array of well-wishers in a ceremony headed by Sudanese President Omar al-Bashir, Sudan began pumping its oil overseas on Aug. 30 from the Red Sea port city of Bashayir. Sudan set up, with Chinese help, a refinery with a capacity of 2.5 million tons per year, and also finished construction of a 940-mile-long pipeline from Leglig in central Sudan to Port Sudan on the Red Sea. Sudan also contracted with the Calgary, Canada-based Talisman Energy Inc. to initially pump 150,000 barrels per day.

Dignitaries on hand for the festivities included President of Chad Idris Deby, President of the Central African Republic Patasse, and the Speaker of the Algerian Parliament. On Aug. 30, some 600,000 barrels of oil were put on a ship bound for Singapore.

The Sudan government has said that proceeds from the oil exports will be vectored toward development in the south. The British-run Sudanese People's Liberation Army head John Garang, meanwhile, reiterated in Cairo that the oil pipeline, oil fields, and refinery remain a "legitimate" military target, but so far, he has been unable to carry out his threats to destroy them.

A new strategy for the United States

by Lyndon H. LaRouche, Jr.

The following keynote presentation was given by Lyndon LaRouche to the ICLC/Schiller Institute Labor Day Conference on Sept. 4, 1999.

The subject of this conference is strategy. And I would like to make a brief aside to mention Col. Molloy Vaughn, who just recently deceased, an old friend whom many of you may recall from previous conferences; an old soldier who was always ready to do what was useful for the cause of nation-building.

I would also like to welcome General Bedoya of Colombia, another builder of nations and defender of those nations. And that is essentially the theme of this conference, and the theme of what I have to say to you today in opening this conference.

The world is presently in the final phase of disintegration of a global financial system which was set into motion in the middle of August 1971. From that point on, from the decision made by President Nixon in 1971, to the present time, the U.S. economy has undergone a series of degenerative phase-shifts in policy-making and in practice.

This degeneration of the U.S. economy also reflects a broader degeneration, led by the British Commonwealth—the British monarchy—and other nations which have joined with the so-called Anglo-Americans in imposing upon the world the so-called floating exchange-rate monetary system over the period to the present time, since 1971.

That system is presently hopelessly bankrupt. It will not last. It will disintegrate, or it will be shut down. *My alternative, rather than letting it disintegrate, is to shut it down.* That means that someone with authority must step in, put the old system into bankruptcy reorganization, in the same way you would put a bank in the local community into bankruptcy reorganization—more or less the same—and set in a new system to continue the essential operations, the economic operations performed by the old system, but under new rules, and under new management.



Lyndon LaRouche, addressing the semi-annual conference of the International Caucus of Labor Committees and Schiller Institute on Sept. 4 by videotape, asks the American people: "What's wrong with you? Why don't you start thinking for yourself? Why don't you take up the so-called 'heavy issues,' think them through? Why don't you learn a little bit of history? Why don't you learn some science?" Here, LaRouche speaks to a conference in Germany in April 1999.

It is my view, which I've expressed on many occasions, that the only agency which can accomplish this, is the Presidency of the United States. Not that the President of the United States can *dictate* such a system to the world at large, but rather, without a leading role by the President of the United States, it is most unlikely, perhaps impossible in practice, that other nations would be able to get together with the United States to shut the old system down, put it into bankruptcy, and keep the world economy going, preferably without missing a step, under new management, new rules, and new policies.

I've proposed that for some time as a New Bretton Woods system. And let me explain again, which I've done in various articles and so forth, which some of you are familiar with. But let me put it again in this context.

We had a workable system from the time that Roosevelt was leading the United States during World War II, until approximately 1964; until after the assassination of President John Kennedy. There were many mistakes in the system, but it worked. The system underwent a degenerative transformation from 1964 to 1971, when the old Bretton Woods system was cancelled, and the new Bretton Woods system, the present one, the so-called floating exchange-rate system, was put into effect on the initiative of President Nixon.

That former system, the Roosevelt-led system, worked in general. It gave us a world economic recovery, at least in Western Europe, and in most of the Americas. It also was beneficial for Japan, and beneficial for other parts of the world. This system continued in the form it had operated after Roosevelt's death, until about 1958. Then, the rules began to change. The mud began to slide.

There was an attempt to go back to the Roosevelt policies under President Kennedy. Kennedy's assassination was the end of the effort to revive Roosevelt's economic policies.

We're now in a situation where the old system has failed, and we desperately need an immediate change to build a new system. In the reality of politics, to make such changes under emergency conditions, and to make them suddenly, we must rely, at least to a very large degree, on choosing precedents from past history, preferably periods of history as close to our own as possible, and use those precedents as guides to design the policy changes we must put into effect, to replace the present bankrupt international monetary system with a new one, which we urgently need to keep the world economy going.

It is my view that throughout the world, only the President of the United States, in his position as President, under our Constitution, has the influence, or the potential influence, and the legal position to be the rallying point for other governments which wish to cooperate in this enterprise. So that the United States government, under a leadership of its President, in cooperation with other governments which desire to cooperate, can set up a new international monetary system, whether the rest of the world wants it or not.

We will do it that way, with that kind of arrogance, because we are acting so that we can survive, and so that the majority of the human race can survive. In other words, we will be acting jointly for the general welfare of the world, and those who oppose that must give way.

Given the authority and influence, waning as it may be, of the United States, the President of the United States is the



President Franklin D. Roosevelt (left) and Prime Minister Sir Winston Churchill. Says LaRouche, "Forget all the criticisms, forget all the qualifications. Roosevelt, as distinct from Churchill, represents what we want! Churchill, as distinct from Roosevelt, represents what we do not want."

one political figure on this planet who could, as they say, pull that off.

Roosevelt's policies

Now, the principles involved are much older than Roosevelt. But as I said, we go back to Roosevelt in order to find a precedent for policies which we must recognize were successful, in direct contrast to the policies under which we are presently operating, which have been a disaster for about thirty years, a continuing disaster.

Look at Roosevelt's policies, and let's look at them from the standpoint of their historical background, and general principles.

During World War II, the period of a terrible alliance between a Roosevelt-led United States and a Churchill-led Great Britain, Roosevelt set forth to Winston Churchill, and to others, very clearly, three precise policies or policy guidelines for the postwar world, that the United States would introduce to the world, *whether the British monarchy liked it or not.*

The first thing that Roosevelt specified, was that the world was no longer going to tolerate what Roosevelt described as "the British Eighteenth-Century methods," that is, the methods of the British East India Company and Adam Smith, the so-called "free trade" method.

Rather, Roosevelt insisted that because of U.S. power to create this change, the postwar world would be dominated by American methods, the methods which were introduced into

the United States officially under the first President, George Washington, as typified by the policy papers of Treasury Secretary Alexander Hamilton. We were going to make American methods available to the world as a whole. And we were going to scrap the ability of the British to continue to impose their free trade system, their gold standard system, and similar kinds of systems, on the world any longer.

The second thing that Roosevelt was committed to doing, as he stated explicitly to an irate Churchill, was that with the end of the war, the United States' power and the support it would have from around the world, would act immediately to eliminate all continuation of Portuguese, Dutch, British, and French imperialism and colonialist methods. That this would be the occasion for freeing these nations, which had been subject to these empires or these types of influences, to become sovereign nation-states, enjoying access to the kinds of technology and technological progress which the United States enjoyed and desired to continue to enjoy. And the British would simply have to give up their old system.

Thirdly, Roosevelt pointed to the map of Africa and other parts of the world, and emphasized that with the postwar world, the United States would take the leadership, using American methods, proven American methods of basic economic infrastructure development, and so forth, in order to build up these parts of the world which had been looted, ruined, and kept depressed under British and similar kinds of methods.

Parts of Roosevelt's policy were adopted after his death. But with his death, the policy as a whole died. President Roosevelt had envisaged the United Nations Organization as a way of bringing together nations as a *community of principle* around the idea of the sovereign nation-state, the *perfectly sovereign nation-state*. That such a community of states must be the dominant force and authority on this planet, and the United Nations would be a vehicle to facilitate the bringing into being that kind of community of principle of which, for example, Secretary of State and later President John Quincy Adams had written, in advising President Monroe to institute: the so-called Monroe Doctrine of 1823.

That was American policy.

But, with the President's death, President Truman, under the influence of the British, ordered Japanese troops, of a defeated Japan, which were sitting in camps in Indochina, waiting to be shipped back to Japan, to come out of the camps, pick up their weapons, and *impose French colonial rule on Indochina*.

The arrangement was that the British would return first to take over and replace the Japanese, and then French troops would come in to replace the British. The same thing was done with the Dutch colonies, as present-day Indonesia. The same thing was done with the French colonial empire. The same thing was done with the relics of the Portuguese empire, a relic which we see in the so-called East Timor issue today.

So that part of the policy—Roosevelt's community of principle—was not established. Truman then adopted from Britain a policy, a nuclear weapons policy, designed by a group of people in Britain around Bertrand Russell, perhaps the most evil man of the Twentieth Century. Russell's policy was the policy of the British monarchy. This policy was imposed upon Truman, who, on British directives, through New York people, such as the Harrimans, who were essentially agents of influence of the British, decided to drop the only two remaining bombs—nuclear bombs—in the U.S. arsenal on the civilian population of an already-defeated Japan. Japan had been defeated. MacArthur, aided by the U.S. naval blockade of Japan, had brought Japan to the point that it had no choice but to surrender. *It had no possibility of getting the imports on which its economy depended to survive.*

At the same time, the Emperor of Japan had already agreed, through the Vatican to the United States, on terms of surrender, which happened to be, exactly, more or less, the terms of surrender which Japan accepted after the signing of the surrender agreement.

The problem was, that a certain section of the Japan military, who had been opponents of the Emperor of Japan, Emperor Hirohito, were determined to continue the war. This was the military section of Japan which had launched the second Sino-Japanese war in China. These were the hard-ball guys. And the MacArthur policy was, sit back, wait until maybe October, until the crunch of the naval blockade brings the Japan military to submit to the will of the Emperor, who

has ordered the surrender of Japan.

The British were determined that that should not happen. Therefore, they induced the President of the United States, President Truman, a fool, to drop the only two fission nuclear weapons the United States had, on this helpless, civilian population of Japan.

The function of that, was to establish a reign of postwar nuclear terror, the Bertrand Russell nuclear weapons policy, which has dominated the United States increasingly since that time, to the present time. Most of our military strategy has been a by-product of that lunatic, terrorist policy of nuclear weapons as a way of attempting to bludgeon the world into giving up sovereign nation-states, and instead accepting some form of world government—something we call today “globalization.” Give up your sovereign nation-state, give up the independence of nations, as Tony Blair demands; let a rampaging enforcement crowd run around the world on one pretext or another, bomb this nation, bomb that nation, just the same way that Truman bombed Hiroshima and Nagasaki. Bombing helpless populations, destroying economies, in order to *terrorize* nations, and the world generally, into submitting to this kind of tyrannical will, the will of world government, the will of globalization.

So, those parts of Roosevelt's policy were destroyed. There was no elimination of the imperial and colonial system. The United States supported Britain in restoring, in maintaining, and building up the imperial system, dominated and led from the City of London by the British financial interests. The United States accepted a military policy—a nuclear weapons policy—a policy whose sole and stated purpose was to bring about world government and the extinction of all sovereign nation-states, *including the extinction of the sovereignty of the United States itself.*

That was the change.

The postwar policy retreat

Now, at the same time, a compromise was made on the issue of free trade. The United States was the only really functioning economy of that period, at the end of the war. Europe was a mess. Britain was a junk heap economically. And the only way in which the world could be rebuilt to some degree, was through United States cooperation in setting up a highly regulated system of monetary and financial and trade relations, under which Western Europe, parts of the Americas, and other parts of the world, could enjoy an economic recovery.

This economic recovery was not truly generalized, but it involved several features, which were successful, which we called the old Bretton Woods system, the pre-1959 Bretton Woods system. This involved the replacement of the British gold standard system, which Roosevelt had overthrown in the 1930s for the United States, by a gold *reserve* system, based on a fixed price of gold.

This system was backed up by capital controls and ex-

change controls, financial controls, regulated trade—protectionist methods of trade, tariffs and trade—in order to foster growth and trade among nations. Not the lowest price, not the Adam Smith lowest price.

The best example of success of this policy was the case of Germany. After the United States had decided it was going to support Britain in a nuclear conflict, or a potential nuclear conflict with the Soviet Union, it was decided that Germany had to be rebuilt as a bastion, a logistical bastion, for any credible opposition to the Soviet Union. Therefore, the intent to *crush* the German economy entirely, which had been British and U.S. policy at the end of the war, was abandoned.

Under these circumstances, a leading German banker, Hermann Abs, went to the Americans, the remnants of the Roosevelt administration, and secured agreement to a method for financing reconstruction of Germany. This became known as the Kreditanstalt für Wiederaufbau, as proposed by Abs, under which the most efficient use of Marshall Plan credit was made for the growth of the economy.

That is, the use of Marshall Plan funds in Britain and France was much larger than in Germany, a country whose population was smaller. And yet, in Britain and France, the performance with Marshall Plan funds, was relatively ridiculous, compared with the high degree of success achieved in Germany, centered on Deutsche Bank and the Kreditanstalt für Wiederaufbau.

This was a successful system. Obviously, there were many features of it which could have been better, but it was a successful system.

While this was happening, and as the economies of the world began to recover during the late 1950s; there was an effort to go back to the free-trade system, step by step: to reduce controls, to lessen capital controls, to lessen exchange controls, and to lessen protectionist methods, and to shift toward free trade—your good old British Eighteenth-Century methods of free trade.

The failure of the Eisenhower administration in its second term, the economic failure, created the circumstances under which a President Kennedy, who had modelled himself largely on the image of Franklin Roosevelt, could become successfully elected as President. While Kennedy may be judged to have floundered to some degree in getting his feet on the ground in his administration, by the time he was assassinated, he was becoming a fairly serious and capable proposition, as typified by his manned Moon-landing policy, which is typical of traditional American thinking, which Kennedy showed.

The assassination of Kennedy brought that to an end. Effectively, there were remnants of—many of us still believed, as I did, in the legacy of the experience of the 1930s, the war, and the postwar reconstruction. But the policy was going down.

From about 1966 on, the policy was to march toward the kind of world which Winston Churchill, not American

patriots, desired. Henry Kissinger, of course, himself cited this a number of times. In an address he gave in London on May 10 of 1982, he made reference to this. He said, essentially—he pointed to the fact that the American intellectual tradition and the British intellectual tradition, as typified by Churchill, were at odds. And, he emphasized the conflict between Churchill and Roosevelt on the postwar world, during the World War II alliance.

Kissinger *bragged* about his contribution to this effort, saying that, fortunately, after the death of Roosevelt, British policies had prevailed, and Roosevelt's policies had been gradually eliminated. That's what happened.

Nineteen seventy-one was the ending of the old Bretton Woods system, was the point at which Hell began to break loose.

So, if we compare the two systems today, we have, especially as Americans, especially as those who are proud of the American Revolution, proud of the Constitution; Americans who are typified by Col. Molloy Vaughn, a distinguished officer who in retirement continued to serve his country with the same vigilance and vigor as a nation-builder, *a builder of other nations, as well as the United States*. A man who recognized that building up other nations as sovereign nation-states, as healthy nation-states, is, in the last analysis, the greatest source of security for the United States as a nation in the world.

Creating a new financial system

Those of us who recognize the qualified—well, we make criticisms, you know, of Roosevelt—you could make a lot of criticisms. He was a compromiser, like most Presidents, like most American politicians. He made compromises during the war, which could be criticized. *But he did the job, compromises or not*. His system, to the extent that it was continued after the war, for as long as it was continued, worked. You could criticize it. I *did* criticize it, then. I would criticize it today. *But it worked!*

My problem is twofold: Number one, since the crisis that's going to disintegrate this world financial system is going to occur on the watch of the present, incumbent President of the United States, that is, Bill Clinton, then Bill Clinton must adopt certain policies, and sometime *very soon*, which bring a new Bretton Woods system into agreement.

Now, Bill can't do it all. Because even if he wanted to do it all, he's got a pretty bad Congress. Therefore, we have to have a new Congress. But we can't get that until January 2001. I think we can do it, especially if President Clinton leads in taking the necessary first steps.

The first step has to be to bring a group of nations together to agree to put the old system into bankruptcy reorganization, that is, the world system. That doesn't mean we go into other countries which may not subscribe to this meeting, this conference, and tell them they're going to do that internally. No, we don't tell them that. We say, "*We're* going to do it. The



“Since the crisis that’s going to disintegrate this world financial system,” states LaRouche, “is going to occur on the watch of the present, incumbent President of the United States, that is, Bill Clinton, then Bill Clinton must adopt certain policies, and sometime very soon, which bring a new Bretton Woods system into agreement.” Shown here: President Clinton and Chinese President Jiang Zemin at the Great Hall of the People in Beijing, June 27, 1998.

United States and its partners are going to do it, in terms of their relationship.”

Now, the nations I’ve listed as the candidates for this kind of cooperation are led by China, Russia, India, some part of Europe—and hopefully, we’ll get a government in Germany which can pull itself together and play a key role as the keystone nation of western continental Europe, as a partner with the U.S., in cooperation for the development of Asian countries, and the rebuilding of Russia—Asian countries such as China, India, Pakistan, Iran, Malaysia, and so forth. Countries that have indicated they would like such a system of cooperation, particularly if it’s backed by a group of nations which represents the *majority of the human race!*; which represents the predominant power on this planet.

If you take the United States, with our friends in South America, our friends in Africa, our friends in continental Europe, our friends in Russia, our friends in China, our friends

in other parts of Asia, our friends presumably in Japan, who will come along with us on this one, *that is power. There is no greater power on this planet than such a combination.* If we decide that our relationship with one another, and the relationships we offer jointly and individually to other countries are going to be based on the new system, *I guarantee you, the old system is finished at that moment, and a new system will start immediately.*

That is the job that President Clinton must do, as the man who convenes the conference, and the man who sets forth the initiating proposal which results in these emergency decisions.

The key to it, is to bring forth what I just summarily described to you earlier.

Look at the record. Look at the record of the American System in its best periods, but look more immediately at the record of what Roosevelt did, and what he proposed, and what should have been done, that was not done. And look at how the rejection of Roosevelt’s direction of policy-making led to this global disaster, which has gripped this world for thirty years, and now brings us to the virtual edge of an apocalypse. Both a financial apocalypse, and every other kind of an apocalypse!

Malaysia, for example

That evidence on the table—take the case, for example, of Malaysia—the case of Dr. Mahathir bin Mohamad, the Prime Minister of Malaysia. Remember what *that bum*, Al Gore, did, when on a trip as a guest

of APEC, speaking as a guest of APEC, under hospitality of the Prime Minister of Malaysia, made the most aggressive, insulting speech imaginable. He makes Ribbentrop look like a sophisticated diplomat, by comparison—the Nazi representative earlier.

What Mahathir did—which was denounced by Al Gore, who is pretty much anti-Franklin Roosevelt up and down the line, on every issue—has been successful, in contrast with every other country which followed a policy contrary to what Mahathir did.

All these countries of Southeast Asia, countries in Asia, countries in Africa, all the patriots and serious people in these countries want that. They want that! They want national sovereignty, they want the chance for real economic growth, they want to be able to protect their economies—they do not want to be a garbage pail in which more powerful nations rummage.

If the United States, with China, with Russia, with India,

with perhaps Germany, and with other countries joining them, agree that we must do this immediately, and agree, “*Let’s use the Roosevelt model, of what Roosevelt intended to do at the end of the war—let’s do it that way. Because that contains successful elements, in contrast to what we’ve seen is the incompetence of the anti-Roosevelt methods.*”

If Clinton can do that, he will have saved civilization from consequences perhaps beyond our imagination.

Let us create a qualified citizenry

Now, then the next questions: What happens in January 2001? Where does the world go from there? Well, we have to have a new President, according to the present Constitution—I’m not against a third term for Bill Clinton entirely, but that’s the way things are.

And at present, I’m the only person who is qualified to be that President—the successor to Bill Clinton. No one else on the horizon is qualified. I wish they were. *The most dangerous thing for humanity is to find only one person, particularly an old grandfather like me—one person, the only qualified President of the United States, in this situation.* That’s not good. I’m too vulnerable. And maybe the Queen has some people in England who would threaten to get rid of me, shut my mouth, kill me. That’s not good.

We’ve seen what happened to the United States when Lincoln was assassinated, again by a British assassin. We saw what happened in the United States when Garfield was assassinated, again by the same kind of operation. We see what happened to the United States when McKinley was assassinated, this time, again, openly by a British-directed assassination.

We are too vulnerable. We depend so much upon so few in times of great crisis, when great leadership is needed, that those leaders who can do the job, who are so few, so almost irreplaceable. The enemy always recognizes: “knock those off, kill them, eliminate them, jail them, discredit them, defame them.” The enemy recognizes that’s a very effective method, and then it might be able to come in and do as it wants to do.

Which is exactly what happened with the death of Roosevelt. You had poor Truman, who was certainly not up to the job. He had many shortcomings, shall we say. He was a patsy for the Churchill crowd. He was a *fool*, compared to Roosevelt. The loss of Roosevelt by his untimely death in the spring of 1945, has been a disaster for global civilization.

So therefore, I’m not *pleased* to be the only qualified candidate to be President of the United States in the year 2001. There should be others who are qualified. Well, if there should be others, and I would not like to be alone and vulnerable in that position, under such circumstances, *why don’t we produce them?*

Why don’t we say to our fellow Americans: You don’t have a right to be stupid! You don’t have a right to say, “I follow the news,” when you know that most of our news

media lie to you most of the time about everything, and doesn’t mention most of the things that are important! And you rely upon “interpreting the issues,” as defined by these crooked, monstrously corrupt news media people?

What’s wrong with you? Why don’t you start *thinking for yourself?* Why don’t you take up the so-called “heavy issues,” think them through? Why don’t you learn a little bit of history? Why don’t you learn some science? Why don’t you demand that the people who can teach it to you, *teach* it to you? Not to make you a professional of this or that, but simply to qualify you as a citizen, to know what’s going on and what has to be done, and how to judge the great questions that face the nation. How to rally your forces as citizens, behind the kind of leadership we should be getting out of, especially, the President, and from within the Congress.

That’s what we must worry about. And that’s what we must worry about *now*.

I’ve laid out what must be done, what Clinton must do. I will lay it out in more detail. But, looking forward to the year 2001, even presuming that Clinton does what he must do in the coming months; looking ahead, we must not have merely a change of President. *We must have a change in the temper of government, in the temper and outlook of the American people.* We have to organize our people. We have to get them to think, not to say, “Well, I have my opinion.”

The question of strategy

Now, let’s go back to this question of strategy. I’ve dealt with this in a recent article on the subject of Congress’s revisiting the ABM treaty. I’ve dealt with this at some length there. I’ve also dealt with relevant questions in the matter of how to tell the future, a subsequent article.

But what is this business of strategy in politics? Why do I say, don’t go running around quoting Clausewitz saying, “war is politics continued by other means”? It’s not true.

Take the case of our dear friend Molloy Vaughn. Take the case of General Bedoya of Colombia. What’s the issue here? What’s the issue that faces military people who are patriots, who have some understanding of the world about them, as well as of the needs of their own nation? What is the military man of *that quality*—what does he think?

He says, what’s his objective? The objective, as General Bedoya has expressed it in his own way, in travelling throughout South America recently; the way that Molloy Vaughn was concerned about nation-building in all kinds of small countries and regions around the world, not just as a U.S. officer concerned about the U.S., and building up the U.S. as a nation-state. *Molloy always understood the security of the United States depended upon building other nations up, as our friends, as nations whose instincts would jibe with ours, in terms of the kind of world, the kind of world neighborhood—the community of principle—in which we wish to live.*

General Bedoya’s raised the same question for the Americas—the Americas in general, South America most emphatically

cally. The security of Colombia depends upon the security of the Americas, and the security of the Americas depends upon the security of Colombia, its freedom from this terrible monstrosity which this terrible woman, Madeleine Albright, is fostering in Colombia, against the vital interests of the United States as well as against the Colombian people.

The starting point of politics, in relationship to military strategy, is political strategy. On this planet, there are two important currents, political currents. One, typified by the Venetian tradition, which is the British monarchy's tradition, is called the oligarchical tradition: that a few, controlling money and influence, must rule the world, and the rest of them must be treated as cattle. *You* must be treated as cattle. And you must be herded, made to seem happy, perhaps, but you exist for the pleasure of the cattle-owners—the British monarchy, the financial interests who talk about the sanctity of money, the sanctity of finance, the sanctity of financial systems, which are independent of interference from governments.

What are governments? *Governments are instruments of representation of a nation.* So, a nation, it says, must not have any instrument to impose its will upon this thing from Mars, this financial oligarchy, which comes in like a bloodsucker, like Dracula by night, to suck the blood of our people.

Then, on the other hand, you have the other policy, which has been called modern European culture since the Fifteenth Century: the development of the modern nation-state, whose function is to serve the general welfare, not only of ourselves, that is, our present generation, but also *our posterity*, for hundreds and thousands of years to come. *The government must be governed by nothing but its commitment to serve that general welfare.* That's our Constitution. That's our law; only understand it. That's what the President of the United States must represent, is that point of view. He must take care of the people and *their posterity*.

We also have to take care of a system of nations in which the nations are self-ruled, are sovereign, under this principle of general welfare.

We desire two things: that every government be a sovereign government of a sovereign nation; that it be committed to the general welfare. We also desire that this nation be intelligent enough to recognize that its enemy is any system which threatens systems of government which are committed to sovereignty in service of the general welfare.

Therefore, since we must have nation-states as the only way in which people can be represented in their government, we must have a *system* of nation-states. And the system will work *only to the degree that each nation-state is governed by a commitment to the principle of the general welfare, and that all nation-states each recognize that their well-being as independent nation-states, and their security, depends upon applying the same notion of general welfare to the world as a whole, to all nation-states.*

That is the direction, the American direction, as Kissinger identified and denounced it. That is what Roosevelt repre-

ented at his best. Forget all the criticisms, forget all the qualifications. *Roosevelt, as distinct from Churchill, represents what we want! Churchill, as distinct from Roosevelt, represents what we do not want. What we want in the world, what we don't want in the world.* It's not a matter of "do's" and "don'ts," and "what's this," and so forth, all this kind of thing that people talk about. It's very simple. The principle of the general welfare, the principle of the nature of man, as a thing above the beasts; man as a creature of cognition; the individ-

The government must be governed by nothing but its commitment to serve that general welfare. That's our Constitution. That's our law; only understand it. That's what the President of the United States must represent, is that point of view. He must take care of the people and their posterity.

ual as a person of creative cognitive powers, cognitive powers which must be educated and developed in the young, to bring the benefits and security to the present generations and to the future.

That is the source of strategy. That *political commitment* is the source of our strategy against the strategy of people in the Churchill tradition, for example. Therefore, we must develop the military means and methods which are consistent with our nation-building policy and strategy.

That's what strategy is. Use science, use knowledge, use cognition. For example, take the case of another friend of mine who died some time ago, Col. Tom McCrary, a West Point specialist who served as the point colonel for General Patton in the Third Army's march.

And, he described the way he functioned going into Germany and into Austria. These soldiers, who were typical of the West Point tradition from former times; *these commanders and these non-commissioned cadres, acted to rebuild the economy, to rebuild the nations which their forces had invaded.* Because people in that tradition understood that you don't fight wars to defeat enemies. You fight wars when necessary and when justified, for only one purpose: to shape the outcome of history, in favor of what? I say, in favor of a system of sovereign nation-states, each governed by a fundamental constitutional principle of the general welfare, and all sharing and understanding that the survival and security of one, depends upon the general welfare provided by all to each.

And that's the theme I propose to you today.

Russia, pressed to the wall, moots use of nuclear weapons

by Jonathan Tennenbaum

Already last year, Lyndon LaRouche warned that the policies of the British-American-Commonwealth (BAC) oligarchy toward Russia—including the collapse of Russia’s productive economy through so-called “liberal reforms,” as well as the orchestration of local wars and conflicts along Russia’s strategic periphery—were pushing a Russia deprived of in-depth war-fighting capabilities toward the use of *nuclear weapons* as its only remaining option. The correctness of LaRouche’s warnings on this matter has been massively confirmed by an increasing density of statements and reports coming from Russia itself over the last several months. Indicative, for example, is an interview granted to the Aug. 17 issue of the Russian military paper *Krasnaya Zvezda* (*Red Star*) by the Commander-in-Chief of the Strategic Rocket Corps, Gen. Col. Vladimir Yakovlev. Asked about the external strategic factors determining the future of Russia’s nuclear forces, Yakovlev enumerated:

“NATO’s continued expansion to the East. The affirmation of the U.S.A.’s world leadership by force. The reduction of the United Nations Organization’s influence on processes in the world. The attempt of the North Atlantic Alliance to ignore Russia’s national interests in the Balkans. The *expansion of the zones of instability in regions adjacent to the Russian Federation* [an obvious reference to the Caucasus conflict, the Central Asia situation, and others]. All of this . . . has brought about a *fundamental shift of emphasis*, with respect to the role and means of application of the various structures of our military organization. We have to say today, that while the probability of a large-scale war being launched against Russia has significantly declined, there has been a simultaneous abrupt increase of the threat of its being dragged into local

conflicts. [At the same time, however,] *Russia’s economic condition is not conducive to the development of the comprehensive forces, which are so very much needed in this situation. . .*” (emphasis added).

Doesn’t this mean that under current conditions, the importance of Russia’s nuclear weapons has increased? asked *Krasnaya Zvezda*. Yakovlev answered in the affirmative:

“This increase occurs in tandem with the shift of emphasis toward carrying out the political function of deterring possible aggressions *of any intensity*. . . . All the more so, if we understand that behind any military conflict, behind any infringement of the national interests of Russia, will be the leading world powers and, without a doubt, the U.S.A. In this situation, we shall hardly be able to achieve an adequate response, without demonstrating our nuclear deterrent capability.”

New types of nuclear weapons

These and similar recent statements coming from high-level Russian officials and experts, have to be gauged, among other things, in the light of numerous reports of a Russian decision to develop *new types and forms of nuclear weapons*. Already last June, the Chinese official *People’s Daily* reported, citing Russian military experts, that “after a recent meeting of the Russian national security council, Yeltsin signed an order for ‘non-strategic nuclear weapons.’”

People’s Daily continued: “Military experts announced that Yeltsin had signed a series of documents, and Yeltsin’s order to develop ‘non-strategic nuclear weapons’ was in reality the ‘Program for Developing a New Generation of Tactical

Nuclear Weapons,' which had been set forth by the former Minister of Atomic Energy, specialist on nuclear problems, Mikhailov. The goal is to prepare for carrying out a limited nuclear war. . . . According to reports, in order to match NATO, Russia is planning to produce 10,000 of these miniature and super-miniature nuclear weapons. According to the Russian Atomic Ministry, it is necessary to revise 'the concept that nuclear weapons are weapons of mass destruction'. . . . Russia is firmly opposing the expansion of NATO, and strongly opposes the U.S. use of force against Yugoslavia and Iraq. . . . Naturally it is clear to the main Western countries, that Russia still has the power to wipe out Europe and North America, but at the same time it is clear to them, that Russia could not accept the similar disaster which would result for itself. . . .

"Russia is really not ready to 'commit nuclear suicide' for the sake of Yugoslavia or Iraq, and can only watch helplessly, after having expended decades of painstaking efforts, expending incalculable financial resources to build up a nuclear arsenal that it cannot use, and which is now just like a pile of useless metal thrown aside. The plan by the Russian Atomic Ministry is intended to change this situation. The logic of the Atomic Ministry is: If we can greatly increase the real possibility of nuclear attack, we can renew the effect of nuclear deterrence; and maintaining the pressure of nuclear arms can become an effective policy. For this reason, Russia should have the possibility 'to use miniature and super-miniature nuclear warheads' to attack military targets at any point on the globe, while at the same time such a 'precision attack' would not trigger a large-scale nuclear war."

Secret projects under way

A number of more recent indications tend to back up the *People's Daily* report, while pointing to increasing uneasiness in the West on the same account. For example, the *International Herald Tribune* of Sept. 1 published a prominent article by David Hoffman on the occasion of an Aug. 29 meeting of veteran Russia nuclear weapons designers at the famous "closed city," Arzamas-16, celebrating the 50th anniversary of the first Soviet atomic test. Western reporters permitted to attend the celebration, found the participants engaged in much more than mere sentimental reminiscences of the past. According to Hoffman, "Although details remain secret, there appears to be a drive among some weapons designers . . . to build a new generation of low-yield tactical nuclear weapons . . . which would be Russia's answer to its lack of high-precision conventional weapons" of the sort used by the United States against Iraq and Yugoslavia. Hoffman quoted former Atomic Minister V.N. Mikhailov, a major proponent of the new strategy, saying that the "new generation of low-yield nuclear weapons will have particular significance for the world. . . . These weapons can really be used in case of any large-scale military conflict."

The most far-reaching and most shockingly explicit statement, however, has now come from Mikhailov himself (see *Documentation*). Other relevant breaking developments will be covered in detail in the coming issue of *EIR*. To conclude this report, however, the following point should be emphasized: It would be a serious error to assume that Russia's projected new nuclear weapons development will be limited merely to tactical nuclear warheads in the conventional sense. One should remember, for example, that Arzamas-16 was a key center for Soviet research and development of "directed-energy weapons," including such novel things as nuclear-driven enhanced-radiation and electromagnetic pulse devices. Those who think that "smart" precision-guided weaponry is the "trump card" in military technology, may be in for some unpleasant surprises.

Documentation

The following is excerpted from an article by Academician and former Atomic Energy Minister V.N. Mikhailov, in the Aug. 20-26 issue of Nezavisimoye Voennoye Obozreniye (a military supplement to the daily Nezavisimaya Gazeta). It was translated by FBIS. All emphasis has been added by EIR.

The first half-century of existence of our nuclear weapons opened gloriously and worthily. The second half-century of their history begins in late August 1999, and we simply have no right to conceal from Russia that it is beginning with difficulty and ambiguity. On the one hand, new models of conventional precision weapons are being created. The NATO military-technical doctrine entered the stage of special standards of an expandable communications interface for creating ultra-precision weapons based on the ultra-high-capacity of on-board computer complexes (supercomputers), and mastery of nanotechnology in electronics and in the science of metals. *These weapons today are becoming weapons for punishing the disobedient, weapons of a 21st-century empire!*

On the other hand, not one nuclear state is giving up its arsenals. The United States and France have taken large-scale measures to modernize national nuclear weapons complexes. England is optimizing its forces and China is working actively in this sphere. New nuclear powers are appearing in the world and the political situation is fraught with new instability, since technologies are being created for developing and testing nuclear weapons based on scientific and technological progress: subcritical experiments at nuclear test sites; supercomputers for mathematical modeling of complex processes of the development and course of a nuclear and thermonuclear burst; and powerful laser, x-ray, and gamma units. All these are the foundations of 21st-century technology, including the striv-

ing to develop ultra-low-yield nuclear weapons for real use with high accuracy of delivering the warhead to the target.

Creators of the Homeland's nuclear defense shield are not in a very holiday mood today. Much is remembered, but when thoughts turn to the future, a feeling of concern and alarm arises both for conventional and for nuclear arms. This is because with all the obviousness of the conceptual side of the matter, the day-to-day practice of the life of the Russian military and nuclear weapons complex is very far from what the country needs for taking a quiet look at the planet's complicated future. In the past decade Russia has encountered a number of serious threats to the very existence of the people and state. Gross National Product has declined twofold. Science, education, and the most high-tech sectors of industry are in a deep decline. The policy of state atheism, followed over decades, and destruction of the system of Russia's traditional values led to loss of orientation, to a spiritual crisis, and to a decline of morality.

Today there are great threats of a non-military nature—economic, information, and cultural pressure. And NATO eastward enlargement and the situation in other regions contiguous with Russia and the CIS [Commonwealth of Independent States], generate deep concern in all of us. It is forecast that the 21st century will be one of struggle, not so much of ideological systems as of civilizations relying on the religious factor. The struggle is being exacerbated for our planet's limited resources. The crisis in which Russia now finds itself is deep, many-sided, and long-range in nature, and all this time there has to be reliable protection of Russia and the CIS against external threats.

Our Armed Forces have been weakened so much, that only the nuclear weapons already created by great labors and sacrifices of all the people, are the sole effective means of defense in the present situation, the guarantor of national security. They are capable of depreciating the combat characteristics of all modern conventional weapon systems.

It should be noted that in the critical situation of the U.S.-S.R.'s disintegration and formation of fundamentally new structures for managing Russia, we managed to preserve the nuclear weapons complex, to prevent any kind of emergency situations from appearing in it, and to ensure nuclear safety under conditions of the disappearance of old power structures. And today the Russian Federation possesses unique nuclear weapons collectives, technologies and industries. We can assert confidently that in terms of technical qualities our nuclear weapons system concedes nothing to anyone in the modern world.

At the present time our specialists are working under very difficult economic conditions to solve important problems of preserving and modernizing nuclear weapons to ensure Russia's security.

The creation of a new generation of ultra-low-yield nuclear weapons with little effect on the environment will be of great significance for the world. And there must be no

vagueness over the fact that such weapons actually may be used in any case of a large-scale military conflict involving conventional arms or weapons of mass destruction used to destroy the state or substantially deteriorate the conditions of life of its people. We must respond adequately to the challenges of such future technologies. It also is troubling that nuclear weapon problems often remain outside the bounds of public attention in Russia, appearing in the best case on its periphery. But Russian nuclear weapons deserve the most careful, interested, and constructive nationwide attitude.

Realization of the importance of the nuclear military-political aspect of ensuring Russian state interests must become that common platform which will not be rejected by a single responsible political figure. There is no militaristic nuance in this statement—it has all of Russia's geopolitical experience behind it. There could have been and were different and even antagonistic interests in different social layers of the population in different historical eras, but Russia's defense interest has been understood by everyone in our Homeland in the same way at all times.

Nuclear weapons are the only kind of arms which were only developed, but never employed again after August 1945. Henceforth, as well, they should not have the right to actually be used, in exchange, however, for the right of a deterrent presence in the world. For the sake of this, we preserved Russia's nuclear weapons complex and today have accepted the challenge to create new technologies of the 21st century. And only then will the attacks on Hiroshima and Nagasaki be mankind's first and last nuclear attacks in the last global war in its history. Strictly speaking, it was for the sake of this, that our atomic problem was solved in a country covered by wounds of a great war. For the sake of this, collectives of many thousands and outstanding intellects lived and created. For the sake of this, the earth of the Semipalatinsk nuclear test site trembled on an August morning in 1949.

Now we already are separated from that hour by a half-century, but those feelings and aspirations which moved the First Ones have not become obsolete and have not faded. They can be formulated simply: "Peace, tranquility, and prosperity for Russia and all peoples of the world."

Roman Popovich, chairman of the Russian Duma's commission on defense policy, gave a statement in Moscow on Sept. 8, quoted by Itar-Tass:

"Russia has the technologies and possibilities to launch production of missiles of a new class, with detachable warheads," he said.

"The U.S. has practically seceded from the ABM treaty of 1972," he said, and in his opinion, Russia should retaliate against the creation of a new anti-missile defense system in the States, by "developing an entirely new kind of offensive weapons."

"It will not be an intercontinental ballistic missile of the Topol-M class. . . . Let the U.S. waste money."

General Bedoya calls for U.S.-Colombian alliance vs. drugs

by EIR Staff

Gen. Harold Bedoya Pizarro (ret.), former Commander of the Armed Forces of Colombia, on Sept. 7 gave an extremely successful news conference at the National Press Club in Washington, D.C., where he briefed a contingent of 40 reporters from government-linked and private news services internationally, on the nature and scope of the narco-terrorist threat to Colombia and other nations, and what must be done to vanquish it.

The senior military leader said, "It is false," the way this situation in Colombia is portrayed as a 40-year political struggle. What you have is a drug cartel—a known drug cartel, attempting to seize power. He noted that the drug culture could have been defeated, had the will existed to do so. But the previous government was beholden to the Cali Cartel, and this current government was installed by the narco-terrorist FARC cartel.

Using maps to address the group, Bedoya gave a 50-minute briefing, then took questions for another 50 minutes. The General stressed three interrelated points in his remarks.

He called for a Marshall Plan for development of Colombia, specifically *without* any conditionalities or involvement of the International Monetary Fund (IMF). He attacked Richard Grasso, the president of the New York Stock Exchange, for visiting the FARC drug region recently, and talking of collaboration. General Bedoya pointed out that what's involved are drug money flows; Grasso knows this. These are speculative money flows to Wall Street, which needs this dirty money. Wall Street is facing a crash. But Bedoya pointedly added, even if they were not, they would still need this kind of money to keep their system going.

These attacks on Wall Street and the IMF generated intense interest in General Bedoya's private meetings in Washington, and were made the focus of a report on his press conference that was sent out internationally by the Spanish EFE news service (see *Documentation*).

Secondly, he said, we must change the situation in Colombia. The current government has been in power for one year, but "it feels like a hundred years." They are destroying the country and the territory. He said that Colombians "are mobilized" for a change. We cannot stand the government for the next four years. We must have change. We can't have

the indebtedness we do now. We must have no more IMF.

He also called on Washington to change its current policy of support for the Colombian government's "absurd" negotiations with the FARC cartel, in pursuit of an illusory peace that will not come through this kind of capitulation.

General Bedoya spoke of the need for a "change in the culture." The state has but a single function—to look out for the welfare and progress of its people. But the most basic norms are now being violated. He pointed to the 4,000 Colombian children who have been kidnapped by the narco-terrorists, and made to carry grenades, guard drug labs, and do the narco-terrorists' bidding. We cannot have children treated this way.

A key moment for Colombia

General Bedoya was introduced by Dennis Small, *EIR* Editor for Ibero-America, who said that the General was in Washington for a week for meetings with Congressmen and others on the urgency of the situation. Bedoya stressed, "I am returning to the United States at a key moment for Colombia." The country is being destabilized by war, but most people are unaware of this war. They do not see the war, but the war is felt by all. It is destroying Colombia and our people.

The military man pointed out that the United States and Colombia were allies in the past, in the fight against communism. Hundreds of Colombian soldiers fought side by side with Americans in Korea. Now we have to fight this other war. We have to ally and fight this threat posed by narco-terrorism.

Colombia is the place where this problem originates. The drug crops are there. The labs are there. The air strips are there. But all we are left with is the violence, and the economic destruction. The Colombian population is fleeing, he continued. We are not getting assistance to fight the problem.

However, while Colombia is seen as the party responsible for all of these drugs, the fact of the matter is that Colombia could not be the drug producer it is, were it not for other countries' involvement. The chemicals that are used in drug processing come from Europe and the United States, and the consumption takes place in Europe and the United States. Colombia's entire Gross National Product of \$100 billion



Gen. Harold Bedoya (ret.), at his press conference in Washington on Sept. 7, refuted a long list of lies being told about Colombia, starting with the insane notion that the FARC insurgents are anything other than a gang of murderous drug-pushers.

is what the United States spends yearly to deal with health problems related to drugs. That is an irony.

General Bedoya pointed out the international scope of the drug trade. Russian mafias send the weapons—the rockets come in to protect the drug trade. Spain serves as the entry port for drugs that come into Europe, and as a money-launderer.

In South America, drug money is entering many countries, and setting up fake enterprises there—and eventually will destroy the economies of those countries, because it is not contributing anything. Mexico is a transshipment point. Peru and Bolivia produce tons of coca and coca paste, which are then shipped into Colombia.

But, only Colombia is deemed responsible for the drug trade.

Handing over the country

The government is handing over the country to the FARC. More than 42,000 square kilometers have been handed over, an area larger than Switzerland, or a couple of Central American countries combined.

In the area handed over to the FARC, 200,000 Colombians used to live. They are now being held hostage. The state is not there. There are no army forces. No police. There are a few mayors appointed by the FARC, but no one elected. Democracy has disappeared. There are no political parties.

Guerrillas are being trained there from several countries. Furthermore, the FARC has drug labs in Peru. A new group showed up in Venezuela recently called the Tupamaros. Those new terrorists attacked Colombian consulates in Venezuela and also the Colombian Embassy there.

Recognize war refugees

Thousands of Colombians are becoming refugees in Venezuela and Ecuador, and, of course, many of them are coming to the United States. General Bedoya called on the United States to recognize that these people are war refugees, and to treat them as such.

The General also met with Dr. César Gaviria, head of the Organization of American States and former Colombian President, after which Bedoya released a statement saying that he had conveyed his concerns about war refugees, the treatment of children, and the IMF/Wall Street attitude toward the drug trade, and had received a cordial response (see *Documentation*).

Documentation

EFE covers Bedoya's attack on Grasso, IMF

The Spanish news service EFE put out a news report on General Bedoya's National Press Club briefing, that went out internationally on Sept. 7. It included a key section on Bedoya's denunciation of the international financial community in facilitating the drug trade. EFE reports:

“Bedoya criticized the president of the New York Stock Exchange Richard Gross [sic], who, according to Bedoya,

'recently visited the drug laboratories in those territories, surely to negotiate where to invest the dirty capital that is destroying the whole world economy.' Bedoya also criticized the International Monetary Fund, and demanded that the multilateral institution with headquarters in Washington 'not impose on Colombia that it incorporate in its economy the drug money, as was done in the latest negotiation (which demanded) that the Colombian state include \$700 million in drug dollars in its accounting, assuredly to pay interest owed to the Fund.' "

The EFE wire also cites Bedoya's warning that "'the financial systems of Argentina, Uruguay, Chile, and Peru serve to launder money, in a business that will lead to the economic destruction of Latin America.' "

At the Foreign Press Center briefing given on Aug. 8, by White House special envoy Buddy MacKay, who had just returned from a trip to South America, the second question asked of MacKay referenced the Bedoya briefing: "Regarding Colombia, are you ready to advise the President on a possible increase of military aid to Colombia? We had here yesterday in the Press Club the former Defense Minister of Colombia, who is advocating an increase in military aid so the Colombian army can really defeat the narco-terrorists in the country?" MacKay gave a non-answer.

OAS Secretary General César Gaviria meets with Bedoya

César Gaviria, the Secretary General of the Organization of American States (OAS), on Sept. 8 met with Gen. Harold Bedoya (ret.), former Colombian Defense Minister and current president of the Fuerza Colombia movement. In the meeting, which lasted more than an hour and was held at the OAS headquarters in Washington, D.C., General Bedoya conveyed to Dr. Gaviria, former President of Colombia, that it is urgent that the United States government grant war refugee status to Colombians fleeing to the United States, until peace can be restored in Colombia, and the nation can recover from the devastation caused by narco-terrorism.

General Bedoya also gave the OAS Secretary General a copy of the legal document that he has presented to Colombian President Andrés Pastrana, urging him to comply with Laws 397 and 418 of 1997, with regard to the protection of children, since those laws prohibit the government from negotiating with the FARC narco-terrorists and handing over territory to them, if it is shown that minors are involved. The FARC kidnaps minors and exploits them, using them to protect their cocaine laboratories and "as cannon fodder against the Army," said Bedoya, who also denounced the concentration camps that the narco-terrorists have established in the demilitarized zone which the Pastrana government has

granted the FARC, where more than 1,500 Colombians who have been kidnapped are being held hostage.

General Bedoya further expressed to Dr. Gaviria his concern over the way in which Wall Street and the International Monetary Fund are pressuring Colombia to incorporate dirty drug money into its financial system. "I specifically referred to the recent visit of New York Stock Exchange president Richard Grasso to the Colombian jungle, to meet with Raúl Reyes, who is the head of finances and drug production for the FARC," said General Bedoya. This, said Bedoya, encourages the production of the very drugs which are poisoning populations around the world and destroying the environment, since trees are being felled in the jungles of Colombia in order to plant coca, and chemical waste from the processing of cocaine is being dumped into the rivers of the Amazon basin.

"It was a cordial and very fruitful meeting," said General Bedoya of his meeting with the OAS Secretary General. "Dr. Gaviria listened with great attention to the concerns we had," added Bedoya, who is currently in Washington to meet with members of the U.S. Congress and others, to warn them of the disintegration that Colombia is facing due to the threat of the FARC, a situation which is worsened by political corruption and the decision of the Pastrana government to protect and cede territory to the narco-terrorists.

The Science of Christian Economy

And other prison writings by Lyndon H. LaRouche, Jr.

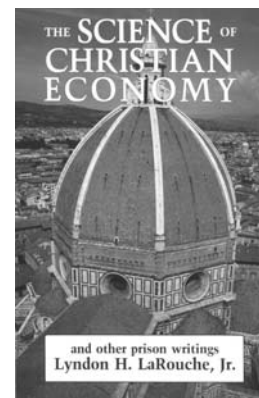
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German voters reject Schröder's 'Third Way' in key state elections

by Rainer Apel

The election results in the two German states of Saarland and Brandenburg on Sept. 5, were an outright disaster for the ruling Social Democrats and their allies, the Greens. To those who are better informed, the results did not come as a big surprise. Nor were they a surprise to the voters, who are deserting the "red-green" alliance in droves.

The vote is a repudiation of Chancellor Gerhard Schröder's "Third Way" alliance with British Prime Minister Tony Blair: an alliance which has brought nothing but austerity and suffering to the increasingly unemployed and deindustrialized population of Germany.

The Social Democratic Party (SPD) suffered a loss of more than 15% of the vote in Brandenburg, ending up with 39%, compared to the 54% they had received in the last elections, five years ago. The loss is almost one-third of the SPD's vote. In Saarland, the SPD lost 5%, dropping from 49%, to 44%, but the drop in total voter turnout, from 83% in 1994 to 68% this year, was much more drastic than it was in Brandenburg, where it fell from 56%, to 50%. Most of those voters who stayed away from the voting booths had previously backed the SPD. In Saarland, the SPD lost a net 93,000 votes, whereas the opposition Christian Democratic Union (CDU) gained no more than 12,000—enough, however, to overtake the SPD, which had 44.4% of the total vote, compared to the CDU's 45.5%. The CDU won not because voters consider it the better choice, but because they deserted the SPD.

National implications

The SPD loss of government power in Saarland has implications on the national level as well: With that state falling to the CDU, the SPD-led national government has lost any chance of forcing crucial legislation through the Bundesrat, the upper chamber parliament, representing the 16 states of Germany. All laws and budget proposals that affect the constitutional powers of the states—and many austerity measures fall into that category—depend on a majority of 35 votes in the 69-seat Bundesrat. Before Sept. 5, the SPD and the Greens controlled 33 seats, which meant that for any of the red-green

austerity projects, there would have been a chance to get the required 35-vote minimum, by granting concessions to the CDU, with which the SPD runs three states in "Grand Coalition" governments. Now, the loss of Saarland and its three seats in the Bundesrat, means that the SPD is even further away from a majority of 35.

But, this is just the superficial picture. In fact, the SPD is not even certain of its own votes in the Bundesrat, because the red-green austerity measures have drawn heavy opposition from several SPD-led states. Notably, the outgoing Governor of Saarland, Social Democrat Reinhart Klimmt, has been an outspoken, harsh critic of the red-green government's austerity measures. The SPD Governor of Brandenburg, Manfred Stolpe, has also been a critic, although much more cautious. Yet, not only was Stolpe unable to prevent the massive loss of votes for the SPD, but Klimmt also was unable to, even though he infused his election campaign with much anti-Bonn populism. This is a sign that the voters have deserted the SPD for good—it is the beginning of the end of a short-lived era of an SPD-led government in Bonn, which took power only 11 months ago.

Never before in German postwar history, has such a drastic collapse of popular support occurred. No Social Democrat, not even the most populist one, will be able, in the near future, to restore the position of the SPD among German voters—not with its current austerity policy, at least. After the majority of the German electorate voted the neo-liberal austerity policy of CDU Chancellor Helmut Kohl out of power in September 1998, they have now voted out the SPD variant of that policy, as well. (See article in *Economics* for the effect of SPD policies.)

There were no national elections on Sept. 5, but had there been, this government would have been voted out. Already, the overwhelming majority of voters oppose this government. With approximately 40-45% of the voters boycotting the polls, the votes that the SPD receives from among those who still turn out to vote translate into support of less than 25% of the entire electorate. No such government can prevail, in turbulent times like these.

German Chancellor Gerhard Schröder's Social Democratic Party-led government will never recover voter confidence, thanks to his embrace of British Prime Minister Tony Blair's (inset) "Third Way" policies of globalization, free trade, and vicious austerity.



More elections are in the offing: state parliament elections in Thuringia and municipal elections in North Rhine-Westphalia (Sept. 12); state parliament elections in Saxony (Sept. 19); city-state parliament elections in Berlin, the capital of Germany (Oct. 10). And, more electoral disasters are on the agenda for the SPD and its Green party coalition partner.

Voters oppose austerity

In particular, the SPD is losing support among those sections of the population who would be hardest hit by the planned "red-green" austerity package for FY 2000, consisting of budget cuts mostly in pensions, unemployment benefits, employment incentives, public health care, and social welfare benefits. Retired citizens, the unemployed, health care workers, as well as those who need medical treatment, and those who depend on social welfare, are among the voters who are deserting this government in large numbers. And, there are the labor unions, whose members helped to install this SPD-led government in power last September, because they believed—wrongly—that it would have a better policy than the CDU-led government of Chancellor Kohl, would create jobs and reduce mass unemployment, and would be more socially conscious and avoid budget cuts in social and

labor programs.

Labor voters now realize that the government they voted in last September, is not a jot better than the government they voted out. For example, because of the ecology tax, the brain-child of the radical ecologism that dominates the minds of many SPD and Green party politicians, which went into effect in April of this year, the millions of workers and employees who need their private cars to commute to their jobs every day have a gasoline bill that is 20-30% higher.

An increasing number of labor union members are coming to the conclusion that the new government is even worse than the old one. For a governing party like the SPD that has always had a tradition, however unmerited, of maintaining "good links to labor," the discontent among the labor movement is poison, and the next wave of labor strikes and protests will illustrate that clearly.

A missed opportunity

This government is worse, indeed, than its predecessor. Its policies are not based on traditional SPD programmatic material, but rather, they have been imported from Britain, from Prime Minister Tony Blair's "New Labour" party. Granted, the 25-year penetration of the SPD by ecologism

has created fertile ground for the adoption of Blair's service-sector virtual reality, which goes under the pompous label of "Third Way." And, since Blair won the elections in Britain and took power in May 1997, the looney debate on that "Third Way" has increased among SPD members.

Yet, when Gerhard Schröder began preparing for his candidacy for Chancellor, in spring 1997, enough ferment existed among Social Democrats for a program and campaign platform that would have reflected the programmatic impact of the LaRouche movement in Germany for a new world economic order. In spring 1997, the German labor movement had just come out of a giant, several-month-long strike wave against the Kohl government. The high point of that strike wave came when enraged miners marched into the government district of Bonn, and when tens of thousands of steel workers staged a protest rally outside the front gate of Deutsche Bank, Germany's largest private bank. Against that background, the SPD had a chance of adopting a campaign platform that would have contained much of traditional SPD pragmatism, but also would have had essential aspects of anti-monetarist proposals, including a tax on financial speculation, the creation of a new global system of fixed currency exchange rates, and low-interest state credit programs for development projects in industry and infrastructure. The SPD had that chance, and it missed it.

Something is rotten in Bonn

In the late spring of 1997, Bodo "Bobo" Hombach, head of Schröder's campaign staff, established official contact with Peter "Mandy" Mandelson, Blair's chief spin-doctor in London, and to the entourage of Dick Morris, who was fired as the 1996 campaign manager for Bill Clinton in the United States. Through these contacts, which were accompanied by contacts with the Anglo-American monetarist banking community, Hombach manipulated Schröder, whose thinking at that time was highly provincial and who had no knowledge about world economics, into becoming a promonetarist "politician on the rise." Doors were opened for Schröder in the United States and in Britain, and Schröder chose to run on a campaign platform largely copied from Blair's "Third Way." From the summer of 1997 on, Schröder has been on "auto-pilot" with that program, not willing to take notice of the economic reality outside of the Hombach campaign staff's view. By the time Schröder won SPD nomination for Chancellor in March 1998, Hombach was already going public with his "Third Way" project, which he was jointly drafting with Mandelson. But, most SPD members and supporters were so obsessed with voting out Chancellor Kohl, and replacing him with Schröder, that they did not pay sufficient attention to Schröder's "Third Way" agenda.

When the national elections of Sept. 17, 1998 were over, and the SPD parliamentary group in Bonn announced that, "for time reasons," the party would simply take the neo-

liberal draft budget for FY 1999 which the outgoing Kohl government had designed, and would not present an alternative draft, many SPD and labor union members should have been alarmed. But, the incoming Schröder government got away with its excuses about the alleged "urgency to balance the budget." Then, during late autumn 1998 and throughout the following winter, the rising jobless figures revealed to many Germans that something was wrong with the new government.

The state parliament elections in Hesse, on Feb. 7, 1999, the first election after the previous September's national vote, brought the first big disaster for Schröder's "new SPD": It was voted out from the government in that state. Then, on March 9, some 35,000 nuclear power workers marched on Bonn, protesting outside the Chancellor's office against the government's plans to discontinue use of nuclear energy production. Three days later, Oskar Lafontaine resigned from his posts as Finance Minister and SPD party chairman. Schröder took over as chairman of the party.

Then came the 11-week NATO air war in the Balkans, which was unpopular among Germans, in part because the government was willing to spend billions for a useless bombing campaign, while at the same time, the first leaks from the government already indicated that its first genuine budget, for FY 2000, would include deep budget cuts, in the range of several tens of billions of deutschemarks. In late April, it became clear that Schröder's new Finance Minister, Hans Eichel, who had been voted out as Governor of Hesse on Feb. 7, was determined to take more than 50% of his planned budget cuts of DM 30 billion out of funds earmarked for labor, unemployment, public health care, and pension programs.

The 'Schröder-Blair Manifesto'

During May, a heated debate began among large sections of the population about the draft austerity budget. But, Schröder did not take notice of any of this. Ironically, he flew to London on June 8, on the eve of the European Parliament elections, to present the so-called "Schröder-Blair Manifesto" to the public—in the form of a book entitled, *The Third Way*. Within five days after his joint London press conference with Blair, voters in both Germany and Britain told everybody what they thought about it: "New Labour" and the "New SPD" got a big slap in the face. When voters cast their ballots on June 13 for the new European Parliament, Blair's "New Labour" lost 32 of its 62 European Parliament seats. That same day, the SPD lost 10% of its vote compared to the previous European Parliament elections, and the writing was on the wall for Schröder's "New SPD" and its policies borrowed from Blair.

After June 13, had there been any brains in the SPD leadership, the "Third Way" would have been thrown out instantly. But, the annual summer break came, and with it,

leading politicians had the usual illusions, that the population would be occupied with vacations, and would not think about politics, and that after the summer break, things would look much better—Who knows? There might even be improved economic conditions and lower unemployment.

But, things did not look better. Already during the summer break, financial market turbulence and rising joblessness kept large parts of the German population in a state of agitation. And, something else occurred that undermined the Schröder government considerably, from an unexpected flank: Scandals around Bobo Hombach, head of the Chancellor's office since October 1998, were generating continuously negative headlines, with leaks about his various financial irregularities, weird real estate deals in Canada, and the like. Hombach was also becoming a welcome target for those Social Democrats who were enraged at Schröder, but who, for pragmatic reasons, wouldn't take him on frontally. The media leaks had begun already in late May, and Schröder, who had hoped to put a damper on the revelations and shield his government, decided in mid-June to move Hombach out of Bonn, to the newly created post of European Union chief coordinator of Balkans aid.

But, in the succeeding weeks, the revelations around

Hombach's dealings did not die down, nor did the sentiment against Schröder's general austerity policy. Outrage against Hombach reached such a scope in his home state of North Rhine-Westphalia during August, that at the end of the month, he was forced to resign from all SPD party posts. But, the first real occasion to voice direct protest against the government, after the summer break, came with the state parliament elections on Sept. 5. With less than 25% of the electorate still backing him, Schröder's days in the Chancellor's office, and of his "Third Way," are numbered.

Making things worse for Schröder, the SPD left wing is beginning to regain strength, and is taking up positions against his joint "Third Way" paper with Blair. A manifesto attacking that paper has been signed by 40 members of the SPD party parliamentary group, among them Klaus Wieseuegel, national chairman of the German construction workers union. This means that Schröder's red-green government, which started with a parliamentary majority of 21 votes less than a year ago, is now 19 votes short of a majority.

There will be little to celebrate for Schröder, when the first anniversary of his government comes up in late October—if the German population allows him to remain in power, up to that time.

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LaRouche to advise new Triangular Association

by Ramtanu Maitra and Mary Burdman

Leading scholars of India, China, and Russia founded a group known as the Triangular Association, to promote the Eurasian Land-Bridge as a vital task for the strategic interests of all three nations, at a meeting in New Delhi on July 30. Lyndon LaRouche has been named as an honorary adviser to the Association.

The Triangular Association, a non-government group, pledged itself to “generate ideas and concepts for the exclusive purpose of assisting the governments and peoples [of China, India, and Russia] in defining policies in key strategic areas, including economic, financial, cultural and scientific, . . . and to develop mutual understanding and cooperation among the three nations.”

The three founders, Prof. Ma Jiali of China, Prof. Devendra Kaushik of India, and Dr. R. Rybykov of Russia, called on all like-minded people and associations to support these objectives.

The Triangular Association’s founding was prominently reported in an article in the New Delhi daily *Hindustan Times* on Sept. 2, after a press conference held by the Indian founders of the Association.

Reflecting on the conclusions of a series of public and private meetings on the “strategic triangle” among China, India, and Russia over preceding months, its founders stated that the Association’s objectives are:

- “To facilitate cultural, scientific, and technological cooperation among the three countries, utilizing each others’ strengths for the betterment of the conditions of the people, not only belonging to these three countries, but also of those residing in countries of the region, and beyond.
- “To help the governments and the people through studies, conferences, and seminars, making them aware of the necessity to protect the strategic interests of the region in the wake of the growing threats to security and stability posed from outside and within.
- “To organize study-projects and publications to facilitate a coordinated approach among the three countries in effectively dealing with the deepening global economic and financial crisis. The building of the Eurasian Land-Bridge, which will connect the easternmost parts of Asia to the western coast of Europe, is of vital importance to all three countries. The studies will be undertaken to exhibit the necessity of building this Land-Bridge to strengthen the region economically and strategically.”

The spread of Islamic extremism, as well as joint interest in curbing the extension of NATO into Central Asia, is

“acting as a catalyst for bringing India, Russia and China close together,” the *Hindustan Times* reported in its coverage of the press conference.

“While former Russian Prime Minister Yevgeni Primakov’s concept of a strategic triangle comprising the three countries is still a far cry, the documents for a strategic partnership between India and Russia are however ready,” the *Hindustan Times* article stated. Significant is the shift in China’s stance, in the light of NATO’s involvement in the Kosovo crisis. “Academics from the three countries have already come together and formed the ‘Triangular Association,’ as the first step toward eventual coordination among the three countries at various levels.” Cooperation ensuring stable energy supplies from Central Asia, and building up a bulwark against NATO’s eastward expansion, are on the agenda among the three nations, the *Hindustan Times* reported.

The Way Out of The Crisis



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Great Britain plays its ace in the East Timor crisis

by Gail G. Billington

What is behind the hype and diplomatic frenzy over the Indonesian province of East Timor? The British monarchy is pushing British Prime Minister Tony Blair's "doctrine of the international community"—that is, global military intervention against sovereign nations. That idea, enunciated by him on April 22 in Chicago, is totally coherent with U.S. Secretary of State Madeleine Albright's desire to advance what she calls a "community of democracies"—democracies that are not necessarily nations. The Mont Pelerinite "free trade" governments of Australia and New Zealand have now offered to lead in imposing that doctrine, via a UN-approved, if not sponsored, *armed* peacekeeping task force into the East Timor, even if it proves suicidal to their own best interests.

But that's not all. The monarchy's push for this Blair intervention line proves once more, that "whom the gods would destroy, they first make mad." The real threat from Buckingham Palace and the City of London is the destruction of all of Indonesia, for which East Timor is only a stepping-stone—even if Indonesia's destruction inevitably means debt default, and implosion of the global financial system.

For over 20 years, East Timor has been a problem, but it has always been *manageable*. Until, that is, the British-American-Commonwealth (BAC) group that controls the International Monetary Fund (IMF) launched its financial assault on Indonesia, which devastated the country within months beginning in summer 1997, undoing decades of economic development. It was that assault which created the conditions in which East Timor went from being a manageable, although continuing, problem, to the bleeding wound it is today.

Right from the start, in autumn 1997, and the Halloween signing of Indonesia's first letter of intent with the IMF, Presidential pre-candidate Lyndon LaRouche had indicated just what the character of that assault was: a thrust for the destruction and dismemberment of Indonesia. But the Indonesian military leadership did not manage to resist the IMF as it should have, and failed to do what Malaysia under Prime Minister Dr. Mahathir bin Mohamad and China have done.

LaRouche commented on Sept. 9, 1999 on the situation as follows: "Now the leadership of Indonesia must face reality, and repulse the assault against the country. It must, number one, expose the British role in this attack. Number two, it

must threaten a sovereign default if this assault doesn't stop, while moving closer to China, India, and Malaysia in joint defiance of the IMF and BAC. If the Indonesian leadership doesn't do this, it will seal its own fate: the dismemberment and destruction of Indonesia," even if that destruction, in turn, would trigger a global financial meltdown.

Colonial residue

The saga of East Timor is an acute example of the refusal to eradicate the remnants of European colonialism in the aftermath of the premature death of U.S. President Franklin Roosevelt in 1945. Roosevelt had been determined to finish this job, over the violent opposition of Britain's Winston Churchill. That failure fueled the ideological "Cold Wars" that consumed the next three decades, including in East Timor.

The Indonesian province of Timor Timur (East Timor) shares an island the size of New Jersey on the southern perimeter of Indonesia with Nusa Tenggara Timur (West Timor). For over 450 years, up until 1975, Portugal clung to East Timor as one of the last possessions of its former global empire. In 1973, a UN report exposed Portuguese colonial regimes as among the most repressive. The World Health Organization reported the same year that East Timor was one of the worst places to live in the world.

In April 1974, a coup in Portugal brought to power a leftist military junta that wished to rid itself of the colony, but not before arming both sides in an incipient civil war which pitted a radical-left movement, the Revolutionary Front for an Independent East Timor (Fretelin), against factions that wished to reintegrate with West Timor. After arming both sides, but especially arming and training Fretelin, the Portuguese colonial military abandoned the province in August 1974, unleashing a bloody war. It is a war in which 90% of the population was and still is Catholic; the civil war in East Timor continues to be Catholics killing Catholics, be they pro-Indonesia militia or advocates of independence.

Three months after abandoning the province, Portugal declared itself the administrative power. Two days after Fretelin declared the formation of the Democratic Republic of Timor on Nov. 28, 1975, the pro-integration coalition issued its "Balibo Declaration," announcing the integration of East Timor with Indonesia. On Dec. 7, 1975, the pro-integration

coalition, backed by the Indonesian military, took control of the capital city of Dili. On July 17, Indonesian President Suharto signed the law that established East Timor as the 27th province of the Republic of Indonesia.

The underlying frictions that fueled the civil war have never subsided. Despite Indonesia having spent \$892 million to build essential social and physical infrastructure to make East Timor humanly habitable, and continuing to spend an estimated \$100 million per year on the province, the UN still refuses to recognize Indonesia's jurisdiction over East Timor, accepting instead Portugal's claim as the administrative power. On the international front, the cause of East Timor's independence has been championed by the three former colonial powers in Indonesia—Britain, Portugal, and the Netherlands—and by an extensive network of international non-governmental organizations (NGOs).

Popular consultation

In January of this year, Indonesian President B.J. Habibie indicated for the first time that Indonesia would consider a popular consultation for the 800,000 people of East Timor, to decide whether to “accept” or “reject” greater autonomy within Indonesia. Were that autonomy rejected, a process leading to the separation of East Timor from Indonesia would follow. Following months of negotiations, on May 5, UN Secretary General Kofi Annan, Indonesian Foreign Minister Ali Alatas, and Portuguese Foreign Minister Antonio Guterres signed an agreement on the modalities for the consultation to proceed under UN supervision. On Aug. 30, after an overwhelmingly successful voter registration process, in which more than 451,000 voters registered, over 97% of registered voters cast their ballots, with 78.5% voting to reject extended autonomy, and 21.5% voting for.

Within hours of the vote being announced by Kofi Annan on Sept. 7, widespread violence, arson, and looting erupted in East Timor, largely committed by pro-Indonesia militias who refused to accept the result, charging the UN with rigging the vote by intimidating or tricking voters into voting for independence. As of Sept. 10, a senior pro-independence official estimated that 200-300 people had been killed in the previous three days. No reliable estimates of fatalities are available, but an enormous refugee crisis has been created, with some estimates of up to 100,000-200,000 people uprooted and in urgent need of shelter, food, and medical services.

The BAC runs amok

The Blair government, backed by a sympathetic Madeleine Albright, the leadership of Australia and New Zealand, and former colonial power Portugal, among others—a combination that epitomizes the BAC oligarchy—has seized upon this crisis as the pretext to demand that the world's fourth-largest country and third-largest democracy sacrifice its national sovereignty to Blair's “doctrine of international com-

munities.” They are demanding that Indonesia accept deployment of an armed foreign peacekeeping task force into what continues to be its sovereign territory, at least until November, when the upper house of the Indonesian Parliament, the People's Consultative Assembly, must vote whether or not to ratify the Aug. 30 vote.

During late September and early October, reports circulated that as early as February 1999, while the NATO “out-of-area deployment” war on Yugoslav was being prepared, U.S. and Australian officials were already discussing contingencies for deployment of a UN peacekeeping task force into East Timor, even though the tripartite agreement to hold the consultation at all was not signed until three months later. Australia and New Zealand have volunteered to take the lead in any task force, just as Australia played the leading role in the UN's Assistance Mission in East Timor, which is headed by Ian Martin, former head of Amnesty International.

British Foreign Secretary Robin Cook's arrival in Auckland, New Zealand for an emergency meeting on East Timor, ahead of the Asia-Pacific Economic Cooperation Forum (APEC) meetings on Sept. 12-13, is the giveaway that the furor over the East Timor crisis is not what it appears to be. In fact, Cook had no business being at the APEC meeting at all, because Britain is not even a member of that organization. Cook was deployed on a wrecking operation, on a mission far worse than that carried out by Vice President Al Gore at last year's APEC summit in Kuala Lumpur, at which Gore insulted and threatened the Prime Minister of Malaysia, Dr. Mahathir bin Mohamad. Cook was sent to subvert crucial talks, in particular, among and between President Clinton, China's President Jiang Zemin, and Russian Prime Minister Putin, and to force onto the table of the only major Asia-Pacific economic forum, the new globalist doctrine against the nation-state. Thai Foreign Ministry official Kobsak Chitikul asked the obvious question: “Why is Mr. Robin Cook here?” The emergency meeting took place with the notable absence of the foreign ministers of APEC members China, Malaysia, and Brunei Darussalam. On Sept. 7, as Albright and Cook were converging on Auckland, Fretelin leader Xanana Gusmao accepted Britain's invitation to seek protection in the British Embassy in Jakarta.

The din in international press comparing Indonesia to Kosovo, and declaring this nation of 213 million a “pariah” state, was the subject of the first joint hearing of the U.S. Senate Committee on Foreign Relations and the House Committee on International Relations in 15 years on Sept. 9. Sen. Russ Feingold (D-Wisc.) has introduced legislation to cut off assistance from the IMF, World Bank, and U.S. government. The IMF and World Bank have delayed the next expected disbursements of up to \$2 billion.

Under extreme pressure, President Clinton and his National Security Adviser Samuel Berger have insisted on the strategic importance of the United States' historically strong ties with Indonesia. Fending off reporters on Sept. 8, Berger

told reporters, "Because we bombed in Kosovo doesn't mean we should bomb Dili." He rejected comparisons of Indonesia to Kosovo, and warned that deployment of an armed task force into East Timor without Jakarta's consent, would be the equivalent of a declaration of war on the fourth-largest country in the world.

On Sept. 9, President Clinton issued a statement that many observers see as an effort to minimize the damage to U.S.-Indonesia relations. He announced the suspension of "all programs of U.S. military cooperation with Indonesia," while taking into account the importance of Indonesia to the United States and the world, and gave support to the political and other reforms undertaken in the midst of its worst financial crisis, but still insisting that "the Indonesian government and military are responsible for the safety of the East Timorese and of the UN mission there. If Indonesia does not end the violence, it must invite—it must invite—the international community to assist in restoring security. It must allow international relief agencies to help people on the ground. It must move forward with a transition to independence. Having allowed the vote and gotten such a clear, unambiguous answer, we cannot have a reversal of course here." But, the United States, citing its commitments in Bosnia and Kosovo, has said that its role in any task force would be "logistical" in nature, not involving actual troop deployments.

More rational voices in England are also weighing the risks of radical measures against Indonesia. A *Times* of London editorial on Sept. 10 urged the government to "rein in the war horses" that Foreign Secretary Cook would let loose. Commenting on Cook's radio interview, the *Times* warned, "There are hints in Mr. Cook's comments, . . . that his fervor might carry him away. . . . It is important for Britain not to run the risk of talking itself into commitments it cannot sustain. Thousands of British peacekeepers are already in Kosovo and Bosnia. Moreover, the air of barely contained menace in Mr. Cook's remarks comes as uncomfortable smidgeon too close to the policy option that Indonesia's foreign interlocutors hastily rule out whenever it is voiced: that of sending troops against Jakarta's wishes. This would represent war, with the world's fourth-largest nation."

Lord Eric Aveybury is the unofficial head of the "human rights" lobby in Britain, and is the head of Tapol, one of the premier East Timor-focused NGOs in the world, along with the East Timor Action network. Aveybury admitted to a journalist that there is a "stalemate" over the deployment of an international peacekeeping force into East Timor. He acknowledged that even the Australians, who are prepared to deploy 4,000 troops into East Timor and have conducted evacuations so far, will only do so if they invited by Jakarta and are given a UN Security Council mandate.

Jakarta's options

Indonesians have been conflicted by the East Timor consultation since January. Many leading figures, such as Abdur-

rahman Wahid, head of the 30-million-member Nadlatul Ulama, and Megawati Sukarnoputri, whose PDI-P party won a plurality of votes in the general election on June 7, opposed the vote. Other prominent Muslim intellectuals are said to have been looking for ways to relieve Indonesia of the financial burden of a province that seems too ungrateful. Others have said the modalities of the consultation were too hurried, and that a longer transition was required, but that once that President Habibie had indicated that the possibility existed, the moment of opportunity had to be taken.

The violent response to the vote strongly indicates that Jakarta and much of Indonesia were surprised by the overwhelming "rejection" vote. A strong backlash has developed, charging that UNAMET unduly favored the pro-independence side and manipulated the vote. But the strongest reaction is to the threat of a breach of Indonesia's sovereignty, both by the imposition of sanctions, and deployment of a peacekeeping force without Indonesia's permission.

On the security issue, Defense Minister and Commander in chief of the Armed Forces (TNI) General Wiranto has indicated that a task force to assist Indonesian resources might be acceptable, but only after TNI and police have allowed to stabilize the situation first.

On the economic front, however, Indonesian Economic Minister Ginandjar Kartasasmita denounced the IMF and the World Bank for trying to put pressure on Indonesia over East Timor. They had "no business" in East Timor, he said, and were stepping outside their charters by commenting on the situation. That sentiment is widely shared in Indonesia; the Indonesian Importers Association has threatened to boycott New Zealand and Australia, a move praised by the Indonesian Chamber of Commerce. In his Sept. 9 column in the largest-circulation daily *Kompas*, Dr. Kwik Kian Gie, senior economic adviser to Megawati Sukarnoputri, and a proponent of currency exchange controls, pointed out that the funds Indonesia receives from the IMF and World Bank are going to pay off debts. "The international community knows this well. If new loans stop, old loans are automatically not payable." A sovereign default on Indonesia's outstanding debt of around \$130 billion would bring down the global financial system, faster than Robin Cook can say "free trade."

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Terror campaign launched in response to Israeli-Palestinian agreement

by Dean Andromidas

In the Egyptian Red Sea resort town of Sharm el Sheikh on the evening of Sept. 4, Palestinian Authority President Yasser Arafat and Israeli Prime Minister Ehud Barak signed the Wye implementation agreement, whose aim is to get the peace process back on track. Within 48 hours, two car-bombs exploded in the Israeli cities of Tiberias and Haifa, and a man was shot dead as he assaulted Egyptian President Hosni Mubarak. This swift response against the first breakthrough in the peace process since the defeat of Israeli Prime Minister Benjamin Netanyahu, underscores the determination of the British-American-Commonwealth forces to sabotage any efforts to establish peace in the region.

The terrorist incidents in Israel and Egypt point to a security situation outside the control of both governments. In the Egyptian incident especially, a potential trail to the author of these incidents leads directly to Great Britain, the world center of international terrorism.

Although the only ones killed in the two car-bombings were the three occupants of the cars, there were enough explosives in each car to have caused tremendous carnage, had the bombs exploded in densely populated areas. Moreover, those killed, along with seven others who were subsequently arrested, were Arab-Israeli citizens. Except for a few isolated incidents, members of the Arab-Israeli community have not hitherto been involved in sophisticated terrorist operations. Given the fact that 1 million of Israel's 6 million citizens are of Arab origin, the incident has shocked the Israeli public.

Security and intelligence specialists have pointed to several unusual aspects of the bombings. First, the fact that the cars blew up within 20 minutes of each other—apparently prematurely, because no bystanders were killed—is viewed as an unusual coincidence, to say the least. As of this writing, neither Hamas, the Palestinian Islamic movement which rejects the peace process, nor its Ezzidin Al-Qassam military wing, have taken responsibility for the bombings. Moreover, all of Hamas's various factions are under tremendous pressure not to engage in terrorism. For example, the West Bank faction is finding it impossible to operate clandestinely

because of the tight cooperation between the security services of the Palestinian Authority, the Israeli services, and the CIA. In Gaza, Hamas is maintaining a low political profile, and in some areas is cooperating with the Palestinian Authority. The Hamas factions based in Syria and Jordan are under pressure from both the Syrian government, which is maneuvering to reopen peace talks with Israel, and the Jordanian government, which has just closed down several Hamas offices and issued arrest warrants for several of its leaders.

These circumstances lead to the hypothesis that the planning for the car-bombings would have had to have occurred within Israel itself, and most likely was directed from outside the region. The other implication is that the operation could have been aided by rogue elements within the Israeli security establishment itself. While some of the would-be bombers are suspected to have links with Hamas, those links would have been known by the Israeli security services. In this respect, according to press reports, one of those killed in the bombing, Nazal Kraim, had been arrested in 1994 because his Israeli identity card was found on the body of a Palestinian killed in a terrorist attack. At the time, Kraim was merely questioned and released.

A possible link to Britain could be revealed, if it turns out that the families of the suicide bombers, as has happened in other cases, receive financial support from so-called welfare organizations based in Great Britain. Although such links have not yet been revealed in this case, experts do not discount the possibility.

Despite the apparent failure of the bombings, one of its purposes was achieved: that of creating an atmosphere of fear and paranoia within Israel. Those killed and arrested had been members or had links to the Islamic Movement, a legally constituted political and welfare organization which enjoys support among the Arab-Israeli population, and is represented in the Israeli Knesset (parliament). The official spokesman of the Islamic Movement released a statement condemning the suicide attacks, declaring that such action is opposed to the principles of the movement and its policies.



Israeli Prime Minister Ehud Barak with President Clinton, and Palestinian Authority President Yasser Arafat. No sooner was the ink dry on the new agreement for implementation of the Wye accords, than a new outbreak of terrorism was detonated, by those who will do anything to prevent peace in the Middle East.

Leaders of the community which the bombers were from, were even more emphatic in their denunciation of the terrorist incidents.

Nonetheless, the Israeli right wing has been quick to exploit the situation, especially now that the Barak government has been actively promoting Arab-Israeli political leaders in important cabinet posts and in Knesset committees. The right-wing Likud, whose leader is now the lunatic Ariel Sharon, has attacked these moves, and has played into the debate initiated in late August, when the Israeli Supreme Court ruled that the Israeli security services are forbidden to use all forms of torture in interrogating suspected terrorists. The Israeli right wing thus invokes the sick logic: "It is either them or us," or, "If you can't trust the Arabs we have been living with relatively peacefully for 50 years, how can we trust the Palestinians?" Government leaders and the press have made an effort to play down, or have even denounced these tendencies.

The attempt on Mubarak

On Sept. 6, less than 48 hours after presiding over the signing of the Sharm el Sheikh agreement, Egyptian President Mubarak was attacked by an assailant armed with a sharp object. Although officially described as an attack by a deranged individual with no political affiliations, the act cannot be dismissed so simply. Mubarak has been playing a crucial role in bringing together Barak and Arafat to con-

clude the agreement and give some momentum to the peace process. He is also playing a similar role in attempts to bring Syria and Israel to the negotiating table, a role which is especially important because the Egypt-Israel 1979 peace agreement, which led to the withdrawal of Israeli forces from all of Egyptian territory, is the model for an Israeli-Syrian agreement on the Golan Heights. If Egypt were to be destabilized, it would be a serious setback to peace.

Security experts say that the assailant did not "come out of nowhere." They point out that he had a criminal record, and had exhibited similar behavior in incidents in which he targetted the Governor of Port Said, where the attack took place.

The swift reaction by President Mubarak's security detail to shoot the assailant, points to the unusually high level of security alert around the Egyptian President. A similar incident happened in Israel, when Israeli Prime Minister Barak's security detail shot out the tires of a car whose driver failed to stop at a road-block near the Prime Minister's residence. Security around Barak has been on a very high level since his election, and he is known to wear a bullet-proof vest at all times.

A trail leading to London has come to light in this case. Yasser Al-Serri, chairman of the London Islamic Observation Center for "human rights" and one of the leaders of the Islamic terrorist group who is facing a death sentence in Egypt for the assassination attempt against former Prime

Minister Atif Sidqi, told the Qatari Al-Jazeera television station on Sept. 6 that the attempt against Mubarak “was a revolutionary act by a member of the Islamist community in Egypt against the tyrant and dictator Mubarak.” When told that the assailant was not a member of any Islamist group, Al-Serri answered that “all the Egyptian people are Islamists,” who have no other choice but to carry arms against the “tyranny of Mubarak.”

Mubarak has spearheaded the attack on Great Britain as the leading supporter of Islamic terrorism, particularly since the Nov. 17, 1997 massacre of some 60 tourists at the Luxor temple site.

The Sharm el Sheikh agreement

Officially named the “Memorandum on the Implementation, Time-Line of Outstanding Commitments of Agreements Signed and Resumption of Permanent Status Negotiations,” the Sharm el Sheikh agreement lays out a very tight timetable for bringing the entire peace process to an earlier conclusion. While setting a timetable for implementing the long-delayed Wye agreement, which had been negotiated and signed, but never implemented, by the previous, Netanyahu government, it also set a target date of Sept. 13, 2000 for the completion of the final status agreement and, presumably, the establishment of a Palestinian state.

The agreement has a variety of potentially explosive political implications for both sides. The question of a Palestinian state is no longer the issue, but rather, what that state will be in terms of its territorial extent and its political sovereignty. In this context, the issues of the Jewish settlements, Palestinian prisoners held in Israeli jails, and the status of Jerusalem and of refugees are of tremendous importance, and each represents a potential for conflict.

Key to solving these issues is not merely an honest “give and take,” but the overriding necessity for an economic development policy that aims at reconstruction of the entire region. Among the most important outstanding questions is the fate of the hundreds of thousands of Palestinian refugees who have been living in camps in Jordan, Syria, and Lebanon since 1948. Justice demands that they be allowed to return to a Palestinian state. Justice also demands that they have an economic future. Current unemployment levels in the West Bank and Gaza Strip are approaching 50%. Also, an adequate supply of freshwater is a strategic issue for the region as a whole. There is an overall deficit throughout the region, where all countries are drawing on water reserves that cannot be replaced.

These issues have not been directly addressed by these agreements, and represent the Achilles’ heel of the peace process.

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For the sovereignty and development of Africa

The African Civil Rights Movement put forward the following resolution on Sept. 5, at the Labor Day conference of the Schiller Institute and International Caucus of Labor Committees in Northern Virginia. Speaking for the Movement, which was founded in July 1995, was Godfrey Binaisa, the former President of Uganda (1980-81). He proposed the resolution, which, upon the motion of Schiller Institute President Helga Zepp-LaRouche, was passed by acclamation. The text has been slightly edited.

WHEREAS, African nation-states until now have missed true sovereignty to which they are entitled by right, and which is now being denied Africa by the might of its former European colonizers with their ally, the United States;

WHEREAS, Africa ended the last century under colonial servitude and oppression, Africa is about to end this century in wars, pestilence, famine, and disease;

WHEREAS, this century has seen us attaining independence on paper, it has not seen us attaining true sovereignty;

WHEREAS, it is only our former European colonizers together with their ally, the United States, which itself was a colony of Britain, who are sovereign in the fullest meaning of that term. The United States policies on Africa, still ride on the coattails of British policy. Africa is still agonizing under the colonialism of the IMF and World Bank, both put in place at the end of World War II by European powers and the United States, and they control the economies of Africa with an iron hand clad in a velvet glove, to serve only the interests of the supposedly departed imperialists;

WHEREAS, even the paper independence we attained was paid for at a very high price of pain and suffering, incarceration, and the deaths of millions of African freedom fighters. The IMF and World Bank, through their founders, continue as our new colonial governors, to control all aspects of our economies and development, rendering our paper independence null and void and of no use whatsoever;

WHEREAS, all people of good will throughout the world agree with those sacred words in the American Declaration of Independence, that all men are created equal and endowed with unalienable rights, among them the rights to life, liberty, and the pursuit of happiness. In practice at the present day, Africa is excluded; hence it is today treated as a colonial

continent for the West to plunder, loot, and decimate;

WHEREAS, none of the supposedly departed colonial powers ever advised us to get rid of them. It would be unwise to hope that a day will come in the dim future whereupon the same powers will advise us how to agitate and struggle for the attainment of full sovereignty, because the European powers and the United States do not yet believe that Africans are born equal with Europeans and Americans;

NOW, THEREFORE, BE IT RESOLVED, AND IT IS HEREBY RESOLVED, by the African Civil Rights Movement and friends to condemn in the strongest possible language the continued roles of the IMF and World Bank as at present constituted, and to undertake to spearhead any move for the early demise of these two world institutions, which to Africa mean no more than the extension of colonialism into the third millennium.

BE IT FURTHER RESOLVED that the policies of the IMF and World Bank are the two main culprits in denying us our sovereign rights as free and independent nations. Their sustainable adjustment programs have only adjusted our stomachs to hunger and our bodies to disease. We are far poorer today than before independence. And, as some European Christian missionaries have written about us that we are poor because we are backward, and we are backward because we are poor, this is a trap we shall never get out of until we get the IMF and World Bank off our backs. Henceforth, the whole of Africa has to join the agitation for sovereignty as we agitated for independence more than 30 years ago.

BE IT FURTHER RESOLVED that we stand foursquare behind the policy of Mahathir Mohamad, Prime Minister of Malaysia, of Selective Exchange Controls to fight against speculators and unscrupulous currency raiders. We note with satisfaction that Robert Mugabe, President of Zimbabwe, came out in the open to adopt policies similar to those of Malaysia. We rest confident that the whole of Africa will get together in a United States of Africa, and stop being exploited by the IMF, World Bank, or any other force that may be formed to keep Africa as a colony in perpetuity.

BE IT FURTHER RESOLVED that the African Civil Rights Movement in its fight for sovereignty shall not rest until Africa through renewed nationalism achieves:

- (a) Sovereignty of every African mind;
- (b) Sovereignty of every African state;
- (c) Sovereignty of every African soul;
- (d) Sovereignty of every African land and natural resource;
- (e) Sovereignty that shall free everything we call our own from continuous looting and exploitation by the mighty and powerful well into the 21st century and beyond.

Signed for the African Civil Rights Movement:
Godfrey Binaisa
Chairman

China reacts to Pacific destabilization; it's time to restore Sino-U.S. good faith

by Mary Burdman

Loonies in the U.S. Congress, led by troglodyte U.S. Sen. Jesse Helms (R-N.C.), and treasonous networks in the U.S. military and intelligence establishment linked to British geopoliticians and former President George Bush, are running amok in the Pacific. This crew is trying to set up situations so fraught with tension, that China and other Asian nations could be drawn into a confrontationist mode against the United States—a disaster for all sides.

In this context, the assertion of “state-to-state” relations between China and Taiwan made by Taiwan’s President Lee Teng-hui on July 9, was the political equivalent of a terrorist bombing, aimed at raising the stakes in cross-strait relations so as to try to *force* a wholly unnecessary conflict. Lee Teng-hui’s provocation was made amidst an ongoing shift of U.S.-Japanese military relations, seen in China, Russia, and other nations of the Pacific as the East Asian flank of NATO’s expansion into eastern Europe, the Balkans, and toward Central Asia. In the past months, the Japanese Diet (parliament) has ratified the new U.S.-Japanese Defense Guidelines, the United States and Japan agreed to joint research on Theater Missile Defense (TMD), and U.S., Japanese, and South Korean forces carried out massive military maneuvers in the northeast Pacific during the first weeks of August. The latest provocation came on Sept. 5, when members of the Japanese group Seinensha landed on Diaoyu Island, an uninhabited Chinese territory claimed by Japanese right-wingers.

Helms and the Bush crowd are the instruments of the fanatical British-American-Commonwealth (BAC) oligarchy, which is facing the near-term prospect of an “end-game” collapse of their financial system, and is desperately trying to stop the consolidation of an alternative economic-financial policy centered around China and other nations, at the risk of igniting world war.

A very well-informed European source told *EIR* that, at a conference in Northern Virginia this summer, an admiral of the U.S. Navy made the claim that the United States must now prepare for a war against China within the next six to ten years.

On Aug. 31, the *Australian Financial Review* published an interview with Richard Armitage, formerly Assistant Secretary of Defense in the Bush administration and now a top adviser to George W. Bush’s bid for the Presidential nomination, said that Australia must stand ready to give military

support to the United States, if Washington goes to war with China (see *National News*).

The gravest danger in the Pacific is the potential for miscalculation, if the region’s nations fail to prepare for the *civilizational* crisis looming in the coming world financial crash. The danger is that these nations underestimate the strategic insanity of the British-American-Commonwealth axis, which is determined to preserve its dominant international power even after the system goes.

Right now, the Congressional and military/intelligence crazies, whose policies have nothing to do with the true interests of the United States, are trying to destroy what remains of President Clinton’s efforts to create a strategic relationship with China. They are trying to provoke China into abandoning its aim to create a peaceful international environment, to make essential economic construction possible. The BAC aim is to try to get China to abandon its long-term national policy, and go into an expansionist reaction, which would “justify” their war plans. Japan was lured into such disastrous expansionism earlier this century; but it is not likely that such a strategy would now work with China.

Already in November 1996, *EIR* founder Lyndon LaRouche warned that the operations of the British-allied forces in the United States and Japan, risked war in the Pacific.

However, whether Helms and crew will succeed in their aims, is a real question. As one Chinese observer has commented, East Asia is not the Balkans; there is a limit to how far the nations of the region will be willing to commit economic and political suicide at the behest of outside geopolitical interests. A remarkable commentary by former Japanese Prime Minister Yasuhiro Nakasone published on Aug. 21 reflects awareness of the orchestrated nature of the situation in northeast Asia, as well as the vital dangers it presents (see box).

Stern warnings

The operations led by the Helms-Bush mob have provoked some violently worded attacks from China, on what is being taken as “U.S. policy.” On Aug. 20, China’s largest-circulation weekly magazine, *Global News Digest*, published an article which caused shocks in the international arena. In response to Lee Teng-hui’s declaration, and expanding U.S.-Japanese military ties, the *Global News Digest* warns that the



British-allied geopolitical lunatics such as Sen. Jesse Helms and former President George Bush have launched a highly dangerous drive to destabilize and carve up China, using Taiwan as their tool. Bush is shown here during a 1990 meeting with Senator Helms (right). Also shown are (from left) former Sen. George Mitchell and then-Speaker of the House Tom Foley.

“Taiwan traitors to their heritage, will certainly meet with disaster,” and the “United States had better not interfere. To protect the interests of the nation and its people, the People’s Liberation Army would rather lose a thousand troops than one inch of territory.”

The article blames the current tensions with Taiwan squarely on U.S. “long-term interference into China’s internal affairs,” and on the blatant support for Taiwan “independence” in both the U.S. Congress and among Republican candidates for the Presidency. “Lee Teng-hui is being pumped up, like a drug addict taking stimulants, carrying out arrogant bragging and wild provocations,” the article states.

China would use military force only as the last crucial option, *Global News Digest* states, but warns that those who think that China does not have the military capability to launch an attack are “making a very big mistake.” Although the heart of China’s national policy is economic construction, and the U.S. is certainly the strongest military power in the world, China has never been afraid of war, the *Digest* warns (see *Documentation*).

While the angry *Global News Digest* article represents only one of the voices coming out of China, its relative prominence, and the number of similar statements in the Chinese press recently, indicate that the warning is extremely serious, and should be so taken in Washington. It is urgent that the situation be cooled down.

China has always maintained its right to, ultimately, resort to use of force if Taiwan declares independence, but has also made repeated efforts, over time, to develop peaceful and productive relations with Taiwan — in cooperation with many

political and economic leaders on the island. At the same time, Chinese analysts have been sufficiently impressed by the U.S. “show of force” of high-tech warfare from the 1991 Gulf War up to the NATO onslaught against Yugoslavia this spring, so as to be very cautious about challenging the United States. China’s nuclear forces — some 20 or so intercontinental ballistic missiles (ICBMs) — are much weaker than those of Britain or France, to say nothing of well over a thousand of America’s ICBMs. Most important, China regards good relations with the United States as of utmost strategic importance.

To understand the violent reactions, and challenges to the world’s military superpower, it is necessary to look beyond the Taiwan Strait, to recent developments in East Asia and the world more broadly.

No ‘Taiwan crisis’

China’s greatest concern is the perceived move toward a strategic “pincer” operation by the West, consisting of NATO expansion from Europe into the Caucasus and then Central Asia, and the transformation of the U.S. military alliances with Japan and South Korea into NATO-style aggressive forces.

The NATO bombing of the Chinese Embassy in Belgrade on May 7 crystallized these fears. China had consistently opposed the Anglo-American assault against Iraq, and the war against Yugoslavia. On April 27, the Chinese military’s *Liberation Daily* had called NATO’s expansion into Central Asia a matter of “great concern” to military observers. “Continual penetration by foreign forces is aiding the growth of

centrifugal and separatist trends” in Central Asia, *Liberation Daily* wrote. “The Russian military [has] voiced its worry about CIS [Commonwealth of Independent States] collective security, because NATO units have long ago penetrated to Russia’s border region, and through NATO’s ‘Partnership for Peace’ program, the variety and number of maneuvers in which NATO units participate on CIS territory are increasing every year. . . . How should the CIS members concerned, especially Russia, deal with this? This is a question of great concern to military observers.”

On May 17, *Peoples’ Daily* said of the NATO war: “in essence [it] is a new form of colonialism,” and likened it to

the invasion of China by the Eight-Power Allied Forces 100 years ago. China’s ultimate concern is an attempted repeat of that invasion.

Geopolitics started wars

Most inflammatory, in Chinese perception, is the open intent among some American circles, to make *Japan* the Asian bulwark of an explicitly anti-China military alliance. This concern has a long history.

During the first half of this century, Japan and China were repeatedly pitted against each other in brutal wars, as Germany and Russia were repeatedly set up to destroy each other

Nakasone: North Korea needs China-style reform

The following is excerpted from a commentary by former Japanese Prime Minister Yasuhiro Nakasone, which was published in the International Herald Tribune on Aug. 21.

“There is growing opinion in the United States and Japan in favor of shifting to a hard-line policy toward North Korea,” in reaction to Pyongyang’s “alleged nuclear arms program” and expected ballistic missile launch, wrote Nakasone. “This view is supported in the United States by, among others, Sen. Jesse Helms. . . . In Japan, some members of the LDP, the Liberal Party, and the Democratic Party are preparing a bill to suspend the considerable remittances to North Korea from Japan. These hard-liners criticize the weak negotiating stance of the free world. . . .

“While in the past I have maintained some degree of sympathy” for North Korean policy, “the situation cannot continue. It is time for the free world to make clear that it finally has an uncompromising collective determination to deal firmly with North Korea’s blackmail diplomacy.”

If Pyongyang launches its Taepodong-2 missile, the issue should go to the United Nations for further economic sanctions, Nakasone continued. “We are effectively back to where we started in 1994 when North Korea declared its intention to break away from the Nuclear Non-Proliferation Treaty.” Now, after the India-Pakistan tests, North Korea must end its nuclear program.

However, the international community must also show equal determination to help North Korea succeed “if it cooperates with the rest of the world and opens up.” Expressing sympathy for the condition of the North Korean population, Nakasone wrote, “In the long term, that plight can only be alleviated by giving Pyongyang a chance to abandon its seclusionist policy and join the international community.



Former Japanese Prime Minister Yasuhiro Nakasone

“To that end, China, Japan, and the United States should agree to request jointly that North Korea adopt Deng Xiaoping-style economic reforms. If North Korea accepts and seeks collaboration with the international community, these three countries should then offer further cooperation.

“In the final analysis, it is up to the two Koreas themselves to resolve in a responsible manner the problems of the peninsula they share. The South Korean President, Kim Dae-jung, evinces a broad-minded and tolerant policy toward North Korea, even though it remains bent on achieving an equal economic and political standing with, if not superiority over, its rival.

“To move beyond this impasse, a North-South summit should be convened to reconfirm their 1991 North-South ‘non-nuclear declaration’ ” and discuss mutual inspections.

“North Korea may well demand the withdrawal of U.S. troops from the peninsula and the replacement of the armistice accord among itself, China, and UN forces, with a peace treaty. The achievement of such a treaty would pave the way for a process of unifying Korea as a vital member of the Asia-Pacific region.”

in Europe—the result of the geopolitical operations of the world’s greatest power, the British Empire. Already in the last decades of the 19th century, the Japan of Emperor Meiji had succumbed to British geopolitical policy. Japan, although economically far too weak to sustain a massive military buildup, was lured into the pursuit of “Great Power” status in alliance with the British Empire. From 1895 on, Japan launched wars against China, overran Korea, and finally, in 1941, launched strikes against the United States and the British colonies in Southeast Asia. Yet, in 1945, it was Japan, already militarily defeated and bombed to ruins, which became the victim of the first atomic bombings in history.

Postwar Japan adopted a “peace constitution,” committing the nation to a purely defensive military, a policy broadly supported today. This, in combination with its famous postwar industrial economic miracle, transformed Japan and its relations to the rest of Asia. However, recent developments, particularly the tendency toward a revival of Japan’s military role, are causing uneasiness in Asia. As the financial crisis in Japan worsens, efforts are being made to shift Japan from its peace constitution to a more active military role. This will not be so easily done, however, given what Japan suffered during the last war.

BAC maneuvers

The crux of the problem is the continuing shambles in American policy, and the urgency of eliminating BAC influence in Washington. Chinese spokesmen have made clear that they understand that the key question in the Taiwan issue is not Lee Teng-hui’s provocations, but what the United States will do.

What the BAC wants was stated in an editorial in the London *Daily Telegraph* published Aug. 19, titled “Beijing Goes Ballistic.” Ballistic missile defense is “in the news,” but “moves by the Americans and their allies to counter the ballistic threat from countries such as North Korea, Iraq, and Iran, are strongly opposed by the Russians and Chinese,” fumed the *Telegraph*. Moscow regards the revival of interest in missile defense with as much enthusiasm as it did President Reagan’s Strategic Defense Initiative of the 1980s. . . . Beijing sees the TMD debate among its neighbors and the Americans as designed to circumscribe its own superpower ambitions. . . .

“Washington needs to deal firmly with these objections,” the *Telegraph* dictated. “The Russians must be persuaded that the strategic threat has changed radically since the Cold War: Then, the West confronted the Soviet-dominated Warsaw Pact; today, it has to contend with rapid proliferation of weapons of mass destruction across Asia. The Chinese should be reminded that it is their neighbor, North Korea, which is propelling TMD development, and that their hysterical revanchism toward Taiwan is merely driving the island to try to board the bandwagon.

“In dealing with both countries, Bill Clinton has not put America’s case with sufficient force,” whined the *Telegraph*.

“As commander in chief of the world’s greatest democracy, he has a duty both to protect his country and to support those who share American beliefs in representative government and a market economy. That duty points toward rapid development of anti-missile systems and a stout defense of Taiwan against Chinese bullying.”

Embassy bombing destroyed good faith

In these circumstances, the failure so far of President Clinton to repair the grievous damage done to U.S.-China relations by the deliberate bombing of the Chinese Embassy in Belgrade, is undermining the good faith so essential to prevent conflict. At stake is not just the bombing itself, but the question, essential for all nations: Who is running the world’s greatest military power?

If the Clinton administration does not act to restore that good faith, which the President had taken many steps to establish, China will then act accordingly. This should be taken as the message of the recent statements from China.

Much has been done to attempt to restore relations, including the July 18 telephone conversation between President Clinton and Chinese President Jiang Zemin following Lee Teng-hui’s provocative statements. Both the United States and Japan immediately stated their full commitment to “one China.”

In his news conference in Washington on July 21, President Clinton went further than any previous U.S. President had, to state his support for China’s policy of “one China, two systems.” This was the policy under which Hong Kong was restored to China, and is the basis of Beijing’s proposals for eventual reunification with Taiwan. Clinton contradicted Jesse Helms’s bloviations that the “one China” policy was a “perplexing fabrication,” stating that he did not believe it was a perplexing fabrication. The two sides are not yet unified, but the Chinese usually take a long-term point of view, the President said. Mainland China has stated its understanding of the different system prevailing in Taiwan, and is ready to coordinate with it in various ways, as China has done in Hong Kong, and it may even go further, Clinton said. Clinton was the first U.S. President in office to visit Hong Kong.

Assistant Secretary of State for East Asia Stanley Roth and National Security Adviser Sandy Berger have both supported this policy. Roth stated recently that Taiwan should look toward an interim agreement with China, and State Department spokesman James Rubin announced that the Clinton administration wanted “substantive negotiations” between China and Taiwan.

In addition, the Taiwan *Commercial Times* reported in the second week of August that Beijing and Washington had had a quiet arrangement to promote the visit to Taiwan by Wang Daohan, chairman of China’s Association for Relations Across the Taiwan Strait (ARATS), proposed for October, and to “settle” the Taiwan issue in accordance with the Hong Kong formula. Washington had, through a special channel, indicated to Beijing that it supported the plan to hold political

negotiations with Taiwan, under which Wang Daohan would propose to Taiwan an “intermediate agreement” to encourage acceptance of the “Hong Kong formula,” but with more liberal provisions. Washington had indicated it would pressure Taiwan to accept the mainland’s peaceful reunification policy.

Then came Lee Teng-hui’s sabotage operation. Clinton reacted by mentioning Hong Kong at his press conference. At the same time, Beijing has *not* cancelled, or even announced any official postponement of Wang Daohan’s visit to Taiwan.

Yet, despite these efforts, profound problems remain. Washington has maintained its idiotic stance that the bombing was “accidental,” and, other than the early dismissal of NATO commander Gen. Wesley Clark, the political heads responsible, which should roll, remain in place.

Since Clinton’s telephone call with Jiang Zemin, Defense Secretary Cohen toured northeast Asia; the United States announced the sale of \$550 million worth of sophisticated weapons, including E-2T early warning aircraft, and F-16 jet parts and equipment, to Taiwan; the U.S.-Japanese TMD agreement was announced, and the United States, Japan, and South Korea have engaged in massive maneuvers in the Pacific; and a gaggle of reactionary U.S. Congressmen made a provocative trip to Taipei to avow their support for Lee’s “two-state theory.” As the Hong Kong newspaper *Ta Kung Pao* asked Aug. 5: “What on earth is the United States up to?”

Concerns over Japan

China’s concerns over the role of Japan are rooted in both past history and in the military-strategic situation in the region today. On April 17, the Japanese House of Representatives passed legislation ratifying the new U.S.-Japan defense guidelines. According to the official statements of both the U.S. and Japanese governments, “one of the most important aims of the new guidelines is to establish a framework for effective responses to an armed attack against Japan, or to situations in areas surrounding Japan through bilateral cooperation” (emphasis added).

This highly ambiguous phrase, “situations in areas surrounding Japan,” is the focus of great apprehension in China, as to the real scope and intent of the new guidelines. It is often forgotten, in this context, that Japan’s military potential is more than large enough to be perceived as a very substantial military threat from the Chinese side, if that potential were to be placed behind an anti-China alliance.

Even under its peace constitution, Japan has the second-highest official defense budget in the world, after the United States, and considerably surpassing Russia. Japan also has the second largest surface naval fleet in the world. Under its military alliance with the United States, Japan constitutes the overwhelming military power in the Asia-Pacific region. Japan’s budget is now at least \$50 billion. The per-capita expenditure is very high: Japan has about 235,000 men in the Armed Forces, out of a population of about 126 million, but its Armed

Forces have an unusually high proportion of officers and equipment, and could be very rapidly expanded.

In addition, Japan is protected by the U.S. nuclear shield, the U.S. Pacific fleet, and 100,000 U.S. soldiers stationed in the Pacific.

The ‘North Korean threat’

Despite these capabilities, the Japanese annual Defense White Paper, released at the beginning of August, stated that Japan could launch a pre-emptive strike against another nation, if it had reason to believe it was at risk of being attacked. Defense Agency Deputy Director Gen. Nobumasa Ota cited North Korea as an issue. “Japan has never seen itself as being under military threat,” he said. But, “militarily speaking, North Korea is attracting our utmost attention right now.”

“It is easy to predict that the range of North Korean missiles is rapidly lengthening. This sort of missile development, along with the question of possible nuclear weapons development, is a source of great instability for both Asia and the entire world,” the White Paper claimed. The White Paper also said that Japan “is closely monitoring” China’s increasingly frequent naval operations.

However, if you make an actual comparison between the totally impoverished North Korea’s military capabilities (taking even the “possibility,” alleged by the United States and Japan, that North Korea has long-range missiles and is in some stage of developing nuclear weapons) and those of Japan, the observer is forced to put the so-called “North Korea threat” to Japan into perspective. The North Korean defense budget was estimated at about \$2.4 billion in 1997; there are about 1.05 million men in North Korea’s Armed Forces, out of a population of about 24.5 million. Japan spends *80 times* as much per member of the Armed Forces than North Korea. Unlike U.S. ally Japan, North Korea has no military allies; neither does China.

Chinese military spending is also dwarfed by that of Japan. China’s annual military budget is only \$10 billion, equal to 3% of the U.S. military budget, less than that of Taiwan, South Korea, and India. During the Cold War, China’s military expenditure was up to 20-30% of GDP, but in the course of the Deng Xiaoping reforms, it was reduced to 5.7%. Over the past 20 years, the figure has hovered around 1% of GDP. China’s great advantage is its hard-won nuclear capability, but that, still, is far weaker than that of the United States, Russia, Britain, or France.

China successfully test-fired a new long-range surface-to-surface Dongfeng-31 missile on Aug. 2. This is an intercontinental strategic missile with a firing range of 8,000 kilometers, and it is capable of carrying a nuclear warhead. Prof. Wang Xinqing, system designer at the China Institute of Carrier Rocket Technology, announced in Beijing on Aug. 10, that this was the first test of the independently developed Dongfeng-31, and, at the same time, that China is actively preparing to launch a manned space flight and to carry out

systematic research on space shuttles, like those of the United States. The core of current Chinese rocket research is to develop a completely new series of carrier rockets, he said, such as the Long March 5.

Russian Foreign Ministry spokesman Vladimir Rakhmanin said on Aug. 3, that Russia did not consider this launch any threat to the region. "The test by China of a long-range missile can hardly be assessed as a considerable and new aspect in the policy of China or in the development of the situation in Asia and the Pacific rim," he said.

U.S.-Japan military policy review

Official U.S.-Japanese policy reviews began in 1995, and were reflected in the joint statements made by President Clinton and then-Japanese Prime Minister Ryutaro Hashimoto in Tokyo in April 1996. In June 1996, Japan and the United States reconstituted their Subcommittee for Defense Cooperation, to put forward the new guidelines.

These included "cooperation in situations in areas surrounding Japan that will have an important influence on Japan's peace and security." According to the Japan Self-Defense Agency, this concept "is not geographical, but situational." Although both the United States and Japan pledged to make such responses in a manner "consistent with basic principles of international law, . . . and relevant international agreements such as the Charter of the United Nations," the United States, at least, totally violated these principles during the recent assaults on Iraq and Yugoslavia.

The Japanese government has listed six categories of potential area "emergencies," including "looming military disputes" or "internal disorder."

In September 1998, U.S. Secretary of State Madeleine Albright, Defense Secretary Cohen, and their Japanese counterparts Masahiko Komura and Fukushiro Nukaga, met in New York to discuss the new defense guidelines. During this meeting, the launch of a satellite by North Korea, deemed a "missile launch" by the United States and Japan, was made the focal "security" issue, and the Japanese side stated they would seek early passage of the new defense guidelines. At the same time, both sides "emphasized the importance of Ballistic Missile Defense" cooperative research.

When Japanese Prime Minister Keizo Obuchi visited China July 8-10, he did assure 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 "situations in areas surrounding Japan" is purely defensive. He refused, however, to specify that Taiwan would *not* be included under this clause.

Then, on Aug. 16, Japanese Foreign Minister Masahiko Komura and U.S. Ambassador to Japan Thomas Foley signed and exchanged diplomatic notes on an agreement for conducting joint technical research on the U.S. TMD, after the Japanese cabinet gave final approval.

Lee Teng-hui hurried to follow suit. On Aug. 18, he an-

nounced his support for the TMD project. "Setting up a TMD system would cope with the current situation and be in the nation's interest. Every effort [for developing TMD] deserves praise," said Lee at a meeting of the ruling KMT party in Taipei. Also, Taiwan Defense Minister Tang Fei said in an interview with the U.S. *Defense News* magazine, that Taiwan needs a U.S.-developed missile defense system. Tang said that Taiwan, in addition to developing its own missile defense system, is very interested in purchasing the U.S.-made Patriot III modified missile defense system and Aegis radar system. On Aug. 19, State Department spokesman James Rubin stated that the United States does "not preclude the possible sale of theater missile defense systems to Taiwan in the future."

What could happen in the Taiwan Strait?

Beijing has made it clear, that it will not repeat the large-scale military maneuvers it carried out near Taiwan during the Taiwan elections in 1996. Lee Teng-hui's statements have *fundamentally changed* the situation. A threshold has been crossed; mere threats from the mainland will not have the effect they had in the past.

In 1996, the United States did send two aircraft carrier battle groups close to the Taiwan Strait, but there were also efforts to cool the situation down. Subsequently, President Clinton put forward his policy of "engagement" with China in 1996, and then made his very clear statement of support for Beijing's "three no's," during his visit to Shanghai in 1998, going further than any previous U.S. President had toward agreement with China on this critical issue. The "three no's" are: no declaration of independence by Taiwan; no statements declaring "One China, One Taiwan"; and no membership for Taiwan in international organizations of sovereign nations.

This time, despite hysterical exaggerations in the Western press, military activity in the immediate region of Taiwan has been kept at a low level, which Taipei has repeatedly confirmed. But, mainland spokesmen have made clear that military preparedness is high. While the government has deliberately publicized and spread the news of China's military deployments and firm stance in the mass media, at the same time, Beijing has made clear that the door for cross-strait communication remains open. On Aug. 15, Tang Shubei, executive vice chairman of ARATS, said that Beijing has not given up the policy of "peaceful reunification," and would decide how to act on Taiwan, depending upon who is elected next year. The currently leading candidate for the Taiwan Presidency for the March 2000 elections, James Soong, favors better and closer ties with China. However, despite Taiwanese efforts to play down the military threat, Chinese military leaders are asserting that China has the capability to attack Taiwan.

This would result in a protracted and bloody confrontation, a disaster for all China.

On Aug. 2, the Hong Kong *Ta Kung Pao* published inter-



Taiwan's President Lee Teng-hui's provocative statements about "state-to-state relations" between China and Taiwan, are the political equivalent of terrorist bomb attacks.

views with experts at the Strategic Research Department under the Academy of Military Sciences of the Chinese People's Liberation Army. *Ta Kung Pao* stated that the 1996 Chinese exercise had been a warning; it will not be repeated. Chinese military strategy holds that "there are no constant rules to follow, just like water, which has no permanent form." This time, if the Taiwan authorities go too far, military exercises will not answer the situation. If Taipei goes further, and announces the "revision of the Constitution" to permit "Taiwan independence," then China would have to attack Taiwan, the analysts indicated. "China regards sovereignty and territory as most sacrosanct and more important than anything else," the military analysts stated.

The mainland is basing this policy also on its insights into the Taiwanese military, the analysts said. Although it is expensively equipped, its forces have had no combat experience since the KMT retreated to the island in 1949. Even more important, a cross-strait war would be protracted, which would devastate the Taiwan economy. Taiwan's economic relations with the mainland—Taiwan has a \$90 billion surplus in cross-strait trade—were critical to its survival of the Asian financial crisis. Taiwan is totally dependent upon trade for energy and raw materials, and a blockade would have an immediate effect.

The real question remains, what Washington will do. This group of strategists estimated that the United States would not risk its own strategic interests, for the sake of one group in Taiwan. And, they stated, while China lags far behind the U.S. in military technology and armaments, the gap is no greater than when China fought the United States in Korea in the 1950s. The United States did not defeat China in Korea, nor did it defeat Vietnam, they noted.

Analysts have also noted the U.S. vulnerability to the "serious bubble" of its "virtual economy."

Yan Zhao, senior researcher of the Academy of Military Sciences, stated in an interview published by the Hong Kong *Wen Wei Po* on Aug. 12, that U.S. military capabilities in Taiwan would be weakened by the great distance over the Pacific, which would undermine their ability to withstand a war of attrition. In addition, there would certainly be domestic political fights over whether the United States should actually commit itself to war over Taiwan.

Given the serious weaknesses NATO has already demonstrated, in the ineffectiveness of its grandiose war against Yugoslavia, these criticisms of U.S. capabilities show insight.

Massive maneuvers

Unprecedented military maneuvers have been conducted in the northeastern Pacific during August.

The first week in August, for the first time in history, the South Korean Navy and the Japanese Maritime Self-Defense forces conducted joint naval maneuvers.

Then, on Aug. 16, the United States and South Korean military forces began their annual defense exercises, on a scale as never before. The 12-day war games, code-named "Ulji Focus Lens," combined 14,000 Americans from bases in Japan, South Korea, and Guam, with 56,000 South Korean soldiers. The nuclear-powered aircraft carrier *Constellation*, flagship of the Seventh Fleet, based in Yokosuka, Japan, arrived in the South Korean military port of Chinhae, carrying some 70 fighters, to command the exercises, accompanied by a battle group of 10 ships, including two cruisers, two destroyers, two submarines, a supply ship, and a Canadian ship. The largest computer simulation joint military exercise in the world was also to be carried out.

Russia has also taken notice. Radio Moscow reported on Aug. 3, that the United States was reinforcing its military forces stationed in East Asia. It reported that U.S. intelligence collection vessels, *Observation Island* and *Invincible*, entered the naval base in Sasebo, Japan, while F-15 fighters arrived at the U.S. Air Force base in Osan, South Korea. The electronic observation aircraft RC-135, which moved to the U.S. Air Force base in Misawa, Aomori Prefecture, Japan, is observing the regional situation. The aircraft carrier *Kitty Hawk* has also arrived. The question is, stated Radio Moscow, whom are they there to threaten? There is the possible missile test-launch of the Taepodong-2 by North Korea, and China's recent test of its long-range Dongfeng-31 missile. But, noted Radio Moscow, Japan also has programs to develop and launch missiles, including a program to launch four intelligence satellites within the next five years.

It was also remarked in Asia, that on Aug. 2, the United States carried out the second successful testing of the Theater High-Altitude Area Defense (THAAD) missile.

American naval commanders have helped stir up the situation by voicing their opinions. Rear Adm. Timothy LaFleur, commander of the *Constellation* battle group, said in Singapore on Aug. 10, that the ships, then under orders for the

Persian Gulf, might be dispatched to the Taiwan Strait in case of a military crisis. In 1996, he said, a U.S. carrier had moved rapidly from the Persian Gulf to the Taiwan Strait. The *Constellation* was in Singapore for training exercises with the Singapore navy, following the Japan and Korean exercises. Then, Rear Adm. Timothy Keating, commander of the *Kitty Hawk* group, stated in Pattaya, Thailand on Aug. 13, that "China will know if they attempt to undertake any kind of operation, whether it is Taiwan or anything, that they are going to have the U.S. Navy to deal with. We are there in numbers, we're trained, we're ready, and we're very powerful. . . . The Chinese . . . will have to consider it very, very carefully in any action they may make against, principally, Taiwan."

On Aug. 7, the U.S. Navy announced that the *Constellation* and *Kitty Hawk* battle groups had conducted exercises "near Malaysia," but regional press located the "passing exercise" in the South China Sea, near the Taiwan Strait. The Navy even released photos of the exercise.

Congressmen staging riots

The U.S. Congress is a hotbed of subversion against America's national "one-China" policy, established by both Republican and Democratic administrations. Leading the subversives is Jesse Helms, whose murky career includes deep involvement with the drug- and gun-running Contra operation, and links to the networks which set up the 1984 assassination of Indian Prime Minister Indira Gandhi. Congressman Benjamin Gilman (R) of New York, whose office is a stomping ground for the powerful, rich, and dirty Taiwan and Zionist lobbies, is Helms's co-respondent in the House. A mixture of Democrats and Republicans, Senators Robert Torricelli, Frank Murkowski, and Trent Lott, and Congressmen Dana Rohrabacher, Christopher Cox, John Shadegg, and Gerald Solomon also lead the lineup.

No fewer than three separate delegations of the U.S. Congress went to Taiwan during August. One was led by Gilman, who strongly supported Lee Teng-hui's wild proclamation. "We expressed our concern about Chinese 'saber-rattling' over President Lee's state-to-state remarks and its effect on the confidence and security-building in the region," said a statement released by Gilman. "As we leave Taiwan, we are calling upon the P.R.C. to renounce the use of force against Taiwan."

This was followed by a group of six Republican Congressmen, escorted by Heritage Foundation President Ed Fuelner, who had organized Lee Teng-hui's disruptive visit to Cornell University in 1995. Then, on Aug. 14, three members of the House Armed Services Committee, Lindsey Graham, Solomon Ortiz, and Jerry Weller arrived in Taiwan, to study "if the United States can do anything to meet Taiwan's military needs," accompanied by a military officer, Jim Walker.

On Aug. 12, the Pentagon had to issue a rebuttal of the absurd assertions being made by Senate Majority Leader

Trent Lott (R-Miss.) and an aide to Rep. Dana Rohrabacher (R-Calif.), that a Chinese company contracted to operate port facilities at either end of the Panama Canal represents a national security threat to the United States. Defense Department press spokesman Kenneth Bacon stated that the official view inside the Department of Defense is that China's top two priorities are economic and agricultural development for its population. Military modernization has been, since the time of Deng Xiaoping, the last of its priorities.

Carrying forward Jesse Helms' neanderthal-style provocations, John Bolton, senior vice president of the American Enterprise Institute and a former official in the Bush administration, wrote an article in the *Weekly Standard*, calling for the United States to grant full diplomatic recognition to Taiwan, and to abandon the "one China" policy. In a recent issue of the *National Review*, Mark Lagon, of the New York Council on Foreign Relations' Project for a New American Century, also called for the United States to recognize Taiwan as an independent state, while building up cooperation with "real" regional partners like Japan, South Korea, the Philippines, and, perhaps, India. He called on the U.S. administration to stop criticizing Taiwan for being provocative.

Regional diplomacy

Diplomacy is, however, under way in the region, in an effort to counter the orchestrated tensions. Chinese President Jiang Zemin is visiting Thailand, Australia, and New Zealand, where he is scheduled to meet President Clinton on Sept. 14. This will be a critical meeting; Jiang Zemin explicitly attacked the "gunboat diplomacy" and "economic neo-colonialism pursued by some big powers," in his speech on Sept. 3 in Bangkok. The next day, he accused Lee Teng-hui of taking "a very dangerous step on the road to splitting the nation."

A Chinese delegation led by Maj. Gen. Luo Bin, director of the foreign affairs office of the Ministry of National Defense, met North Korea's Vice Marshal Kim Il-chol, vice chairman of the National Defense Commission of North Korea in Pyongyang on Aug. 8.

South Korean President Kim Dae-jung has also launched a drive to save his "sunshine policy" of peace with North Korea, sending South Korean ministers to Beijing, Tokyo, and Washington on Aug. 23. Seoul officials attached special significance to the first-ever meeting between Defense Minister Cho Sung-tae and his Chinese counterpart, Chi Haotian, on Aug. 23. South Korean Foreign Minister Hong Soon-young met his Japanese counterpart, Masahiko Komura, Aug. 23 in Tokyo. The same day, South Korea's Unification Minister Lim Dong-won left Seoul for a week-long visit to the United States, which included talks with former Defense Secretary William Perry, President Clinton's adviser on North Korea. The agenda of these visits, was to discuss what economic and diplomatic incentives Seoul and its allies could offer North Korea if it forgoes a missile test. Already on Aug. 19, the North Korean Foreign Ministry had announced: "As

regards the missile issue, we are always ready for negotiation if the hostile nations honestly ask for it out of an intention to alleviate our concern.”

China and the other nations of East Asia, most of which are still developing nations, urgently need a prolonged period in which peace and a productive economic policy prevail, in which to build their far too backward economies. The eruption of the world financial crisis in Asia has been a severe setback; conflicts or full-scale war would plunge the region into chaos. These nations have repeatedly called for the rational and just new world economic, political, and security order essential for economic construction; the British-American-Commonwealth grouping is determined to block that new order at all costs. Throwing the BAC’s minions, the Bush-Helms mob, out of Washington, is a matter of dire urgency for every nation in the Pacific.

Documentation

‘United States: You had better not interfere’

Here are excerpts from the Chinese weekly magazine Global News Digest of Aug. 20.

The treasonous administration of Taiwan will certainly meet with disaster. The anti-China gang is threatening interference. . . . United States: You had better not interfere. To protect the interests of the nation and its people, the People’s Liberation Army would rather lose a thousand troops than one inch of territory.

The “theory of two Chinas” is causing daggers to be drawn on both sides: the American anti-China, pro-Taiwan forces, and the Chinese people desiring the unification of the country. Disregarding the feelings of the peoples opposing foreign intervention, the United States is openly selling arms to Taiwan, conducting exercises with aircraft carriers, and using extortion and other despicable methods, to connive with Li Denghui [Lee Teng-hui] and the other Taiwan authorities’ actions to split the country. This can only lead to further worsening of China-U.S. relations, to increasing the arrogance of the Taiwan authorities’ “independence” ideology, and pushing the nervous situation across the straits toward the brink of war.

America’s Asian strategy sees Taiwan as its “unsinkable aircraft carrier,” and has for a long time allowed Taiwan’s wild ambitions. American influence on Taiwan, American long-term interference into China’s internal affairs, have been the fundamental cause of the Taiwan crisis. The emergence of the “two nation” theory has given the United States a new

pretext to encroach upon the Taiwan question.

As the U.S. Defense Department continues to sell Taiwan advanced weapons systems, the anti-China pro-Taiwan members of the U.S. Congress are active in visiting Taiwan, and openly supporting and engaging in the “two nation theory” discussion. . . . In the United States internal situation, right now candidates who are pushing for nomination in the coming Presidential elections, are exploiting the “two nations theory” in many articles. On Aug. 14, [Republican Presidential contender] Gov. George Bush, Jr. . . . played up his promise, that if he would be President he would defend Taiwan by military force. Bush Junior declared, that the United States should adopt a “tough and unwielding stance” in dealing with China as a strategic adversary and competitor. At the same time, the Republican Presidential candidates Forbes and Mrs. Dole have also broadcast threats, that they as President would “order the U.S. military to defend Taiwan.”

Some American military spokesmen also have made brazen threats of war against China. On Aug. 11, former U.S. Defense Department head of department for China relations Shiraf said, that the U.S. military Pacific Command, on the basis of the “Taiwan Relations Act,” has “prepared a war plan for intervention into the Taiwan conflict.” Speaking of the present situation, he said that if Beijing “intends to punish Taiwan,” the U.S. will consider military action. In recent days, two aircraft carriers of the U.S. Seventh Fleet, the *Kitty Hawk* and the *Constellation*, have been carrying out maneuvers in the South China Sea neighboring the Taiwan Straits. The U.S. State Department, concerned not to irritate China, has called for ending the exercises, but the U.S. Defense Department is nevertheless continuing them. . . .

Because of the support by U.S. anti-China, pro-Taiwan forces, Li Denghui is being pumped up, like a drug addict taking stimulants, carrying out arrogant bragging and wild provocations. . . .

The Chinese people love peace and would only choose military force as the last crucial option, but China will also not bow down to foreign intervention. If some Western countries think that “in order to safeguard its economic development, China would not dare to use military force against Taiwan,” or “China’s military, unlike the American military, does not have the option and capability to launch a military attack,” then those Western countries are making a very big mistake.

Indeed, China truly has made economic construction the core of its development strategy, and the United States is certainly the most powerful military power in the world. But history cannot forget, that China has never been afraid of war, and especially is not afraid to fight a big and bitter war. Since the founding of the new China, China has twice matched swords with the United States, once in the war of resistance against the United States in Korea, and once in the anti-United States war in Vietnam, and in both cases the seemingly invincible United States aggressors were defeated in the end.

Twice, in the Taiwan crises of 1954 and 1958, the United States supported the Guomindang and menaced China by a policy of going to the edge of war and applying nuclear blackmail. But this was also useless.

From a theoretical standpoint, military strength normally includes two aspects—hardware and software. From the standpoint of hardware, China's neutron bombs are more than enough to cope with aircraft carriers, and China's short-range missiles can carry them. From the software standpoint, the United States has even less superiority: First, they would be operating in a far distant location, the supply lines would be very long, and they could not withstand a war of attrition; second, they would be fighting a war without moral right and would not receive the support of the international community; third, popular sentiment in the United States would not be happy: Everybody knows that America's economic and strategic interest on the mainland is far greater than its interests in Taiwan.

Furthermore, China has geographic superiority; we have an enormous strategic maneuvering room. Launching a war against "Taiwan independence" would not give the international community much chance to criticize. Consequently, the United States should not only weigh its relative interests on the mainland and in Taiwan, but also seriously consider the consequences of coming into direct confrontation with China over the Taiwan crisis.

The Chinese government has always pursued a policy of peace concerning the Taiwan issue, but if the Taiwan authorities think they can rely on foreign "protection," and think that China only has the ability to make a "psychological war" or "a media war," then they are making a very big mistake. At the present moment, the fatherland on the mainland has already carried out all necessary preparations to launch a military attack on Taiwan. The troops, transfer of units, strategic exercises, logistical backup, and other aspects are all ready. On the southern coast of the mainland, war preparedness drills have frequently been carried out by "night surprise attack" air force units. "Ground-to-ground missile groups" have all carried out focussed attack exercises. The *Liberation Daily* has just published an editorial saying: "The People's Liberation Army always puts the interests of the nation and the people higher than its own life. Better lose a thousand troops than give up one inch of territory."

Against the "Taiwan independence" attempts to split the country and the intervention of anti-China forces internationally, the Chinese government reaffirms: Do not underestimate the determination, confidence, and ability of the Chinese people to defend their national sovereignty and national territory! If the United States makes the miscalculation, of continuing to interfere in the internal affairs of China, then they will burn their cat's-paw. As former U.S. National Security Adviser Dr. Kissinger warned, if the United States does not take a proper policy toward the Taiwan issue, then it could lead to war and the United States will pay a bitter price.

**Former Mexican President
José López Portillo:**

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International Intelligence

Uzbekistan rejects militants' demands

The Uzbekistan Foreign Ministry issued a statement on Sept. 7 rejecting as a "provocation" and "scandalous outrage" the Islamic Movement of Uzbekistan's demand for the release of 50,000 imprisoned Muslims, in exchange for freeing the hostages held by the movement in neighboring southern Kyrgyzstan. The Islamic Movement faxed its demand to the Kyrgyzstan leadership on Sept. 4, insisting that the Kyrgyz leadership allow the guerrillas to cross unimpeded into Uzbekistan. Uzbekistan National Security Council Secretary Mirakbar Rakhmankulov told Uzbek Television on Sept. 7 that the militants aim to destabilize the whole of Central Asia, according to Interfax. He added that the Islamic Movement is supported by the Afghan Taliban.

In addition, a Kyrgyzstan official told Radio Free Europe/Radio Liberty's Bishkek bureau on Sept. 7 that China has offered help to Kyrgyzstan to resolve the hostage crisis. The official said that Beijing is ready to block the frontiers between China and Kyrgyzstan and between Kyrgyzstan and Tajikistan. An agreement on strengthening frontier security measures was signed by China, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan in April 1996.

French judges seal dossier on Diana murder

French Magistrates Hervé Stephan and Christine Devidal, who conducted a two-year probe into the car crash that killed Princess Diana, Dodi Fayed, and driver Henri Paul on Aug. 31, 1997, have signed off on a report by French prosecutors that ensures that what—and who—was responsible for their deaths, will remain covered up indefinitely. After submitting a 6,000-page final report, the content of which remains sealed, Judge Stephan on Sept. 3 accepted the conclusions of French prosecutors, that no charges should be brought against the nine motorcycle-mounted paparazzi who were chasing the couple at the

time of the crash, and that there is no evidence that the only people responsible for the crash were Henri Paul—whom the report lies was drunk and driving at a high speed—and Dodi Fayed.

Completely omitted from the one-paragraph Stephan statement and the 28-page prosecutors' summary, was any reference to suggestions that British intelligence agents, known to have been in Paris just prior to the crash, might have played a role in the fatal incident. A number of former British intelligence officers have come forward with evidence suggesting that circles around the House of Windsor deployed MI6 to track Princess Diana and Dodi Fayed, and to set up their elimination. Mohamed Al Fayed, Dodi Fayed's father, who is a civil party to the French investigation, has publicly accused Prince Philip of ordering their assassination, using MI6 as the executioners. A spokesman for Al Fayed announced that he would appeal the decision by Magistrates Stephan and Devidal.

The decision not to prosecute the paparazzi was aimed at preventing the release of Judge Stephan's huge report—which, sources have told *EIR*, contains damning evidence contradicting the lie that the crash was caused by drunken, high-speed driving by Henri Paul.

'Operation Surety' dry run under way in Britain

The British government is readying a police state called "Operation Surety," under the cover of a hypothetical system-wide computer breakdown, whose social effects would trigger mass rioting and chaos. The target date for "Surety" was supposed to be Sept. 9, 1999 (9/9/99). As *EIR* has reported, the actual intent is to have police-state measures in force when the oligarchy's financial bubble explodes.

On Sept. 7, University of Edinburgh Prof. John Erickson told *EIR* that the Operation Surety-type measures are already going into effect, but will not immediately take the overt form of massive security forces deployments. "This Operation Surety will go into effect as planned," said Erickson,

"but don't suppose you would see what is happening immediately. This will be, first of all, a command and control exercise. The key to this is not police cars running around the streets, but the setting up of the required command and control and related systems. The visible, physical presence is the last resort. What is being worked out now, are the 'hows' of mobilization, running through the whole thing without the visible aspects. It's command and control, relevant personnel, and the like. At first, publicly, we will see nothing, but the capability is being put into place, for closing roads, sealing off areas, and so on. The June City of London riots, and the warnings of future riots, are being used as an alibi, as a justification, for the changes being put into place. But to stress again, the important changes are not the visible ones."

He emphasized, "I've had some discussions with colleagues, and the one thing we all agreed on, is that *something weird* is going on in Britain. We can't quite understand it, but there is certainly a sense of weirdness. We are all asking, 'What's this government up to?'"

UN dumps Yugoslav dinar as currency in Kosovo

What appear to be monetary decisions by the UN administration in Kosovo, are actually moving toward separating the province from Yugoslavia, and further destabilizing the region, rather than rebuilding it. On Sept. 3, the UN administration announced that, effective immediately, the Yugoslav dinar is no longer the sole legal tender in Kosovo, and that foreign exchange controls there have been abandoned. While all hard currencies will be accepted as legal tender, the UN administration will collect taxes, whenever possible, in deutschemarks, and will also make its payments in marks. While the dinar will still be accepted, its use will be discouraged. Anyone who pays fees in dinars will be charged extra. The value of the dinar will be figured by the free-market exchange rate, rather than the rate set in Belgrade, in the settlement of accounts.

Furthermore, the UN administration has

started up a customs service in Kosovo, which acts independently of Serbia and will not transfer its revenues to Belgrade. Due to the disintegration of the Yugoslav economy, including hyperinflation, the UN administration's monetary decisions are simply formalizing what was already taking place in Kosovo. Nevertheless, the decisions are further distinct steps toward Kosovo separation.

British Army planned Ireland's 'Bloody Sunday'

The *Irish Sunday Tribune* published documents on Sept. 6, which it claims are British Army memos written just prior to the "Bloody Sunday" massacre in Northern Ireland on Jan. 30, 1972, when 14 unarmed demonstrators were killed by British paratroopers. The documents, which were recovered by the Irish Intelligence Service, were said to have been turned over to the government and presumably given to the Tribunal of Enquiry under Lord Saville, which is now investigating the events of 1972.

One of the documents, "The Situation in Londonderry as of 7 January 1972," was apparently written by the Commander of Land Forces in Northern Ireland, Gen. Robert Ford, and addressed to the general officer commanding the British forces, Lt. Gen. Sir Harry Tuzo. In the memo, Ford writes that the "minimum force necessary to achieve a restoration of law and order [in Londonderry] is to shoot selected ringleaders."

Another memo, written three days before Bloody Sunday by Lt. Col. Harry Dalzell-Payne, was intended "to try and anticipate some of the problems we may face on Monday, 31 January 1972 if events on Sunday prove our worst fears." Dalzell-Payne recommended "stronger military measures" to put down Irish nationalist resistance, concluding, "The only additional measure left for physical control is the use of firearms, i.e., 'Disperse or we fire.'" Dalzell-Payne admits in his memo that such action would lead to the deaths of "innocent members of the crowd" which would "inevitably lead to further accusations of brutality

and ill-treatment of nonviolent demonstrators." Although "harsh," and "tantamount to saying all else has failed," Dalzell-Payne wrote, the plan "cannot be ruled out."

Yet another document suggested that essential services, including sanitation, be cut off from Bogside and Creggan districts, causing them to "rot from within" through the spread of disease.

Harvard boy promotes secession in Americas

The *Miami Herald's* top Ibero-American writer, Andrés Oppenheimer, dedicates his Aug. 29 column to promoting the thesis of Harvard's Juan Enriquez Cabot Lodge, that "New, Smaller Nations Could Alter Latin American Map by 2050," as the headline reads. Ibero-American governments had better realize that secession may be coming, Oppenheimer writes, pointing to the fact that, already, "many Latin American provinces are opening up U.S. trade promotion offices without participation, let alone permission, from their central governments." Oppenheimer reports that the fall issue of *Foreign Policy* will publish an article by Enriquez Cabot Lodge, who hails from Harvard University's David Rockefeller Center for Latin American Studies. The article will argue that the Western Hemisphere will no longer continue to be "the one segment of the world that has seemed immune from secessionist impulses."

"Contemporary Goliath states," such as Brazil, China, India, and Indonesia, have proven "unsuccessful," as opposed to the "fastest-growing" tiny trading countries of Luxembourg, Singapore, and Switzerland, Enriquez Cabot Lodge opines. "Globalization is breaking down the world to its component parts." If governments hope to hold things together, they should grant greater regional autonomy, and give up their "sovereignty-obsessed authoritarian doctrines." His targets for separatist movements include the wealthy regions such as northern Mexico, southern Brazil, and Ecuador's Guayquil, in addition to the poor Indians of Chiapas in Mexico and the Mapuches in Chile.

TURKISH citizens by the tens of thousands are leaving the northwest urban region that was struck by an earthquake last month, according to the Associated Press on Sept. 4, out of disgust with the government's incompetence in dealing with the disaster. Rents in the earthquake zone have exploded for what housing is available, and the government has done nothing to freeze them.

VATICAN UN envoy Msgr. Renato Martino said that he plans to ask for the U.S.-British bombing of Iraq to be halted while Pope John Paul II visits the country, according to Associated Press on Sept. 2. Furthermore, AP notes, the Pope is strongly urging that the sanctions against Iraq be lifted, because of the devastating effect they have had on the poor.

JACQUES CHEMINADE, president of Solidarity and Progress, the LaRouche movement in France, has a feature article titled "A New Bretton Woods" in issue No. 4 of the French defense magazine *Strategy and Defense*. His article accompanies those by defense and strategic experts Jean Klein, head of defense affairs at the French Institute for Strategic Studies, Gen. Henri Paris, president of "Démocraties," and General Fricaud-Chagnaud, former president of the National Foundation for Defense Studies.

ARGENTINE POLICE issued an arrest warrant for Hezbollah leader Imad Mughniyah, for his alleged role in the 1992 bombing of the Israeli Embassy in Buenos Aires. Mughniyah, who is the number-two leader in the Hezbollah security services, is also suspected by the United States of involvement in the 1984 bombing of the U.S. Embassy in Beirut and the 1985 hijacking of TWA flight 847 from Athens to Rome.

U.S. CHARGÉ D'AFFAIRES Donald Teitelbaum will make an official visit to Sudan in September and meet with Foreign Ministry officials in Khartoum, according to Agence France Presse on Sept. 2.

The LaRouche case is the key to unravelling Waco cover-up

by Edward Spannaus

On Sept. 8, former Senator John Danforth was appointed as special counsel to investigate the 1993 Waco atrocity; his assignment is to determine: Did the government kill people? Was there any illegal use of the military? Was there a cover-up?

Danforth himself stressed that he will investigate whether there were “bad acts,” not whether there was “bad judgment.” This would obviously encompass either outright illegalities, or gross misconduct by Federal law enforcement agencies.

But if Congressional investigators had listened to what *EIR* and Lyndon LaRouche said years ago, these questions would have already been answered, and we would not be belatedly re-opening the case in the latter half of 1999. LaRouche and *EIR* stressed from the beginning—and with particular emphasis around the 1995 Congressional hearings—that the issue was the *pattern* of gross misconduct and prosecutorial abuse by the Justice Department, a pattern which became endemic during the period when George Bush was Vice President, and then President.

The clearest such case is that of Lyndon LaRouche. In September 1994, former U.S. Attorney General Ramsey Clark, appearing before an independent body of international legal experts who reviewed the evidence in the LaRouche case, summed up the evidence of government misconduct by declaring that the LaRouche case “represented a broader range of deliberate cunning and systematic misconduct, over a longer period of time, utilizing the power of the Federal government, than any other prosecution by the U.S. government, in my time or to my knowledge.”

There are numerous common elements to both the LaRouche and the Waco cases. There was the use of outside “experts” to feed a falsified portrait of the targets to law enforcement agencies, there was improper and illegal use of the military, and there was the same rotten core of the Justice Department, centered around the Criminal Division’s Mark

Richard and John Keeney.

There was also the similar modus operandi, typical of the way the Justice Department operates: “We had to frame these people up; if you could see the secret files on these people, you’d see how bad they really are.”

That is precisely the argument which Mark Richard et al. made to Attorney General Janet Reno, to induce her to approve the FBI’s assault plan in Waco which she had previously vetoed. That is also the argument made, to this day, by the Justice Department with respect to its handling of such cases LaRouche and John Demjanjuk (who came close to being executed after having been falsely accused, using forged documents, of being a Nazi war criminal). That is to say: “We have secret information, which we refuse to reveal, even in our customary, crooked, *in camera*, *ex parte* transactions with the courts, but which, nonetheless, would show you, if you believed us, that these were bad guys which we had to eliminate in one way or another.”

‘Other bad acts’

Just as a prosecutor—under the Federal Rules of Evidence—can introduce evidence of “other bad acts” to show pattern and motives, any competent consideration of the Waco case must include such “other bad acts” by the career prosecutors and functionaries of the Justice Department. This will prove conclusively that the “bad acts” at Waco were not a mistake or an aberration, but were an expression of a deeply ingrained cancer in our criminal justice system—a malignancy which must be thoroughly excised and removed from our Federal government.

Let us begin our review by looking at what *EIR* said on the eve of the July 1995 Congressional hearings. Those hearings were the best chance that Congress had, to get to the bottom of what happened at Waco and who was responsible for it. But they didn’t listen to LaRouche, and they therefore blew it.

Documentation

The pattern of DOJ corruption

In a Special Report dated June 30, 1995, headlined "The Long Overdue Cleanup of the Justice Department," EIR called for the upcoming Congressional hearings to take up the case of the Justice Department's railroad conviction of Lyndon LaRouche and other similar cases. The lead article began:

On July 12, the House Judiciary Committee is scheduled to begin hearings on the 1993 tragic events at Waco, Texas, in which 86 members of the Branch Davidian sect and four Treasury Department agents were killed in two separate armed confrontations. The initial decision to hold hearings on Waco was driven by a broad-based bipartisan concern over evidence of rampant corruption inside the permanent bureaucracy at the Department of Justice. But there is now a danger that those hearings will be hijacked by a group of Republican congressmen out to pillory the President and his Attorney General for purely partisan purposes—even if it means covering up for the real criminal apparatus inside the Department of Justice (DOJ). . . .

From within the Republican Party, the machinery of former President George Bush stands to gain the most by distorting the Waco hearings into a show-trial against Clinton and Attorney General Janet Reno that never touches upon the permanent government structures inside the DOJ.

Completely lost under the weight of this latest British propaganda offensive against President Clinton is any concern with getting to the root cause of the Waco tragedy; or the earlier cold-blooded murders of two people by Federal government agents at Ruby Creek, Idaho; or the 1986 attempt by government agents to murder political economist Lyndon LaRouche; or the subsequent political frameup prosecution and conviction of LaRouche and many of his associates; or the near-execution of John Demjanjuk following his extradition to Israel on war crimes charges which the prosecutors knew to be false.

Any remotely serious probe of this pattern of attacks against the American people would turn up a common list of corrupt officials presiding over these crimes of state and their ruthless cover-up.

It is high time that the corrupt bureaucracy inside the Department of Justice be cleaned out. Contrary to public opinion, neither the President nor the Attorney General presently wields very much power inside the 90,000-person DOJ. The real center of power, as you will discover in the following 32-page *Special Report*, is located within the permanent bureaucracy of career civil servants—led by two senior Criminal Division officials who, between them, have been on the job for 72 years!

Deputy Assistant Attorneys General John Keeney and Mark Richard hold the reins of power over all major criminal

cases, as well as all national security matters. They form the liaison with the CIA, the Pentagon, and all foreign law enforcement and intelligence services. They direct all internal security probes, and investigate all charges of corruption by elected political officials.

If you are still puzzled over the failure of a string of congressional committees, special prosecutors, and Federal judges to get to the bottom of the scandals of the 1980s—the so-called Iran-Contra affair, the flooding of the United States with trillions of dollars in illegal narcotics, etc.—you need look no further than this permanent DOJ apparatus. This is the Praetorian Guard that has kept the American public, Congress, and even the President in the dark about these scandals. . . .

One sure-fire way to guarantee that the upcoming Waco hearings don't turn into the partisan slug-fest that the British, the Bush crowd, and the DOJ permanent apparatus are working for, is to feature prominently the LaRouche case, as well as the other recent documented instances of flagrant DOJ corruption. Only by dissecting the inner workings of the Justice Department in this series of actions can any semblance of truth be unearthed.

LaRouche: My enemies are the President's enemies

In a July 12, 1995 interview, reported in the July 21, 1995 issue of EIR, LaRouche identified "a threatened cover-up by certain Republican forces within the House of Representatives of the Waco and Weaver cases, and other cases," and said that the purpose is to protect the particular group inside the Justice Department, especially Mark Richard and Jack Keeney, whom LaRouche identified as also being responsible for the John Demjanjuk frameup, the Randy Weaver (Ruby Ridge) case, the Waco case, and LaRouche's own case:

The same people who are my enemies, in this respect, are also presently *the most dangerous enemies* of the President of the United States. All the harassment which is being done against the President, is coming out of this bunch of clowns, centered around Mark Richard, Jack Keeney, and their co-conspirators, or co-culpables.

That article continued by quoting a statement in which LaRouche underlined the key facts common to both the Weaver and Branch Davidian cases:

"1. In both of these cases, there was politically motivated targetting of the victims by a concert of private organizations outside the U.S. government, working in tandem with corrupt officials inside Federal governmental law-enforcement agencies.

"2. In both cases, the slaughter was set into motion on George Bush's 'watch': while George Bush was President of the United States.

"3. The homicidal actions by government agents, in both cases, were brought about through the influence of sundry so-called 'experts,' some from within government agencies, some from private organizations outside government.

"4. In both cases, the center of the scandal is the continued role of a corrupt section within the Justice Department's permanent bureaucracy, sections centered around agencies under the direction of Deputy Assistant Attorneys General Mark Richard and John Keeney.

"5. In both cases, the Federal government's targeting of Weaver and the Branch Davidians was prompted by private organizations centered around the self-styled 'Cult Awareness Network,' the Anti-Defamation League (ADL), and ADL fellow-travellers such as the Dan Levitas who played a key part in harassing Randy Weaver and Weaver's family out of Iowa. The ADL has been frequently identified, as by former top FBI official Oliver 'Buck' Revell, as an FBI dirty-tricks arm from within the private sector.

"6. In both cases, the same roster of combined official and private 'experts' consulted by the Federal agencies were responsible for the bad advice which led to the otherwise avoidable slaughter."

The 'anti-cult experts'

Even before the April 19, 1993 Waco massacre, but following the Feb. 28, 1993 shootout in which four Federal agents were killed, EIR focussed on this network of "anti-cult experts" who helped to set up the first shootout. Our first article on Waco, in the March 26, 1993 issue, began:

Investigators have confirmed that the Cult Awareness Network (CAN) and allied associations in Australia were responsible for setting up the bloody shootout last month in Waco, Texas which resulted in the deaths of four Federal agents and at least four members of the Branch Davidian sect whose compound was raided.

The abortive raid was conducted by agents of the Bureau of Alcohol, Tobacco and Firearms (BATF), who were acting on the basis of intelligence provided by so-called cult experts, who had "deprogrammed" former members of the sect. These "experts" had convinced BATF officials that members of the Branch Davidian sect were preparing to follow their leader, David Koresh, in some violent action, either a mass suicide, an attack on the citizens of Waco, or the assassination of a political figure. . . .

[After documenting exactly how false information was fed into the ATF, this article concluded:]

Any competent inquiry into the disastrous events of Feb. 28 must begin with a full investigation into the role of CAN and its affiliates, and steps must be taken to prevent these networks from shaping and directing the investigations of law enforcement agencies in the future.

The 'advice' to Reno

In our May 7, 1993 issue—after the bloody April 19 FBI assault, we documented the personnel involved in setting up that atrocity in an article entitled " 'Cult Awareness,' ADL Caused Holocaust in Waco." The article showed that in addition to the "cult experts," the DOJ's Mark Richard and the

FBI's Behavioral Science Unit and Hostage Rescue team, both based in Quantico, Virginia, had played key roles in advising Attorney General Reno. That article began:

"The irony of the thing," commented Lyndon LaRouche in the course of discussing the hideous deaths of 81 people, including 24 children, at the Branch Davidian compound in Waco, Texas, "is that this Anti-Defamation League-sponsored holocaust occurred on the anniversary of Hitler's ordering the holocaust against the Jews of the Warsaw Ghetto. . . .

"The ADL and CAN are tightly integrated, together with a psychiatrist by the name of Park Dietz with the behavioral studies unit of the FBI, which is based out of Quantico, Virginia. That is the unit of the FBI which did the bloody murder at the end of the thing to keep the lid on this," LaRouche explained.

LaRouche minced no words: "The way they manufactured it, is that at the end result, they were using 'witnesses,' the affiants, the sources, the experts, who they were using to justify the initial ATF shootout and then the later misinformation or lying, shall we call it plainly, to Attorney General Janet Reno."

Richard emerges unscathed

Our coverage continued with coverage of the April 28 House Judiciary Committee hearings, and further documentation of the role of the "cult" and "deprogramming" experts in our May 14, May 21, and June 4, 1993 issues. In our Oct. 22, 1993 issue, we reviewed the after-action reports compiled by the Treasury and Justice Departments, showing how both reports had evaded the most crucial questions.

In 1995, as referenced above, hearings on Waco were held in the House of Representatives. In June and July 1995, EIR published a series of articles documenting the cover-up as the hearings went along. Republicans used the hearings to try and pin blame on Clinton and Reno, and the Democrats played defense; no one probed the actual decision-making process, and Mark Richard, although called as a witness, emerged unscathed. The background to those 1995 hearings was reviewed two years later, in an article "Congressional Hearings Must Exonerate LaRouche," in our April 25, 1997 issue:

Over four years ago, when President Clinton was first coming into office, the clean-out of the careerists who were responsible for the pattern of judicial abuse during the 12 years of the Reagan-Bush Justice Department, was considered one of the new President's highest priorities. Like many of Clinton's early initiatives, the effort was at best faltering.

Clinton had trouble finding an Attorney General. The World Trade Center bombing occurred very early in his first term. His new Attorney General's first major decision (made with the help of DOJ careerist Mark Richard) led to the Waco debacle. Two years later, on April 19, 1995, the Murrah Federal Building in Oklahoma City was bombed. But, the Oklahoma City tragedy became the catalyst for renewed bipartisan

concern in the Congress, that the Waco case, along with other pertinent cases, was a predicate of a continuing pattern of behavior by certain elements attached to the Department of Justice.

At the same time, recognition was growing, both inside and outside the United States, that a full investigation of the judicial railroad of Lyndon LaRouche and his associates, was key to dismantling this corrupt apparatus.

LaRouche had been released on parole on Jan. 26, 1994, after having served five years in Federal prison as a political prisoner. His freedom came only after an unprecedented international mobilization. Close to 1,000 of America's foremost legal experts had petitioned the court as *amici curiae*, calling the LaRouche case "a threat to every politically active citizen." The case was brought before the UN Commission on Human Rights, the Organization of American States, and the Commission on Security and Cooperation in Europe (CSCE). Thousands of parliamentarians and other elected officials joined with religious leaders, artists, scientists, and human rights figures, to demand an end to LaRouche's unjust incarceration. Hundreds travelled in delegations to Washington, D.C., to lobby for LaRouche's freedom. . . .

In 1995, as the move toward Congressional oversight hearings progressed, there was little doubt that the LaRouche case would be presented. Unfortunately, what started out as bipartisan concern, quickly dissipated, under the leadership of newly elected House Speaker Newt Gingrich, into partisan political garbage. The Waco hearings were hijacked, and turned into an attempt to pillory President Clinton. The result was a massive cover-up of the DOJ corruption. . . .

Shut down the DOJ's secret murder machine!

by Bruce Director and Barbara Boyd

In the pre-dawn hours of Oct. 6, 1986, a 400-person army assembled at the staging grounds just outside of town. Equipped with automatic weapons, helicopters, fixed-wing aircraft, armored personnel carriers, battering rams, and other implements of modern warfare, the army prepared for the assault. The forces were divided into several units. Some were designated to seize and occupy several buildings in the center of town, others were deployed in arrest teams, while others were slated to surround and assault a farmhouse just outside the town's perimeter, not far from the staging area. They were accompanied by a bevy of trusted propagandists who had been provided pre-notification of the massive raid plans. Liaison had been established with the Joint Special Operations agency at the Pentagon. At 0600 hours, the troops moved into

position and began the attack.

This is not the opening from a Grade B Hollywood thriller, or the beginning of the recent documentaries on Waco. The small army consisted of agents from the U.S. Federal Bureau of Investigation; Alcohol, Tobacco, and Firearms; Secret Service; Postal Inspectors; Internal Revenue Service; Virginia State Police; and the local Sheriff's Department. The town was Leesburg, Virginia. The targets were the offices of publishing companies associated with U.S. Presidential candidate Lyndon H. LaRouche, Jr. and the farm where LaRouche stayed. The intended outcome was the assassination of LaRouche himself, which fortunately didn't happen. More than seven years before the ill-fated raid on the Branch Davidian complex in Waco, Texas, government agencies, under the coordination of the permanent bureaucracy of the U.S. Department of Justice, conducted a much larger and more complex assault against LaRouche and his associates.

To this day, government officials have stonewalled and lied about the events leading up to and following this raid, but, through a combination of eyewitness accounts and a review of some of the government's own documents, major parts of the story can be divined. Much of the documentary evidence has been filed in the LaRouche case and the cases of LaRouche's co-defendants before the corrupt U.S. Court of Appeals for the Fourth Circuit. Yet, judicial review has been repeatedly denied. Practicing the Hobbesian philosophy of law emanating from U.S. Supreme Court Justice William Rehnquist, the Federal court has condoned the Department of Justice's criminality, on the basis that the ends justify the means when dealing with a perceived political threat such as LaRouche. The DOJ's official policy, especially under the direction of Mark Richard and Jack Keeney, has been, "Perhaps we committed errors intentionally, but we had to do it because we had decided these were bad guys and we had to do them in by whatever dirty tricks were required to do that job."

The DOJ political targeting apparatus

Events leading up to the Leesburg raid began with a letter from Henry Kissinger to then-FBI Director William Webster on Aug. 19, 1982. Six months later, on Jan. 12, 1983, Kissinger's cronies in the President's Foreign Intelligence Advisory Board initiated a national security investigation of LaRouche and his associates under the provisions of Executive Order 12333. The PFIAB memo asks the FBI to conduct an investigation of LaRouche, "under the guidelines or otherwise"—in other words, by illegal means. Under this provision, Justice Department officials compiled a still-classified secret dossier demonizing LaRouche—a dossier used to this day to justify government illegalities and lying in going after LaRouche. The classified dossier consists of knowingly false reports alleging subversive and violent activities by LaRouche. E.O. 12333 allows the Justice Department to lie about even the existence of such investigations and allows employment of black bag jobs, wiretaps, physical disruptions, dissemination

of defamations through the media, and other unlawful means to accomplish their ends.

The Kissinger and PFIAB memos set in motion the coalescence of a task force which included the Anti-Defamation League (ADL) of B'nai B'rith, the now-defunct Cult Awareness Network, NBC News, the *Wall Street Journal*, and other "journalists" funded by financiers including Richard Mellon Scaife and the Smith-Richardson Foundation. In the spring of 1983, New York investment financier John Train chaired several meetings at his New York City home to launch the campaign. Attendees at these meetings included: Roy Godson, then a consultant to the National Security Council and PFIAB; John Rees, a longtime FBI informant and operative; Mira Lansky Boland of the ADL; representatives of Freedom House, the notorious intelligence proprietary headed by PFIAB Chairman Leo Cherne; Richard Mellon Scaife; Pat Lynch of NBC-TV; reporters for *Reader's Digest*, *Business Week*, the *New Republic*, and the *Wall Street Journal*; and pro-drug "freelance" researchers Chip Berlet and Dennis King. All of these individuals and agencies have long-standing operational ties to the corrupt permanent bureaucracy in the U.S. Department of Justice.

The Train meetings resulted in a propaganda barrage against LaRouche, in which selected falsehoods from the government's phony secret dossier of lies were disseminated publicly. Among the many examples is the case of NBC-TV reporter Pat Lynch, who testified that she received non-public information about LaRouche from James Jesus Angleton (a longtime agent of the British-American-Commonwealth intelligence faction in the CIA, and FBI liaison), the FBI itself, and the IRS.

Also included in the court record of the LaRouche case, is documentary evidence of the DOJ's collaboration with foreign governments, including the secret intelligence services of former Communist East Germany. In March 1986, just seven months prior to the raid, the East German Stasi, in collaboration with DOJ officials and the ADL's Irwin Suall, planted false stories in the international news media, alleging connections between LaRouche and the February 1986 murder of Swedish Prime Minister Olof Palme. The relevant U.S. government officials knew these allegations to be false, yet aided in their dissemination as part of their E.O. 12333 dirty tricks campaign against LaRouche.

The Leesburg raid

While the defamation campaign and the other E.O. 12333 dirty tricks proceeded, a phony criminal case was being hastily assembled as the pretext for the raid. Like the Waco case, the Justice Department relied heavily on witnesses who were psychologically impaired as a result of DOJ-assisted "deprogramming." The FBI's own documents admit these witness to be unreliable, yet their false statements were used to justify the massive use of force in the raid.

It was clear to everyone from the beginning of the raid,

that something far more sinister than an ordinary seizure of documents or the arrests of three individuals, was in the works. Having been fed every imaginable lie about LaRouche, the agents executing the raid were in a highly agitated state. Unlike a normal search and seizure, documents seized under the warrants were not taken to Federal court facilities or FBI offices where they would normally be maintained. Instead it was arranged through a "classified mechanism" with the Joint Chiefs of Staff, to take the documents to a U.S. military facility. William Weld, then head of the DOJ's Criminal Division, created a cover story for this extraordinary national security procedure, by the preposterous assertion that LaRouche or his associates could accomplish a "surreptitious entry" of the FBI and retrieve the seized documents!

As at Waco, there were two plans for the raid, an official cover story maintained in FBI documents, and the real plan, buried in secret communications. One of the raids principals, Don Moore, a Loudoun County, Virginia sheriff's deputy and deputy U.S. Marshall, admitted to an FBI informant in 1992 that a plan was in circulation weeks before the assault, to provoke LaRouche's security guards into a shooting incident by staging a massive siege and provocation at the farm where LaRouche stayed. According to Moore, he had provided detailed plans for the eventuality of entering the farm and taking out LaRouche. The murderous Moore told that same informant, that when the time came to arrest LaRouche, "I'll tell the words I'm going to tell the FBI: Shoot to kill."

FBI documents, however, claim that every effort was to be made to avoid violence, and that LaRouche's farm was not a target. Yet, FBI case agent Richard Egan subsequently testified that he conducted the searches in a frantic effort to obtain "evidence" to secure LaRouche's immediate arrest and a search warrant for a raid on the farm.

At 2200 hours, the auxiliary plan to provoke an incident went into effect. Helicopters flew overhead and SWAT teams amassed on the farm's perimeter. Fox-TV news reporter Jackie Stone broadcast a live report from outside the farm, stating that authorities were awaiting the imminent arrival of a search warrant and were going to enter the property to search for an "illegal weapons cache." Documents released subsequent to the raid show that Federal authorities *knew* no such weapons cache existed. Stone's report was designed to provide cover for an armed assault intended to result in LaRouche's assassination.

Individuals associated with LaRouche immediately contacted President Reagan seeking his intervention—a move which probably saved LaRouche's life. Overnight, the armed contingent surrounding the farm faded and the next phase of the DOJ's criminal plan took over—the framing up of LaRouche on criminal conspiracy charges, the illegal bankrupting of all his publishers, and the jailing of his closest collaborators. In the criminal mind of the Justice Department, if LaRouche was not to die in a blaze of gunfire, he would die in obscurity in prison.

LaRouche tells Americans: Rebuild the nation on principles of FDR

by EIR Staff

The strategy for restoring the United States to the principles of Franklin Delano Roosevelt, so that the U.S. President can carry out the indispensable job of establishing a new world monetary system based on technological progress, was the subject of the keynote presentation by statesman and Democratic Presidential pre-candidate Lyndon LaRouche to the Labor Day conference of the Schiller Institute and International Caucus of Labor Committees (ICLC). From Sept. 4-6, about 1,000 political leaders, including numerous guests from Asia, Ibero-America, and Europe, gathered in Northern Virginia to hear LaRouche's address and other presentations on the strategic dangers the world faces, and the principles of Classical thinking which will allow them, as organizers, to save civilization.

"You have no right to be stupid," LaRouche told his audience in a videotaped presentation (see p. 18). You must rise to the level of strategy, in order to return the United States to a political commitment to the principle of the general welfare which Roosevelt represented, as opposed to Winston Churchill. You must develop your mind in the interest of winning a "system of sovereign nation-states, each governed by a fundamental constitutional principle of the general welfare, and all sharing and understanding that the survival and security of one, depends upon the general welfare provided by all to each."

Those attending, many of whom have been organizing with the LaRouche movement and LaRouche's Presidential campaign, took the challenge more seriously than at previous conferences. There was a clear sense that the future of the United States, and the world, depends upon their activity, which in turn must be based on a level of cognition commensurate with that of the great poets and artists who created Western civilization. As the conference banner summarized it, they had to prepare themselves to "Seize the Moment of Crisis, and Opportunity."

Saving the nation-state

LaRouche's presentation on waging political war to reassert the principles of a sovereign nation-state, was complemented in electrifying fashion by Gen. Harold Bedoya (ret.), the former Defense Minister of Colombia, former Com-

mander of the Armed Forces, and former Army Commander, who addressed the conference soon after LaRouche had answered some questions by phone. General Bedoya received several standing ovations in recognition of his courageous battle against the international narco-terrorist forces who are strangling Colombia.

Bedoya announced that he had come to the United States to win political support from America for Colombia's war against the drug traffic. But this is not just a matter for Colombia, he stressed. Colombia has been chosen by the international narco-terrorists because of its strategic position, and, if Colombia, which is already being devoured by the terrorists, is destroyed, that fact will represent a strategic threat, not only to the rest of Ibero-America, but also to the United States itself.

The General stunned the audience with video footage showing the areas of Colombia under narco-guerrilla control, where young children of 10 and up are being trained as killers. The youth are being destroyed. The International Monetary Fund and American businessmen, such as the president of the New York Stock Exchange, have weighed in on the side of the drug traffickers. The situation is dire.

Bedoya urged the adoption of a Marshall Plan with two tracks: first, an alliance between Colombia and the United States to defeat the criminal threat, and second, an association for economic development, to begin to rebuild the nation. He met with wildly enthusiastic support. (A report on General Bedoya's Washington press conference appears on p. 29.)

The necessity of cognition

The second panel of the conference took off from LaRouche's polemic against populism and willful stupidity, by addressing the question of "Classical thinking." As elaborated throughout the conference, such thinking means an absolute rejection of "bite-sized" (or byte-sized) slogans and organizing, in favor of exercising the mind to generate and communicate ideas. Ideas, as ICLC executive members Gerald Rose and William Wertz stressed, cannot be reduced to "information" or "facts," but demand constant confrontation and resolution of paradoxes, and the supersession of old



The Schiller Institute chorus performs sections of Ludwig van Beethoven's Mass in C. One of the leading themes of the Schiller Institute-ICLC conference, was the need to revive Classical culture, especially in America, where it is so sorely needed.

hypotheses with new ones.

This panel began and ended with musical presentations, as exemplary of the Classical principle. The Schiller Institute chorus sang three sections of Ludwig van Beethoven's Mass in C; at the conclusion, Sheila Jones and Mindy Pechenuk of Chicago gave a provocative demonstration of how musical instruments must be governed by the principles of the human singing voice.

Gerald Rose spoke after the first musical performance, on the theme of "Beauty Is Truth, Truth Beauty." Rigorously defining the criteria for beautiful ideas in terms of their effectiveness in promoting human civilization, Rose used examples from Greek Classical sculpture, and from the poetry of John Keats, to demonstrate the Classical principle. Wertz took up the same question from the standpoint of the polemic that LaRouche developed in his "Prometheus in Europe" (*EIR*, July 23, 1999), emphasizing the crucial role of *agapē* in determining the ability to think. He interspersed his presentation with a number of recitations, and concluded with the discussion of a number of Classical paintings which demonstrated how ideas can be conveyed on canvas—much as Rose had shown they can be conveyed in stone.

A Renaissance or a Dark Age?

Helga Zepp-LaRouche, founder of the Schiller Institute, opened the second day of the conference with a keynote on "The Eurasian Land-Bridge as a Global Strategy Today." Her presentation, which is reproduced in full in the Sept.

20 issue of the *New Federalist* weekly newspaper (see also p. 64, below), flowed from a polemic on the ignorance (often willful) of the American people about the role of the United States in the world, and about strategic realities internationally. This ignorance, she said, is comparable to that of the residents of a particular river valley in former communist East Germany: Although most East Germans could get at least some news by tuning in to television and radio broadcasts from the other side of the Wall, the geography of this particular valley made that impossible. "So, these people did not know what was going on, and they were called 'The People from the Valley of Those Who Have Not the Slightest Inkling'—'The Valley of the Clueless.' And I came to the conclusion that America is the 'Continent of the Clueless!'"

Zepp-LaRouche went through a painstaking discussion of the development of the strategic dangers facing the world today, from the period of 1986, when her husband, the intellectual author of the Strategic Defense Initiative, came under deadly assault, to the current time. As a result of the domination of the Brzezinski-style geopolitical crowd during this period, the world now faces certain crises which could lead into world war, especially in the context of the collapse of the world financial system.

The conflicts in the Transcaucasus, the Indian subcontinent, and the Taiwan Strait constitute the three most dangerous hot spots, Zepp-LaRouche said. After elaborating how they had been heated up, she reviewed the way in which the Eurasian Land-Bridge development perspective provides the unique alternative to war.

The principles upon which a *just* new world order must be based, were taken up next by *EIR* Ibero-America Editor Dennis Small, in a presentation on “Justice vs. Jacobinism: The Case of Ibero-America.” Taking the example of the usurpation of power in Venezuela by its Jacobin President Hugo Chávez, Small pointed to a remark made in 1702 by the universal thinker Gottfried Leibniz, concerning the true nature of justice. Leibniz maintained that while it is indisputable that whatever God wills, is good and just, the much more crucial question is: Is it good and just *because* God wills it, or, does God will it because it is good and just? This, Small said, is no mere play on words, but gets to the heart of the question of whether human beings can use their own cognitive powers to *know* what is good and just—or whether, as Thomas Hobbes and the British oligarchs insist—concepts of goodness and justice can be arbitrarily defined and re-defined at the whim of a ruling elite. But, if one takes the latter view, Leibniz argued, it is impossible to make any distinction between God and the Devil!

EIR's Africa Editor Linda de Hoyos then gave the audience an even clearer picture of the Devil's face, in her presentation on “Africa: Renaissance, or Dark Age?” She traced the destruction of Africa's emerging nations back to the early 1970s, when the British arranged the installation of the bloody dictator Idi Amin in Uganda, and when Henry Kissinger wrote National Security Study Memorandum 200, which was a declaration of war against the “overpopulated” countries of the Third World. She graphically described how large sections of Africa are now in a true Dark Age, where the only choice families have, is to either be victimized by lawless armed gangs, or else to join them. However, she also pointed out that a number of new African leaders are now realizing that if they are to emerge from this horror, they will have to entirely reject and oppose the policies which have been forced upon them by Prince Philip and by the International Monetary Fund.

Combatting psychosis

The final two panels of the two-day conference dealt with organizing questions, and with a polemical presentation of economic reality, versus the psychosis of the current phase of the financial system. With incisive humor, *EIR* financial writer John Hoefle demolished Wall Street's disconnected argument that “in a free market, the true value of assets is accurately established by the actions of investors.” For one thing, the market is not “free”: Small circles of oligarchs routinely organize raids on entire nations, as a way of bailing out their banks. And as for the “true value of assets,” he showed that the physical inputs and outputs per capita of the United States economy, has *fallen* by some 50% since the late 1960s, as opposed to the dysfunctional flailing of the Internet-driven paper markets, where Microsoft is worth more than the top five U.S. banks combined.

EIR Agricultural Editor Marcia Merry Baker presented a compelling series of vignettes of the collapse of both farming and industry in the American heartland, while *EIR* economics writer Richard Freeman discussed the significance of the staggering collapse of machine-tool production in all of the industrialized nations—a collapse on a scale that one would expect to see in Russia or Africa.

Referring to Lyndon LaRouche's article “Return to the Machine-Tool Principle” (*EIR*, Feb. 7, 1997), Freeman emphasized that this industrial sector—which produces the machines that make other machines—is of central importance for a healthy economy, because it represents the realization and validation of man's creative discoveries in mastering the laws of the universe. “Though it concerns the physical realm,” Freeman said, “it occurs in the mind, just like a discovery in art or music, as a new metaphorical idea. . . . In this way, each machine-tool design represents the transmission from the past of all the advanced ideas of Leonardo, Carnot. . . . It represents the transmission of all the important ideas of civilization, which are still alive, but now improved upon.” Returning to the main theme of Helga Zepp-LaRouche's presentation, he showed how the realization of the Eurasian Land-Bridge can become the vehicle for building up the machine-tool capacity of many nations which currently do not have any capacity at all.

The poetry of organizing

Important to setting the level of discussion throughout, was the contribution of Schiller Institute Board member William Warfield, a world-renowned bass-baritone. Warfield, accompanied by pianist Sylvia Olden Lee, opened both keynote sessions, combining performance of Classic German *lieder* and of profoundly moving Negro Spirituals. At the session devoted to organizing, Zepp-LaRouche announced that she had determined that Classical music would play an integral part in her husband's election campaign, and she introduced Warfield again; he first recited a poem by Goethe, and then sang a Classical musical setting of that poem.

Throughout all the organizing discussion, Lyndon LaRouche emphasized three points. First, that conditions must be created to get President Clinton himself to act correctly in the onrushing financial crisis. Second, that citizens must support him, LaRouche, both in order to make possible such an impact on Clinton, and to prepare to elect LaRouche, as the only qualified candidate for President in the year 2000. And third, LaRouche stressed that there is every reason to be optimistic, as long as people turn to the method of cognition which is uniquely human, and reject the stupidity that has come to dominate culture over the past decades.

As the organizers, activists, and guests streamed out of this conference, there was a sense that they really were ready to unleash the political explosion needed to accomplish the task.

Zepp-LaRouche clues in ‘the Clueless Continent’

Helga Zepp-LaRouche gave the second keynote presentation to the ICLC/Schiller Institute Conference in Reston, Virginia on Sept. 5. The speech was a wide-ranging international strategic briefing, whose full text was published in the weekly New Federalist on Sept. 20. We excerpt here her opening discussion, followed by a brief summary of the rest of the speech.

“I’m going to speak to you today at great length about the international strategic situation,” Mrs. LaRouche said, “how it evolved, what are the immediate dangers, and what has to be done to overcome it. And I ask you to be patient and follow me through various parts of the world, which some of you may know, others may not. But I really ask you to be patient, and not think it’s not important.

“Because, whenever I come to the United States—and I think there are many people, especially Americans, who, when they go abroad and come back, are absolutely stunned about the virtual reality in this country, and how little Americans know about what is going on in the world. And this may surprise you, but I can assure you: Most Americans have not the *slightest* idea of what the American government is doing in the world, what the effect of American policy is, or what other countries are thinking about America. And therefore, I decided that rather than talking about other issues, that I would try today to give you a really in-depth understanding about the strategic situation.

“Because I personally was reminded—especially when I came this time, and I turned on the TV, and I tried to find out what is this issue doing, what is that issue doing—when the D.D.R. [German Democratic Republic/East Germany] still existed, people would only find out about what is going on by listening to Western radio, or Western TV, which was, naturally, forbidden. But those people who had a TV, they would listen to the channel, and they would find out what was going on in the world.

“This was done by almost everybody, except there was a little valley around Dresden, where, for mountainous and geographic reasons, they could not receive Western radio. So, these people did not know what was going on, and they were called ‘The People from the Valley of Those Who Have Not the Slightest Inking.’ The ‘Valley of the Clueless.’

“And I came to the conclusion that America is the ‘Continent of the Clueless.’ So, I’m going to try to change this a little bit, and motivate you to become like an underground fighter to find out the truth by subscribing to the *EIR*, to the *New Federalist*, because then you are *tuned in*.”

LaRouche’s key role

“Now, what I’m hoping to present to you,” she continued, “is that you will see that there is no bigger discrepancy than that between the actual role Lyndon LaRouche has been playing for the last 20 years and the way in which the American media have portrayed him. Especially if you look at the last 25 years, and most particularly the last 16 years, that there is no bigger difference than that between the historic figure Lyndon LaRouche, who shaped international policy, like nobody else living on this planet right now, and the absolute slanders, vilification, and stupid epithets which were given to him by the media in this country.

“And it is important that you understand the issues involved, because only if you are certain of *who this man LaRouche is*, will you be able and have the inner authority to help us to explode the LaRouche campaign in the next couple of weeks, which is exactly what is needed in the short term, and will decide the question of whether we will have the worst crisis of this century for sure, despite two world wars, or if we can avoid it.

“Now, we will hear more about this, and Lyn already mentioned it [in his speech, published as the *Feature* in this issue]. We will see, in the coming period, the blowout of the financial system, for which the international financial institutions have, since many years, developed a cover: the famous computer virus, Y2K, which supposedly will cause all kinds of problems; and, if you equate Y2K with financial collapse of the global system, you have it about right.

“The British government will start, in a couple of days from now, I think on Thursday, Operation Surety, which is a top-down run military-security operation, assuming that because they have moved up the famous Millennium Bug from the year-end of 1999 to the 9th of September—9/9/99—supposedly because they expect large riots and domestic disorders destabilizing the established order of Great Britain. And they have the military ready to deal with that, and actually, if you think that they expect a financial blow-out, people will indeed have violent reactions, and such phenomena as Mark Barton, the run-amok shooter from Atlanta, could become indeed a mass phenomenon.

“Now, ask yourself: What will happen in the United States, if the stock market in New York were to go down 40%, 50%? Some international financial experts are even talking about the possibility that the dollar may slide like the Indonesian currency. That went down 80%.

“You can imagine what would be the effect, on people who are hooked on this speculation. You have the absolute time-bomb of the Japanese banking crisis; the Latin American situation is about to explode in another wave of financial turbulence; the Russian situation.”

Three crisis spots

“That is the background, in front of which you have three major crisis spots, in which what we call the BAC forces—

the British-American-Commonwealth financial oligarchs — are meddling. And these three crisis spots are so hot, that they could, in the short term, especially in the face of this financial collapse, deteriorate into war, including the use of nuclear weapons.

“And I’m going to show you these different situations, how they evolved, so that you have the best possible picture.

“The first very dangerous situation, is the Transcaucasus in Central Asia, which is aimed at the destruction of Russia.

“The second one is a conflict between Pakistan and India, over Kashmir and other questions, which is really aimed at the destruction of India.

“And the third one is the effort to manipulate Taiwan into independence, which is really an effort to start to break up China. And there is no question that the combination of all of these, means that this could get awfully out of control, and indeed lead to World War III in the short term.”

The strategic context

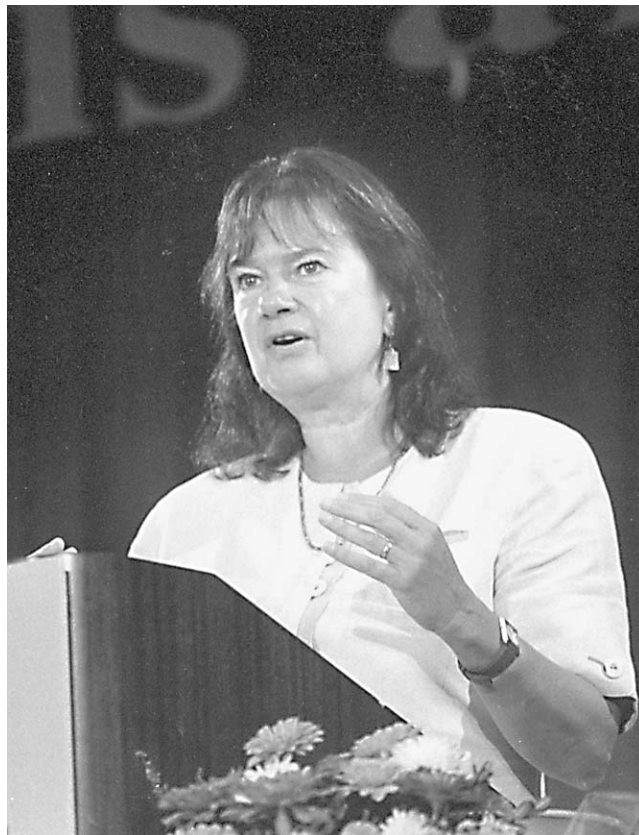
Before taking up these three areas of regional confrontation, Mrs. Zepp-LaRouche traced the main lines of strategic development since the late 1970s, when Lyndon LaRouche first worked out the policy that later became known as the Strategic Defense Initiative (SDI), which was adopted by President Reagan. LaRouche proposed to replace nuclear terror, with Mutually Assured Survival, using new physical principles; to make offensive weapons more expensive than defensive weapons, thus rendering nuclear weapons obsolete. This most advanced, beautiful idea, she said, was aimed at blocking the Kissingerian view of one-world government, in favor of the idea of sovereign nation-states of John Quincy Adams.

The “Star Wars” propaganda, spread by the media and the KGB, was the total opposite of that conception.

But the Soviets had their own plans for world hegemony, and they rejected the SDI when President Reagan offered it to them in 1983. The opportunity was missed, and the Soviet press “went bananas” against LaRouche, as did the Eastern Establishment, represented by George Bush and Henry Kissinger. The vicious political assault against LaRouche began.

Today, Mrs. Zepp-LaRouche continued, the truth about Waco is coming out (see p. 56). But, years before, on Oct. 6, 1986, there was a Waco-style raid in Leesburg, Virginia; 400 agents were sent in, prepared to assassinate the LaRouches. It took an international mobilization to stop this. And in November 1988, the same illegal Department of Justice apparatus that we saw at Waco, put LaRouche on trial in the Federal “rocket docket” in Alexandria, Virginia and LaRouche was put in jail a few days after George Bush took office.

She described how, after November 1989, when the Berlin Wall came down, LaRouche proposed the creation of a Paris-Berlin-Vienna Productive Triangle, which would have put East-West relations on completely new basis, as the cornerstone for a just, new world economic order. But that oppor-



Helga Zepp-LaRouche addresses the Schiller Institute-ICLC conference.

tunity, too, was missed. Alfred Herrhausen, the head of Deutsche Bank, who favored East-West reconstruction, was assassinated by the Red Army Faction. At the Bush-Gorbachov summit in Malta, they agreed to slow down the process of independence. Eastern Europe must submit to the IMF, and be integrated into globalist system.

Next came Desert Storm, Bush’s New World Order to defend the oligarchy. In Russia, with the fall of Communism in 1991, the free-market criminals were brought in: Chubais, Gaidar, the Mont Pelerin Society kleptocrats. The looting of Russia took off, at the same time that the global speculative bubble, known in 1995 as “financial AIDS,” began to reach unheard-of proportions.

Then came the NATO war in Kosovo, which had three objectives, from the standpoint of the BAC: to demonstrate that Russia could no longer play an international role; to teach continental Europe that they could do nothing about the situation; and to establish NATO domination from the Atlantic to Central Asia.

Russia has warned NATO that expansion into the Baltics or Caucasus would not be tolerated. Georgia and Azerbaijan request membership in NATO. Armenia is caught in a tough position, as trade with Russia collapses. In Dagestan, there are 30 ethnic minorities; there is turmoil again in Chechnya.

Turkey was to play a major role in the destabilization of Central Asia, but now, the earthquake has exposed weakness of Turkey's military and logistics.

So today, we see that Russia has announced that it is producing 10,000 nuclear warheads; it is convinced that it is the policy of NATO to break up Russia. Pakistan is being manipulated over Kashmir, where feudal landlords are supported by the Anglo-Americans; the only thing growing in Pakistan, is unemployment, illiteracy, the corruption of the elite.

India's biggest vulnerability is Kashmir. The conflict there has sabotaged the "bus diplomacy" between India and Pakistan, which had placed relations on a more hopeful footing. Now, diplomacy has shut down, and the two countries may be involved in a full-scale war very soon, with the danger of nuclear war. War is not inevitable, but the BAC is trying to get a war going.

Then, look at China, with this conflict between China and Taiwan being manufactured by the BAC. From China's standpoint, it is as though somebody wanted to declare California or Rhode Island a separate country. George W. Bush says he would defend Taiwan by military force, if he were President. There is great fear in the region that the United States may back Taiwan.

I can see how all of this will get out of control very, very quickly, Mrs. Zepp-LaRouche warned.

What about the emerging cooperation among Russia, India, China? The problem is, that if this is only an echo of BAC NATO policy, we are on road to nuclear World War III. The only way out, is that the United States, China, India, Russia, some countries in Europe, and others, adopt the New Bretton Woods, the Eurasian Land-Bridge.

Chinese President Jiang Zemin has called for a new Chinese Renaissance, with 1,000 new cities, beautiful cities, not suburban strip malls, but theaters, opera houses, universities; infrastructure that would generate economic development, industries, increased living standards and life expectancies, universal education. What is the principle? Life, liberty, the pursuit of happiness — extended throughout the world!

The only way this can happen is, if the United States takes leadership, and Clinton adopts the New Bretton Woods. But, to make this happen, Mrs. Zepp-LaRouche concluded, you, the audience, must go out of the conference with a noble commitment: You must become an instrument to change U.S. policy. Take into your heart the great culture of India, of Tilak, the Russia of Pushkin, the Greek Classics, the German Weimar culture, and similar cultures from every country, and I predict an explosion of creativity. During moments of crisis, people turn to profound conceptions. If great teachers, such as Tilak, Pushkin, and Schiller emerge now, then this will become a pregnant moment out of which a beautiful new culture will be born. I am certain the the era of the Eurasian Land-Bridge will be the true springtime of all mankind.

Forbes runs cover for Bush corruption

by Carl Osgood

On Aug. 28, Democratic Presidential candidate and *EIR* founder Lyndon LaRouche said in a statement that "the roots of the money-laundering scandal involving Vice-President Gore all lead directly back to former President George Bush." He added that "the money-laundering operations lately involving the Bank of New York were all set up under President Bush and by the Bush apparatus. Al Gore simply jumped, 'barnyard epithets' and all, into the same trough already occupied by George Bush's gang."

Given Bush's role in the destruction of Russia, Republican Presidential candidate Steve Forbes has possibly committed a fatal error by taking up the Bank of New York scandal as a campaign issue to use against Al Gore. In a statement issued on Sept. 1, Forbes said that he had warned that "the White House never consistently, forcefully pushed for the establishment of the rule of law," but instead, "it cynically turned a blind eye to the wholesale thievery by well-connected figures in a system more accurately described as a kleptocracy than a democracy."

Forbes, whose Wall Street connections go back two generations, knows full well that the International Monetary Fund-enforced looting of Russia began, not in the Clinton White House, but with President George Bush, who pushed "shock therapy" on Russia in 1992. If Forbes really is, as he claims, determined to defeat George W. Bush for the Republican Presidential nomination, why is he covering up for Bush's corruption? The entire GOP, in fact, is on the same track of cover-up, but Forbes, so far, is the only one running radio ads calling for hearings in the GOP-controlled Congress.

Forbes commits a similar mistake, with respect to the revived interest in the FBI's 1993 assault on the Branch Davidian compound in Waco, Texas. In a statement issued just one day after his Russia statement, Forbes called on Attorney General Janet Reno to resign. "She bears enormous blame," he said, "for creating the unprecedented politicization of the Department of Justice and the FBI." He added that President Clinton and Vice President Gore also deserve blame for presiding "over a culture of corruption that is eroding public confidence in our law enforcement and justice system."

A culture of corruption certainly pervades the Department of Justice, but, apparently, Forbes has never heard of any of the well-publicized cases of corruption prior to 1993. Among these are the FBI's harassment of Martin Luther King, Jr.

in the 1960s, the Abscam-Brilab operations against the U.S. Congress and the labor movement in the late 1970s, the FBI's Operation Fruehmenschen against African-American elected officials, the Department of Justice's cover-up of the Contra drug-running during the 1980s, the DOJ Office of Special Investigation's persecution of retired Ohio autoworker John Demjanjuk (to the point of nearly getting him killed in an Israeli death chamber), and the frame-up prosecution and jailing of Lyndon LaRouche in 1989, to name just a few.

Not only did all of these operations pre-date the Clinton-Gore administration, but George Bush, as Vice President and President, played a leading, if behind-the-scenes role in many of them. Forbes also fails to take note of the fact that the Waco operation itself was initiated by the Bush Justice Department, and that it was the permanent bureaucrats in the Criminal Division, such as Mark Richard, who manipulated Reno into approving the assault that resulted in the deaths of 77 people.

Forbes's Wall Street pedigree

Forbes's political support comes from the same coterie of Mont Pelerin Society-Wall Street financiers who were behind the so-called Conservative Revolution of 1994. In fact, his 1996 campaign was basically organized by a little-known group called the Political Club for Growth, founded by Wall Street investor Richard Gilder. Another key figure was Philadelphia developer Dick Fox. Gilder was a major contributor to Newt Gingrich's GOPAC, and Fox was a financial supporter of the Progress and Freedom Foundation, also tied closely to Gingrich and the Conservative Revolution crowd. Other members of this group included Arthur Gray, managing director of the New York investment firm of Cowen and Co.; Alan Greenberg, chairman of Bear, Stearns; Daniel Gressel, president of Teleos Asset Management, a hedge fund; Leonard Lauder, heir to the Estée Lauder cosmetics fortune; Morris Mark, head of Mark Partners, another investment firm; and Jude Wanniski, president of Polyconomics, and a former editorial writer for the *Wall Street Journal*.

What attracted all of these Wall Street figures to Forbes's campaign was his proposal for a 17% flat tax, a key plank of his platform. The attraction is obvious. Under Forbes's plan, all investments would be free of tax, whereas currently, only municipal bonds are tax exempt. Wall Street would benefit tremendously under such a plan, and the financial bubble that is currently feeding off the physical economy like a cancer, would grow even faster. The Wall Street coterie turned to Forbes when it became clear that Jack Kemp was not going to be a candidate.

Forbes also staffed his 1996 campaign with people from the same Conservative Revolution Gingrichite circles. Among these were Bill Dal Col, a former aid to Kemp, and Carter Wrenn, who has worked as a political fundraiser for Confederate, Conservative Revolution icon Sen. Jesse Helms (R-N.C.). Another among Forbes's campaign aides was Tom



Malcolm "Steve" Forbes, announces his candidacy for President.

Ellis, a Raleigh, North Carolina lawyer, also a top operative for Helms. Forbes's connection to Ellis goes way back: In 1983, they were both nominees for membership on the Board of International Broadcasting, which oversees Radio Free Europe and Radio Liberty, but Ellis withdrew his name amid a storm of objections over his alleged racist views.

The 'Princes'

Like George W. Bush and Al Gore, Jr., Steve Forbes is a millionaire whose political ambitions are aided by the connections of a multi-millionaire father, Malcolm Forbes, Sr. While the younger Forbes has not openly embraced the legendary decadence of his father, one skill he does seem to have inherited is to run *Forbes* magazine profitably—but not always without bending some rules.

A scathing February 1996 article in *Fortune* magazine (a fierce rival of *Forbes*), said of Steve Forbes: "Spending money to buy fame in order to earn even more money from celebrity is in fact the principal business legacy left behind by his late father." The *Fortune* article accused Forbes of tailoring editorial content in order to please advertisers for the purpose of enhancing the ad revenues of the magazine. "Raising the magazine to No. 1 in ad revenues is really the one great accomplishment of Steve Forbes' business life." While some accused *Fortune* of sour grapes, Steve Forbes admitted that, in fact, as editor-in-chief, he does go over articles with the chief of advertising for editorial content before they go to print.

Insurance, business lobbies declare war on HMO reforms

by Linda Everett

Two of the most powerful lobbies in the nation are in a frenzied mobilization against the last chance Americans have in this Congress to pass patients' rights legislation that promises to rein in mass murderous policies of managed-care organizations. The Health Benefits Coalition, an unholy alliance of the Wall Street- and London-based financial oligarchy's health insurance and managed-care industry, and its free-market business trade organizations, such as the U.S. Chamber of Commerce and the National Association of Manufacturers, have declared war against any attempts by Congress to pass the Norwood-Dingell bill, known as the Bipartisan Consensus Managed Care Improvement Act of 1999 (H.R. 2723).

The Norwood-Dingell bill—after its sponsors, Charles Norwood (R-Ga.) and John Dingell (D-Mich.)—has generated a broad base of bipartisan and grass-roots support (see box), and would, for the first time, make managed-care plans and insurers legally liable for their decisions to wrongly deny or delay needed medical treatment (see “Congress Faces HMO Showdown over New Bipartisan Patients' Rights Bill,” *EIR*, Sept. 3, 1999). Democratic Presidential pre-candidate Lyndon LaRouche has indicted such managed-care policies that result in loss of life and limb, as constituting crimes against humanity.

Managed care has nothing to do with providing for the health-care needs of the nation; rather, it's simply the London-Wall Street gang's gameplan to loot the health-care delivery system, just like they are doing, through deregulation and privatization, to a host of critical industries and infrastructure throughout the country. Any employer, large or small, who defends the post-industrial managed-care policy and its Nazi outlook—that the murder and maiming of a nation's citizenry is acceptable if it “cuts costs”—are cutting their own throats (see “General Welfare Is Being Trampled by HMO Human Rights Violations,” *EIR*, Aug. 13, 1999). Managed care is a travesty that must be eliminated. And, within the context of LaRouche's New Bretton Woods bankruptcy reorganization proposals, the health-care delivery system and infrastructure must be rebuilt according to general welfare standards established by the 1946 Hill-Burton Act. Until then, the Norwood-Dingell legislation may at least slow the rate of health maintenance organizations' (HMOs) crimes.

The Health Benefits Coalition was formed in 1997, as national outrage over the HMO policies was rapidly building,

and the Clinton administration put forward its Patients' Bill of Rights. Major business trade organizations, including the U.S. Chamber of Commerce, the Business Roundtable, the National Association of Manufacturers, the National Federation of Independent Business, and the ERISA Industry Committee, joined the most ruthless giants of the health insurance industry and their managed-care subsidiaries, such as Aetna-US Healthcare, Blue Cross Blue Shield, Prudential Health-Care, their trade groups, the Health Insurance Association of America, and the American Association of Health Plans, with the neo-conservative Citizens for a Sound Economy. Their aim is to do whatever is necessary to kill the Norwood-Dingell bill and any bill that would change the 1974 Employee Retirement Income Security Act (ERISA).

ERISA provides Federal protections for employee health and other benefit plans while exempting them from state insurance oversight. Unwittingly, it provided a loophole through which HMOs could deny or delay medical treatment and evade liability for the resulting injury or loss of life. So, while infants denied medical tests went blind, children denied emergency treatment lost their hands and feet to raging infection, and workers denied cardiology specialists and testing died, the HMOs responsible for those decisions got off scot-free. But, it is this ERISA protection of HMOs that the business lobby defends as “helping” millions in the workforce.

The Health Benefits Coalition and other insurance front groups have spent more than \$100 million to block any bill that would stop this needless suffering, injury, and death. Their attack ads, such as “Patient Care? or Frankenstein's Monster?,” warn against “big government health-care bills” and “government mandates.” The political action committees for the Health Insurance Association of America and the American Association of Health Plans contributed to Conservative Revolution Republicans at least three times more than what they gave to Democrats in order to stop these bills. During the 1997-98 election cycle, managed-care companies and their interest groups gave 70% of their donations to GOP candidates, who successfully blocked action in Congress, both this year and last, on the bipartisan Patients' Bill of Rights.

Scare tactics against small businesses

Now, the Health Benefits Coalition, in league with the Conservative Revolutionaries in Congress—both of which are determined to protect the existing, reprehensible managed-care policy, and even to expand it—are out to destroy the Norwood-Dingell bill through a new barrage of advertising aimed especially at millions of small business owners and employers. For instance, the Coalition lies that the Norwood-Dingell bill would allow lawsuits against employers, which would cause small employers to lose their businesses. In fact, the bill's language clearly states the opposite. Employers are not held liable unless they are medical practitioners and making a medical decision to deny a patient a specific treatment.

The opponents of managed-care reform also claim that the Norwood-Dingell bill will cause insurance premiums to rise and force employers to cancel health-care coverage for millions of people. In fact, it may cause HMOs to finally provide the care people need. Overall, HMO premiums for employee plans have already been rising fast for the last two years. Since managed care became established nationally, a million Americans are losing their insurance every year, while millions more, who are covered by HMOs, are now considered by experts to be underinsured, because they can't get the care that they or their employer paid for. In Texas, since a law was passed two years ago that allows patients to sue medically negligent HMOs, no rise in rates or in frivolous lawsuits — as the insurance industry threatens would happen — has occurred.

Globalization means no health care

From the start of the backlash against murderous HMO policies, the U.S. Chamber of Commerce threatened that, if a patients' bill of rights passed Congress, the Chamber would instruct all of its members, including its 3 million member companies, 3,000 state and local chambers, and 775 business associations, to immediately suspend their employee health plans. This is all a pretext, using HMO reforms as an excuse to eliminate health-care benefits altogether for the majority of the U.S. workforce. This would allegedly allow U.S. businesses to better "compete" globally — while collapsing living standards for the U.S. workforce, all in the name of "protecting American free enterprise."

To them, any government protection constitutes a hindrance to "competition." Yet, such protections and government standards are absolutely crucial, given the predatory "free-market" health-care policies in place. Kaiser-Permanente, for example, the oldest and once the largest HMO in the nation, now has a policy that directs its patients to bypass the 911 public emergency system, to cut their costs of ambulance use. When Kaiser patients think they need an ambulance, Kaiser's instruction gives them a toll-free number to call a dispatcher at American Medical Response. The dispatcher, who could be 1,000 miles away, decides whether the patient will get an ambulance or not. Since Kaiser pays American Medical Response a flat per-patient rate, both companies make money by denying the use of an ambulance. The policy has never been investigated for its safety by any Federal, state, or regional regulatory agency. No one knows who may have already died as a result of the policy. While Kaiser's policy may appear to cut the cost of premiums, it sets back U.S. emergency medicine. For example, it took more than a decade to establish in people's minds that dialing the 911 emergency number should be one's first response in a crisis. Now, Kaiser patients are confused and at risk of losing their lives due to an unproven system.

Another example, is when for-profit hospital cartels buy up a region's hospitals, only to shut them down. Or, when hospitals permanently shut down their emergency rooms to

AMA, patient advocates endorse Norwood-Dingell

Among the many organizations that make up the broad-based bipartisan support for the Norwood-Dingell bill are the American Medical Association, the American College of Surgeons, the American College of Obstetricians and Gynecologists, scores of state medical societies, and the Patient Access Coalition, which has 129 patient advocacy groups and medical organizations, including the American Academy of Neurology, the American College of Nuclear Physicians, the American Heart Association, the American Medical Rehabilitative Providers Association, and the American Society for Therapeutic Radiology and Oncology.

skirt Federal laws that require them to treat all emergency patients — including the indigent. The policy makes the hospital "more competitive" in rates, but sacrifices lives. Yet, there is no government oversight to determine the danger caused by the lack of emergency room care in a region. Recently, Pentagon City Hospital in Arlington, Virginia was closed by its owner, the notorious Columbia/HCA for-profit hospital cartel. Yet, the hospital was the designated disaster hospital for Reagan National Airport and the Pentagon (both of which depended on it in cases of serious air accidents, shootings, and other incidents for the last 20 years); it also served the surrounding immigrant community and 28 hotels that ring the airport.

Some 95.6% to 99.1% of all campaign funding for the key "free-market" extremists in Congress who are leading the opposition to the Norwood-Dingell bill, comes from major business PACs. Among the big recipients of such largesse are House Speaker Dennis Hastert (Ill.), House Whip Tom DeLay (Tex.), John Shadegg (Ariz.), and Tom Coburn (Okla.). Last year, Shadegg and Coburn crafted their "ultimate patient protection plan" as a "free-market health-care plan," in which the goal was to eliminate the role of employers in the health-care system altogether. On Sept. 9, they introduced the Shadegg-Coburn alternative to the Norwood-Dingell bill. Characterized by most patient advocates as "disastrous," it would effectively overturn laws in Texas and Georgia that now allow patients or their survivors to sue negligent HMOs. Under their bill, should an HMO be sued because a patient died or suffered significant injury due to a managed-care plan's denial of care, the HMO itself would not be held liable, but only the HMO's clerk who, following HMO rules, refused to allow the patient's treatment! Clearly, the bill protects the insurers and their managed-care subsidiaries — not patients. Yet, the Health Benefits Coalition opposes even that as well.

National News

Edgar Bronfman leaves Gore's sinking ship

Anti-Defamation League (ADL) and World Jewish Congress leader Edgar Bronfman had contributed the limit to Al Gore, Jr.'s Presidential campaign, but now he has shifted allegiance to Texas Gov. George W. Bush, according to the Jewish newspaper *Forward* on Aug. 27. "His defection bodes ill for Vice President Gore," the paper said.

Bronfman is infamous for his longtime collaboration with the former East German intelligence service, the Stasi, on such projects as tarring German scientists as "Nazis," mobilizing against the U.S. Strategic Defense Initiative, and smearing Lyndon H. LaRouche, Jr. as an "anti-Semitic cult leader."

Bronfman, "in a personal capacity," will be chairman of an Oct. 5 fundraiser for Bush in New York City. The event is being organized by Gov. George Pataki and by former Sen. Alfonse D'Amato. The latter had worked closely with Bronfman in the effort to make Switzerland pay up for Jewish assets it had allegedly secreted away for the Nazis.

Bush-man Armitage guns for war against China

The Aug. 31 issue of the *Australian Financial Review* played up inflammatory statements made by a top adviser to George W. Bush, former Bush administration Pentagon official Richard Armitage, in an interview given to that paper. Armitage was in Sydney for a meeting of the private Australian-American Leadership Forum. He said that Australia must stand ready to give military support to the United States if Washington goes to war with China.

Armitage reportedly emphasized that there was a danger that the ongoing crisis in the Taiwan Strait could lead to war between the two powers, and that the United States would expect Australia to contribute to "the dirty, hard and dangerous work." The *Financial Review* notes that Armitage could ex-

pect a very senior post in a new Bush administration.

While admitting a "low risk of deliberate war," Armitage added: "But when tempers are running high, as they are at the moment, there is always a danger of misjudgment leading to war. If we were taking casualties, we would not want our allies to stand by. You can bet the Commander in Chief of the Pacific Forces would be down here [in Australia] in a heartbeat. An alliance means we work together. It wouldn't seem to me to be appropriate in an alliance for Australia to pick and choose."

The *Financial Review* also quotes the U.S. economist and commentator, David Hale of the Zurich Group, supporting Armitage's arm-twisting of Australia. Hale is quoted as saying: "There is an unprecedented fear in Washington at the moment that China will try to take revenge against Taiwan. If Australia does not rally round the defense of Taiwan, it would be the greatest breach of the relationship [with the U.S.] since World War II."

Reacting to Armitage's statements, a China expert at the Australian National University, Dr. Greg Austin, said that his comments "are an orange light to us that the mood has shifted subtly in a dangerous direction, the battle lines are being drawn and pressure is being brought to bear on Australia. There is a circling of the wagons before it's necessary."

What is Bush-leaguer Armitage really up to, going behind the back of the U.S. President just before an extremely sensitive meeting with the Chinese President, in New Zealand, and outrageously claiming to speak for the United States, while spreading inflammatory statements and intimidating a U.S. ally?

In Memoriam: Col. Molloy Vaughn

Col. Molloy Vaughn (ret.), a friend of the Schiller Institute who worked with the LaRouche movement for the past 15 years, was buried with impressive military honors at Arlington Cemetery on Aug. 31. The ceremony included a 21-gun salute; a 75-person

honor guard; eight pallbearers in uniform; a riderless horse; an 18-piece drum and bugle corps; and a three-star general representing the United States.

Lyndon LaRouche sent the following message to Vaughn's family:

"On hearing of the death of Colonel Molloy Vaughn, nothing seemed more appropriate than to say what sprang to my lips then: As General of the Armies Douglas MacArthur said: 'Old soldiers never die; they just fade away.' In my opportunities to know him, as friend and collaborator, he typified the retired professional officer always at the call of duty when a fine job, calling for something extra, needed to be done. To my knowledge, he often did it, for no other reason than it needed to be done. For him, his career was a way of life, all the way to the end of it. I shall miss him very much."

U.S. does not support Kosovo independence

Deputy Secretary of State Strobe Talbott underlined that the United States was not supporting any move for Kosovo's independence. Speaking at the Aspen Institute on Aug. 24, in a speech entitled "The Balkan Question and the European Answer," Talbott addressed the question of national sovereignty in this globalist era.

"In Kosovo," he said, "our task is different in one obvious respect: We have suspended Belgrade's powers as the administering authority over the province. But that does not mean we support Kosovo's independence. Quite the contrary, we feel that secession would give heart to separatists and irredentists of every stripe elsewhere in the region. Most of all, secession would encourage proponents of Greater Albania—a single state stretching across the Balkan peninsula from Albania proper to northwestern Macedonia, with its own sizable ethnic Albanian population. Greater Albania would be no less anathema to regional peace and stability than greater Serbia."

Even more serious, Talbott continued, would be the effects on the multinational states which already maintain a tenuous existence in the area. "In this regard, Macedo-

EDWARD LUTTWAK, a Washington think-tanker and strategic lunatic, called for the assassination of White House drug adviser Gen. Barry McCaffrey (ret.), in an interview to the Argentine newspaper *Pagina 12* on Sept. 8. "I would assassinate the person responsible for that policy," he said, speaking of McCaffrey's commitment to eradicating cocaine production in Ibero-American countries. Luttwak's answer to the drug crisis is to legalize cocaine.

MILTON FRIEDMAN praised the Internet for undermining the nation-state, in a speech to the Mont Pelerin Society in Vancouver, Canada, on Aug. 31, the *Frankfurter Allgemeine Zeitung* reported. Friedman cited the fact that the Internet can help to hide economic and financial transactions from regulators and tax offices, and thereby "liberate" the people from the nation-state.

MARTIN FRANKEL, the Toledo-born stock swindler, was arrested in Hamburg, Germany, on Sept. 6. He has been on the run since May and is accused of fraud and money laundering related to insurance scams. Frankel is linked to top Wall Street figures, the right wing of the Republican Party, and to organized crime (*EIR*, July 30).

SANDY BERGER, U.S. National Security Adviser, wrote in the *Washington Post* on Sept. 5 that standing by Russia is in U.S. interest. "The troubles in Russia," he wrote, "... should not obscure what U.S. engagement has produced for the American people."

THE INTERNET may transform political organizing, *U.S.A. Today* reported on Aug. 31. "One click can reach millions" and "getting on line [is] so simple a 'kid with an attitude can organize a political force,'" it said. This could "open up the political system in a way not seen in decades, creating new power centers while eroding the influence of the two major political parties and counterbalancing the influence of big money."

nia deserves special care and attention. It's a brave, young independent state that has made a real and promising effort at establishing multi-ethnic democracy and thus, so far, in escaping the worst pitfalls of the nation-state. If Kosovo were to become a catalyst for Albanian nationalism throughout the region, Macedonia would probably disappear from the map, and violently so."

Bradley speaks out on Russian money scandal

Democratic Presidential pre-candidate Bill Bradley, in a campaign statement issued on Aug. 31, said that "recent allegations of Russian money-laundering by American banks are disturbing." He said that he was pleased to hear that the House Banking Committee, under the chairmanship of Rep. Jim Leach (R-Iowa), would hold hearings on the issue. Bradley said that he had "argued since the early 1990s that American assistance and lending policies toward Russia have been misdirected and ineffective." He said that Russia was struggling to become an "open, free-market nation," and that U.S. policy had done little to further U.S. "strategic goals, the needs of the Russian people, or the cause of Russian reform. Billions of dollars have been promised to Russians, but far too much money has been siphoned off by untrustworthy Russian 'capitalists.'"

Bradley concluded that the United States had to address issues it had failed to address thus far, e.g., "control of nuclear weapons, environmental degradation, ethnic disputes, and foreign debt."

Boynton Robinson sues Disney Studios

Civil rights heroine Amelia Boynton Robinson, vice chairman of the Schiller Institute in the United States, filed an \$8 million lawsuit against Disney Studios on Aug. 17, in objecting to a Disney TV movie, *Selma, Lord, Selma*, which inaccurately portrays her role in the famous 1965 Bloody Sunday confronta-

tion in Selma, Alabama.

Mrs. Boynton and her late husband, Samuel, had led the fight in Selma for 20 years, for the registration of African American voters, and it was they who invited Dr. Martin Luther King to Selma.

The *Baltimore Sun* reported on Sept. 2 that "the film portrays her as a stereotypical 'black Mammy' whose main function was to make religious utterances and to participate in singing spirituals and protest songs, said Bruce Boynton, her son and a prominent attorney. 'My mother's depiction in the movie was drastically wrong,' the son said. The movie aired in January."

The Alabama *Dothan Eagle*, which also reported on the story, added that Bruce Boynton said that the movie's portrayal of his mother "doesn't bespeak the type of character my mother actually had at all—not only had but continues to have."

Nanic to tour U.S. for Balkan reconstruction

Faris Nanic, the secretary general in Croatia of the Party of Democratic Action (SDA) and former Chief of Staff of President Alija Izetbegovic of Bosnia-Herzegovina, will speak at meetings across the United States in September, sponsored by the Schiller Institute and *EIR*, on the urgent need for reconstruction of the war-torn Balkans region.

Nanic is an initiating signer, together with Schiller Institute founder Helga Zepp-LaRouche, of an international call for "Peace through Development for the Balkans," which was drafted for worldwide endorsement during NATO's bombardment of Yugoslavia last spring. The statement called for a new "Marshall Plan" for the Balkans, in the context of a New Bretton Woods financial system, as proposed by Lyndon LaRouche.

Nanic was one of the five founders of International Parliamentarians Against Genocide in Bosnia. In October 1993, the organization succeeded in bringing to the besieged Sarajevo, for the first time, a delegation of ten members of parliaments throughout the world, including two U.S. Congressmen.

Editorial

Defend the nation-state!

Contrary to those nihilists and imperialists, who argue that the nation-state is a form of evil oppression, the development of that governmental institution represented a major advance for mankind. As Plato discussed in his immortal dialogue on *The Republic*, and as later, Plato-inspired philosophers such as Nicolaus of Cusa and Gottfried Wilhelm Leibniz further elaborated, the nation-state provides the unique means for protecting and advancing the condition of a population's General Welfare.

It is precisely because the nation-state represents the best means of protecting the rights and welfare of the individual, that it is today under attack by those seeking to establish a new global feudal empire. The international cartels want to eliminate any national protections of local industry and agriculture, which means leaving the very sustenance of life to the mercies of these global traders. The globalizers want to wipe out all national regulations which would guarantee survival of the "uncompetitive." The continent in which the globalizers, through the International Monetary Fund especially, have had the most success in recent decades is Africa—and there you see the inevitable result of the elimination of national institutions.

In these waning days of the 20th century, the battle between the new global empire and the nation-state is raging with unprecedented violence. But the violence is not being initiated by national institutions. Rather, the new feudalists, led by the British monarchy, who fear nothing more than the reassertion of sovereignty by nation-states committed to forming a new international community of principle, have unleashed a furious campaign of destruction.

This is the significance of the campaign against Indonesia, for example. That campaign began in earnest with the speculative financial assault of 1997, and has been relentless ever since. The more concessions which the leadership in Indonesia has made to the IMF and the misnamed "human rights" arm of the globalizers, the more these predators have been encouraged to escalate their campaign. Indonesia's

plunge into the financial abyss was a predictable prelude to the growth of separatism, and the disintegration of the state—although foreign intelligence intervention clearly helped it along.

The same globalizers are responsible for the assault on the nation of Colombia, which was exposed earlier this month through the visit of the former Commander of the Colombian Armed Forces, Gen. Harold Bedoya (ret.), to the United States. The destruction of national protections, including military institutions, against the drug traffickers, has predictably resulted in the immiseration and virtual breakup of that country. Those who benefit are the international drug cartels, which are barely distinguishable from the international banking establishment which depends upon their cash flow.

The antidote to the mayhem which these two exemplary assaults represent, is outlined with great clarity in the keynote address which *EIR* founder and American statesman Lyndon LaRouche gave to the Labor Day conference of the Schiller Institute on Sept. 4. LaRouche's speech, which appears in full in our *Feature*, defines the principles of the nation-state which must be reasserted at this time, in order to prevent the collapse of civilization as a whole into the New Dark Age. In the perspective LaRouche lays out, it is clear how nations such as Indonesia and Colombia, as well as the United States, have to wage the necessary warfare to defend their populations.

Now is the time for all patriots of all nations to take the necessary measures to defend their populations. What's required is a reassertion of sovereignty over their economies, defiance of the IMF and World Bank, and clear measures, going even beyond those of Malaysia's Prime Minister Dr. Mahathir bin Mohamad, to protect the future of their nations. In some cases, like that of Indonesia, this might require the threat of a debt cancellation. The nation-states of the world are at war with a deadly global feudal power. There is little time to lose in mobilizing the intellectual and political resources required to win.

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Saturdays—12 Noon
- WORCESTER—WCCA Ch. 13
Wednesdays—6 p.m.

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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.
- PLYMOUTH
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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
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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

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Wed.—5 p.m.; Thu.—Noon

MONTANA

- MISSOULA—TCI Ch. 13/8
Sun.—9 pm; Tue.—4:30 pm

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- MONTVALE/MAHWAH—Ch. 27
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- BROOKHAVEN (E. Suffolk)
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Wednesdays—9:30 p.m.
- BROOKLYN—BCAT
Time/Warner Ch. 35
Cablevision Ch. 68
Sundays—9 a.m.
- BUFFALO
Adelphia Ch. 18
Saturdays—2 p.m.
- CORTLANDT/PEEKSKILL
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Wednesdays—3 p.m.
- HORSEHEADS—T/W Ch. 1
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- IRONDEQUOIT—Ch. 15
Mon. & Thurs.—7 p.m.
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Mon.—8 pm; Thu.—9:30 pm
Saturdays—7 p.m.
- JOHNSTOWN—Ch. 7
Tuesdays—4 p.m.

MANHATTAN—MNN

- T/W Ch. 34; RCN Ch. 109
Sun., Sep. 19: 9 a.m.
Sun., Oct. 3, 17, 31: 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
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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
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- WATERTOWN—T/W Ch. 2
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Wednesdays—8:30 p.m.
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Wed. & Sat.—10 a.m.
Sundays—11 a.m.
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Thursdays—10:30 p.m.
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- COLUMBUS—Ch. 21
Sun., Sep. 19: 6 p.m.
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- OBERLIN—Ch. 9
Tuesdays—7 p.m.

OREGON

- CORVALLIS/ALBANY
Public Access Ch. 99
Tuesdays—1 p.m.
- PORTLAND—Access
Tuesdays—6 p.m. (Ch. 27)
Thursdays—3 p.m. (Ch. 33)

RHODE ISLAND

- E. PROVIDENCE—Cox Ch. 18
Sundays—12 Noon

TEXAS

- AUSTIN—ACT Ch. 10/16*
- EL PASO—Paragon Ch. 15
Wednesdays—5 p.m.
- HOUSTON—Access Houston*

UTAH

- GLENWOOD, Etc.—SCAT-TV
Channels 26, 29, 37, 38, 98
Sundays—about 9 p.m.

VIRGINIA

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- 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
Thursdays—7 p.m.
Saturdays—10 a.m.
- LOUDOUN—Cablevision Ch. 59
Thu.—7:30 p.m. & 10 p.m.
- P.W. COUNTY—Jones Ch. 3
Mondays—6 p.m.
- ROANOKE COUNTY—Cox Ch. 9
Thursdays—2 p.m.
- SALEM—Adelphia Ch. 13
Thursdays—2 p.m.

WASHINGTON

- KING COUNTY—Ch. 29
Mondays—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.
- WHATCOM COUNTY
TCI Ch. 10
Wednesdays—11 p.m.
- YAKIMA—Falcon Ch. 9
Sundays—4 p.m.

WISCONSIN

- KENOSHA—T/W Ch. 21
Mondays—1:30 p.m.
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