

# EIR

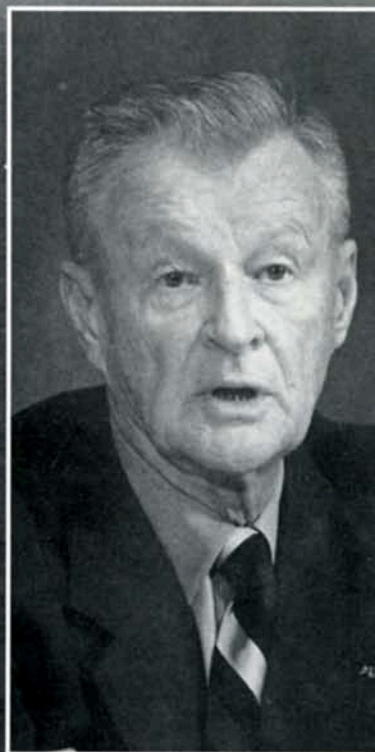
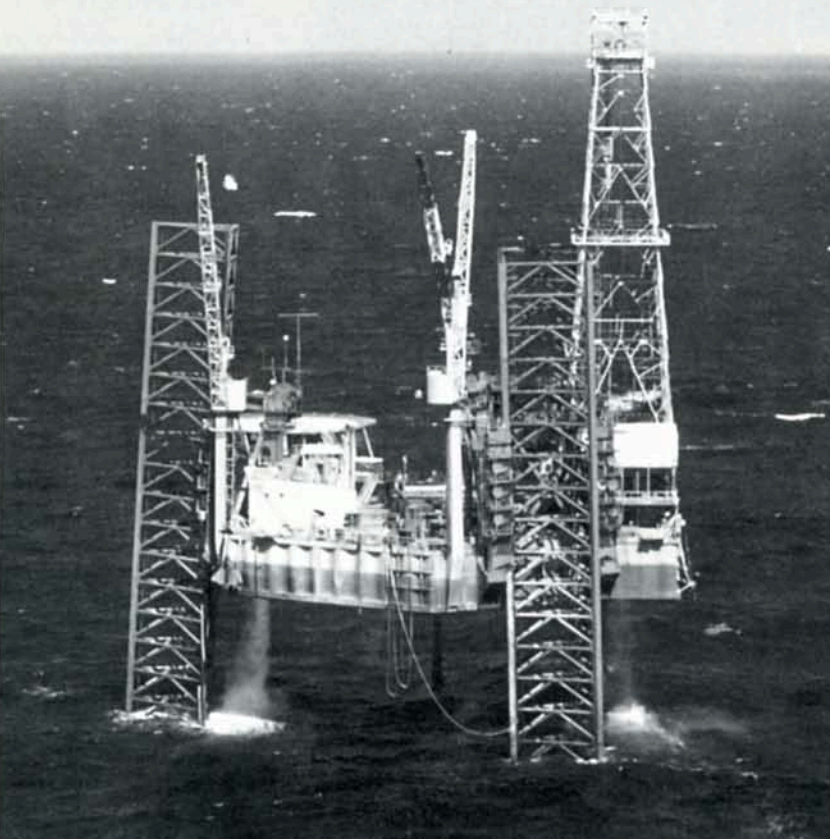
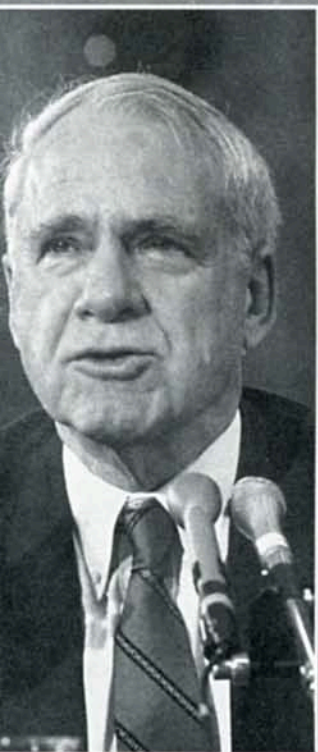
Executive Intelligence Review

December 24, 1999 Vol. 26 No. 51

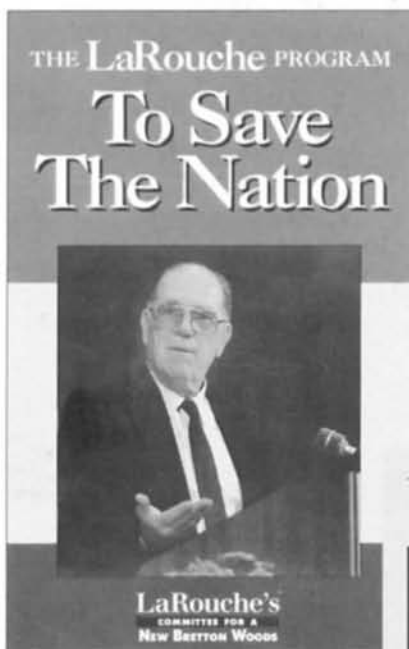
\$10.00

Repeal of Glass-Steagall is a terrible mistake  
LaRouche calls for rebuilding the FDR coalition  
Cambodia genocide: Kissinger, Brzezinski in the dock

**Brits go for raw materials grab  
before the bubble pops**



# LaROUCHE *for* President



Suggested contribution \$10.

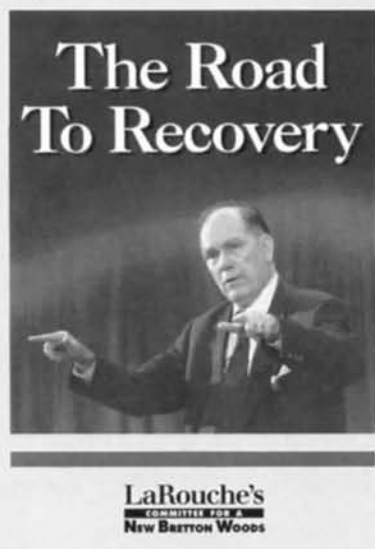
Read  
These Books!

Abraham Lincoln warned you:

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

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

\*\*\*\*\*  
Lyndon H. LaRouche, Jr.



Suggested contribution \$15.

- Become a campaign volunteer!
- Give money!
- On the Web  
[www.larouchecampaign.org](http://www.larouchecampaign.org)
- Call toll-free 1-800-929-7566
- Write LaRouche's Committee for a New Bretton Woods, P.O. Box 89, Leesburg, VA 20178



**LaRouche's**  
COMMITTEE FOR A  
**NEW BRETTON WOODS**

For more information, call:  
Toll-free 1-800-929-7566

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

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

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

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

Paid for by LaRouche's Committee for a New Bretton Woods.

Contributions are not tax deductible.

Founder and Contributing Editor:

*Lyndon H. LaRouche, Jr.*

Editorial Board: *Lyndon H. LaRouche, Jr., Muriel Mirak-Weissbach, Antony Papert, Gerald Rose, Dennis Small, Edward Spannaus, Nancy Spannaus, Jeffrey Steinberg, William Wertz*  
Associate Editors: *Ronald Kokinda, Susan Welsh*  
Managing Editor: *John Stigerson*  
Science Editor: *Marjorie Mazel Hecht*  
Special Projects: *Mark Burdman*  
Book Editor: *Katherine Notley*  
Photo Editor: *Stuart Lewis*  
Circulation Manager: *Stanley Ezrol*

INTELLIGENCE DIRECTORS:

Asia and Africa: *Linda de Hoyos*  
Counterintelligence: *Jeffrey Steinberg, Paul Goldstein*  
Economics: *Marcia Merry Baker, William Engdahl*  
History: *Anton Chaitkin*  
Ibero-America: *Robyn Quijano, Dennis Small*  
Law: *Edward Spannaus*  
Russia and Eastern Europe: *Rachel Douglas, Konstantin George*  
United States: *Debra Freeman, Suzanne Rose*

INTERNATIONAL BUREAUS:

Bogotá: *José Restrepo*  
Bonn: *George Gregory, Rainer Apel*  
Buenos Aires: *Gerardo Terán*  
Caracas: *David Ramonet*  
Copenhagen: *Poul Rasmussen*  
Houston: *Harley Schlanger*  
Lima: *Sara Madueño*  
Melbourne: *Robert Barwick*  
Mexico City: *Hugo López Ochoa*  
Milan: *Leonardo Servadio*  
New Delhi: *Susan Maitra*  
Paris: *Christine Bierre*  
Rio de Janeiro: *Silvia Palacios*  
Stockholm: *Michael Ericson*  
United Nations, N.Y.C.: *Leni Rubinstein*  
Washington, D.C.: *William Jones*  
Wiesbaden: *Göran Haglund*

*EIR (ISSN 0273-6314) is published weekly (51 issues) except for the second week of July and the last week of December, by EIR News Service Inc., 317 Pennsylvania Ave., S.E., 2nd Floor, Washington, DC 20003. (202) 544-7010. For subscriptions: (703) 777-9451, or toll-free, 888-EIR-3258.*

*World Wide Web site: <http://www.larouchepub.com>  
e-mail: [eirns@larouchepub.com](mailto:eirns@larouchepub.com)*

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

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

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

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

Copyright © 1999 EIR News Service. All rights reserved.  
Reproduction in whole or in part without permission strictly  
prohibited. Periodicals postage paid at Washington D.C.,  
and at an additional mailing offices.  
Domestic subscriptions: 3 months—\$125, 6 months—\$225,  
1 year—\$396, Single issue—\$10

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

## From the Associate Editor

This is the last issue of *EIR* for 1999—the year, the century, and the millennium. And, although we didn't exactly plan it that way, it provides a wealth of feature material that reflects upon some of the most important historical events of the now concluding century:

- *The Great Depression and the FDR years.* Richard Freeman and John Hoefle analyze the history of the Glass-Steagall Act of 1933, and the impact of its recent repeal. This was the law that separated commercial banking from investment banking and insurance—the law that, as we all learned in school, was supposed to prevent a Depression from ever happening again. Well, in their infinite wisdom, the Wall Street establishment and the U.S. Congress have erased it from the books, to foster the ever-greater expansion of the speculative bubble that is doomed to pop—sooner, rather than later. See also Lyndon LaRouche's webcast address to supporters in Los Angeles, for his discussion of how a new "FDR coalition" must be rebuilt today, to shift American political and cultural life from the disastrous course upon which it is currently travelling.

- *Geopolitics: from World War I to the present.* LaRouche provides a short conceptual overview of "the myth of geopolitics," to situate the documentary reports in our *Feature* on how this insane doctrine is being revived today by Zbigniew Brzezinski and his British controllers. See also Roman Bessonov's fascinating article on the debate in Russia, sparked by terrorism and the geopolitical "Great Game" being played against Russia by the British.

- *U.S. policy in Cambodia.* Michael Billington contributes a devastating historical analysis of what is really behind the push for an international war-crimes tribunal against the Khmer Rouge in Cambodia. The very forces in the West who brought the Khmer Rouge to power, are now attempting to prevent *their own* complicity and responsibility for the genocide in Cambodia from coming under scrutiny.

- *The assassination of Dr. Martin Luther King, Jr.* Through the persistent efforts of the King family and their attorney, William Pepper, the cover-up has been blown apart, and a jury has affirmed that—lo and behold!—there was a *conspiracy* behind the murder of Dr. King. Edward Spannaus reports what no major media will dare to.

Best wishes to our readers for a new year in which the crimes and catastrophes of the 20th century will be put behind us, and in which, with LaRouche's leadership, we shall create a new Renaissance, instead.

*Susan Welsh*

# EIR Contents

## Interviews

### 71 William Pepper

The attorney for the family of Martin Luther King, Jr. in the historic case which has finally shattered the wall of silence over the conspiracy to murder the great civil rights leader.

## Departments

### 80 Editorial

World-strategic significance of Mideast talks.

## Strategic Studies

### 50 Cambodia genocide: Kissinger and Brzezinski in the dock

Oligarchical spokesmen are demanding an *international* tribunal to try leaders of the Khmer Rouge, the genocidalists who they helped put into power, to cover up their own crimes, and to destabilize Cambodia once again.

### 55 Learn from the past to save the future

The Cambodians are handling the war crimes tribunal very carefully, to avoid spooking former Khmer Rouge soldiers into fleeing to the jungle and renewing war.

**Photo and graphic credits:** Cover (oil rig), Department of Energy. Cover (Brzezinski, Schlesinger), pages 8, 29, 31, 40, 51 (Brzezinski), 61, 68, EIRNS/Stuart Lewis. Pages 9, 16, 25, 35, EIRNS. Page 11, Library of Congress Prints and Photographs Division. Page 47, EIRNS/Gonzalo Huertas. Page 51 (Kissinger), HAK United Nations/T. Chen. Page 71, Ben Fernandez, courtesy of William Pepper.

## Economics

### 4 As the old year passes, cries of 'crash' ring in the new

Just as Lyndon LaRouche forecast during the early days of 1999, during the past year the hopelessly bankrupt world financial system lurched into a "boundary condition" state, and only foolish people blinded by their own greed are still denying the collapse is imminent.

**Documentation:** Commentaries in the world press on the coming financial crash.

### 7 Banking deregulation: an assault on America's national sovereignty

The Glass-Steagall Act, passed under the direction of President Franklin Roosevelt explicitly to limit the power of the international bankers over the U.S. economy, was a decidedly *political* act. Its repeal is a serious mistake.

### 10 How the Glass-Steagall Act struck a blow against Wall Street's power

### 15 Deregulation: a license to steal

The irony of a dangerously out of control group of parasites proclaiming that they are being "over-regulated," should not be lost on anyone watching the bankers running roughshod over the very people they claim they want to serve.

### 20 WTO summit failure: a view from Malaysia

Guest commentary by Ramon Navaratnam.

### 22 Business Briefs

## Feature



Geopolitical lunatics Zbigniew Brzezinski (right) and James Schlesinger are U.S. spokesmen for the British plan to grab oil and other raw materials from the Transcaucasus and Central Asia.

### 24 Brits go for raw materials grab before the bubble pops

The Center for Strategic and International Studies and the London *Financial Times* energy division co-sponsored a conference in Washington on "The Geopolitics of Energy into the Twenty-First Century." It was warmed-over British raw materials geopolitics, borrowed from Britain's nineteenth-century "Great Game" which is leading the world toward war.

### 26 The myth of geopolitics

By Lyndon H. LaRouche, Jr. Geopolitics was always a fairy-tale, created to hide the British monarchy's actual motives—to destroy both Russia and Germany, and to take over control of the U.S.A.

### 27 Conference at CSIS: geopolitics of energy

**28 Lunatic Brzezinski's 'New Carter Doctrine'**

He's pushing a re-tooled version of his old 1970s "Arc of Crisis" geopolitics, fostering a "Zone of Instability" in Central Asia, directed at destroying the great nations of Eurasia.

**31 Administration views Baku-Ceyhan pipeline as one alternative**

Despite its potential advantages, an oil pipeline that detours around Russia can become an easy pawn in the "Great Game" being played by Madeleine Albright and other lackeys of British geopolitics.

**32 The Silk Road Strategy Act: Brownback's bill is a geopolitical hoax**

**International**

**34 Russia, China counter threat to world security**

A close look at the Russia-China Joint Declaration issued on Dec. 10 by Russian President Boris Yeltsin and China's President Jiang Zemin, shows that it is not merely a show of sabre-rattling, but rather it is a result of a profound shift under way in relations among the three main Eurasian powers: Russia, China, and India.

**Documentation:** Extracts from the Joint Declaration.

**39 A Russian debate**

St. Petersburg correspondent Roman Bessonov examines the sea-change under way in Russian thinking.

**43 Debate erupts on option for U.S. supply to Garang's war against Sudan**

**46 What Americans must know about democracy in Malaysia**

Two of Malaysia's leading commentators discuss the conduct and results of the Nov. 29 elections.

**48 International Intelligence**

**National**

**58 Stench of racism surrounds indictment of Wen Ho Lee**

The Dec. 10 arrest of American nuclear physicist Wen Ho Lee was an act of politically and racially-motivated scapegoating that has sparked anger from Asian-American constituency groups, and concern over this new McCarthyism.

**60 LaRouche: Rebuild FDR coalition and retake the Democratic Party**

Portions of an address which the Democratic Presidential pre-candidate delivered on Dec. 11 via satellite and Internet to supporters in Los Angeles.

**64 International support for LaRouche's campaign**

**66 Is Louis Freeh re-creating J. Edgar Hoover's FBI?**

**69 Campaign Watch: Al Gore goes to pot**

**70 Memphis jury finds conspiracy in Martin Luther King assassination**

A jury of 12 citizens has determined that a far-reaching conspiracy, involving agencies of the United States government, was responsible for the 1968 assassination of Dr. King.

**Documentation:** Excerpts of Attorney Pepper's trial summation.

**76 Trilaterals incite China-bashers on Panama Canal**

**78 National News**

## As the old year passes, cries of 'crash' ring in the new

by Marcia Merry Baker

A year ago, Lyndon LaRouche warned that 1999 would be a year in which a “boundary condition” would emerge in the global financial system, which, dominated by overinflated stock values, derivatives, and similar instruments which are destroying the real economic activity upon which the existence of the speculative bubble depends, could not be sustained. Whatever people may have thought at the time, the accuracy of his forecasts is now being borne out in day-to-day events, and his warnings are being echoed ever more broadly.

Below, we publish some of the chorus of alarms sounded in December about what lies ahead. “Tulip mania” is the expression used by the Wall Street correspondent for the leading German daily *Frankfurter Allgemeine Zeitung*, to compare the soaring cyber-tech stock values, to the 17th-century speculation in tulip bulbs in Holland, and implying that a bust is near. Heads of stock exchanges in Australia and Britain are warning people to take cover because a U.S. crash is about to hit. A new report from the World Bank gives a scenario for a 30% crash/correction in the U.S. stock market.

In effect, these are echoes of LaRouche’s warnings that a systemic collapse of the International Monetary Fund-dominated global financial is in process. The question posed now is, what next? LaRouche has been differentiating the *next phase* of the crisis—unless there is government intervention—outlining three potential scenarios: wild hyperinflation, imploding deflation, or outbreak of strife and war.

### Record speculation

The year of the bubble-at-the-bursting-point is seen in the record volume of face value of derivatives contracts outstand-

ing, according to the Bank for International Settlements. The latest BIS annual survey, “Trading and Derivatives Disclosures of Banks and Securities Firms,” released on Dec. 16, showed that the 71 institutions in the survey had \$130.9 trillion in notional value of derivatives at the end of 1998 (the usual reporting lag), the highest “official” derivatives figure ever reported. Among the top ten institutions with the highest level of derivatives bets (in trillions of dollars) were UBS (\$10.957), Chase Manhattan (\$10.353), J.P. Morgan (\$8.858), and on down the line.

But most of the public alarm—at least outside the United States, where financial “happy talk” continues—is focussed on the U.S. stock markets. The Nasdaq index, representing high-tech and internet stocks such as Microsoft and Oracle, has risen at a spectacular rate: It has increased by more than 65% in 1999, and by 271% over the last three years. Well over half of the stock values of companies traded on the Nasdaq were flat or negative over 1999, but among the rest, wild spikes and manipulated run-ups are notorious. The Nasdaq is driven by speculation.

### The bubble that killed the economy

The toll on the real economy is seen in the form of new rounds of layoffs and dislocation, and the gutting of production potential, which have sparked protests in the streets and demands for government intervention on behalf of economic priorities. On Dec. 15, protesters turned out en masse in France against the pending Hoechst/Rhône-Poulenc chemical takeover deal, which has announced there will be job cuts of 11,000. In the Exxon-Mobil merger deal, 16,000 jobs are to be gone by the year 2002 internationally. In Seoul, South

Korea, 35,000 workers demonstrated on Dec. 10 against the industrial shutdown under way.

In the United States, for November alone, there were 50,907 corporate layoffs (all types of jobs—manufacturing, clerical, managerial). For the first 11 months of 1999, there were 630,450 corporate jobs lost.

Losses of U.S. manufacturing jobs are huge. During the 21 months from January 1998 through September 1999, there were 528,000 manufacturing jobs lost, with 21,000 gone in September alone, according to the Department of Labor.

The consequences of this process were reflected in the annual report, “1999 Status Report on Hunger and Homelessness in America’s Cities,” released on Dec. 16 by the U.S. Conference of Mayors. Although the authors ironically still paid lip-service to the boom-talk about the U.S. economy, the Mayors’ survey of 26 cities found that “hunger and homelessness grows unabated, despite an expanding national economy.” Demand for emergency food-related assistance during 1999 was 18% higher than in 1998, itself the highest level since 1992. Demand for emergency housing-related assistance grew at the highest level since 1994, up 12% in 1999 compared to 1998. An estimated 21% of requests for food are estimated to have gone unmet. Slightly more than half of the cities responding say that they may have to turn away people in need because they lack resources, and all cities said that they expect the problems to grow in 2000.

Many small towns lack the means to function. On Dec. 1, the formerly industrialized city of Hamtramck, Michigan, near Detroit, was unable to meet its \$267,00 semi-monthly payroll covering about 200 workers, including the mayor and council members, clerks, police, and firefighters. A temporary fix emerged when American Axle and Manufacturing prepaid property taxes, but shortfalls are expected to recur next spring.

Typical of the plight of towns all across the formerly industrialized Midwest, is Winamac, Indiana, a rural town in Pulaski County, with a population of 12,000 and an official unemployment rate of 7.4%. People are in despair over the economy. This year, 300 jobs were lost when the paper company Eaton Corp. shut the local plant, on top of plant closings over the last six years by Detroit Steel, Federal-Mogul, and others.

### **U.S. ‘consumption boom’ near bust?**

Real economic activity is thus contracting at furious rates. Of course, you still hear about the U.S. Christmas retail “consumption boom” and the “wealth effect” from all the stock market gambling. As for the real story on consumption, the latest statistics on the growing deficit in the U.S. trade balance confirm how dependent the U.S. economy is on foreign production for its very existence. On Dec. 14, the Commerce Department announced that the United States is in place to register a \$320-330 billion current account deficit for 1999, which will be an all-time record. A previous record deficit of

\$270.5 billion was reported for 1998. For the third quarter of 1999, the United States hit a quarterly record trade deficit of \$89.9 billion, following a deficit of \$80.91 billion in the second quarter.

How can Americans have such global buying power? *Betting fever*, until the bubble pops.

---

## Documentation

---

### Commentaries on the financial crash

***Frankfurter Allgemeine Zeitung*, weekly “Letter from Wall Street” column entitled “Tulip Hysteria,” by Heiko Thieme, Dec. 13:**

Thieme points to all the stock market records which have been broken this year: The Nasdaq index in the United States on Dec. 10 was up 65% for the year, which is the highest yearly increase since its establishment in 1971; the Dow Jones Index will now, for the first time in its entire history, mark a yearly increase of at least 15% five years in a row; the turnover on the New York Stock Exchange reached a new all-time high the week of Dec. 6-10, with 5 billion stocks traded in one week; and Wall Street brokers will this year receive the highest premiums ever.

Thieme comments: “The investment fever has risen to worrisome record temperatures. Initial offerings have been traded at fantastic prices, which can only be compared to the tulip hysteria in the Netherlands some centuries ago. What is going on at this moment, no longer bears any resemblance to traditional investment.”

As an example, Thieme points to the U.S. software company VA Linux, which went public on Dec. 9. During the first day of trading, the VA Linux stock price skyrocketed from \$30 to \$320, and later closed at \$240. The market capitalization of the company thereby increased to \$10 billion. This is a huge sum for a company which last year had a turnover of only \$30 million, and posted a \$24 million loss. However, says Thieme, experience tells us that most such stocks sooner or later go down as rapidly and far as they went up. If people are comparing the internet sector today with the automobile sector a hundred years ago, he concludes, they should realize that out of the original 300 U.S. automobile companies, only three have survived to the present day.

***London Financial Times*, commentary by Tony Jackson, Dec. 14:**

The *Financial Times* expresses its worries that “hostility

to big business is mounting, and the resentment could worsen if there is a stock market collapse.” Jackson writes: “Consider the following three events: the collapse of the world trade talks in Seattle; Europe’s rejection of genetically modified crops; and the exclusion of Railtrack, the U.K. transport company, from part-privatization of the London Underground. These events range from the global to the parochial. But they seem to me to exemplify a common theme: hostility to big business.”

After going through why the stock markets so far have not reacted to these recent setbacks for the globalization process, Jackson concludes: “But there is one risk that does worry me. This is the outside possibility of a real old-fashioned stock market collapse. In one sense, this would be nemesis: a come-uppance for capitalist triumphalism. But it could also be damaging to companies themselves. At present, they are widely disliked despite bringing home the bacon. A market collapse could produce real resentment. And if I am unsure what practical form that might take, I am very sure I do not want to find out.”

**World Bank, “Global Economic Prospects and the Developing Countries 2000,” December 1999** (probably the last World Bank report written under the direction of Joseph Stiglitz, a critic of the International Monetary Fund):

The World Bank outlines a scenario for an imminent 30%

crash on Wall Street. The report notes, that there are still significant risks to the world economy even if the situation seems to have stabilized compared to the worldwide 1997-98 financial crises. In this respect, the report points to present “volatility of the international environment,” and also to the “forecasting errors . . . in relation to the . . . crisis in East Asia,” which “illustrate the significance of these risks in an environment of deeper financial integration.” The biggest threat for the economies in the developing sector is the “prospective unwinding of large imbalances in the industrial countries.” The report adds: “Chief among these risks are the consumption boom (which is being driven by the stock market) and widening external deficit in the United States, and the continuing uncertain outlook for Japan.”

The World Bank report then presents a “plausible” scenario in this respect: “In the early months of 2000, the Federal Reserve responds assertively to the potential upturn in inflation by increasing the Fed Funds rate by 100 basis points. Market participants overreact in their reassessment of equity valuation levels in light of changes in the prospective growth environment, and equity prices fall by some 30%. In a second and ensuing response, the Federal Reserve lowers rates by some 200 base points to restore market confidence, and the dollar falls by 15% against major partner currencies. In consequence: These developments are transmitted rapidly to equity markets, and the effect on economic activity in Europe and in Japan is immediate. Wealth effects in all three blocs dampen consumption growth, especially in the United States, and investments slow sharply.”

**Maurice Newman, Managing Director, Australian Stock Exchange, Dec. 8, as reported by the *Frankfurter Allgemeine Zeitung*:**

Newman warned Australian investors of an upcoming crash on the U.S. stock market, which will have worldwide consequences, including for Australia. He noted that international stock markets have now been going through the longest boom phase in history, which simply cannot continue. Newman pointed to the flood of new stock issues by new telecommunications or internet companies. While the quality of this paper is very questionable, investors are buying it up anyway. Many of such stock prices are therefore excessively high, and the fate of the stock markets now depends on the performance of these telecom and internet titles.

**Howard Davies, Chairman, Britain’s Financial Services Authority (FSA), joint statement with the Securities and Futures Authority, Dec. 9:**

Davies warned private investors about the dangers of speculating on small and so-called “high-technology” stocks. Christine Farnish, FSA director for consumer relations, explained: “Consumers investing their money in smaller company shares need to know that the prices of those shares can be very volatile—both up and down. They need to think carefully about the risks involved before deciding what shares they buy and how many.”

# So, You Wish To Learn All About Economics?

by Lyndon H. LaRouche, Jr.

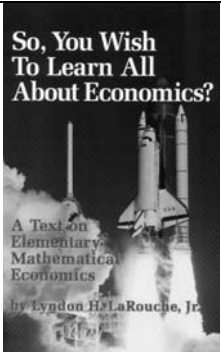
A text on elementary mathematical economics, by the world’s leading economist. Find out why *EIR* was right, when everyone else was wrong.

Order from:

**Ben Franklin Booksellers, Inc.**  
P.O. Box 1707 Leesburg, VA 20177

**\$10** (703) 777-3661 Call toll free 1-800-453-4108  
fax (703) 777-8287

plus shipping (\$1.50 for first book, \$.50 for each additional book).  
Bulk rates available. Information on bulk rates and videotape available on request.





# Banking deregulation: an assault on America's national sovereignty

by John Hoefle

On Nov. 12, 1999, President Bill Clinton signed the Gramm-Leach-Bliley "Financial Modernization Act" into law, effectively repealing restrictions on banking passed in the mid-1930s and in 1956. The best-known of these restrictions, and the one most hated by the international financial oligarchy, was the Banking Act of 1933, commonly known as the Glass-Steagall Act. This Act was passed under the direction of President Franklin D. Roosevelt, as an explicit measure to limit the power of the international bankers over the U.S. economy. As such, it was a decidedly *political* act, an assertion of national sovereignty, and was widely understood to be so by both the bankers and the U.S. population.

The Gramm-Leach-Bliley Act has nothing to do with bringing an "outmoded" regulatory system into the modern era, and everything to do with the global assault by the British-centered financial oligarchy on nation-states around the world. The repeal of Glass-Steagall is just as much a political act as was its passage. The issue is who runs the country: the financial oligarchy or the elected government.

The bankers' claim that they are unfairly hampered by overly restrictive regulations is more than absurd: It is an outright lie. For proof, one need look no further than the extraordinary level of off-balance-sheet derivatives bets of the big banks. Chase Manhattan Corp., with \$31 in derivatives bets for every dollar of assets, is indicative of the extent to which the U.S. commercial banking system has been turned into a speculative casino. Far from being over-regulated, the inmates are running the asylum, and their alleged regulators.

No nation is sovereign, which does not control its own credit. Alexander Hamilton, the first U.S. Treasury Secretary, understood this, and used the credit-generating capacity of the young United States to build the country up to the point that it could enforce its independence from Britain, and become a beacon of hope for the peoples of the world. The financial oligarchy also understood this, and has fought a continuous battle to force the United States into a British-style system, where the economic royalists control government finances. Under the British System, the government does not issue sovereign credit, but rather borrows money through the oligarchy's financial markets.

The distinction is crucial. Under Hamilton's American System, the Federal government issued credits to the produc-

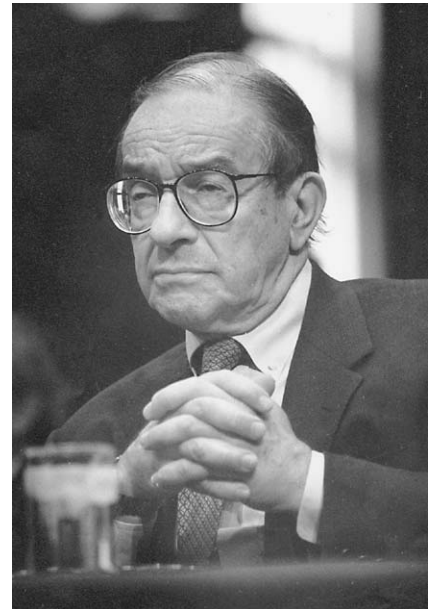
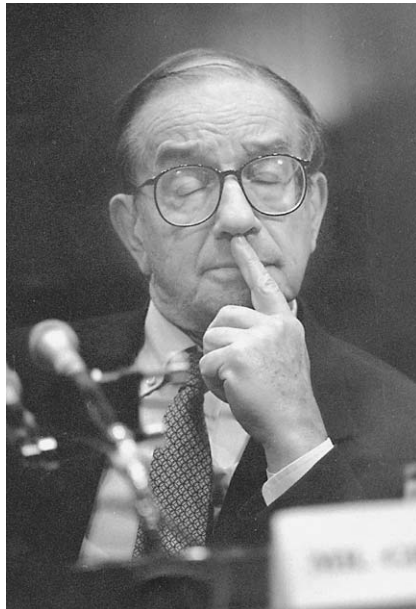
tive sector, providing funds to increase those activities which create wealth and provide for the General Welfare; the banks were merely intermediaries between the government and the people. Under the British System, the government borrows money from the oligarchy's financial markets, giving the oligarchs substantial control over government expenditures, and forcing the government to give the oligarchs a cut of every dollar of Federal spending.

To hide the strategic nature of deregulation, the oligarchs and their flunkies attempt to portray the repeal of these essential protections as "technical" in nature, merely a matter of updating old and largely irrelevant laws, to bring the law into the modern era. Naturally, they claim that the laws should be changed not to benefit the banks, but to benefit the public. They're just looking for ways to save money for the "little people," they claim.

Sen. Phil Gramm, the Texas Republican who heads the Senate Banking Committee (and the Gramm in the Gramm-Leach-Bliley Act), pushed this line in an Oct. 22, 1999, press release announcing that the Senate, the House, and the Clinton administration had reached an agreement on the deregulation bill.

"The financial services modernization legislation is the most important banking legislation in 60 years," Gramm asserted. "The people it will benefit most are working families. . . . The hallmark of the bill is that it will make an array of financial services to every American consumer that will provide lower prices and one-stop shopping at financial supermarkets in every city and town in the country."

But Gramm (whose wife, Wendy Gramm, significantly deregulated the derivatives markets during her stint as head of the Commodity Futures Trading Commission) is at heart an oligarch, or rather an oligarch wannabe, who prefers the British System to the American System. In September, Gramm issued a press release complaining about the Clinton administration's attempt to protect the Community Reinvestment Act, which Gramm vociferously opposed. The administration's action, Gramm fumed, "shows how vulnerable a regulatory agency is when part of a politically driven entity like the Treasury Department Regulators exert extensive power as it is. When politics is injected into the regulatory process, as happened in the Comptroller's office, the process becomes abusive. This is vivid evidence of the danger posed



*Federal Reserve Chairman Alan Greenspan has presided over the deregulation of the U.S. banking system, helping to create the biggest financial bubble in history. Now, the repeal of the Glass-Steagall Act removes one of the key remaining points of regulation, which had protected depositors from the manipulations of Wall Street.*

by the administration's proposal to take regulatory power away from the independent Federal Reserve and give it to the Treasury Department. The proposal is a political power grab that must be defeated."

The trick used by Gramm and other mouthpieces for the oligarchy, is to pretend that the oligarchy does not exist, and blame all problems on government. In such a view, individual freedom is expressed through the "free market," and all attempts by government to regulate the market is an assault on that freedom. Thus, protecting the power of the banks to do whatever they want, is transformed into a battle for the rights of the "little people" against "oppressive government." The battle to increase the ability of the big international banks to loot the population is transformed into a fight for "consumers" to have access to "one-stop financial supermarkets." The "little people" who win such battles, win the right to become human sacrifices.

### **Past the point of no return**

For the past few years, the commercial banks, investment banks, and insurance companies have all heavily lobbied Congress for deregulation, with that lobbying backed by significant campaign contributions. Each year, Congress was prepared to give the financiers what they wanted, but the three sectors could not agree on the precise terms of a bill. That is, they all wanted to make sure that the new law favored them, over the other two. Finally, in the autumn of 1998, with the global financial system in a near meltdown, an agreement was reached and a bill made its way through Congress, only to be blocked by Senate Banking Committee member Phil Gramm.

The word in Washington was that then-Senate Banking Committee Chairman Alfonse D'Amato (R-N.Y.) was likely to lose his reelection bid; if so, Gramm would inherit the chairmanship of the committee, a lucrative position with banking reform on the agenda. D'Amato lost, and the rest, as they say, is infamy.

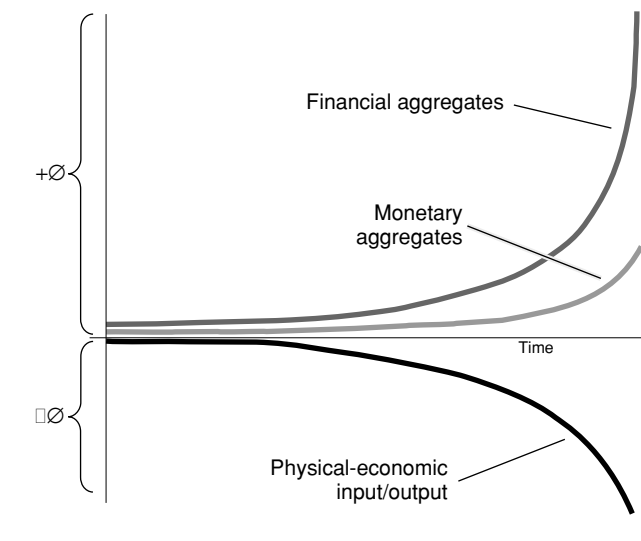
The other obstacle to the passage of the deregulation bill was the insistence of Treasury Secretary Robert Rubin that the new powers to be given to banks be placed inside the banks themselves, instead of in holding-company affiliates. The issue was one of regulation: The Treasury's Office of the Comptroller of the Currency regulated national banks, whereas the Federal Reserve regulates the holding companies. Rubin wanted the government, rather than the Fed, to control the new activities. Rubin stepped down in July of this year, but the Gramm-Leach-Bliley bill concedes some of his demands.

The question remains as to why the banks, securities firms, and insurers finally reached an agreement, after years of infighting. The answer is simple: fear, the fear that their system was spinning out of control.

The problem facing the financiers can best be illustrated by Lyndon LaRouche's Typical Collapse Function (**Figure 1**). The top of the three curves, financial aggregates, represents the hyperbolic growth of financial claims against the economy—stocks, bonds, debt, derivatives, and other forms of paper—which must ultimately be paid. The middle curve represents the monetary aggregates, money created by the central banks to provide the liquidity necessary to keep the pyramid scheme going. The lower curve represents the de-

FIGURE 1

### A typical collapse function



cline of the physical economy, as measured by production and consumption of a market basket of necessary goods, calculated not in dollar terms, but in units per capita, per household, or per square kilometer, as appropriate.

These are not three independent curves, but rather represent one function: As the financial aggregates grow, the monetary aggregates increase to provide the liquidity to roll over the rising level of unpayable claims; the money to support this growth is taken out of the productive sector, causing the market basket of physical goods to shrink correspondingly. The relationship is that of a parasite and its host—the parasite grows by feeding off the host, just as the bubble grows by looting the physical economy.

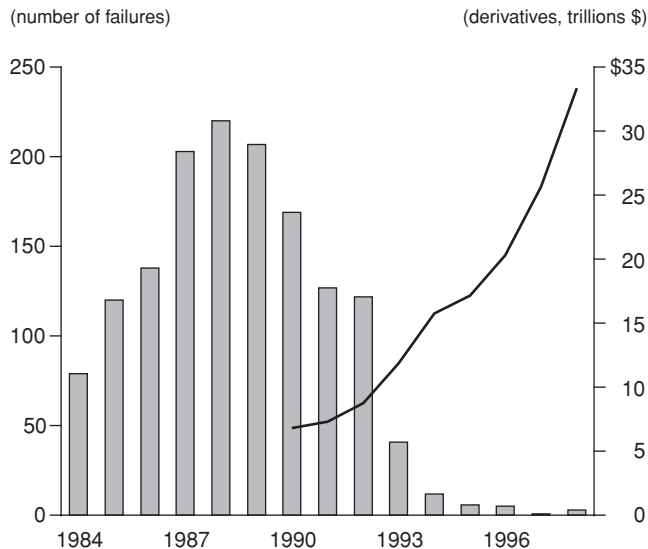
The problem with such a system, is that the faster the bubble grows, the faster it destroys the physical economy upon which it ultimately must turn, for payment of its claims. Eventually it reaches the point where pumping more derivatives into the bubble, fails to prolong the life of the system, and a breakdown begins.

In the late 1980s, the U.S. banking system collapsed with the popping of the real estate and junk bond bubbles. Not only did the S&L sector collapse, but the commercial banks started failing at record rates (Figure 2). To counter this, the bankers and the Fed made a fatal mistake: They jumped whole hog into the derivatives market. While the Federal Deposit Insurance Corp. (FDIC) keeps no derivatives figures for years prior to 1990, the graph shows a striking pattern; it was the flight into derivatives, helped by a flood of central bank liquidity and a “see no evil” regulatory policy, which created the illusion that the banking system had recovered.

Derivatives, despite all the hoopla about “risk management,” are essentially a vehicle for rolling over the unpayable

FIGURE 2

### Bank failures and derivatives



Source: Federal Deposit Insurance Corp.

claims of a bankrupt system, into even larger and more unpayable claims. The use of derivatives has turned the global financial system into a giant casino, which must ultimately collapse.

### LaRouche, or bust

That collapse, Lyndon LaRouche observed recently, will take one of three forms: deflationary collapse, in which hundreds of trillions of dollars of paper values simply evaporate in a chain reaction; a hyperinflationary blowout, in which the money suddenly loses its value, as happened in Weimar Germany; or a breakdown of civilization into widespread warfare. Whichever form the collapse takes, the financial system has entered a boundary condition from which it will not, it cannot, recover. As the recent debacle at the World Trade Organization meeting in Seattle, and the moves in Germany and France to resist globalization show, the political power of the oligarchy is beginning to crack. The attempt is being made to hold the financial system together at all costs, to prevent the chaos which will occur when it breaks, but the measures used in the past to hold the system together no longer work. Pumping up the bubble—the aim of deregulation—will only make matters worse, and bring about the very collapse the bankers fear.

The only alternative is the LaRouche proposal, of putting the financial system through a bankruptcy reorganization, then using sovereign credit to rebuild the productive sector. We can build our way out of this mess. It's LaRouche, or chaos.

# How the Glass-Steagall Act struck a blow against Wall Street's power

by Richard Freeman

The Nov. 12 decision by President Bill Clinton, to sign into law the Gramm-Leach-Bliley "Financial Modernization Act," will take the nation backwards, to the era of the 1920s, when very little financial regulation existed, and the Wall Street-City of London financier oligarchy ran America's financial policy, and a good part of its economic policy, as its own fiefdom. The oligarchy used this power to engage in a speculative orgy that culminated in the Great Depression.

The Financial Modernization Act takes aim at the Glass-Steagall Act, which had passed the U.S. Congress by overwhelming margins: In June 1933, the U.S. House of Representatives passed the Act by a vote of 262-19; the Senate, which had been highly contentious on votes on other measures, passed the Act by acclamation. President Franklin D. Roosevelt, who, along with other patriots had pushed for the Act, signed it into law on June 16, 1933.

The principle that guided the Act's passage was that of national sovereignty: that a nation has the right and obligation to exercise control over its financial and economic affairs, shaping them to provide for the general welfare of current and future generations, and against the control by a financier oligarchy.

The Act was one of a series of pieces of legislation which attempted to undo the most egregious features of financier speculation and wanton criminal financial activity.

The Glass-Steagall Act targetted a crucial aspect of banking, and indeed a very sore point with the bankers, as attested to by the fact that the bankers have spent billions of dollars, and 65 years, trying to undo its provisions.

Glass-Steagall split commercial banking from brokerage/investment banking. Any financial institution engaging in both activities, either had to split into two, or forgo one or the other activity. No commercial bank was allowed to own an investment bank, and vice versa. No commercial bank could underwrite, deal with, trade, or own for its own account, securities—since that was the domain of the investment banks. No investment bank could take individual small customer deposits, which was the domain of the commercial banks.

To the outsider, the split of these two activities may seem arcane; but it actually addresses two very important matters.

First, if a single institution is allowed to carry out commercial banking and investment banking (and insurance) under

one roof, a very great amount of power is concentrated in that institution's hands. Today, if the repeal of Glass-Steagall were combined with the repeal of the McFadden Act—which forbids interstate banking—then the United States could end up with 15 to 20 super-institutions, which would control every aspect of America's financial life. Such a process was advancing rapidly in the 1920s, and Glass-Steagall helped to halt it.

Second, by placing different pools of money in a single institution—pools from commercial banking, from investment banking, from insurance—one is creating the temptation that that institution will commingle the funds, and use them for whatever it pleases. This violates a basic tenet of banking. A commercial bank is, by definition, simply a *deposit-taking institution*. When an individual puts his money into a savings or checking account in a commercial bank, he expects to get some interest, but he is putting the funds there *for safe-keeping*. He is not trying to *invest* the funds, which is the purpose of an investment bank/brokerage house. The individual does not want the funds to be commingled with other funds, without his permission.

Now, precisely during the 1920s, these two matters were abused by the bankers. The banks were building up enormous power, and they were using funds as they saw fit. It was this abuse, as Franklin Roosevelt and other patriots saw, that had contributed mightily to the 1929-32 stock market crash, the breakdown of the banking system, and the physical economic depression which had left millions of people destitute.

Today, the bankers argue against the Glass-Steagall regulations with the lie that they are "outmoded." Ironically, the exact opposite is true: Such regulation is needed now more than ever. While up to now, the banks have not been able to unrestrictedly commingle commercial banking, investment banking, and insurance, they have nonetheless built up practices that are as deadly as anything that existed during the 1920s. The growth of derivatives is one such deadly practice (see accompanying articles). If one adds, to the highly unstable, speculative atmosphere that exists today, the hitherto outlawed practices of mingling commercial banking with investment banking and insurance, this will accelerate the rate of the blowout of the financial system. This will also accelerate the looting of the nation.

This article will look first at the conditions that prompted



Among the principal creators of the speculative bubble of the 1920s were Treasury Secretary Andrew Mellon (shown on the right, with Paul Mellon), and banker John Pierpont Morgan, Jr. (above). The aim of the Glass-Steagall Act, and related legislation passed during the Roosevelt years, was to prevent such financial manipulations from ever again leading to a great depression.



the Glass-Steagall Act: the bankers' raw abuse of political power, their financial pyramids, and their violation of the separation of commercial and investment banks. Then it will examine the Act itself. Next, it will look at the attempts to undermine the Act, and finally, compare the conditions of the 1920s with those existing today.

### The role of the House of Morgan

A well-publicized series of Senate Banking Committee hearings helped to bring to public attention the type of unrestrained speculative activity and criminal activity, including the foolhardy mixing together of commercial and investment banking activities, which Glass-Steagall would later redress.

The hearings started in 1932, reaching their high point during the spring and summer of 1933. They are alternatively called the Fletcher hearings, after Sen. Duncan Fletcher (D-Fla.), who chaired it in 1933, or the Pecora hearings, after the colorful and persistent chief counsel, Ferdinand Pecora, who conducted the investigation and did much of the questioning of witnesses. The hearings were held by a special investigative subcommittee of the Senate Committee on Banking and Currency. They issued their findings in a series of reports, entitled *Stock Exchange Practices*, dated 1932 and 1933.

The hearings had commenced under the prodding of Pres-

ident Herbert Hoover, who stated, at least in his *Memoirs*, that he distrusted some of the activities of Wall Street. But things picked up steam after Franklin Roosevelt was sworn in as President on March 4, 1933. On May 23, 1933, chief counsel Pecora called as his first witness J. Pierpont Morgan, Jr., or "Jack," as he was known. Jack Morgan was the son of J. Pierpont Morgan, and the head of the Morgan banking firm (although Thomas Lamont was running the firm on a day-by-day basis). Morgan's testimony gave a sense of the utter contempt in which the Morgan bankers held America, the raw power that they exercised over its institutions and political figures, and their points of control.

On Jack Morgan's first day of testimony, Pecora asked if he had paid U.S. income taxes. Morgan contemptuously answered, "I cannot remember." After repeated questioning, and consultation with his attorney, Morgan allowed as how he had not paid taxes in 1930, 1931, or 1932. It was then disclosed that the dozens of Morgan partners, each of them multi-millionaires, had collectively paid less than \$50,000 in taxes in 1930, and paid no taxes in 1931. This did not sit well with a nation in which one out of four workers was officially unemployed, and where starvation was occurring.

On May 26, Pecora revealed that he had discovered a Morgan-maintained "preferred list," after going through re-

cords that he had subpoenaed from the House of Morgan banking empire. The “preferred list” was a group of men—“good, sound, straight fellows,” as Jack Morgan called them—upon whom the House of Morgan had showered largesse, in order to have these men do their bidding. A Morgan partner explained, that the House of Morgan offered the men on the “preferred list” deals—in one case, Morgan Bank offered the stock of the Alleghany Corp., which was trading in the market at \$35-37 per share, to people on the “preferred list” at \$20 per share. One such “sound, straight” fellow, by selling his allotment of shares shortly after he got them, realized a profit of \$229,000. Of course, Morgan expected something in return.

Among those who were on the Morgan “preferred list” were:

Former U.S. President **Calvin Coolidge**;

Mega-speculator **John J. Raskob**, who had been head of the Democratic Party. Raskob told a Morgan partner that he hoped there would, in the future, be “opportunities for me to reciprocate.” Raskob was a leader of the Wall Street-steered American Liberty League, which tried to overthrow President Roosevelt between 1933 and 1937;

**Owen J. Roberts**, whom President Herbert Hoover appointed to the U.S. Supreme Court;

Financier **Bernard Baruch**;

**Norman Davis**, an Anglophile diplomat, who served in Roosevelt’s administration.

Any investigation into the speculative bubble of the 1920s, would have to look at the roles of President Calvin Coolidge and Treasury Secretary Andrew Mellon. Coolidge was President from 1923 to 1929, the years that the bubble grew to its enormous size. President Herbert Hoover, who took office in March 1929, had only been in office for six months, when the stock market crashed: It was a “gift” he inherited from Coolidge. (Other powerful forces and events outside the United States, of course, contributed to the 1929-32 financial crash and depression.) Andrew Mellon played an even more pivotal role, as a member of the powerful London-controlled Mellon banking family. He served as Treasury Secretary from 1921 to 1932, under three administrations—those of Warren Harding, Coolidge, and Hoover—and often dictated to the U.S. President what financial and economic policy would be.

## **Goldman Sachs investigated**

The Fletcher-Pecora hearings helped lift the veil from Wall Street’s use of power to bulldoze any opposition to its looting and speculation. This included investigation of the practices of Goldman Sachs, then, as now, one of America’s “first-tier” investment banks.

Goldman Sachs exemplified two tendencies. First, it had built up an enormous Ponzi scheme, operating beyond the pale of regulation (since virtually no regulation existed at this

time). This significantly fed the financial bubble. Second, it conjoined under one roof, the operating activity of an investment bank, several commercial banks, and several insurance companies, and showed the fatal consequences therefrom.

Goldman Sachs had cultivated a reputation as following “rock-ribbed conservative” practices. This is quite humorous, given that they are the most wildly speculative of investment banks.

The key to Goldman Sachs’s performance was the fervor with which it used leverage. The multiplier effect of leverage has been likened to cracking a whip. A certain force in the snap of the wrist, can result in many multiples of that force being discharged at the whip’s end. To get this “snap,” Goldman Sachs used investment trusts. These are simply corporations that don’t do anything productive, but obtain their value by buying the stocks of other companies, and holding onto them. After World War II, these investment trusts soon merged into their very close cousins, which we know today as mutual funds.

The investment trusts worked on the principle that through leverage, they could conjure up vast amounts of fictitious value, thereby enriching themselves: that they would cause their own common stock price to increase in value at a higher rate of growth than that of the common stock of other companies that they were holding.

To see how this operated, let us create an imaginary investment trust, which will operate very much as Goldman Sachs’s investment trusts actually did. We can call this Investment Trust A. In order to operate, Investment Trust A must have some cash. To obtain cash, it sells its own paper. Let us say that Investment Trust A obtains \$150 million worth of cash, by issuing \$150 million of its own paper: \$50 million of its own bonds, \$50 million of its own preferred stock, and \$50 million of its own common stock. After the sale of its own instruments, Investment Trust A uses the \$150 million in cash to buy the common stock of other companies, such as AT&T, Ford, GM, and U.S. Steel. These stocks are now called Investment Trust A’s assets.

If one is operating during 1929, prior to the crash, one can expect the price of the common stock that one owns to go up. Assume all common stocks rise, on average, by 50% in value. Then, the assets that Investment Trust A owns, which were worth \$150 million, would now be worth \$225 million. If the value of Investment Trust A’s *assets* are worth \$225 million, then the value of the *paper* that Investment Trust A has issued—its bonds, preferred stock, and common stock—should reflect this increase, by also being worth \$225 million.

Here’s how the first level of leverage comes in. The value of the bonds and preferred stock that a company originally has issued does not change much, except if there is a change in interest rates. Investment Trust A originally issued \$50 million worth of bonds and \$50 million worth of preferred stock. They will still be worth, roughly, \$50 million apiece.

Thus, the only paper that Investment Trust A issued that could rise in value, is its common stock. Since the total value of Investment Trust A's financial paper is now worth \$225 million, then the value of common stock that Investment Trust A issued, must have risen in value from \$50 million before, to \$125 million now.

Notice what happened: The value of the assets — the common stock of other companies — that Investment Trust A owns, increased in value by 50%; but the value of Investment Trust A's own common stock increased in value by 150% (from \$50 million to \$125 million), that is, at a rate three times greater than the common stock of other companies that Investment Trust A owns. This constitutes leverage. In this example, the ratio of leverage is 3:1, between the increase in the value of common stock, and its production of a threefold increase in the value of Investment Trust A which owns these stocks. In each case, some multiple of leverage is at work.

The blindly ambitious would not stop there: Assume that one could further set up an Investment Trust B, which would buy up and hold the common stock of Investment Trust A. Investment Trust B would issue bonds, preferred stock, common stock, etc. Investment Trust B's value would increase, by a leverage-multiple, upon the increase in value of Investment Trust A, which itself increased, by a leverage-multiple, upon the increase of the common stock of other companies which it held. If the leverage of Investment Trust A to the common stocks it held was 3, and the leverage of Investment Trust B to investment Trust A was 3, then the leverage of Investment Trust B to the common stock in the portfolio of Investment Trust A was 9.

Using this principle of leverage, Goldman Sachs proceeded to establish three major investment trusts: Goldman Sachs Trading Company (starting in December 1928), Shenandoah Corp., and Blue Ridge Corp. Blue Ridge Corp. bought the common stock of other companies, such as AT&T and Ford. In turn, Shenandoah Corp. bought 86% ownership of the stock of Blue Ridge; and, Goldman Sachs Trading Company, along with an allied partner, bought up 80% ownership of the stock of Shenandoah Corp. By the time one gets up the ladder to Goldman Sachs Trading Company, one is getting leverage, upon leverage, upon leverage. Goldman Sachs investment bank owns and manages Goldman Sachs Trading Company. Thus, from this Ponzi scheme, Goldman Sachs raked in huge profits. But there is nothing real here: There is only paper based on other paper, based on other paper. This Ponzi scheme jacked up the value of each of the three Goldman Sachs-run investment trusts, which in turn underpinned the rising value of the U.S. stock market. Meanwhile, similar Ponzi schemes were being run by equally "rock-ribbed conservative" banks, such as J.P. Morgan, and the amount of leverage that was pumped into the U.S. stock market was enormous (other leverage was coming into the market through things like margin debt/borrowing).

But, having manufactured profits for itself out of the clear blue sky, Goldman Sachs could not stop there. Quickly, it developed a cash hoard in Goldman Sachs Trading Co. The goal became to pollute other parts of the economy. Goldman Sachs used the cash hoard to go on a spree, buying up *commercial banks*. Goldman Sachs bought the controlling stock in Manufacturer's Trust (the forerunner of Manufacturer's Hanover Trust), one of the most powerful banks in America. It compounded that by buying up Pacific Trust Co., Foreman State Bank of Chicago, and American Trust Co. of San Francisco. Not pausing to catch its breath, it bought up three insurance companies. It also had some of the banks that it had taken over, put in money to help take over the insurance companies. There was now an incestuous ring among investment bank Goldman Sachs, some commercial banks, and some insurance companies.

Goldman Sachs then turned to the next round of looting. It was one of the top bond trading firms in the country: it underwrote and traded bonds for industrial companies, for which it earned a fee. It instructed the commercial banks and insurance companies which it had gobbled up: "You will buy these industrial bonds." They complied, even if it was not in their own interests. In the case of the commercial banks, they were now putting their depositors' funds at risk to buy these bonds; in the case of the insurance companies, they were spending their policyholders' money to buy these bonds.

Goldman Sachs then took some of its spare cash, lent it to its captive commercial banks, charging them rates as high as 20%, so that the commercial banks would, in turn, lend it as "call money" to speculators who were playing the stock market.

The whole Ponzi scheme came tumbling down. Shenandoah Corp., which had been trading at \$36 per share in late July 1929, fell to 53¢ in July 1932. The rapid de-leveraging of the Goldman Sachs empire, helped topple the financial markets.

Others were involved, too, in producing this outcome. There was the criminal behavior of Charles E. Mitchell, the head of National City Bank (today, Citigroup/Citicorp). This was paralleled by the criminal behavior of Albert H. Wiggin, the head of Chase National Bank (today, Chase Manhattan), and so forth.

### **Bankers horrified over Glass-Steagall**

On March 4, 1933, Franklin Roosevelt was sworn in as President. Within days, Congress was meeting in session. Some of the broad outlines of the bankers' depredations had already been discovered, and the Fletcher-Pecora hearings brought more to light. The nation was still experiencing a financial downturn, three and one-half years after the October 1929 stock market crash.

The financier oligarchs had had their day; President Roosevelt and some others decided that it was time to assert na-

tional sovereignty.

The Fletcher-Pecora hearings had revealed some of the elements of the Goldman Sachs story, and had shed light on the danger of a single financial institution mingling the activity of a commercial bank, with that of an investment bank/brokerage firm, with that of an insurance company. Prior to the 1929 crash, Goldman Sachs's power had grown to such an extent, that few could have checked it.

The Glass-Steagall Act aimed to take apart a pivotal part of the power. Its official name was the Banking Act of 1933, but it soon popularly bore the names of its two sponsors, Sen. Carter Glass (D-Va.), a senior member of the Senate Banking Committee, and Rep. Henry Steagall (D-Ala.), the chairman of the House Banking Committee.

The Act stated that no single institution or bank holding company could engage in both commercial banking and brokerage/investment banking. No commercial bank could own an investment bank, or carry out the functions of an investment bank. Sections 16 and 21 of the Act stated that no commercial bank could engage in the business of "issuing, underwriting, selling, or distributing, at wholesale or retail, or through syndicate participation, stock, bonds, debentures, notes or other securities." (The exception is that commercial banks can sell and underwrite U.S. government bonds.) The sale, syndication, etc., of securities, is the domain of the investment banks. On the same grounds, no investment bank could take individual small customer deposits, which is the domain of the commercial bank. Neither commercial nor investment banks could own an insurance company.

The bankers understood that an important part of the cycle of the 1920s was being broken. W.C. Potter of the Morgan Bank-controlled Guaranty Trust characterized the proposal as "quite the most disastrous" he had "ever heard." The American Bankers Association led the fight against the bill, "to the last ditch," in its president's words.

The bill carried another useful provision. It created the Federal Deposit Insurance Corp. (FDIC), which gave Federal insurance for citizens' bank deposits up to a certain amount, for the first time in the nation's history. It announced that starting July 1, 1934, all deposits under \$10,000 would be insured 100%; deposits in the range of \$10,000 to \$50,000 would be insured 75%; and deposits of \$50,000 or larger would be insured 50% (today, all deposits up to \$100,000 are insured 100%).

To counter some of the other practices of the 1920s, the bill also forbade any bank officer from borrowing from his own institution.

In mid-June 1933, the Glass-Steagall legislation passed both the House of Representatives and the Senate by overwhelming margins, and President Roosevelt signed it on June 16.

The Act, though carrying a powerful punch, was limited in its scope to curtailing certain abuses. It became part of a package that included:

- The Truth-in-Securities Act. This required full disclosure in the issue of new securities to the public. Heavy penalties would be levied for failure to give full and accurate information about securities to the government. This became law on May 27, 1933.

- The Securities Exchange Act. This set up the Securities and Exchange Commission (SEC) to regulate and oversee the securities markets. Certain manipulative practices (such as washed sales and matched orders) were prohibited. Insider trading was eliminated. This became law on June 6, 1934.

None of these laws was comprehensive: some of them were better than others in addressing individual problems, or in addressing the larger picture; yet together, they moved in the direction of asserting national sovereignty, on behalf the general welfare, and against the oligarchy. This provoked a fight with Wall Street, but some of the other necessary initiatives never made it through Congress. At the same time, other legislation was being passed to reverse the downturn in the financial system, to build infrastructure, provide jobs, and restore the physical economy.

### **The oligarchy's counterattack**

The oligarchy saw Glass-Steagall as hitting a vital nerve, and began a process of chipping away at it. One of the biggest moves in that direction was the passage of the Garn-St Germain "Depository Institutions Act," which passed in October 1982, and deregulated the entire U.S. banking system. The Act did not address Glass-Steagall, but it had a deleterious effect on the Glass-Steagall provisions and the principle of regulation. Garn-St Germain helped eliminate usury ceilings. Along with the high interest rates imposed by Federal Reserve Board Chairman Paul Volcker in October 1979, it pushed the savings and loan associations into the crisis that would befall them in the 1980s.

It also pushed the United States in the direction of increased emphasis on speculation, and reduced agriculture and manufacturing production, which weakened the financial system and the economy as a whole.

In 1985 and 1986, the Comptroller of the Currency engaged in a duplicitous reading of the Glass-Steagall Act, to allow national banks to purchase and sell mutual funds.

In 1987, the Comptroller of the Currency concluded that a national bank may offer to the public, through a "subsidiary," brokerage services and investment advice.

In April 1987, the Federal Reserve Board of Governors interpreted a section of Glass-Steagall to allow underwriting activities if they were conducted through a securities subsidiary "not principally engaged" in underwriting. This was interpreted to mean not earning more than 5% of revenues therefrom.

Step by step, agencies sympathetic to the banks were rolling back the legislation.

In April 1998, Citicorp (a commercial bank) and Travelers Salomon Smith Barney (Travelers is an insurance com-



pany, Salomon Smith Barney is an investment bank) merged, thumbing their noses at Glass-Steagall.

Now, as a result of speculative activity, the banking-financial system is on the verge of a breakdown, several orders of orders of magnitude larger than anything that occurred in 1929-32. The same Wall Street firms that contributed to the 1929-32 meltdown, and ensuing depression, have built a bubble bigger than that of the late 1920s. Today, they use highly leveraged derivatives: In 1999, America is burdened by \$55 trillion of derivatives outstanding, of which the financial institutions own more than 90%. In the 1920s, there weren't even \$150 million of these instruments. Today, these Wall Street forces are carrying out an incredible array of corporate mergers—in 1998, mergers took place to the tune of \$1.6 trillion; in 1929, less than \$15 billion.

Thus, this is the worst possible time to undermine Glass-Steagall and the very principle of regulation of the financial system.

The Gramm-Leach-Bliley "Financial Modernization Act" will concentrate enormous speculative power into the hands of 15 to 20 institutions; along with the Federal Reserve Board, they will have control over every facet of financial life. This will speed up the process of looting and dissolution. A nation that tolerates such a retrogressive step, has abandoned its moral fitness to survive.

## LAROCHE ON THE NEW BRETTON WOODS

"The present fatally ill global financial and monetary system must be radically reorganized.

It can not be reformed, it must be reorganized.

This must be done in the manner of a reorganization in bankruptcy, conducted under the authority not of international institutions, but of sovereign governments."

A 90-minute videotape with excerpts from a speech by Lyndon H. LaRouche, Jr. given on March 18, 1998.

**\$35** postpaid  
Order number  
EIE 98-002

EIRNewsService  
P.O. Box 17390,  
Washington, D.C.  
20041-0390

To order, call  
**1-888-EIR-3258**  
(toll-free).

We accept Visa or MasterCard.

# Deregulation: a license to steal

by John Hoefle

The irony of a wildly, dangerously out of control group of parasites proclaiming that they are being "over-regulated," suffering from a "regulatory burden" so onerous that they cannot serve the "little people" as fully as they could were the government to get off their backs, should not be lost on anyone watching the bankers and their agents running roughshod over the very people they claim they want to serve. If it hadn't happened before one's very eyes, one might have trouble believing it.

Among the loudest whiners have been the biggest commercial and investment banks in the United States, some of whom are so "over-regulated" that the notional value of their off-balance-sheet derivatives bets is more than 30 times the assets they list on their balance sheets. Think about the implications of that for a minute, both in terms of the meaninglessness of balance sheets in such circumstances, and of the nature of a regulatory system which permits such incredible activity. In many areas of the business world, a company which reported such a tiny portion of its financial activities on its balance sheets would be indicted for fraud. But, not the big commercial and investment banks. The double standard is obvious.

In case after case, Federal banking regulators, from the Federal Reserve to Congress, have bent over backwards not only to ignore, but also to actively protect, the wild speculation which has taken over modern banking. When banks break the law, as in the clearly illegal merger of the insurance and investment banking giant Travelers Group with Citicorp, the regulators jumped through hoops to promise to change the law, a promise upon which they have now delivered with the Gramm-Leach-Bliley financial modernization act. In those rare occasions when some regulatory agency does raise questions about the derivatives frenzy, as in the cases of the Federal Accounting Standards Board and the Commodity Futures Trading Commission, the knives come out quickly.

## They're not banks anymore

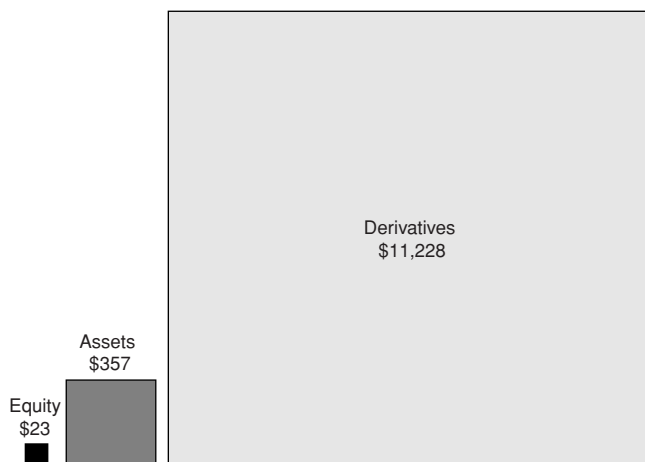
Over the past two decades, there has been a fundamental shift in the nature of banking in the United States, namely, that the big banks have increasingly turned from banking to speculation; more and more, they've become gamblers, not bankers.

Take the case of Chase Manhattan Corp. As of June 30, 1999, it reported \$357 billion in assets on its balance sheet,

FIGURE 1

**Derivatives profile, Chase Manhattan Corp.**

(billions \$)



Sources: Office of the Comptroller of the Currency; company reports.

and \$11,228 billion — \$11.2 trillion — in what the Federal Deposit Insurance Corp. (FDIC) terms “off-balance-sheet derivatives” (Figure 1). That’s \$31 in off-balance-sheet bets for every \$1 of assets. By comparison, Chase had only \$171 billion in loans, and \$23 billion in equity capital. Chase’s derivatives portfolio is so large, that a loss equivalent to just two-tenths of 1% of that portfolio would be sufficient to completely wipe out the bank’s equity. Does this sound like a bank which is over-regulated?

The ratios are even worse at J.P. Morgan, which had \$32 in off-balance-sheet derivatives for every \$1 of its \$269 billion in assets as of June 30, for a total derivatives portfolio of \$8.7 trillion. Morgan barely bothers to make loans any more, with just \$29 billion in loans. A loss equivalent to just 0.14% of its derivatives portfolio would wipe out Morgan’s \$12 billion in equity. Morgan is even less of a bank than Chase.

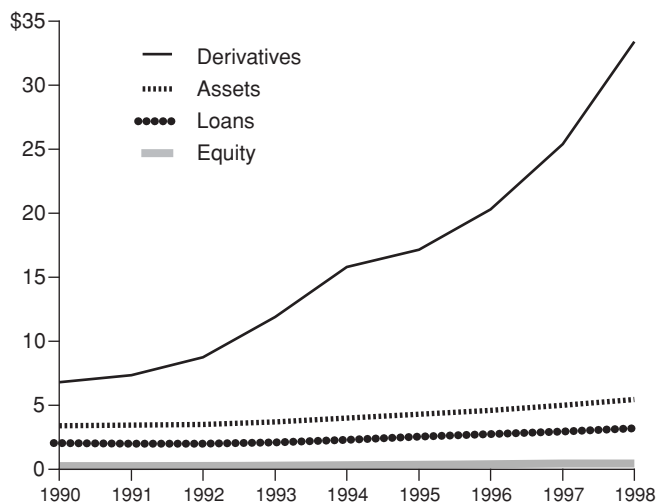
By comparison with these two high-rollers, the other big derivatives banks are paragons of virtue. BankAmerica (the new name for NationsBank) has a mere \$8 in derivatives for every \$1 of assets, and Bank One (which bought derivatives giant First Chicago NBD) has \$5 per \$1 of assets. Taunus Corp., the Deutsche Bank subsidiary formerly known as Bankers Trust Corp., had \$2.2 trillion in derivatives, or \$10 in derivatives for each of its \$209 billion in assets.

The U.S. banking system as a whole, according to the FDIC, had \$33.5 trillion in derivatives as of June 30, 1999, compared to \$5.5 trillion in assets, \$3.3 trillion in loans, and \$466 billion in equity. With off-balance-sheet bets more than six times assets and more than ten times loans, a pathological situation which is getting worse by the minute, it’s hard to call this a banking system (Figure 2). Even though nearly all

FIGURE 2

**U.S. banks are addicted to derivatives**

(trillions \$)



Source: Federal Deposit Insurance Corp.

of those derivatives are held by a handful of big institutions, the level of derivatives bets is so high at those institutions, as to jeopardize the entire system, including those banks which hold no derivatives at all.

It is precisely the systemic nature of the financial crisis, which is the real reason the restrictions on banking and other financial institutions are being swept away. The purpose of the flight-forward into deregulation, is to sweep away any and all obstacles to the banks’ ability to loot as much as required from the public, in order to keep their bubble going. The Glass-Steagall and related restrictions were imposed to protect the public from dishonest banks, and the major flaw in such restrictive laws, is that they did not go far enough. Even the old pirate J.P. Morgan would cast an incredulous — and jealous — double-take at today’s derivatives markets and their ability to take stealing to previously unimaginable heights.

**In Bankers We Trust?**

Take the case of Bankers Trust. On March 11, 1999, Bankers Trust Co., one of the world’s top derivatives banks, pleaded guilty to Federal criminal charges, arising from a scheme in which it misappropriated some \$19 million in funds belonging to its customers; the bank used those funds to create a slush fund, which it then used to overstate its earnings.

“Pursuant to its agreement with the U.S. Attorney’s Office, Bankers Trust will plead guilty to misstating entries in the bank’s books and records and will pay a \$60 million fine to Federal authorities,” the bank announced in a muted but remarkable March 12 press release. “Separately, Bankers Trust will pay a \$3.5 million fine to the State of New York.

The agreement concludes the investigation of Bankers Trust, and the firm continues to cooperate with the government's ongoing investigation of these matters."

Paying fines is nothing new for Bankers Trust, which in 1994 was fined \$10 million by the Securities and Exchange Commission (SEC) and the Commodities Futures Trading Commission (CFTC) for illegal activities in its derivatives trading operation. Bankers Trust's actions were so blatant that one of its derivatives victims, Procter & Gamble, accused the bank in a Federal lawsuit of violations of the civil section of the Federal Racketeer Influenced and Corrupt Organizations (RICO) Act, a law passed, at least nominally, to help law enforcement agencies battle the mob and the drug cartels.

The irony of Bankers Trust's latest fine, is an issue of an immorality "in the small" being punished, while a much more dangerous immorality—the international derivatives market—is not only allowed to continue in operation, but is protected. It was the equivalent of citing a murderer for jaywalking upon leaving the scene of the crime.

The timing of the action against Bankers Trust also shows the fine hand of Federal banking regulators in managing the banking crisis. In the wake of its 1994 escapade, the bank lost a number of customers; only by running off the existing management and bringing in former Deputy Treasury Secretary Frank Newman and former Federal Reserve Chairman Paul Volcker, were regulators able to stop the hemorrhaging. But even then, despite all its problems, the bank avoided admitting to felony crimes. The felony conviction would put the bank's viability into question—many of the bank's customers are prohibited from engaging in financial dealings with convicted felons—were it not for the fact that Bankers Trust is being taken over by Germany's Deutsche Bank.

### 'Lure 'em in and f— 'em'

The culture at Bankers Trust was eloquently expressed by an employee who stated: "Funny business, you know? Lure people into that calm and then just totally f— 'em." That comment, recorded on the bank's internal taping system, was just one of several which showed the predatory view the bank had toward its customers, and the world at large. Thanks to the lawsuits brought against Bankers Trust, and the subsequent SEC-CFTC investigation, many of Bankers Trust's dealings have entered the public record, including a highly embarrassing Form 8K filed with the SEC in December 1994, which includes details about the bank's derivatives dealings and some of the traders' comments. But Bankers Trust was hardly alone in its predatory view of the world. During the same period that Bankers Trust was running wild, so was Morgan Stanley, according to former Morgan Stanley derivatives salesman Frank Partnoy, whose 1997 book, *F.I.A.S.C.O.*, is required reading for anyone attempting to understand the nature of today's financial markets.

In April 1994, when widespread derivatives losses began to surface, Partnoy said that John Mack, the boss at Morgan Stanley, told the firm's derivatives traders: "There's blood in

the water. Let's go kill someone."

Partnoy describes his former associates as "feral multimillionaires: half geek, half wolf. When they weren't performing complex computer calculations, they were screaming about how they were going to 'rip someone's face off' or 'blow someone up.' . . . We were prepared to kill someone, and we did. The battlefields of the derivatives world are littered with our victims. . . . Wall Street has made, and continues to make, huge amounts of money on derivatives by trickery and deceit."

"Like most derivatives traders," Partnoy wrote, "I was an avid gambler. . . . Salesmen and traders are wild, cunning, aboriginal creatures who advise money managers about deceiving their bosses and finding new strip bars; their favorite phrase is 'f— you.' "

Partnoy's book makes a fine companion piece to the 1989 classic *Liar's Poker*, by Michael Lewis, which chronicles the bond- and derivatives-trading activities of Salomon Brothers. Lewis's book describes a world where "blowing up" customers and "ripping their faces off" was business as usual. At Salomon, Lewis wrote, "the most revered of species" was "a Big Swinging Dick. . . . Nothing in the jungle got in the way of a Big Swinging Dick. This was the prize we coveted." To become a Big Swinging Dick, a trader or salesman had to make millions of dollars in profits for the company—and for himself, in bonuses.

Salomon eventually blew itself up, with the Treasury trading scandal of 1991, in which it was caught attempting to corner the market on Treasury bonds, in order to drive prices higher and increase its trading profits. Today, Salomon no longer exists as a separate company, but is part of the Salomon Smith Barney unit of Citigroup, the giant bank formed by the merger of Travelers and Citicorp. However, several of the Salomon alumni, including the "King of Liar's Poker" players, John Meriwether, went on to form Long Term Capital Management, the hedge fund which blew up in September 1998.

A more subdued expression of the same philosophy was provided in 1993 by Chase Manhattan's Michael G.J. Davis, who told the *New York Times* that "the bank's biggest fear would be a long period of calm and stability in the markets, which would lull companies and investors into slowing their trading activities. . . . The worst thing for us is a marketplace where nothing happens." At the time, Davis was the deputy head of risk management for Chase. To Chase, the risk was not that chaos and volatility would hit the markets, but that the markets would be calm and stable, an environment where customers were less susceptible to having their faces ripped off by the Big Swinging Dicks of Wall Street.

Taken together, the statements show the true nature of Wall Street and the *casino mondiale* known as the global financial system. The world of Wall Street is a predatory jungle where the strong eat the weak, and if you're not a predator, you're lunch. Does this sound like a system suffering from over-regulation?

## The Gramm-Leach-Bliley Act

- Repeals the barrier between commercial banking and securities dealing, allowing bank holding companies to acquire or be acquired by non-bank financial firms such as investment banks, securities dealers, and insurance companies.
- Greatly expands the list of activities in which bank holding companies are permitted to engage, including what the American Bankers Association calls “a long laundry list of financial activities.” The act also permits activities not on the list, that the Fed and the Treasury consider “financial in nature or incidental to financial activities”; and any activity the Fed determines is complementary to financial activity.
- National banks will be permitted to sell any financial product without geographic limitation, and underwrite any financial product other than insurance underwriting and real estate development.
- Ends the ability for commercial (that is, non-financial) companies to charter unitary thrifts, and prohibits the future sale of unitary thrifts to commercial companies.
- Reduces the ability of states to restrict the sales of insurance by commercial banks.
- Eliminates the requirement that banks must have at least 10% of their assets in housing loans to join the Federal Home Loan Bank System, and reduces the restrictions on what types of collateral are required for banks to borrow from the FHLB System.

### Protection racket

Rather than move to clean up this dishonest market, Federal regulators have consistently defended the derivatives market, and attacked anyone who dared to suggest that regulation was needed.

Former House Banking Committee Chairman Henry B. Gonzalez (D-Tex.) successfully raised the issue of the danger of derivatives in 1993, holding hearings on the financial services aspects of the North American Free Trade Agreement (at which this author testified) and on derivatives, and introduced *EIR* material into the *Congressional Record*. Gonzalez’s bravery forced the Office of the Comptroller of the Currency and the FDIC to begin reporting the level of derivatives held by commercial banks. The FDIC’s Quarterly Banking Profile for the third quarter of 1993 contained a new entry on the banking system’s balance sheet, \$12 trillion in “off-balance-sheet derivatives,” more than three times the \$3.6 trillion in assets of the banking system as a whole. As it turns out, the FDIC had been tracking the level of derivatives since

1990, but keeping it a secret. Gonzalez publicly credited *EIR* with bringing the issue to public attention.

While Gonzalez’s efforts forced the regulators to publicly report the level of derivatives at commercial banks, opposition by Wall Street, other regulators, and most of Congress prevented him from taking further action. When the Republicans took over Congress and Jim Leach (R-Iowa) took over the chairmanship of the House Banking Committee, the Gonzalez rebellion was over.

The Financial Accounting Standards Board (FASB), which sets accounting standards for U.S. companies, has also been fighting a losing battle to impose reality on the banks’ balance sheets. In 1989, the FASB proposed that all companies, including banks, be required to disclose in their financial statements, the fair market value of all financial instruments held by them. The response was swift, with Treasury Secretary Nicholas Brady warning that “this proposal could have serious, unintended effects on the availability of credit as well as on the stability of the financial system.”

“I strongly urge the FASB not to adopt it at this time,” Brady wrote to the FASB board.

In late 1994, with derivatives losses rocking the financial system, FASB finally issued a watered-down rule.

“While the alarm bells are sounding, it appears that the financial regulators are content to let the speculative controls burn out of control while they keep the fire trucks parked at the station,” Gonzalez warned, accurately characterizing the derivatives market as “rampant speculation and gambling.”

FASB continued its efforts to force some honesty into derivatives reporting, announcing in August 1997, that it would implement new standards for derivatives, effective for fiscal years beginning in 1998. Again, the response was quick. Citicorp warned that the move “is not what the marketplace wants or needs,” and “Contract on America” kook Sen. Phil Gramm (R-Tex.) told the FASB that it “would be making a mistake with serious consequences for the financial markets.” Federal Reserve Board Chairman Alan Greenspan wrote three letters to FASB Chairman Edmund Jenkins, demanding that the disclosure rules be scuttled.

Why the objection? “They don’t want the derivatives showing up on their books. They don’t want people knowing how it is affecting the company,” a FASB spokesman told *EIR* at the time.

Thus far, the derivatives dealers are winning. While the FASB has not abandoned its plans for disclosure, it has postponed them until next year, allegedly so as not to conflict with possible Y2K issues.

### Bashing the CFTC

Perhaps the most egregious example of pressure by bankers and their regulators, is the assault on the Commodity Futures Trading Commission in 1998, when the CFTC issued a “concept release” suggesting that it might establish some regulation over the over-the-counter (OTC) derivatives.

In early 1993, under then-chairman Dr. Wendy Gramm, the CFTC exempted much of the derivatives market from regulation, on the dubious theory that market professionals could be trusted and needed little oversight. Gramm's move helped pave the way for the surge in OTC derivatives, the same bubble her husband, Sen. Phil Gramm, has defended so heartily in the Senate. Today, Wendy Gramm sits on the board of Sir George Bush's Enron, while her husband chairs the Senate Banking Committee. They have, with their deregulation fetish, been among the more destructive couples in modern American economic history.

Gramm's replacement at the CFTC, Mary Schapiro, took office in October 1994, and promised tougher policing of the derivatives market, noting that the rash of losses by municipalities across the nation showed the need for greater regulation.

"I'm clearly more of a regulator than Wendy Gramm was," Schapiro stated.

The CFTC got even bolder under Chairman Brooksley Born, who took office in August 1996. During her nomination hearings, Born raised the issue of further regulation of the derivatives markets, noting that some derivatives contracts appeared to be illegal.

In Congressional hearings in April 1997, Born warned that the "professional markets exemption" issued by Dr. Gramm "could lead to widespread deregulation," which "would greatly restrict Federal power to protect against manipulation, fraud, financial instability, and other dangers." This, she added, would "pose grave dangers to the public interest."

"It is the large institutions which have the greatest power to hurt us all by their attempts at manipulation," Born warned.

The fact that certain derivatives were illegal was all but admitted by others who testified, including Mark Haedicke of Enron, representing the International Swaps and Derivatives Association. Haedicke complained that "legal uncertainties continue to exist" in the OTC derivatives market, because the Commodities Exchange Act "flatly prohibits off-exchange futures contracts."

"If certain swaps transactions were ever classified as 'futures contracts,'" Haedicke continued, "they would be illegal and unenforceable as a matter of law." That, Haedicke arrogantly asserted, "is obviously unacceptable in the global marketplace."

In July 1997, Chase Manhattan managing director Dennis Oakley explained the question of legality as follows: "The Commodity Exchange Act requires that all commodity futures contracts be traded on a board of trade, and that since 1974, financial products have been considered commodity futures, unless they fall within the exception of the Treasury Amendment. If a product is deemed to be a future, and is not traded on a board of trade, it is null and void."

The problem, Oakley said, "is that some of our fastest-growing products, such as equity and credit derivatives, are not covered by the exemption."

"We have no way to manage this new legal risk," he continued, adding that unless the CFTC were stopped, "Chase will be forced to move this business to another location, probably London."

The issue of legality was also addressed by a Group of 30 study released in 1993, which admitted that in many countries, derivatives could be considered gambling, and as such not enforceable by law. The G-30 also demanded changes to the law, to force the derivatives suckers to pay up.

The issue came to a head in May 1998, when the CFTC issued a "concept release" announcing that it was "reexamining its approach to the OTC derivatives market." It was, given the derivatives mania which pervades Wall Street and its pets in Washington, a declaration of war.

The response, again, was immediate and forceful. On May 7, the day the CFTC issued the release, Fed Chairman Greenspan, Treasury Secretary Robert Rubin, and SEC Chairman Arthur Levitt issued a joint statement denouncing the CFTC's action.

"We have grave concerns about this action and its possible consequences," the statement said. "The OTC derivatives market is a large and important global market. We seriously question the scope of the CFTC's jurisdiction in this area, and we are very concerned about reports that the CFTC's actions may increase the legal uncertainty concerning certain types of OTC derivatives."

On June 5, Greenspan, Rubin, and Levitt sent a joint letter to House and Senate leaders, demanding legislation to prohibit the CFTC from reexamining the OTC derivatives market; attached to the letter was a legislative proposal which, they said, "seeks to protect this market from unnecessary, and potentially damaging, legal uncertainty."

The letter said that the President's Working Group on Financial Markets, created after the 1987 stock market crash, would conduct a year-long study of the OTC market, to see if any changes were needed. That study, released in November 1999, not surprisingly concluded that the CFTC should keep its hands off the OTC derivatives markets, and urged Congress to "clarify" the OTC's lack of authority in the area.

Faced with such opposition, and the threat that the CFTC would be forcibly neutered through revisions to the Commodity Exchange Act, the CFTC decided to wield the knife itself. Brooksley Born was forced to resign, replaced by former Kidder Peabody banker and money manager William Rainer. (Kidder Peabody was driven bankrupt by derivatives losses in 1994.)

In a speech to a Chicago commodities conference on Oct. 28, 1999, Rainer signalled to all that the CFTC had been brought to heel. "The CFTC must embark on a process that may result in a major deregulation of financial futures markets," he said, promising to shift the agency "from being a front-line regulator to an oversight regulator. While the financial futures markets are most in need of regulatory reform, all of our contract markets would benefit from a lighter regulatory hand."

# WTO summit failure: a view from Malaysia

by Ramon Navaratnam

*The following article first appeared in the The Star, the second-largest English-language daily in Malaysia, on Dec. 9. The article, which has been slightly edited, is reprinted with the permission of the author.*

*Tan Sri Ramon Navaratnam is currently a business adviser to the Sungei Way group; former alternate Executive Director, World Bank; former Deputy Secretary General, Treasury Ministry of Malaysia; and former Permanent Secretary, Ministry of Transport of Malaysia. He is also a signator on the 1998 call issued by Schiller Institute Chairwoman Helga Zepp-LaRouche for "A Union of Sovereign Nations."*

The failure of the World Trade Organization meeting in Seattle has opened the eyes of the world on the double-talk practiced by the rich industrial countries of the West.

On the one hand, they pushed the poor developing countries to open up their domestic markets and, on the other hand, these very same industrial countries wanted to protect their own markets, against competition from the developing world. What other evidence does the world need for double standards?

No wonder even the cautious UN Secretary General Kofi Annan has expressed his frustration. He stated at the World Trade Organization (WTO) Ministerial Meeting in Seattle that the industrial countries are threatening the livelihood of millions of poor farmers in the developing world, who cannot compete with the subsidized imports—of the industrial countries!

## Responsible criticism

It is also shocking that at the WTO meeting, Joseph Stiglitz, the World Bank chief economist (who is now more critical since he has just retired from the World Bank), accused the industrial countries of "hypocrisy . . . for undermining the benefits of free trade by failing to offer developing economies the same openness they demanded from the poorer countries." These criticisms come from very responsible, and highly placed, international personalities, and cannot, therefore, be conveniently dismissed as "rhetoric," as most Western political leaders, diplomats, bureaucrats, and corporate leaders are prone to do.

Underlying the negotiations that took place at the WTO meeting in Seattle, was the deep concern among the developing countries that some very rich industrial countries want to continue to exploit and dominate the poor developing countries. They tried to do this by exacting concessions during the negotiations, between uneven teams, to maximize their benefits, even if it is to the detriment of developing countries.

That is why developing countries like Malaysia, are disillusioned by the Western tactics at the WTO meeting.

The previous Uruguay Round's agenda was not even completed. There are still a lot of outstanding issues that need to be resolved and implemented, in the interests of the developing countries. But the rich industrial countries, led by the United States, refused to settle those issues.

Instead, they chose new and extraneous issues, such as labor standards, environment, and access to government contracts, to advance their own narrow interests. These issues were actually "red herrings," that only made the developing countries see red. Some of these industrial countries were even playing up to their domestic political interests and wanted to gain internal political mileage by attempting to protect their workers against competition from the more hard-working labor force from the Third World.

The United States was stubborn in refusing to review its "anti-dumping laws." U.S. Undersecretary of Commerce for International Trade David Aaron said, "We're just not going to do it. We can't do it. We won't do it!" Only the Americans can talk like that and get away with it. What arrogance! This is because they use their power unfairly, and even crudely, to squeeze concessions, and even compliance from developing and weaker countries.

## Unfair and undemocratic

In this sense, the WTO can be described as unfair and undemocratic. Ironically, the champions of democracy can be the most authoritarian when they fight for their selfish interests.

Thus, as Malaysia's Martin Khor reported, the developing countries, that make up two-thirds of the WTO membership, were "coerced and stampeded by the major powers," to agree to a declaration, without much consultation. In fact, they were kept out of the secret discussions that were carried out in what is called the "green room," among a few of the richest industrial countries. Only some compliant and indebted developing countries were cautiously informed of the "happenings" in these closed-door discussions. So much for democracy, equity, equality, and transparency.

However, I believe that it is good that this abuse by some industrial countries has been perpetuated, so that all the world can see through this brazen attempt to continue to exploit and dominate the Third World.

Although the WTO meeting in the United States broke down, there was victory for the developing countries and

the non-governmental organizations (NGOs) that came from both the rich and the poor countries.

Many powerful rich countries that are strongly influenced and supported by the big business interests in the West, had to give in to the pressure of the mass movements as represented by the NGOs, that have little say in the policy formulation of some powerful Western governments. These governments tend to pander to the interests of rich financiers, and to their election to high political office, rather than care for their poor.

These protesters had, therefore, no alternative but to demonstrate in order to be heard. So much so that, even in the United States, which claims to be the bastion of democracy, civil emergency and curfew had to be introduced and the National Guard had to be called out to save Seattle from further damage and destruction.

The rough-shod tactics of some governments, of the United States and some European countries, therefore, have failed miserably. This is a good lesson for them not to impose their will on the poorer countries and the meek and lowly, whether they come from among the industrial or developing countries.

As the Caribbean Community's Chief Negotiator and former Secretary General of the Commonwealth, Dr. Shridath Ramphal, told the press, all the talk of "transparency is hypocrisy and poppycock!"

The developing world owes a debt of gratitude to the NGOs and their leaders and, especially, to Brazil, Egypt, and India, which played leading roles in resisting the machinations of the powerful Western commercial interests in Seattle.

It was, after all, the vested interests of the likes of Boeing, the United Steel Workers, and Amazon.com, that the United States has been strenuously pushing, at the expense of developing countries.

Now that another large nation such as China is entering the WTO, we should see greater pressure on the large industrial countries for more reasonable consideration to be given to the interests of the developing countries.

## The future

What should we do in the future, now that the Third WTO Ministerial Meeting has broken down, since they could not even agree on an agenda, for the Millennium Round of Negotiations?

The European Union's Trade Commissioner, Pascal Lamy, has rightly stated that the United States is to blame for the failure of the WTO meeting in Seattle. They could not even maintain law and order!

But, obviously, the Americans were playing to their own domestic political gallery, with the U.S. Presidential elections less than a year away. President Clinton, for all his achievements, is a lame duck. Thus, it will be difficult to start another WTO meeting before the U.S. elections in

November 2000.

In the meantime, there should be many informal meetings at all levels to review all the rules and regulations that have led the developing countries to believe that the WTO is skewed to benefit the rich at the expense of the poor countries. In short, the United States should note the need for "*reformasi*" at the WTO itself.

## Reforms

First, the outstanding issues of the previous Uruguay Round of the General Agreement on Tariffs and Trade must be settled, before we can move forward.

- The powerful industrial countries like the United States should practice what they preach, by observing greater transparency and democracy in their consultations. They must take into account the welfare of ordinary people, rather than be obsessed with the mere profits of large corporations.

- As Malaysia's representative, Tan Sri Asmat Kama-luddin, pointed out in Seattle, Malaysia is pushing for a more "manageable agenda," one that can be completed in three years, instead of the seven long years that it took the Uruguay Round.

- To achieve free and fair trade for all countries, and not just for the rich countries, we need to allow the 48 poorest countries free access to the markets of the industrial countries.

- Furthermore, the low-technology, labor-intensive products of developing countries, such as agricultural products, leather goods, and textiles, should be given free access, or if that is difficult, then they should be charged only low import duties.

- At the same time, if the large and rich industrial countries are really sincere, they should withdraw their huge food subsidies, estimated at more than \$250 billion every year. This would reduce their excessive dumping of food, which destroys the livelihood of millions of farmers in the Third World.

## Consequences

Unless the world's large, rich industrial countries show more wisdom, vision, and compassion, the international trading system will continue to benefit the rich at the expense of the poor.

This would surely lead to greater exploitation and deep resentment, which could lead to the final world war in the 21st century.

Will the leading rich industrial countries help build a wonderful 21st century where all mankind can live in peace, prosperity, and harmony, or will they continue to pursue the present path of avarice and ultimate destruction?

Only time will tell—but we *all* have to *rededicate* ourselves to seize the opportunities to build a greater and more glorious millennium, otherwise, we shall all lose out, or even perish.

# Business Briefs

## Nuclear Energy

### HTR technology sees revival in South Africa

The Republic of South Africa, through its firm Eskom, plans to build the gas-cooled high-temperature reactor (HTR), including 10 small reactors annually (for 100 megawatts capacity per year) for domestic use, and 20 more for export, the German daily *Frankfurter Rundschau* reported on Dec. 7. German Minister of Environmental Affairs Jürgen Trittin, who wants to phase out nuclear energy in Germany, plans to visit South Africa.

Eskom is producing on a license from the German Siemens firm and the Swiss-German ABB firm, which are banned from producing their original THTR-300 reactor in Germany by anti-nuclear politicians who do not want the technology. In 2001, Eskom plans to present its first prototype near Capetown, and once the reactor goes into full production, 200,000 new high-skilled jobs will be created in South Africa, Eskom spokesman Tom Ferreira told the *Frankfurter Rundschau*. The new HTR nuclear sector will then employ as many people as the coal-mining sector does today in South Africa.

China is also interested in the technology, and is close to signing a letter of intent for the purchase of 60 THTR-100s, said Katherine Butt of the Johannesburg industrial research group Business Map.

## Finance

### City of London is big winner on euro

The City of London has immensely profited from the introduction of the euro, the *London Daily Telegraph* reported on Dec. 11. It said that continental Europeans are now less than ever in control of capital flows, and that the City is more than ever the world center of money markets. "Far from benefitting from the launch of the euro, London's rivals have suffered a bloody nose. Where they could once rely on cozy relationships with their governments to secure business in francs,

marks, and liras, they now find themselves having to compete on merit," the daily said. For example, before the euro, Paris claimed a 4% share of worldwide foreign exchange trading; now it has none.

"London was—and remains—the biggest foreign exchange center in the world, accounting for one-third of all deals," the daily reported. A few figures on how London was able to quickly gain hegemony of euro-denominated deals: LIFFE (a London exchange) has written EU 40 trillion worth of future contracts since January. "London's share of the derivatives market for euros is a near-monopoly 94%," it said. At the beginning, Germany's new futures exchange got a lead on Bund future contracts, but it was short-lived. "The Bund futures still go through Frankfurt, but most of the traders live and work in London. London has tightened its grip on the eurobond market. . . . Two-thirds of the money has come through London. . . . The London stock market has also benefitted from the arrival of the euro."

The daily lauded Britain's paper economy: "Financial services now account for 8% of Britain's gross domestic product. Add in shipping, real estate, accountancy, and legal services and the activities cover a quarter of national output."

## Biological Holocaust

### Emergency action needed vs. tuberculosis threat

Multidrug-resistant tuberculosis (MDR-TB) is returning the world to the "pre-antibiotic era," a feature story in the Dec. 12 *Washington Times* reported. Often incurable, these new strains of TB have shown up in 100 countries, including the United States. Several years ago, it was estimated that 2.5% of the world's then 50 million TB cases were of drug-resistant strains. But a study of such hot spots of infection as Argentina, China, the Dominican Republic, India, and Russia have found a rate of 7-22% of infection with MDR-TB.

An MDR-TB epidemic in the United States is a virtual certainty "unless someone does something about it," said Dr. Lee Reichman, head of New Jersey's National

Tuberculosis Center. (Treating a single drug-resistant patient currently costs \$250,000 or more.) Harvard Medical School specialists insist that quick action to avoid a TB pandemic is needed, and that the first line of defense has to involve treating TB infection where it is already epidemic, to limit its spread.

Despite awareness of the threat, governments, including that of the United States, are not reacting appropriately. According to Dr. Barry Bloom, dean of the Harvard School of Public Health, U.S. state and Federal governments are cutting back TB control programs. "They're firing TB-control officers. We set up a fantastically effective system from 1993 to the present, and now we're in the process of dismembering it," he said. What it comes down to is, "How much is our country prepared to pay to protect the future? Protection means supporting treatment in poor countries to stop MDR-TB. Because when it comes here, it will be too late."

## Europe

### Southeast England is 'richest' region in EU

European Union figures show southeast England to have "the highest per-capita GDP in Europe," 2% higher than in the Paris-Ile de France area, its closest competitor, the *London Sunday Times* reported on Dec. 6. Prof. Douglas McWilliams, of the Center for Economics and Business Research, is quoted, "Central London has the greatest concentration of GDP in Europe and increasingly that appears to be the case for London and the southeast."

The wealth is mostly fictitious or derived from parasitical activities, including soaring property prices, which have risen 17% in London over the past year; the booming stock market; high salaries; and bonuses in the City of London. The area's wealth has also risen because of the rise of the pound against the euro.

The soaring "wealth" of this region is causing "mounting disquiet" in Britain over the north-south income gap, which is greater than any other nation in the EU except Germany, a special case because of eastern



**PAKISTANI** Foreign Minister Abdul Sattar said on Dec. 7 that his country wants to explore further cooperation with Iran. Chief executive Gen. Pervez Musharraf will soon visit Iran, in which "we hope to speak about implementation of projects that have already been agreed upon," including laying of rail lines between the two countries, the Pakistan-Iran oil refinery, and laying of a gas pipeline, Sattar said.

**EISUKE SAKAKIBARA** said that the International Monetary Fund failed in handling the so-called Asian financial crisis. The Japanese former Deputy Finance Minister, who was speaking to the Asian Development Bank Institute, is favored by Japan as a replacement for Michel Camdessus as IMF managing director.

**INDIA, IRAN,** and China are likely to double their current orders for Russian nuclear power plants, if Russian firms show that they can meet deadlines and quality standards, Atomstroiekспорт General Director Viktor Koslov told a conference of chiefs of Russia's defense, oil, and gas industries in Tomsk, Itar-Tass reported on Dec. 6. Kozlov said about 100 Russian factories are handling \$5 billion worth of orders for construction of two nuclear power units in China, one in India, and one in Iran.

**CORPORATE** layoffs were 50,907 in the United States in November, according to a report by the firm Challenger, Gray and Christmas, released on Dec. 7. This brings the 11-month total for 1999 to 630,450.

**THE INDIAN** Parliament, after action by the upper house (Rajya Sabha) on Dec. 7, voted to allow foreign firms and domestic private businessmen into the \$8 billion insurance sector. Foreigners will be allowed to own up to 26% of insurance firms, ending the monopoly of state-owned Life Insurance Corp. of India and General Insurance Corp. Among those expected to take advantage of the privatization are Royal & Sun Alliance, Prudential, ING Group, and Commercial Union.

Germany.

Prime Minister Tony Blair plans a two-day tour of northern England, the traditional Labour stronghold, to try to convince everyone that the north-south income gap is just "simplistic talk," and that his government is doing much for poor Britons, the *Guardian* reported. But a forthcoming report on poverty in Britain, the first such report under the Blair government, is expected to show that the gap between rich and poor is as wide as ever, and the number of families and people on low incomes is still close to the record levels of earlier in the 1990s. At the same time, programs such as the multibillion-dollar anti-unemployment "new deal," are foundering.

## Nigeria

### Blueprint aims to boost industry

An industrial blueprint aimed at buoying Nigeria's productive sector has been produced by the federal government, Industry Minister Dr. Iyorcha Ayu said on Dec. 6, the Lagos daily *Guardian* reported. He said that the blueprint "will refocus the policies of government toward removing the problems/constraints affecting the performance of the manufacturing sub-sector and the productive sectors."

Among the strategic economic policies to be implemented in the new year to boost industrialization, are a ban on importation of bagged cement. Other items to be banned may include sugar, pulp and paper, plastics, petrochemicals, fish, cereals, chemicals, fertilizers, pharmaceuticals, rubber, iron, steel, and dairy products.

To ensure availability of cement in the country, the minister said that the government has directed the Nigerian National Petroleum Corp. to make Low Pour Fuel Oil available to cement companies at normal rates. He also hinted at the reduction in the duties payable by cement companies on their machinery and spare parts, and the government's intention to ensure the development of small and medium-sized enterprises.

Other measures include completion of repairs on the ammonia plant, National Fer-

tilizer Co. of Nigeria, in Onne, Rivers State; completion of expansion and rehabilitation programs at Nigerian Sugar Co. Ltd., Bacita and Savannah Sugar Co. Ltd., in Numan; re-vamping the Federal Superphosphate Fertilizer Co., in Kaduna; and establishment of a cement technology institute.

## Africa

### AIDS is crippling national workforces

AIDS is devastating not only the population of Africa, but also its economies, according to a feature story in the Dec. 12 *Washington Post*. "As surely as drought, as swiftly as locusts, AIDS is devouring this continent's cash crops, by idling the once able-bodied farmers who work the land," it said.

Zimbabwe's Health Minister Timothy Stamps is quoted, "When the breadwinner gets sick, the whole family shuts down in a sense. We're burying people faster than we can replace them, and there just aren't enough hands left to do the work."

More than 5,000 Africans are dying each day from AIDS, and that figure is expected to climb to 13,000 within five years. An estimated 10% of South Africa's workforce is infected; Barclays Bank of Zambia reports it has lost more than a quarter of its senior managers to AIDS; a government survey of Kenyan businesses reports that costs associated with the disease have cut profits by 4% a year in the past six years; 40% of Uganda's military is HIV-infected; one-third of all schoolteachers in Malawi are infected; some companies in Zimbabwe are training three people for each available job, with the certainty that two will have died before the year is out.

World Bank Vice President for Africa Callisto Madavo is quoted, "HIV is now the single greatest threat to future economic development in Africa." UN AIDS Director Peter Piot said, "What happens to the global market economy if there's no one left to do the work?"

Nowhere in the article, however, is there any attempt to connect the rampaging AIDS epidemic in Africa with the austerity conditionalities imposed by the masters of the "global market economy."

## Brits go for raw materials grab before the bubble pops

by Jeffrey Steinberg

On Dec. 8-9, the Center for Strategic and International Studies (CSIS) and the London *Financial Times* energy division co-sponsored a conference in Washington on “The Geopolitics of Energy into the Twenty-First Century.” While the event took place in the capital city of the United States, and featured U.S. Energy Secretary Bill Richardson as the wrap-up speaker, the policies put forward to the audience at the conference, and which dominated the two-year study group that culminated with the Washington event, were 100% warmed-over British raw materials geopolitics, borrowed from Britain’s nineteenth-century “Great Game” and from Cecil Rhodes’s schemes for the looting of the African continent.

Notable Trilateral Commission lackeys, such as former Carter administration National Security Adviser Zbigniew Brzezinski and former Secretary of Energy and Director of Central Intelligence James Rodney Schlesinger, who were featured at the conference, may not know what the driving forces behind their policy outline are. The doctrine of “geopolitics” has always been a hoax, ever since geography student Halford Mackinder invented that fairy-tale. Perhaps silly Brzezinski actually believes it. However, to understand what he and his crony Schlesinger lack the intelligence to comprehend about this matter, see Lyndon LaRouche’s “Storm Over Asia” video report on the historical roots of current U.S. strategic interests, and his article which follows. What the CSIS-*Financial Times* conference offers as the oligarchy’s motive for war-mongering, is chiefly a fiction designed for the credulity of the self-deluded; but, the war-mongering is real.

The fact that the energy policy group of the *Financial Times* co-hosted the conference should make this point clear. And, the fact that British agent Brzezinski, a “strategic” consultant to Amoco at the time of its 1998 merger with British Petroleum, delivered the keynote on the opening day of the event, adds the relevant scandalous element to the picture.

The purpose of the CSIS-*Financial Times* saber-rattling was never stated during the two-day proceedings. Nor was it even touched upon in the voluminous scenario studies and forecasts produced by CSIS’s Strategic Energy Initiative, which have been reviewed by *EIR* staff.

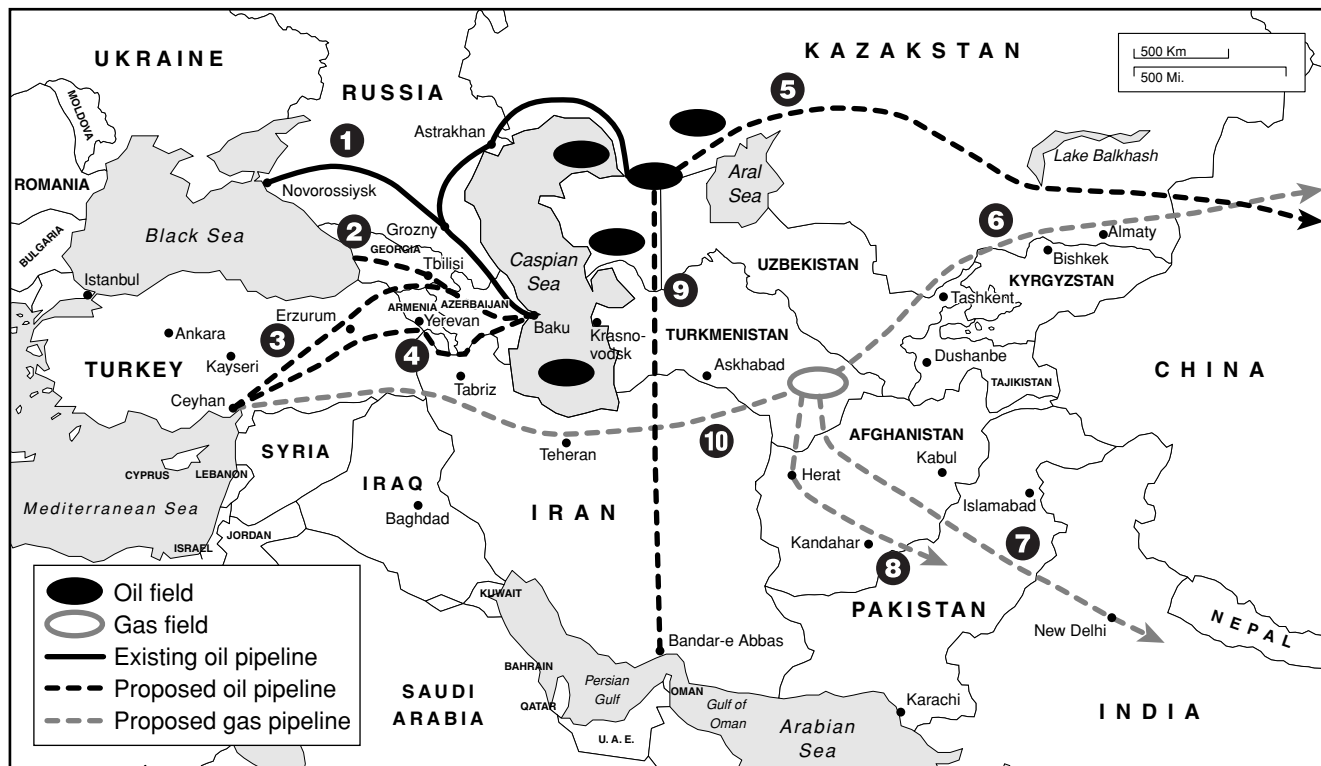
What is the reality beneath the layers of geopolitical babble? Start from the top. The fact is, the City of London-centered financial oligarchy is well aware that the entire international monetary and financial system is on its last legs, and could disintegrate at any moment. Indeed, in recent days, there has been a sudden proliferation of articles in the London financial press and elsewhere, noting that the skyrocketing of stock prices in the so-called computer technology sector is a classic financial bubble. And, like past centuries’ Tulip Bubble, the South Sea Bubble, and all similar phenomenon of modern history, this current bubble is sure to pop. (See pp. 5-6.)

Given that reality, the objective of the British-centered financial oligarchy is to grab up as much of the strategic raw material wealth of the planet *now*, before the bubble explodes. They are preparing—now—for the *post-crash* reality, and they are taking steps now to control income streams in the post-crash world. Their immediate operations involve grabbing up juridical control over the vast oil, natural gas, and strategic mineral resources of the Caspian Sea, the Caucasus, and Central Asia, as well as Africa and Ibero-America.

### The Baku to Ceyhan pipeline

A review of the recently signed oil and natural gas pipeline deals for routes from Baku to Ceyhan demonstrates the point. The agreement was signed in November in Istanbul, Turkey, during the meeting of the Organization for Security and Cooperation in Europe (OSCE). It provided for a consortium of Western oil companies, led by British Petroleum, to build a pipeline from the Baku, Georgia oil fields and the Caspian

## Oil and gas pipelines in the Caucasus and Central Asia



Sea to the Turkish Mediterranean port of Ceyhan. A parallel agreement-in-principle would build a natural gas pipeline from Turkmenistan, under the Caspian Sea, to another Turkish port city. Both of these pipelines are vastly inefficient and extraordinarily expensive, and, in all likelihood, will never be constructed. Yet, the hoopla that surrounded the signing of the deal, which was attended by President Clinton and Energy Secretary Richardson, indicates that something big is afoot. And that afoot is a contractual grab, giving British Petroleum et al. juridical claims over the oil and gas exploration rights—to be called in after the financial crash.

Never mind that these maneuvers have already unleashed a conflict that will, unless reversed, lead to a world war in the near future. The British oligarchy is once again pursuing a course of action that will provoke global calamities, unless they are stopped. To date, the most coherent discussion of this crisis has been provided by Lyndon LaRouche, in “Storm Over Asia.”

### No reality here

The reality of the looming financial crash never came up at the conference. Instead, a gang of raving geopoliticians, led by the clinically insane Brzezinski, presented one scenario after another, proclaiming that Russia, Belarus, Ukraine, and Central Asia will remain economically weak and vulnerable, i.e., ripe for looting, for the next decade. Never mind that the

post-Bretton Woods financial bubble is about to end. Never mind that the economic and financial crisis is *global*—not something localized to Russia and its neighbors.

Nevertheless, the conference did present an opportunity for some of the fault lines among the Beltway strategists, the Clinton administration, and others, to emerge. So, *EIR* has decided, as part of our expanded coverage of the policy debates now ongoing in the leading capitals of the world, to provide this background report on the event and its leading participants. We also provide background on the Clinton administration’s seriously flawed global energy policy—which differs in many important ways from the lunatic rantings of Brzezinski, his CSIS cronies, and the British-dominated oil cartels. We also provide a short report on Sen. Sam Brownback (R-Kan.), who typifies those among the Republicans in Congress who serve as tools of the British oligarchy, whether witting or not. Brownback was the architect of a bogus “New Silk Road” amendment, recently passed as part of the fiscal year 2000 budget, that aimed to give a “Made in the U.S.A.” label to the British provocations in the Caucasus-Central Asian region.

Consider this a psychological study, supplementing “Storm Over Asia,” aimed at providing you with the tools to see through the fog of think-tank jargon and media babble, so that you are able to comprehend the factors leading this planet, once again, toward world war.

# The myth of geopolitics

by Lyndon H. LaRouche, Jr.

Geopolitics, as popularized by the geography freak Halford Mackinder, he of Britain's war-mongering King Edward VII, was always a fairy-tale intended for the ears and eyes of credulous fools in and out of military uniforms. Like all such fairy-tales, the myth of "geopolitics" was created to hide the British monarchy's actual motives for creating an alliance of Britain, France, Russia, Italy, and the U.S.A. of Wall Street's Presidents Theodore Roosevelt and Ku Klux Klan sponsor Woodrow Wilson, for a war intended to destroy both Russia and Germany, and to take over control of the U.S.A. itself from within. Since the real motives for what became World War I, were not suitable for official publication, a fairy-tale explanation of the motive for war, "geopolitics," was concocted, instead.

The real objective of the British monarchy, since 1776, has been either to destroy, or reassimilate the United States of America. Until 1863, the commitment of the British Foreign Office of Jeremy Bentham and his clone Lord Palmerston, was to destroy the U.S.A. The use of treasonous U.S. Presidents Polk, Pierce, and Buchanan, in preparing the way for the launching of the Confederacy, was the last effort to break up the United States during that century. The decision at Gettysburg prompted the British monarchy to rely upon Wall Street's subversion to corrupt and take control of the U.S. from within, rather than new military conspiracies such as that built up under Wall Street-controlled anglophile Presidents such as Polk, Pierce, and Buchanan.

The 1861-1876 crash program of economic development, conducted by such followers and allies of Henry C. Carey as President Abraham Lincoln, established the U.S. economy as the world's leading agro-industrial nation, with the world's most advanced technology in practice. Admiration of this U.S.A. economic success of 1861-1876, brought Bismarck's Germany and Russia's Alexander II, together with Meiji Restoration Japan, into a grand global partnership with the United States, against the British imperial monarchy. The launching of trans-Eurasia continental railway systems, modelled upon the proposals of the German-American Friedrich List and the U.S. transcontinental system, thus constituted a U.S. economic partnership which threatened to destroy the dominant role of the British Empire. This was the reality of the so-called "geopolitical threat" which the U.S.A., Germany, Russia, and Japan, represented for the British imperial monarchy, specifically the monarchy run by Palmerston-trained Prince of Wales and later King Edward VII.

The importance of covering over the British monarchy's true war-making motive with the fairy-tale of geopolitics, is

best understood from close examination of the internal struggle by and against Britain's Wall Street bankers and lawyers, especially over the course of 1873-1917.

Wall Street and the Southern states' slave-owning class have represented, to the present day, a continuous bastion of the British monarchy's agents inside the U.S.A. This role of Wall Street was established with the founding of the Bank of Manhattan by Aaron Burr, a Burr who was an agent of the head of the British Foreign Office, Jeremy Bentham, at that time. Under Bentham later, and more famously, Lord Palmerston, the hard core of the New York, New England, and Southern states' British agents was assembled under the title of "Young America," the U.S. branch of Palmerston agent Giuseppe Mazzini's "Young Europe" network. Under the rubric of the cult of "shareholder value," we see again today the unity of Wall Street bankers and lawyers with the Confederacy's populist legacy.

However, contrary to the "geopolitical" fairy-tale, then or now, the issue was never conflicts among geographically national self-interests as defined in terms of territory or "natural resources." The real issue was always the same issue which divided American patriots from American-Tory traitors, back during the 1776-1863 period, and still today. With the collapse of the sordid relics of feudal-aristocratic "conservatism," the conflict between so-called British liberal democracy, and U.S. republicanism, became the only issue which defined the essential global conflict within our planet as a whole. British liberalism represented the triumph of Roman-style financier oligarchy, as based in a parliamentary system of "bread and circuses," by means of which the Bank of England's financier constituency ruled over a British population stupefied by the "bread and circuses" dispensed in the name of a pompous monarchy.

The issue was, and is, whether the authority and responsibility of government shall be defined by service to the interest of a ruling financier-oligarchical class (e.g., "shareholder value"), or as the U.S. Declaration of Independence and Preamble of our Constitution define the fundamental law of our republic: the obligation and authority of government as resting exclusively upon the government's indispensable power to promote the general welfare, that for all the living and their posterity.

The real issue, on whose behalf the Anglo-American financier oligarchy deploys lackeys such as Brzezinski and Schlesinger, is between those two forces today. The issue is, shall we respond to the inevitable disintegration of the present world financial system, with the forces of war, chaos, and genocidal population policies, or shall we bring a powerful group of nations, including the U.S.A. and some leading nations of Eurasia, together, to establish a new global monetary system, one echoing the pre-1958 Bretton Woods agreements, but more equitable than that of the pre-1958 period? That is what Brzezinski, Schlesinger, et al. were really babbling about.

# Conference at CSIS: the geopolitics of energy

by Scott Thompson

On Dec. 8-9, the Center for Strategic and International Studies (CSIS), based at Washington, D.C.'s Georgetown University, co-hosted with the *Financial Times* energy division a conference on "The Geopolitics of Energy into the 21st Century." While Clinton administration officials such as Energy Secretary Bill Richardson, whose speech concluded the conference, differed significantly with the neo-colonial policies presented by the CSIS gang of geopolitical mafiosi, the overall theme of the conference was to plot a Cecil Rhodes-style grab of raw materials, particularly oil and gas, worldwide.

The co-director of CSIS's Middle East program, Tony Cordesman, wrote a background paper for the event, entitled "Are Energy Wars Still Possible?" His conclusion was a definite, "Yes." Cordesman calls for a resurrection of the "Great Game," which historically pitted the British, French, Russian, and Ottoman empires against one another in Transcaucasia, Central Asia, and the Middle East. CSIS counsellor Zbigniew Brzezinski, who gave the keynote address on "The New Global Geopolitical Framework," called for "ostracizing Russia"—through means that carry the potential for World War III—to grab the oil and natural gas reserves of the Transcaucasus, the Caspian Sea basin, and Central Asia, while Russia is going through a "time of troubles" and therefore unable to stop this process. Brzezinski, who had been the founding executive director of the Trilateral Commission from (1972-75) before becoming President Jimmy Carter's National Security Adviser, presented what informed sources in Europe call "the New Carter Doctrine" (see accompanying article).

Some of the highlights of the conference, which was intended to project sources of potential Western energy needs 10 to 15 years into the future, include:

- There were brief introductory remarks from former Sen. Sam Nunn (D-Ga.), the new chairman of CSIS, and from Carter administration Secretary of Energy and former Director of Central Intelligence James Rodney Schlesinger, a senior associate at CSIS. These two were co-chairs of the CSIS two-year-long Strategic Energy Initiative, which has generated numerous background briefs and mini-conferences.

- Brzezinski's keynote speech, according to the U.S. Information Agency (USIA), laid out a kind of domino theory, that if the Russian offensive in Chechnya succeeds, then "the neo-colonial thinkers in Moscow" would be encouraged to

destabilize Georgia, which is the "central link" for two proposed pipelines to carry oil and natural gas from the Caspian Sea to Turkey and ports in western Europe, thereby bypassing Russia. Brzezinski argued that "if Georgia falls under the influence of Russia, the pipelines, and by extension, the economic and political pluralism of Central Asia, would be at stake." He also said that Russia considers the "competition for Central Asian energy resources as a 'zero sum game.'" Brzezinski wants the United States to "soften" its policy toward Iran, too, in order to use pipelines from the Caspian Sea basin, Transcaucasia, and Central Asia through Iran against Russia. Brzezinski concluded by calling for pressure to be put on Russia by "setting aside the questions of sovereignty" in Chechnya, and having a U.S./European Union economic development project for the region.

- Robert Priddle, the British executive director of the International Energy Agency (IEA), was among those speaking on "Energy in the New Millennium: Does Change Overwhelm Continuity?" Priddle had been Deputy Secretary of the U.K. Department of Energy and Director General of Energy Resources from 1989-92, through which posts he had management responsibility for the U.K. energy sector.

- Sen. Joseph Lieberman (D-Conn.) and Jessica Matthews, president of the Carnegie Endowment for International Peace, were among those speaking on "Energy and the Environment: A Dialogue." Lieberman is one of the leading environmentalists in Congress, and has been chairman of the Democratic Leadership Council (DLC), one of the leading institutions promoting the "Third Way" policies of "triangulation" of Vice President Al Gore, Jr. and British Prime Minister Tony Blair.

- The luncheon speaker on Dec. 8 was Undersecretary for Economic, Business, and Agricultural Affairs at the U.S. State Department, Alan Larson.

- The central panel, chaired by Schlesinger, was on "Geopolitics and the World Energy Market." Speakers included: Tony Cordesman (on "The Middle East: The Key to Global Supply"), a former member of the staff of Sen. John McCain (R-Ariz.), who is now close to McCain's bid for the GOP Presidential nomination; the CSIS director of the Energy and National Security Program, Robert Ebel, who spoke on "Russia: Breakthrough or Breakdown?"; and, the Iranian-born Fereidun Fesharaki, senior fellow at the East-West Center and former energy adviser to the Prime Minister of Iran in the 1970s, who spoke on "Asia: The Key to Global Demand."

- Peter I. Bijur, chairman and CEO of Texaco, Inc., spoke next on "A New Era for Energy Suppliers."

- The dinner speaker on Dec. 8 was Ali Al-Naimi, Minister, Petroleum and Mineral Resources, Saudi Arabia.

- On Dec. 9, the panel was on "Geopolitical Risks in the World Energy Market," and was addressed by Daniel Yergin, chairman of the Cambridge Energy and Research Associates, an international consulting firm. Yergin won the Pulitzer

Prize for general nonfiction, for *The Prize: The Epic Quest for Oil, Money and Power*, which became a number-one best-seller and was made into an eight-hour PBS/BBC television series. He is a member of both the New York Council on Foreign Relations and the Royal Institute for International Affairs (Chatham House).

- U.S. Secretary of Energy Bill Richardson gave the concluding speech.

### CSIS Energy and National Security Program

The conference was the culmination (except for a book that is to follow) of CSIS's Strategic Energy Initiative. This initiative is one of four programs that have been run at CSIS under the umbrella of the Energy and National Security Program (ENSP).

ENSP Director Robert Ebel has held positions in the CIA, the Department of the Interior, and the Federal Energy Agency. He was a member of the first U.S. government oil delegation to the Soviet Union in 1960, and in 1970 he returned to Russia to inspect the new oil fields in western Siberia. In 1994, he was named by the International Energy Agency to a team of experts examining Russia's long-term energy strategy, and in November 1997, he led a team to examine the oil and gas sectors of Turkmenistan and Uzbekistan. He is the author of numerous books on Russian, Transcaucasian, Caspian Sea basin, and Central Asian oil and natural gas.

The programs for which he provides overall coordination, apart from the Strategic Energy Initiative, include:

1. "Global Nuclear Materials Management." This initiative was to study a post-Cold War strategy for secure nuclear energy operations in the next century. On Dec. 4, 1998, CSIS's Sam Nunn hosted a conference to discuss nuclear policy and its future.

2. "Nuclear Regulatory Process Review." This initiative was focussed on a review of the U.S. Nuclear Regulatory Commission's (NRC) regulatory process for commercial nuclear reactors and its internal efforts to improve this process. It produced a final report under CSIS auspices, *Regulatory Process for Nuclear Power Reactors: A Review*.

3. "Caspian Sea Oil Study Group." The ENSP report on this study group states: "After the collapse of the Soviet Union, the Caspian Sea basin held great promise to foreign investors for its potential oil and natural gas reserves. Since then, deals have been struck, millions of dollars invested, but very little oil has been exported. This ongoing group focuses on foreign investor developments in oil production and export in the Caspian Sea states, taking into consideration current political and economic climates. Since the beginning in April 1994, the group has hosted the Prime Minister of Armenia, the Foreign Minister of Turkmenistan, and the President and Vice-President for Exports of the Azerbaijan International Operating Company (AIOC)."

## Lunatic Brzezinski's 'New Carter Doctrine'

by Scott Thompson

The Center for Strategic and International Studies (CSIS), especially through its counsellor, Carter National Security Adviser Zbigniew Brzezinski, has been one of the key centers advocating what high-level European sources have called a "New Carter Doctrine," and with it the threat of an escalation of regional crises toward World War III.

According to this "doctrine," the Caucasus-Central Asia region is defined, in effect, as the Persian Gulf of the twenty-first century, whose raw materials deposits are of vital importance for the West. While Russia is in what the CSIS calls a "meltdown," Brzezinski describes Transcaucasia, Central Asia, and the Caspian Sea basin as part of a "Zone of Instability" which includes the infamous "Arc of Crisis," of which he spoke before and during the time he infested the Carter administration.

At least since the 1997 publication of his book *The Grand Chessboard: American Primacy and Its Geostrategic Imperatives* (Basic Books), Brzezinski has advocated a new version of the historic "Great Game," by which Britain, France, and the failing Ottoman Empire sought to wrest Transcaucasia, Central Asia, and the Caspian basin, with its significant raw materials, away from any re-assertion of Russian dominance.<sup>1</sup> Brzezinski's colleagues at CSIS, through its Strategic Energy Initiative, argue that such moves today ought not cause a Russian backlash, because Russia receives most of its oil and natural gas from the Urals-Volga region and Siberia. Thus, a plot has been hatched by British asset Brzezinski and his Anglo-American oligarchical faction, to grab this region, while Russia remains enmired in a "time of troubles."

### Brzezinski on U.S. supremacy

In *The Grand Chessboard*, Brzezinski asserts that the United States is today the supreme superpower, on a scale

---

1. For more on Brzezinski's geopolitical lunacy see Lyndon H. LaRouche, Jr., "Mad Brzezinski's Chessboard," *EIR*, April 2, 1999; Scott Thompson, "A Lexicon of 'Brzezinskisms': Brzezinski Testifies Against Himself," *EIR*, April 9, 1999; Lyndon H. LaRouche, Jr., "Brzezinski's Role in the Nuclear-War Potential," *EIR*, Sept. 10, 1999; and, Scott Thompson, "An Oily Family: The Brzezinskis and the 'Great Game' in Transcaucasia," *EIR*, Sept. 10, 1999.

unmatched by even the Roman and British empires.

“Hegemony is as old as mankind,” he writes. “But America’s current global supremacy is distinctive in the rapidity of its emergence, in its global scope, and in the manner of its exercise. In the course of a single century, America has transformed itself — and has also been transformed by international dynamics — from a country relatively isolated in the Western Hemisphere into a power of unprecedented worldwide reach and grasp. . . .

“In brief, *America stands supreme in the four decisive domains of global power*: militarily, it has an unmatched global reach; economically, it remains the main locomotive of global growth . . . ; technologically, it retains the over-all cutting edge areas of innovation; and culturally . . . it enjoys an appeal that is unrivalled . . . all of which gives the United States a political clout that no other state comes close to matching. *It is the combination of all four that makes America the only comprehensive global superpower. . . .*

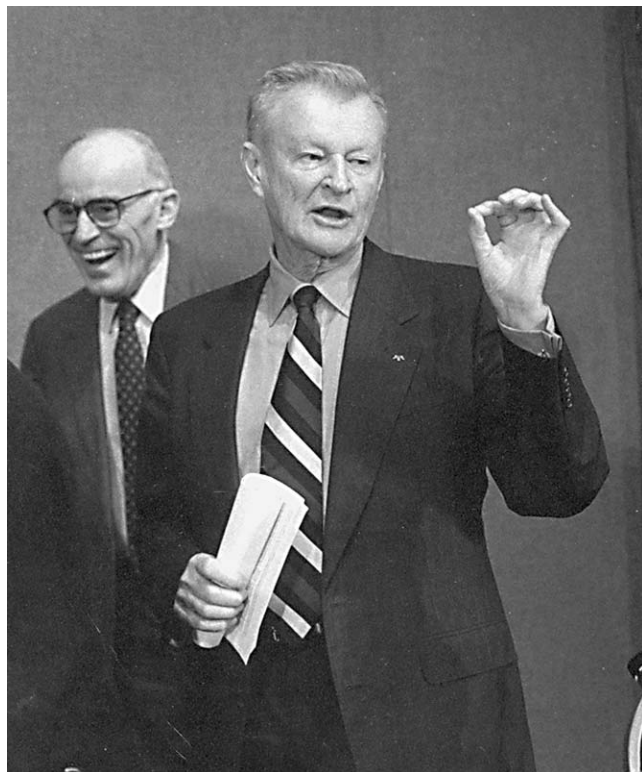
“For America, the chief geopolitical prize is Eurasia. For half a millennium, world affairs were dominated by Eurasian powers and peoples who fought with one another for regional domination and reached out for global power. Now a non-Eurasian power is preeminent in Eurasia — and America’s global primacy is directly dependent upon how long and how effectively its preponderance on the Eurasian continent is sustained.”

This geopolitical view draws upon the earlier “geography as religion” idiocy of Britain’s Halford Mackinder and Germany’s Karl Haushofer, which provided the figleaf for British geopolitical manipulations that triggered World War I and World War II, in order to halt Eurasian integration. For Brzezinski, control of Transcaucasia, Central Asia, and the Caspian basin is the spoils of American superpower hegemony.

### ‘The Eurasian Balkans’

This belief, that the Transcaucasus-Central Asian region is up for grabs, is already goading the Russian bear into a murderous rage, Brzezinski fumes:

“The emergence of the independent Central Asian states meant that in some places, Russia’s southeastern frontier had been pushed back northward more than 1,000 miles. The new states now controlled vast mineral and energy deposits that were bound to attract foreign interests. . . . Supported from the outside by Turkey, Iran, Pakistan, and Saudi Arabia, the Central Asian states have not been inclined to trade their new political sovereignty even for the sake of beneficial economic integration with Russia, as many Russians continued to hope they would. . . . For the Russians, the specter of a potential conflict with the Islamic states along Russia’s entire southern flank (which, adding Turkey, Iran, and Pakistan, account for more than 300 million people) has to be a source of serious concern.”



*Zbigniew Brzezinski’s policy toward Russia is blunt and brutal: “We should ostracize them.”*

Speaking of this “Zone of Instability,” Brzezinski writes: “The Eurasian Balkans are truly reminiscent of the older, more familiar Balkans of southeastern Europe: not only are its political entities unstable, but they tempt and invite the intrusion of powerful neighbors, each of whom is determined to oppose the region’s dominance by another. It is this familiar combination of power vacuum and power suction that justifies the appellation, ‘Eurasian Balkans’ . . . . The Eurasian Balkans . . . are infinitely more important as a potential economic prize: an enormous concentration of natural gas and oil reserves is located in the region, in addition to important raw materials, including gold.”

### ‘Ostracize Russia!’

Since writing this lunatic recipe for World War III, Brzezinski has been frequently warning that the subsequent war in Chechnya is merely the harbinger for a “domino effect” by which Russian “neo-colonists,” who are motivated by “revenge, paranoia, and nostalgia for empire,” may seek to reassert hegemony over Transcaucasia, Central Asia, and the Caspian Sea basin. Not only did Brzezinski’s advocacy of this domino theory dominate his keynote address to the CSIS conference (see accompanying article), but he has written a number of commentaries on the subject that have been printed

worldwide. One such is a Nov. 10 piece, "Why the West Should Care About Chechnya." In it, he writes:

"More broadly, the conflict could destabilize the Southern Caucasus. The Northern Caucasus is already a mess, but the flow of refugees and the associated instability is likely to spread to Georgia. A military success in Chechnya is likely to tempt Moscow hard-liners either to subdue or to eliminate Georgian President Eduard Shevardnadze, thereby also subordinating his nation. The fear of such an outcome was palpable when I visited Tbilisi [the capital of Georgia] last month.

"This would be bad news for the U.S.A. A subordinated Georgia would give Russia access to Armenia, already Moscow's dependency, thereby cutting off Azerbaijan (as well as Central Asia) from the West while giving Moscow political control over the Baku-Supsa [Georgia] pipeline."

(It is worth noting that, at least until the 1998 British Petroleum takeover of Amoco, Brzezinski had been a consultant on Caspian Sea oil to Amoco, for a fee that he will not disclose. He helped convince both the Azeri leadership and the Azerbaijan International Operating Company to pursue a very expensive pipeline from Baku to Ceyhan, Turkey, thereby cutting off Russia.)

Brzezinski expanded upon his favorite theme on C-SPAN TV's "Morning Journal" on Dec. 12:

**Q:** "In this map, this relatively small area is Chechnya. Why should Americans care about what's happening there?"

**Brzezinski:** "You know, that's a very good question. It was asked about Kosovo. It was asked about East Timor. It was asked about Rwanda. Why should we care? . . . Geopolitically, why should we care? Well, I will make two arguments.

"One, if the Caucasus is destabilized, then any hope of integrating that large, new, more independent area involving the Caspian Sea, involving Central Asia, where there is a fair amount of energy, is going to be lost. It's going to become a zone of conflict. And, secondly, in Russia itself, as the papers today made quite clear, this war is unleashing chauvinistic, nationalistic, imperialistic attitudes, which are setting back the process of transforming Russia. . . .

"In the case of Russia, we have to be realistic. Russia is a major regional power. It has a nuclear arsenal, so we can't use force against them. But, this doesn't mean that we have to do nothing. . . .

"This is why I think we ought to be adopting a position of economic sanctions against Russians, so they would not have the finances to wage this war, which could be done directly, but we continue to give them credits like the IMF has done. We should ostracize them. We should kick them out of the G-8, which allegedly is a club of the good, decent, advanced, democratic countries: Make them feel there is a price for this. Maybe they will acquiesce. Maybe they will not. But, at least we will have tried, and we'll have more or less drawn a line so that they are not inclined to do this again."

Many of Brzezinski's colleagues at CSIS share his desire

for such a raw materials grab in the region, but they differ on the timetable for doing so. One Feb. 11, 1999 background paper for CSIS's Strategic Energy Initiative, "The Geopolitics of Energy in the Former Soviet Union," states that this sort of grab may remain a possibility until well into the twenty-first century.

"At best," according to the report, "a slow recovery can be expected [with the Russian economy], with none of their outputs regaining their 1989 levels before the year 2010 at the earliest."

The report notes that conditions have worsened even more in Russia "in the wake of the August 1998 political, economic, and financial meltdown."

The authors of this report state that this is true throughout the Commonwealth of Independent States (CIS), especially for Russia, Belarus, and Tajikistan, which are "basket cases": "All of the CIS member-states have experienced substantial drops in GDP, industrial output, and real incomes since 1989, owing to the disintegration of the highly integrated economy of the former U.S.S.R. and the severance of the trading link with Comecon [Council for Mutual Economic Assistance], together with the disruption of civil wars, armed hostilities, and mass movement of refugees in, *inter alia*, Chechnya, Moldova, Georgia, Azerbaijan, Armenia, and Tajikistan."

## A window of opportunity

This provides a window of opportunity for the "victors" of the Cold War, according to the authors: "The producing potential of the Caspian Sea basin has caught the eye of the major international oil companies for several reasons. First, once unavailable, it is open to the foreign investor; second, the Caspian producing potential is world class; third, this potential and the anticipated income cannot be realized within an acceptable time frame without outside participation; and fourth, given that local demand is minimal and likely to stay that way, most of the oil will be available for export."

What is ironic, is that Russia itself is currently the third-largest producer of oil and natural gas in the world. Other CSIS reports admit that even if the oil in Transcaucasia, the Caspian Sea basin, and Central Asia were developed and pipelines built, it would still only contribute 3% to known potential oil reserves.

If CSIS were truly interested in the "enlightened self-interest" of the United States, rather than the lunatic geopolitical theories of Brzezinski, it would behoove CSIS to advocate joint development of Russia's oil and natural gas capacity, which presently is dropping due to the lack of new capital inputs, exploration, and technology. (China, for example, is investigating the possibility of natural gas pipelines both to Turkmenistan and to Siberia.) It would seem that those like Brzezinski, with his "New Carter Doctrine," are more interested in reviving the Cold War, and with it the potential for World War III.



# Administration views Baku-Ceyhan pipeline as one alternative

by William Jones

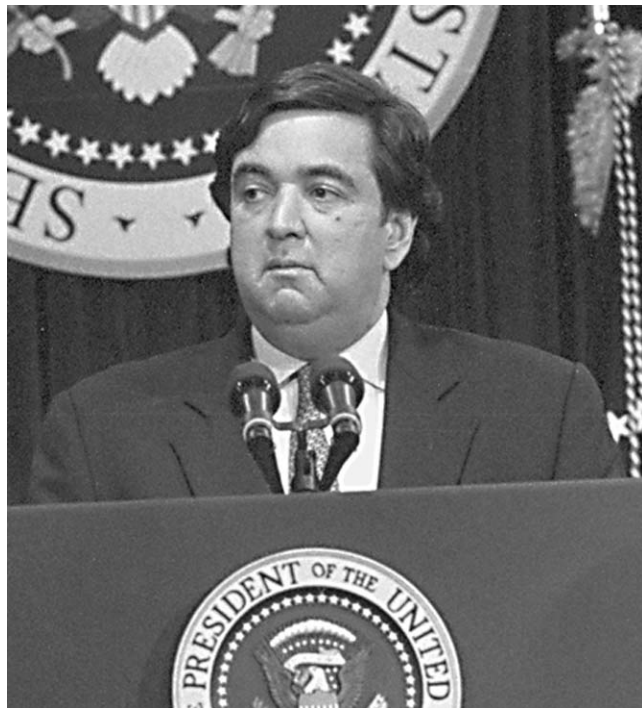
Despite attempts to play geopolitical games around the Baku-Tbilisi-Ceyhan pipeline, and the Trans-Caspian gas pipeline, this costly undertaking is viewed by the Clinton administration as one among several lines, albeit a first choice among lines which either exist now or are in the process of construction, for transporting oil from the Caspian Sea region to the West. Backing for the Baku-Ceyhan route has partly been the result of lobbying by some of the countries in the region, which, given the threatened instability in Russia, desire alternative means of transport to routes that traditionally have gone through Russia. From the beginning, the administration has done everything to propel this proposal forward.

When asked about Russian concerns regarding the line from Baku, Azerbaijan to Ceyhan, Turkey, at a press conference during the Organization for Security and Cooperation in Europe summit in Istanbul on Nov. 18, one senior administration official explained it in the following terms: "Historically, energy from the Caspian has gone north, only north, and then from Russia into world markets," he said. "As I said, the countries and the energy companies that are operating in the region believe that they need to have a multiple pipeline system, and that's what we support—western routes, as well as the routes that already are established or are under construction in Russia. They're not being cut out; the Caspian Pipeline Consortium [under construction] is a major pipeline from Kazakstan to the Russian port of Novorossiysk."

## The energy agenda

The general oil and gas policy of the administration, Energy Secretary Bill Richardson told participants at the conference co-sponsored by the Center for Strategic and International Studies (CSIS) and the London *Financial Times* in Washington on Dec. 8-9, is to diversify the type of energy used and to "widely expand the network of oil sources" for the twenty-first century. Richardson identified "an emerging slate of sources: Africa, the Caspian, and Latin America."

At a meeting in Miami of Western Hemispheric energy ministers the day before his appearance at the CSIS conference, Richardson indicated Clinton administration support for an expansion of oil and natural gas pipelines linking Mexico, Central America, Colombia, Brazil, Bolivia, Peru, Argentina, and Chile. He called for the creation of a new window at



*U.S. Secretary of Energy Bill Richardson did not endorse the geopolitical lunacies of Brzezinski and company, but the administration's policy is fraught with danger.*

the Inter-American Development Bank to facilitate funding for these projects.

A week earlier, at a meeting of the International Energy Administration in Mexico, Richardson outlined a proposal for a Hemispheric Natural Gas Initiative. Richardson also announced that in January, there would be a conference devoted to expansion of energy exploration and development on the African continent.

A fourth area of concentration was indicated in mid-December, when the National Research Council of the U.S. National Academies and the Chinese Academies of Sciences and Engineering announced that a joint report, entitled "Cooperation in the Energy Futures of China and the United States," would be released in January. The report explores avenues for further cooperation in realizing China's energy needs for the twenty-first century.

One point in the Baku-Ceyhan pipeline's favor, is that it would bring Caspian oil into the Mediterranean Sea, avoiding passage through the Bosphorus Strait, which is already clogged with tanker traffic. The fact that President Clinton himself witnessed the signing of the agreements in Istanbul, which marked the formal launching of the project, is one indication of the importance that he attaches to the project. Another is his response to a question on the achievements of his Presidency, at a press conference on Dec. 9, where he included the Caspian agreement as one among several accomplishments. "We've got a Caspian pipeline agreement, which I believe 30

years from now you'll all look back on that as one of the most important things that happened this year," he said.

And yet, the initiative remains extremely problematic. With Brzezinski and his geopolitical co-thinker, Secretary of State Madeleine Albright, intent on using the new relationships in Central Asia and the Caucasus to form a new "arc of crisis" targetting Russia and Iran, the project threatens to become a cat's-paw against stable U.S.-Russian relations. The determined rejection of a shorter and more economical pipeline route through Iran, in an attempt to isolate that important country, could prove to be very troublesome down the road.

The commercial viability of the project also remains to be seen. Many of the oil companies, although eager to cash in on the Caspian "bonanza," are very skittish about bearing the costs of this enormous undertaking, when alternative routes already exist. There is also a great deal of skepticism with regard to the amount of oil that can be profitably extracted from the Caspian region. If the present estimates prove to be significantly over, it will be difficult to make headway on the project, with its \$2.4 billion construction cost.

When presented with the numerous difficulties this project might encounter, a senior administration official admitted that there would be many obstacles to getting the Baku-Ceyhan pipeline up and running by 2004. "The scope of this project is very ambitious. There are many ways that the process could be detoured," he said.

---

## The Silk Road Strategy Act

---

# Brownback's bill is a geopolitical hoax

by Suzanne Rose

Portions of Sen. Sam Brownback's (R-Kan.) "Silk Road Strategy Act" (S. 579) passed Congress on Nov. 17, as part of the Omnibus Budget Bill. Originally introduced in 1997, it was reintroduced, in a watered-down version, as an amendment to the Senate Foreign Operations Appropriations Bill on June 30. It passed the Senate the same day.

When Brownback originally introduced his bill two years ago, it followed—and opposed—the worldwide campaign led by Lyndon LaRouche and Helga Zepp-LaRouche in support of the Eurasian Land-Bridge. In 1991, Lyndon LaRouche had developed a perspective for rebuilding the Eurasian continent after the fall of the Berlin Wall. The

plan, known as the Paris-Berlin-Vienna Productive Triangle, called for utilizing investments and skilled labor in Europe to build transportation corridors linking Europe and Russia. Its Asian counterpart, known as the Eurasian Land-Bridge, was based on the idea of modernizing the old Silk Road transportation routes between China and Europe, to become corridors for economic development.

When this perspective was taken up by the Chinese government, Zepp-LaRouche campaigned for it around the world. She participated in a symposium in Beijing in May 1996 on "The Development of the Nations Along the Eurasian Land-Bridge," delivering a speech there titled "Building the Silk Road Land-Bridge: The Basis for the Mutual Security Interests of Asia and Europe." She told American audiences that it is in the interest of the United States to support the ambitious infrastructure program initiated by the Chinese government to modernize the old Silk Road routes, and that it would become the engine for growth in Eurasia. Railroads would drive the economic development of backward areas, particularly western China and Central Asia, by becoming corridors for agro-industrial infrastructure development of the land areas on either side, creating an export boom for the West, and ensuring economic development, and therefore peace, in the region.

The response of the British geopoliticians and their allies, was to counter this campaign with a strategy, developed at various forums and sponsored by such Conservative Revolution outposts as the Heritage Foundation, and in Congress, to equate "U.S. interests" in the region with various schemes to control and loot its valuable oil, gas, and mineral reserves. Senator Brownback's bill was one focus of their efforts, introduced first in 1997, and revived in March 1999.

### A scheme for looting and control

In his remarks to the Senate in June, prior to introducing the Brownback Amendment (an abbreviated version of his bill), Brownback left no doubt that his intention was to assert control over the region—on behalf of the British-American-Commonwealth faction of the establishment and multinational corporations—in order to prevent, as he said, Russia, China, and Iran from dominating it. The area covered by his bill includes eight nations: Armenia, Azerbaijan, Georgia, Kazakstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.

Both S. 579, and the amended version which was ultimately passed by Congress, would lay the groundwork for U.S. interventions in the South Caucasus and Central Asia on the basis of "democracy building, free market policies, and human rights"—the same approach which led to the ill-starred intervention in the Balkans by the British-controlled NATO leadership. These circles are seeking confrontation with Russia, as they move to increase control over raw materials, in the Caucasus and Central Asia, among the wealthiest

mineral areas in the world.

The original version of Brownback's bill contained explicit provisions that would have prepared the ground for Western-led military intervention in the region. It contained a call for NATO expansion in this most sensitive region, bordering Russia, by calling on the United States to "encourage and assist the development of regional military cooperation among the countries of the South Caucasus and Central Asia through programs such as the Central Asian Battalion and the Partnership for Peace of the North Atlantic Treaty Organization." The original version also said that the United States should, where appropriate, support the establishment of neutral, multinational peacekeeping forces to implement peace agreements reached between belligerents in the countries of the South Caucasus and Central Asia. These formulations echo Zbigniew Brzezinski's provocative demands that "issues of national sovereignty" be set aside in the interest of security of the raw material booty of the Caucasus and Central Asia.

The version of the bill which passed Congress in November calls on the United States to embrace all the usual fraudulent buzzwords used by the British and their allies as a cover for subversion of national sovereignty, including "democratic government" and "respect for internationally recognized human rights," "NGOs," "independent media," and "transparency in political practice and commercial transactions, and open markets."

The original bill had 19 co-sponsors in the Senate, including Republican heavyweights Jesse Helms (R-N.C.), Trent Lott (R-Miss.), and Richard Shelby (R-Ala.).

It is difficult to escape the irony that Brownback is promoting his anti-China alliances for these countries supposedly so they can link up with the "stable, market-oriented economies of the West," at the very time when the markets in the West are showing signs of collapsing under the weight of rising unemployment, as in Europe, and collapsing industry, as in the United States, whereas China has maintained stable growth, because it has maintained protection against speculation, and has promoted infrastructure investment.

The statement of policy in the original bill (S. 579) calls for the United States "to assist actively in the resolution of regional conflicts," to facilitate the removal of impediments to cross-border commerce, and "to assist in the development of infrastructure . . . on an East-West axis in order to build strong international relations and commerce between those countries and the stable, democratic, and market-oriented countries of the Euro-Atlantic Community."

The nice-sounding words in the Brownback Amendment must not be confused with the Eurasian Land-Bridge policy of the LaRouches. Brownback's references to "infrastructure" deal exclusively with the pipelines and other instruments required for the efficient looting of the raw material wealth of the vast Central Asian region—not the high-tech develop-

ment corridors presented by Helga Zepp-LaRouche in Beijing, and in a comprehensive *EIR* study published in January 1997.

### **Brownback's pedigree**

Brownback has a long record of support for British-crafted geopolitical schemes. The one-term Senator (first elected in 1997 to fulfill the remaining term of Bob Dole, who had resigned to run for President, and then re-elected to a full term in 1998) has influence far out of proportion to his seniority, or expertise in foreign relations—he was the agriculture commissioner of Kansas for six years, prior to winning a seat in Congress during the Conservative Revolution sweep of 1994.

It appears from Senate documents and press coverage, that Brownback is the paid-for asset of Koch Industries, a Kansas-based company, which is the second-largest privately held and family-run company in the United States, after Cargill. The company is involved internationally in oil and natural gas refinement and extraction, as well as pipelines, which is primarily what is at issue in the British-led energy grab in the Caucasus and Central Asia. Brownback's close election victory over Democrat Jill Docketing was virtually paid for by Charles Koch, according to Senate documents and news accounts. Koch was one of a number of wealthy conservative revolutionists who set up foundations, trusts, and shells to pump money anonymously into the 1996 elections, circumventing campaign finance laws.

One such company was Triad Management, Inc., which, according to records of a Senate investigating committee, existed for the sole purpose of influencing Federal elections, and was involved in a scheme to launder money into campaigns from contributors who had already given their legal limit. Triad operated two shell corporations, one of them called Economic Education Trust, which was solely financed by Charles and David Koch, owners of Koch Industries, albeit disguised through yet another trust. Economic Education Trust had no corporate function except to launder money into election campaigns.

In addition to funneling money from the Koches into Triad to channel into various political action committees and then into election campaigns, Economic Education Trust pumped funds into campaign attack ads in the final weeks of the Senate election, against Brownback's opponent Jill Docketing, and in contravention of election laws. Such ads, supposedly sponsored by groups not coordinating with the candidate, which want to express themselves on "issues" involved in the campaign, are not regulated by the Federal Election Commission. They are not supposed to be attack ads airing through fronts of wealthy contributors. News reports credit this extremely well-financed blitz against Docketing, in the final days of the campaign, with securing Brownback's startling victory.

## Russia, China counter threat to world security

by Mary Burdman

The governments of Russia and China issued a remarkable Joint Declaration on Dec. 10, after the two-day “informal” summit meeting of Presidents Boris Yeltsin and Jiang Zemin in Beijing. Most of the world’s attention, including from Washington, has been focussed on the rough statements Yeltsin made during his first day in Beijing on Dec. 9, but that would be missing a very important point. The Russia-China Joint Declaration was no hasty production. It is a clear, stark statement, reflecting a long period of policy formulation by both Russia and China, in reaction to the unwavering, disastrous tendency of British-American-Commonwealth international operations over the past 12 months. Both Russia and China have drawn “a line in the sand,” which they consider essential for the very survival of their nations.

As both governments have reiterated, the strategic partnership between Russia and China is *not* an alliance, and is *not* aimed at any third nation or bloc. Rather, as the closing portion of the Declaration states, their “interaction is based on the goal of protecting the essential national interests of the two sides, and also in the name of strengthening peace and stability in the Asian-Pacific region and the whole world.”

Much has been made of Yeltsin’s comments, after his first meeting with Jiang Zemin, harshly criticizing U.S. President Clinton for his attack on Russian policy in Chechnya, and asserting that Russia “possesses a full arsenal of nuclear arms.” Yeltsin declared that “a multipolar world is the foundation for everything,” rather than Clinton’s views. The initial reaction of Russian Prime Minister Vladimir Putin was more conciliatory, as he said that “we have very good relations with

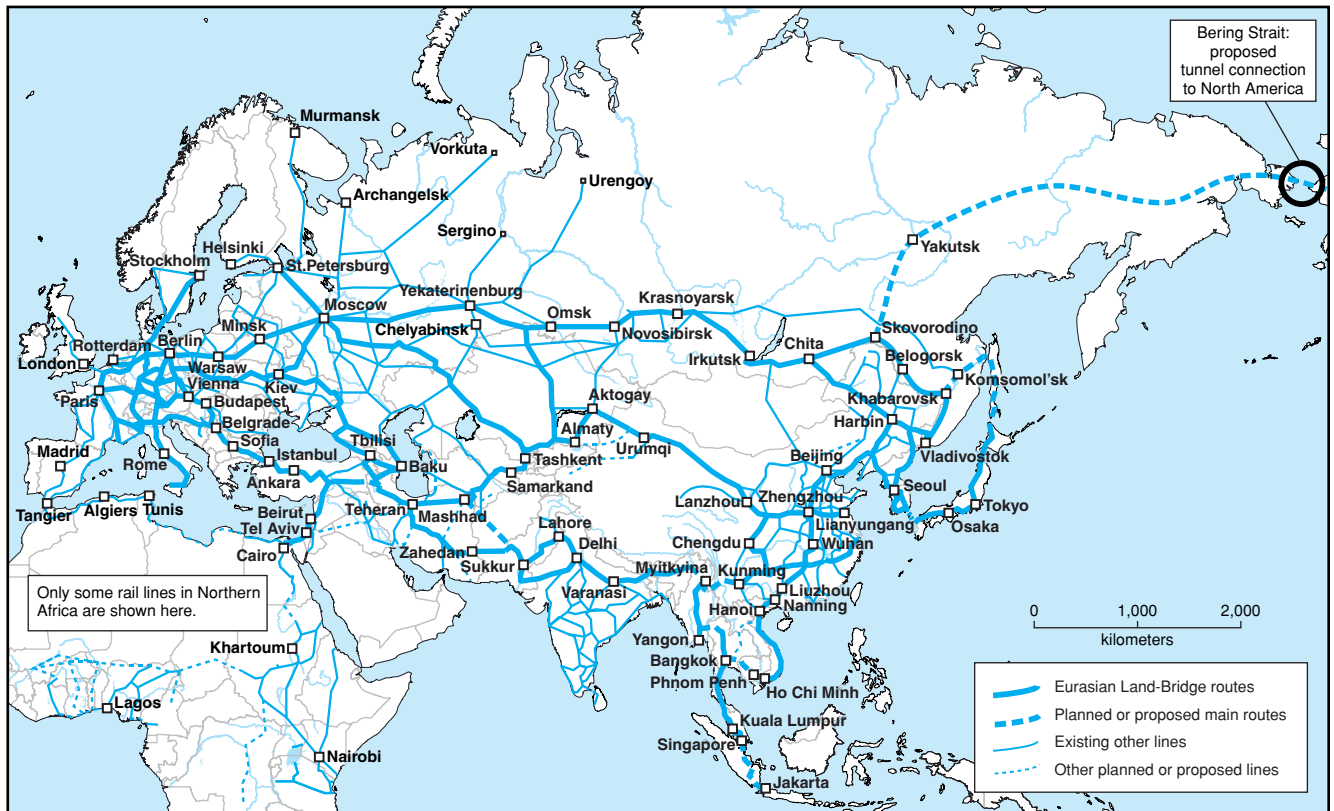
the leadership of the United States. . . . I would consider it absolutely incorrect to produce the impression that some kind of period of cooling off of relations between Russia and the United States has begun or is beginning.” Yet, three days later, speaking in Plesetsk, Putin made a statement similar to Yeltsin’s: “Russia will not allow itself to be spoken to from the position of force, and so will use every diplomatic and military-political lever available to prevent this. . . . Russia has everything it needs to secure its safety.”

Actually, this summit meeting was held to make a statement of *institutional*, strategic policy by both governments. Despite the profound turbulence within Russia, Yeltsin’s China mission was on a level above the ongoing, bloody political infighting at home. This is the eighth Russian-Chinese summit since 1992. Since then, Yeltsin and Jiang, who met earlier this year at a conference in Bishkek, Kyrgyzstan, on Aug. 25, have met once, or even twice, a year, every year except 1993. The new Joint Declaration begins by referring to the many previous agreements between Russia and China, and above all, to the “Russian-Chinese joint declaration on a multipolar world and the creation of a new international order,” signed by Boris Yeltsin and Jiang Zemin in Moscow in April 1997.

Just a year ago, then-Prime Minister Yevgeni Primakov, visiting New Delhi, made his proposal for the development of a “strategic triangle” among Russia, India, and China, a policy endorsed by a broad spectrum in Russia.

Yeltsin had been hospitalized up until Dec. 8, but suddenly recovered. Emerging from the hospital, he signed the Russian-Belarus Declaration of Union on defense, foreign

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



policy, economics, customs, and against crime and terrorism. The next day, he left for China, for this long-planned summit meeting.

The Joint Declaration is also an institutional statement from China. During his stay in Beijing, which lasted from the morning of Dec. 9 to the evening of Dec. 10, Yeltsin not only met several times with President Jiang Zemin, but also met with both Prime Minister Zhu Rongji and with Chairman Li Peng of the National People's Congress Standing Committee. Although there are some policy differences within the Chinese leadership, especially on the vital question of how to deal with the enormous pressures that economic and political globalization is exerting upon China, Yeltsin's meetings with both secondary leaders were given very prominent coverage.

### Reviving the Great Silk Road

The great potential for the Russian-Chinese strategic partnership, was described by "political observer" Vsevolod Ovchinnikov, in an article published in the official Russian government *Rossiyskaya Gazeta* on Dec. 8. Ovchinnikov described the potential *economic* power of Eurasian development, in terms approximating the proposals for a Eurasian

Land-Bridge made by Lyndon and Helga LaRouche. Ovchinnikov was also the author of an article published in *Rossiyskaya Gazeta* on June 16 stating that the Russia-China-India triangle was "already a reality in the area of military-technical cooperation."

Ovchinnikov wrote that while Britain dominated the 19th century, and the United States laid claim to the 20th, the 21st century "will belong to the Pacific." There, China—not Japan—is becoming "a financial powerhouse capable of being the main generator of world economic growth in the 21st century."

Moscow's foreign policy priority in the next century is the Pacific, Ovchinnikov wrote. The "most real achievement of Russian diplomacy in recent years has been the truly friendly ties between Moscow and Beijing. . . . The crucial task as the century draws to a close is to use the new world leader's dynamism for Russia's benefit and hitch the Russian freightcar to the Chinese train that is gaining speed. . . .

"It is necessary to use our countries' geographical position and the complementarity of their economies, so as to turn Russia and China into supports for a bridge between Europe and Asia, and between the Atlantic and the Pacific. In other words, at a new turning point in history, to revive the idea

of the Great Silk Road which, in addition to a purely trade function, would now have a function in transport, the power industry, telecommunications and other elements," he wrote. "The Great Silk Road [is] a road to prosperity for our peoples in the coming century."

Ovchinnikov warned that the expansion of NATO, the extension of the U.S.-Japanese security treaty, and the U.S. threat to abrogate the Anti-Ballistic Missile (ABM) Treaty, "are all prompting Russia and China toward rapprochement and transforming them into each other's strategic rear." But at the same time, "the coming century is also opening extensive opportunities for economic cooperation for the great neighbors. It is this which gives special importance to the next official meeting between the heads of our two states in Beijing."

### **Policy 'will be carried out'**

Perhaps the single most important formulation in the new Joint Declaration, is at the beginning: that "the basic approaches to international problems" arrived at over the years by Russia and China, "will be rigorously carried out" (see *Documentation*).

The Declaration warns that "negative tendencies in international affairs have been growing more and more." These include the attempt to impose "a unipolar structure and a single set of culture, values and ideas" on the world; the undermining of the international role of the United Nations; the expansion of military blocs and of warfare; and attacks on nations' sovereignty. These tendencies are "preventing the establishment" of Russia and China's strategic goal of a "just, multipolar structure in international relations" (emphasis added). It is because of this fundamental conflict, that both nations believe that "there is a growing necessity for close coordination of their actions concerning the issue of maintaining global strategic stability."

### **The essential security issues**

It is from this perspective, that the Joint Declaration is brutally clear: "Negative tendencies have recently appeared in the sphere of international security," the Declaration states, and warns that the policy of developing a national anti-missile defense system, considered by Russia, China, and many other nations to be a violation of the 1972 ABM Treaty, "would have a destructive effect on strategic stability." Plans to set up systems of regional anti-missile defense "can destroy peace and stability in the Asian-Pacific region," particularly if there is any attempt to include Taiwan in such a system.

The world financial crisis is also affecting Moscow-Beijing relations. China, in particular, is absorbing the lessons of the World Trade Organization summit in Seattle. The internal dissent in the United States, against the government's commitment to radical globalization, struck home. The situation in Europe, the growing opposition from France and Ger-

many to all-out globalization and the "Third Way" lunacies of "war hawk" British Prime Minister Tony Blair, has also made an impression in China. These impressions were strengthened by the contrast between the pompous, and often nasty, British reception of President Jiang Zemin during his October state visit, and the exceptionally warm welcome he was given in France.

At the same time, warnings about the international financial crisis are again emerging in the Chinese press, after a tendency to focus on the alleged "recovery" from the Asian financial crisis. Recent analyses have reported that, despite the proclaimed "end" of the Asian crisis, next year will be a very difficult and risky one. Lack of credit is strangling Asian economies, the Japanese economy is shrinking, and the potential for a crash of the U.S. dollar and/or stock market is posing a serious risk for Asian nations.

Thus, the Joint Declaration supports China joining the World Trade Organization, but under conditions which "would permit it to take an equal and dignified place in the system of international trade." The WTO must have a "universal character" and "balance rights and duties."

### **Sovereignty and security**

At the summit, Jiang Zemin told Yeltsin that the settlement of the Taiwan issue and the reunification of China has become "still more pressing," since China will resume sovereignty over Macao on Dec. 20. Jiang also stated that China totally supports Russia's crackdown on "terrorism and separatism in Chechnya," and its move to safeguard its national unity and territorial integrity. Yeltsin reiterated Russia's support for China's great reunification cause, and particularly denounced the "absurdity" of calling China-Taiwan relations "state-to-state" relations, a reaction to the provocative policy of lame-duck Taiwan President Lee Teng-hui.

Jiang's statement on Taiwan is not intended to "up the ante" across the Taiwan Straits; rather, it is a reaction to the onslaught which has been mounted against China, by the "cold warriors" in the Anglo-American Establishment and the Congress. China wants to develop good relations with the United States, but knows at the same time, that it is impossible to do so, unless the broad anti-China insanity there—far greater than any such tendency in continental Europe—is brought under control.

Russia and China are also striving to collaborate against "international terrorism, religious extremism, and national separatism," a process in which the "Shanghai Five" have achieved some success. In spring 1996, the leaders of Russia, China, Kazakhstan, Kyrgyzstan, and Tajikistan met in Shanghai to sign a protocol on reducing tensions and securing relations along their long borders, and on developing cooperation.

The five leaders have met several times since, most notably on Aug. 25 in Bishkek, capital of Kyrgyzstan, when they expanded their measures to reduce tensions, oppose interna-

tional terrorism, and increase economic development. On Dec. 1, the heads of the law-enforcement agencies and special services of the five nations met again in Bishkek to develop concrete proposals.

In Beijing on Dec. 9, Russian Foreign Minister Igor Ivanov and Chinese Foreign Minister Tang Jiaxuan signed two border demarcation agreements which meant, as Ivanov announced, that “from this moment onward, there is no more problem on the border issues. This is a new step in our strategic partnership.” The two sides also signed an agreement on common economic usage of the islands on the Amur River (Heilongjiang) on their eastern border. At the beginning of December, the two nations signed an agreement allowing Russian airplanes en route from the Russian Pacific Maritime province to European Russia, to fly over China’s northeast region, restoring the situation that existed before the Sino-Soviet split 35 years ago.

While Russian-Chinese economic cooperation and trade still lag behind their economic potential, cooperation in the fields of energy development, metallurgy, engineering, and the chemical industries, continues. By far the most extensive economic cooperation remains in the military field.

As Russian Ambassador to China Igor Rogachev stated in Beijing Dec. 8, “I do not remember when in the past Russia and China have stood together so often.” And this, on cardinal problems that determine the future development of the world.

---

## Documentation

---

### From the declaration by Russia and China

*This joint declaration was released in Beijing on Dec. 10, following meetings between Presidents Boris Yeltsin and Jiang Zemin.*

I. . . The top leaders of Russia and China stress, that the basic approaches to international problems, presented in the [Russian-Chinese joint declaration on a multipolar world and the creation of a new international order, of April 1997] will be rigorously carried out. They call for the creation of a multipolar world in the 21st century, based upon a strengthening of the leading role of the United Nations, . . . for equal rights and equal security of all members of the international community, for mutual respect for sovereignty and for the choice of development paths by nations, for non-interference in internal affairs, and for the creation of a just, equitable, and mutually beneficial world political and economic order. . . .

II. The two sides could not avoid taking account of the fact, that negative tendencies have recently appeared in the sphere of international security. The two sides consider, that the creation of a national anti-missile defense system by one of the nations signatory to the ABM Treaty of 1972, in violation of that treaty, would have a destructive effect on strategic stability and on the entire structure of key international agreements concerning disarmament and non-proliferation of weapons of mass destruction. . . . The two sides affirm their rejection of any attempt to violate the 1972 ABM Treaty, and stress that this agreement remains and must remain one of the cornerstones of strategic stability. . . .

The two sides declare, that plans of certain states, to set up systems of regional anti-missile defense, can destroy peace and stability in the Asian-Pacific region. The Russian side supports the position of the Chinese side, rejecting the inclusion of the Chinese province of Taiwan, in any way whatever, into these plans. . . .

The two sides express deep regret at the refusal of the United States, to ratify the universal Test Ban Treaty. . . .

The two sides consider, that full responsibility for the consequences of a possible disruption of strategic stability and international security will be carried by those states, who initiate the collapse of basic agreements in the sphere of disarmament. The sides believe that in the present situation there is a growing necessity for close coordination of their actions concerning the issue of maintaining global strategic stability.

III. The two sides note, that negative tendencies in international affairs have been growing more and more, including the attempt to impose upon the international community a unipolar structure and a single set of culture, values, and ideas; the attempt to weaken the role of the United Nations and its Security Council; the search for a basis and pretext for an irresponsible interpretation of the basic content and principles of the UN Charter and its amendments; the strengthening and expansion of military blocks; the undermining of international law by threat of force, to the point of war, using the thesis that “human rights take precedence over sovereignty” and the theory of “humanitarian intervention” in order to launch attacks on the sovereignty of independent states.

The two sides express their readiness, together with other countries, to act against such tendencies, which are preventing the establishment of a just, multipolar structure in international relations.

IV. The two sides stress, that one of the most important priorities for foreign policy efforts of Russia and China is the strengthening of the leading role of the UN in international affairs.

The two sides agree, that strengthening the role and authority of the UN will make possible a rational, careful and regulated reform of the UN organization. In this context both sides express their conviction, that the status and role of the Security Council as the main organ responsible for maintain-

ing international peace and security, must not be placed into question or weakened under any conditions whatsoever. . . . A necessary condition for guaranteeing the effectiveness and stability of the UN is to preserve unchanged the legal powers of the present permanent members of the Security Council.

V. Russia and China attach importance to China's entry into the World Trade Organization under such conditions, as would permit it to take an equal and dignified place in the system of international trade. . . . The two sides believe that the WTO must have a universal character . . . it is necessary to balance rights and duties, taking account of the level of their social-economic development. . . .

VI. The two sides point out, that international terrorism, religious extremism and national separatism in all forms, and also trans-border criminal activities (illegal arms trade, drugs. . . .) have today become a serious security threat to the sovereign nations. . . . The sides affirm their commitment to undertake concrete coordinated steps against the above-mentioned problems on a bilateral and multilateral basis.

VII. Russia and China express satisfaction at the process of realization of the Bishkek declaration of the nation-members of the "Shanghai Five"—the Russian Federation, the People's Republic of China, the Republics of Kazakstan, Kyrgyzstan, and Tajikistan—of August 25, 1999. . . . The two sides think, that the holding of a meeting of the Ministers of

Defense of the "Shanghai Five" during the year 2000 will be one of the most important events. . . . The two sides support the idea of carrying out expert consultations of the "Five" on issues of multilateral economic interaction (including the development of cooperation in transport, and also in the production and distribution of oil and gas). Such negotiations could be an important part of preparation of a summit of the heads of governments of the Russian Federation, the People's Republic of China, the Republics of Kazakstan, Kyrgyzstan, and Tajikistan. . . .

X. The two sides underline their commitment to support each other concerning the preservation of national unity, sovereignty and territorial integrity. The Russian side supports the great task of unification of China, supporting China's position on the Taiwan question. . . . The Chinese side again declared, that the Chechnya problem is an internal affair of the Russian Federation. The Chinese side supports the actions of the Russian government in the fight against terrorist and separatist forces.

[In conclusion] the interaction of the two sides in international affairs are not directed against third nations. This interaction is based on the goal of protecting the essential national interests of the two sides, and also in the name of strengthening peace and stability in the Asian-Pacific region and the whole world.

# The Way Out of The Crisis



A 90-minute video of highlights from *EIR's* April 21, 1999 seminar in Bonn, Germany.

Lyndon LaRouche was the keynote speaker, in a dialogue with distinguished international panelists: **Wilhelm Hankel**, professor of economics and a former banker from Germany; **Stanislav Menshikov**, a Russian economist and journalist; Schiller Institute founder **Helga Zepp-LaRouche** from Germany; **Devendra Kaushik**, professor of Central Asian Studies from India; **Qian Jing**, international affairs analyst from China; **Natalya Vitrenko**, economist and parliamentarian from Ukraine.



Order number EIE-99-010.  
**\$30** postpaid.  
**EIR News Service**  
 P.O. Box 17390  
 Washington, D.C. 20041-0390  
 To order, call  
**1-888-EIR-3258** (toll-free).  
 We accept Visa and MasterCard.

For previews and information on LaRouche publications:

## Visit EIR's Internet Website!

- Highlights of current issues of EIR
- Pieces by Lyndon LaRouche
- Every week: transcript and audio of the latest **EIR Talks** radio interview.

<http://www.larouchepub.com>

e-mail: [larouche@larouchepub.com](mailto:larouche@larouchepub.com)



# A Russian debate

---

*St. Petersburg correspondent Roman Bessonov looks at the sea-change in Russian thinking, since the August-September Moscow apartment bombings.*

*Whoever has his ears open on the world political stage, will not fail to overhear the muffled grumbling in Russia. Deeper than the drumbeat of war in Chechnya or President Boris Yeltsin's recent diplomatic eruptions in Beijing, there is a nationalist shift in the country. After nearly ten "lost years" under Yeltsin and the so-called reform policies, there is an ever more widespread sense among the Russian elites and the population: "Enough of the decline and humiliation; this far, and not one step farther!" The shocking surge of support for the ex-secret police officer Premier, Vladimir Putin, on the eve of Dec. 19 State Duma elections (the election of Yeltsin's successor as President is another six months off), is not merely a function of the frenzied clan versus clan warfare of the electoral campaign, during which mud-slinging on national TV channels has become a major weapon and has reached new heights.—the Editors*

A disappointed Russian intellectual of the late 1990s, an enthusiast of the late 1980s, formerly could try to escape the unpleasant political and social reality of today's Russia, by switching his TV to a Hollywood thriller, or, if his disappointment had reached a deeper level, a sex show, and conclude, far after midnight, that one more day had passed, and what happened on the next day, would happen anyway without his participation.

"Could" means "used to be able to"—the past imperfect, because everything changed at the moment when a Moscow apartment building with more than one hundred families in it, watching TV, drinking vodka, or rocking a baby, collapsed into a pile of dust and shards of concrete, burying all of them, including a correspondent of *Moskovsky Komsomolets* daily paper.

The classic Russian proverb about the *muzhik* (peasant) who never crosses himself until it thunders, is perfectly appropriate for a Russian intellectual. And as soon as the time of troubles has really come, with ruthless physical evidence, any ordinary Russian, of whatever social origin and occupation, wakes up from his state of almost complete indifference, and takes up a very personal concern for his country, about which he used to ironize in its better times, and devotes himself to contemplation of the issues known

as the eternal, or Russian questions: "Who is to blame?" and "What is to be done?"<sup>1</sup>

That is why the TV duel between Anatoli Chubais and Grigori Yavlinsky on Nov. 25, over Chechnya, has become a real event in Russian intellectual life—though from the very character of the persons involved, no final truth was supposed to be found in their debate.<sup>2</sup>

NTV's Yevgeni Kiselyov, in organizing the fierce battle of these two reformists, was probably motivated by a rather trivial political objective. From the standpoint of a partisan media manipulator, the debate was useful for the mutual assured destruction of both Yavlinsky's Yabloko movement and Chubais's Rightist Alliance, and, therefore, for the benefit of a third side—Fatherland-All Russia (led by Moscow Mayor Yuri Luzhkov and former Premier Yevgeni Primakov).

At first glance, the two reformists justified the expectations of the would-be media manipulator, Kiselyov. The pretext for the debate was that Yavlinsky had just issued what he called a draft plan for a political settlement in Chechnya, with, as usual, a lot of paragraphs, sophisticated as usual, and, as usual, inapplicable. Chubais had reacted immediately, in his usual abrupt intonation, but with rather unexpected (from him) arguments: First, he characterized Yavlinsky's proposals as treason, and, second, he claimed that the real spirit of the Russian Army is being born in the Caucasus.

In Yavlinsky's place, it was not difficult to find a counter-argument: "But it was your policy, Chubais, which led to the collapse of the very existence of the Army—" His opponent also had a universal counterargument for any attack on his policy:

"While we were working, yes, making a lot of dreadful

---

1. The titles of two nineteenth-century books, Alexander Herzen's *Who is to Blame?* and Nikolai Chernyshevsky's *What is to Be Done?*, became part of the Russian idiom as "the eternal questions."

2. Chubais, known as the architect of privatization, held many government posts as he became the most detested of the so-called "young reformers." Today he heads UES, the national electricity company. Yabloko Party leader Yavlinsky, also an advocate of free-market liberal reforms, has stayed out of government, becoming a perennial critic from the sidelines.



*The televised duel of two “liberal” reformers, Anatoli Chubais (left) and Grigori Yavlinsky, has become a real event in Russian intellectual life—though from the very character of the persons involved, no final truth was supposed to be found in their debate.*



mistakes, but moving ahead, you were doing nothing but brilliantly shaking the air, with a lot of intelligence and eloquence—”

After a short while, however, the personal attacks reached the point when the original subject no longer seemed important.

**Yavlinsky:** “I was brought into the political elite by my voters. You were brought into the political elite by the fact of taking care of the President’s chamber-pot. You can run [for the State Duma] from any district, and anywhere you’ll get zero—”

**Chubais:** “I recently talked with the Communists in this hall. It was the same. But even they are possible to change, and you are getting boring. Your people will leave you. I’d be very sorry.”

Actually, either of the “duellists” could have found a pretext to bang the door and leave the podium, or start splashing orange juice over each other, as Vladimir Zhirinovskiy and Boris Nemtsov did during a discussion on a similar subject five years ago.<sup>3</sup> But the stakes were higher now, and, as was becoming clear, exceeded both the subject—the policy in Chechnya—and the election campaign, with Yabloko and Rightist Alliance as rivals for the electorate of relatively well-to-do intellectuals. The discussion ascended to the area of the eternal, or Russian questions.

3. Vladimir Zhirinovskiy is the boorish leader of the self-styled supernationalist Liberal Democratic Party of Russia. Boris Nemtsov, now in the Rightist Alliance, was a “young reformer” as first deputy premier in 1997-98.

**Chubais:** “Grisha, I asked you to join the government in May 1996, at the crucial point, to take the post of First Vice Premier, but you didn’t. There was a choice only between Yeltsin and [Communist Party leader Gennadi] Zyuganov, and no other—”

**Yavlinsky:** “But I was still not going to help Yeltsin . . . as I was not before. You say you are always the same. But you remember what you said to [human rights militant] Sergei Kovalyov when you decided to stay in the government during the Chechen war? When were you sincere, before or after?”

**Chubais:** “I wanted to be sincere, that is why I went to talk with him. . . .”

### The ‘Russian questions’

It was becoming clear that the two sides were speaking not just on behalf of their parties, and not just in order to expand the base of their electoral support. The participants in the TV duel represented two approaches to the eternal, or Russian questions, two basic types of Russian thinking, relevant to two types of characters which, under any historical circumstances, would behave according to their once established identity, and not in any other way, both absolutely unable to convince each other and leaving the solution to the audience—exactly according to the tradition of Russian classical literature. The same dialogue of the same two types—one “worldly,” energetic, resolute, somewhat cynical, and flexible in practical activity and communication, and the other one romantic, reflective, contemplative, with bookish language and a rigid range of behavior, which, or its absence,

is never left without philosophic substantiation. Exactly those two types between which the eternal questions, or Russian questions, or accursed questions, are supposed to be discussed.

A similar debate took place between Yevgeni Bazarov and Arkadi Kirsanov in the nineteenth-century writer Ivan Turgenev's novel *Fathers and Sons*. "My friend Arkadi, don't speak so beautifully—" A similar debate took place between the bed-bound Oblomov and the enterprising Stolz in Ivan Goncharov's *Oblomov*.

Moreover, the best known poetic novel for any Russian, Alexander Pushkin's *Yevgeny Onegin*, which dates from the 1820s, also contained a controversy, and a physical battle, between the cynical Onegin, who "neglected Homer and read Adam Smith, being keen on economics," and the romantic Lensky, who brought "an ardent and rather odd spirit," along with long black curls, from "misty Germany," or rather from its Kantian school. The name of Onegin originates from the large Lake Onega in northwest Russia, which is still but Western, with its connection by the Svir to Lake Ladoga, and by the Neva to the Baltic Sea, while "Lensky" derives from a fast-flowing river, running from the high Eurasian mountains not into the warm Caspian Sea, but across the enormous expanse of Siberia and finally into the Arctic Ocean.

The debate of the two classic Russian literary types reached its peak in the tragic magnifying glass of Anton Chekhov's plays, where (in *The Cherry Orchard*) Lopakhin, cynical but also romantic, in a very new fashion, ruthlessly cut down the cherry orchard, representing the old pastoral still life, with the intention to build a factory on the place of this *nature morte*, while a desperate Platonov, rejecting his own Oblomovite reflective type of romanticism, helplessly tries to drown himself for the sole reason that he has reached the age of 35, having done nothing.

**Yavlinsky:** "But I could not behave otherwise, as this would have been treason against myself—"

**Chubais:** "... Okay, that is convenient. But what should I say to the director of Grozenergo, whose son was kidnapped, whose father was killed, and who, in case of a so-called ceasefire, would be exterminated? How can I betray him?"

A trivial political discussion, dealing with an issue discussed for years, unexpectedly turned into a real intellectual duel, echoing with a dialogue inside a Russian individual, historically doomed to a narrow choice, which suggests losses in the event of either of the two options, but hints at the slight possibility of a solution with one of them.

## Historical truth

In the real history of Russian society, educated, from the peasant to the nobleman, on Classical literature that was accessible to the whole nation, this debate of Onegin and Lensky, continued through the tragic controversy in the characters of Tolstoy, Ostrovsky, Chekhov, finished, mysteriously, in

the midst of destruction and uncertainty, at the moment when a short man with no curls at all, also named "Len—" after the Lena River, but ending with "-in," banged his fist on the tribune and said: "It is a lie that no party can take responsibility. Such a party exists!" And a nobleman with the delicious name Felix, in the name of the Revolution, eliminated the class of nobility—especially its part which joined the foreign armies with the White Army, in other words, the enemies of the Revolution, that is, the traitors to the Motherland.<sup>4</sup>

This was a piece of real truth that no politician nor TV observer could neglect, 80 years later. This real truth was correctly addressed by Chubais (as assured of his own progressive role, and as doomed, as Lopakhin), who reminded his opponent that besides the two of them, there exists a vast majority of the nation which would like for both reformists, no matter what approach to anything they declared today, to be hung upside down in the central square, along with other "talking heads" from the TV, including, evidently, Mr. Kiselyov the moderator, and maybe even starting with him, and the whole cherry orchard-full of the convenient and useless thriller-sex-entertainment industry.

It is true—for Red Square in the heart of Moscow has existed not for 80, but for 800 years, and even the most radical reformists, arguing for the removal of Lenin's mausoleum from that place, have forgotten to request the elimination of the ancient scaffold (Lobnoye Mesto), remaining there as a universal warning since the time of Ivan the Terrible in the Sixteenth Century. Dzerzhinsky's statue does not decorate Lubyanka Square<sup>5</sup> any longer, but the desperate majority of the nation, mentioned by Chubais in his polemics, is perfectly ready to elect a President originating from the service founded by the Iron Felix, as he was already called during his lifetime. Even if this career service professional comes from the same class of reformists as the hated Chubais and the despised Yavlinsky.<sup>6</sup> Even if he is short and not eloquent. Even if he is an officially named successor of the President who introduced the generally hated reforms.<sup>7</sup>

According not only to opinion polls, but also to the statements of persons whom this author knows quite well—of people who were painfully divided in the times of tragic choice in 1991, 1993, and 1996—that same successor from Lubyanka, or his elder ex-colleague,<sup>8</sup> is likely to gain very serious support among intellectuals. This fact will be certainly interpreted by professional skeptics as more evidence of the

4. Felix Dzerzhinsky founded the Soviet secret police. The White Army resisted the Bolsheviks' Red Army, during the Russian Civil War, 1918-21. The "foreign armies" included French and British forces of intervention.

5. Lubyanka is the secret police headquarters.

6. Premier Vladimir Putin is a career security officer.

7. Upon naming Putin as the fifth Premier in less than two years, Yeltsin said last summer that Putin later would succeed him as President.

8. Former Premier Yevgeni Primakov, also an intelligence officer.

traditional lackeyism of the Russian intelligentsia, part of which has always glorified the most brutal political regimes. But even the most profound skeptics recognize some indisputable authorities, and, confessing their respect for the talent and personality of Pushkin, they will have to admit that the relations between him and the supreme power in the country were not as simply hostile as interpreted in Soviet-era textbooks. A time which dictates equality of the motives “to be with the people” and “to be with the power,” urges a Russian intellectual, even a most anarchist type of a person, to choose the side and the effort which stands for the endangered statehood.

Even a most profound skeptic would also admit that, in a debate over Chechnya, the greatest poet of Russia would not have taken the side of Yavlinsky with his “five conditions and ten preconditions” for the enemy of the Russian state. Probably for that reason, in the TV debate, Chubais replied to Italian journalist Giulietto Chiesa precisely in the intonation and spirit of Pushkin’s poem “To the Slanderers of Russia” — the theme of which, by 1917, developed into the irrational, furious, and scathing “Scythians” of Alexander Blok, challenging all of Western civilization on behalf of the vast, “Asiatic,” shapeless, selfless, nomadic culture.<sup>9</sup>

It is noteworthy that, just days after delivering its “peace settlement” proposal, Yavlinsky’s party hurried to explain that its real meaning was different, and suggested diplomatic pressure, but not concessions to the Chechen separatists. Not just out of election considerations, but rather due to a certain fear of self-isolation from the people, Russian parties and politicians, leftist or rightist, are in a competition for looking like better patriots — in a certain way, directly contrary to their behavior in the late 1980s. Which is quite natural for the situation when the whole nation feels separate from the West, mistreated by the West, robbed by the West, or, at least, betrayed by the West.

Some former Chubais fans, who are few, are really disturbed by his open and aggressive support for the Russian Army. Most haters of Chubais, of whom there are really a lot, don’t believe one bit in the sincerity of his patriotic declarations, suggesting that they reflect nothing but a desperate attempt to save his career in Russia, since in the West he — even he — is not needed. But, if the separatists hoped that Chubais’s patriotic declaration could change the general feelings in the majority of the population in their favor, this would be a great miscalculation.

The OSCE summit in Istanbul sounded like a funeral bell, tolling not for Russia’s diplomatic relations with the Western establishment, but for Russians’ general view of the West. It provided an additional guarantee that the next leader of Russia will be a representative of a service with a name including the

9. Pushkin’s militant, nationalist poem was written in 1831, when members of the French Parliament urged military intervention on behalf of a Polish insurgency against Russian rule.

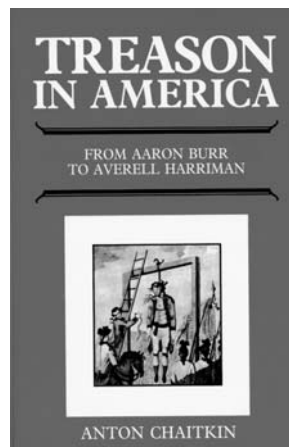
words “state security,” most likely the younger one of those two potential candidates for Presidency from the same service, the one who does not call western European leaders his personal friends.

The cherry orchard of late-1980s illusions is deserted and miserable on the eve of a cold winter and hot warfare. This depressing anticipation of cold and heat terrifies those who would prefer one more year of lukewarm stability, though without prospects — stability at any cost. It encourages a newly-emerged type of optimist, cynically ruthless toward the elder generation (wiser, but more burdened with decades of survivalism, which the younger types often despise or view as a precondition for betrayal).

On the psychological level, it recalls the same philosophical debate in Russian literature. A young Bazarov, of middle-class origins, not keen in the rules of the high society and unsuccessful with women, contemptuously rejects the way of life, the values, and the very appearance of the elder, noble, and respectable Pavel Kirsanov. And though the aggressive younger type is shockingly rough, and uses some improper words, the educated audience subconsciously sympathizes with him, feeling some kind of hope coming with him, like a stream of oxygen. And, as usual, the possible dangers brought by this stream are being underestimated — as they are never the point in a Russian debate.

## Treason in America

From Aaron Burr To Averell Harriman



By Anton Chaitkin

A lynch mob of the ‘New Confederacy’ is rampaging through the U.S. Congress.

Its roots are in the Old Confederacy—the enemies of Abraham Lincoln and the American Republic. Learn the true history of this nation to prepare yourself for the battles ahead.

\$20 softcover

Order NOW from:

**Ben Franklin Booksellers**

P.O. Box 1707, Leesburg VA 20177

Phone: (800) 453-4108 (toll free) Fax: (703) 777-8287

Shipping and handling \$4.00 for first book; \$1.00 each additional book. Call or write for our free mail-order catalogue.

# Debate erupts on option for U.S. supply to Garang's war against Sudan

by Linda de Hoyos

President William Clinton signed a bill on Nov. 29 which authorizes the United States to directly supply food to the Sudanese People's Liberation Army (SPLA) of John Garang, now waging guerrilla war against the government of Sudan. The authorization contravenes previous laws, which forbid the funding of belligerents in conflicts.

The provision was supported by the State Department, led by Secretary of State Madeleine Albright and Assistant Secretary of State Susan Rice, and supported by Sen. Sam Brownback (R-Kan.) and Rep. Donald Payne (D-N.J.) on Capitol Hill, and by the U.S. Committee on Refugees of Roger Winter, and Nina Shea of the Institute for Religious Persecution. These forces, along with the Christian Solidarity International of British Baroness Caroline Cox, the foremost lobbyist for a U.S. war against Sudan, are now leading a campaign to move the authorization to supply Garang into the implementation stage.

However, the authorization to supply Garang immediately set off a storm of protests—from the United Nations and U.S.-based relief agencies that are involved in the UN Operation Lifeline which airlifts food to the civilian population of southern Sudan in the war zones; from human rights organizations such as Human Rights Watch; and from sections of the American governing elite as represented in editorials in the *New York Times* and the *Boston Globe*. None protesting the direct backing to Garang's SPLA could possibly be labelled friends of the Sudan government. The question being called, however, is whether the United States should continue to pursue a war policy against the National Islamic Front (NIF) of Sudan, or whether it should seek to bring about a peace settlement to end the 16-year-long war in southern Sudan that has brought no military progress, but left 2 million southern Sudanese dead and another 3 million displaced.

That war is clearly not in the interests of the southern Sudanese people, nor in the interest of the United States. With France being Sudan's third-largest trading partner, with the Canadian firm Talisman now working Sudan's oilfields, and with Great Britain's reestablishment of diplomatic ties with Sudan, the continued U.S. hostility toward Sudan keeps American business out of Sudan.

The purpose of supplying food to the SPLA is purely

military. John Prendergast, a special adviser to Susan Rice, told the Nov. 29 *New York Times* that the food aid will enable the SPLA to maintain positions "in the parched territory" in which they are fighting. "This is so forces can eat more easily and resupply forces in food deficit areas," he said, allowing the SPLA to "stay in position or expand positions in places where it is difficult to maintain a logistical line." Garang has been demanding this direct supply from the United States for years, and asked for it again when he visited Washington in mid-September. But the United States, up to now, has refused to provide it, leaving Garang to be supplied indirectly through Uganda. Garang's major military problem has been the SPLA's inability to counter Sudan's Air Force. Albright's highly publicized meeting with Garang in Nairobi, Kenya, was the signal, said the Sudan government, that the United States was moving toward direct involvement in the war as a belligerent. The Clinton administration is now authorized to take that option by the bill the President signed on Nov. 29.

The U.S. supply line to the SPLA would circumvent the UN's Operation Lifeline Sudan, with presumably U.S. planes delivering aid from a base in Kenya. Mohamed Osman Yassin, spokesman for the Sudan Armed Forces, said on Dec. 11 that the Sudan government "had prepared specific measures for dealing with U.S. planes violating Sudanese airspace for the delivery of direct food and military assistance to the rebels in the south. It is a set policy and will be implemented immediately when required."

## Pretense of negotiations dropped

With the backing he hopes now to finally receive from the United States, Garang has dropped all pretense of participation in serious negotiations for peace through the Inter-Governmental Authority on Development (IGAD), the regional body that is Washington's chosen channel for talks between Sudan and its opposition. "The National Democratic Alliance was not formed for the purpose of reconciliation with the bloody NIF regime, but rather for its removal," Garang declared to a meeting of the NDA in Kampala, Uganda on Dec. 8. "The NIF cannot be improved; it must be removed."

Garang has already rejected all measures taken by the Sudan government in the April 1997 peace charter signed

by other southern leaders, including the establishment of a federalist system, a multi-party electoral system, and an internationally supervised referendum in the south on the issue of secession. He has also rejected a bid by Egypt and Libya to negotiate an all-party settlement.

Garang's vow for more war came just as Presidents Omar al-Bashir of Sudan and Yoweri Museveni of Uganda had met in a summit hosted by Kenya and mediated by former American President Jimmy Carter. The summit emerged with an agreement that both countries would take steps toward the eventual reestablishment of diplomatic ties, which were severed in 1995 by Uganda. The agreement calls for the "respect of the sovereignty and territorial integrity" of each country, and pledges that each country will "make every effort to disband and disarm terrorist groups and to prevent any acts of terrorism or hostile actions that might originate in our territory that might endanger the security of the other nation." The agreement further stipulates that "we agree not to harbor, sponsor, or give military or logistical support to any rebel groups, opposition groups, or hostile elements from each others' territories," and notes that each country "will offer amnesty and reintegration assistance to all former combatants who renounce the use of force."

The Ugandan government has, throughout the decade, supported the SPLA, while since 1994, the Ugandan rebel group, the Lord's Resistance Army, has found safe haven in Sudan. Without the direct involvement of the rebel groups in the negotiations, the Bashir-Museveni agreement, while establishing a vehicle for communication between the two governments, will be difficult to implement. From Kampala, Garang indicated that the agreement made no difference to him, as "we are already very deep inside Sudanese territory"—although his soldiers are known to be barracked in the northern Ugandan district of Gulu.

Carter told the *Boston Globe* on Nov. 8, "The people of Sudan want to resolve the conflict. The biggest obstacle is U.S. government policy. The U.S. is committed to overthrowing the government in Khartoum. Any sort of peace effort is aborted, basically by policies of the United States. The recent bill the President has signed is a devastating obstacle to any furtherance of peace. For the first time, we have authorized food aid just for the revolutionaries in southern Sudan. . . . Instead of working for peace, the U.S. government has basically promoted a continuation of the war."

### Strong opposition

The authorization of U.S. direct funding to the SPLA therefore sparked a debate and public divisions even within the administration. "This is a departure from the way we should be using food aid," Julia Taft, Assistant Secretary of State in the Bureau of Population, Refugees, and Migration, told the *New York Times*.

The option has also drawn fire from the UN, whose World Food Program, the backbone of Operation Lifeline, said that

such a plan would jeopardize all relief work in Sudan, because it compromised the neutrality of the relief agencies. World-Vision and Care have announced that they will not cooperate with direct U.S. supply to the SPLA.

In October, according to the *Times*, ten relief agencies met with Secretary Albright and asked her to pursue a policy of peace toward Sudan, an option she rejected. In early December, eight relief agencies sent a letter to Albright stating that direct food aid to the SPLA "could damage the reputations of American non-governmental agencies which act as implementing partners in the distribution of humanitarian assistance and could restrict their access to populations in dire need." Such backing for the SPLA, they said, "would be a most unwelcome departure from the policies and practices of successive administrations." Not the least of the reasons for rejecting such an option is the record of Garang himself (see *Documentation*).

---

## Documentation

---

### Opposition grows in U.S. to direct aid to SPLA

*The following are excerpts from an Open Letter, dated Dec. 13, by Human Rights Watch, to U.S. Secretary of State Madeleine Albright, opposing direct U.S. food aid to the Sudanese People's Liberation Army (SPLA):*

The SPLA has a history of gross abuses of human rights and has not made any effort to establish accountability. Its abuses today remain serious. This record makes any form of U.S. support—food or otherwise—wholly inappropriate and wholly out of step with the values that you have tried to inject into U.S. foreign policy.

Illustrative of the SPLA's human rights record was its summary execution of three captured Sudan government employees and one Red Crescent tracing officer in March 1999, an act which the U.S. government rightfully condemned. The SPLA refused all requests to turn over the bodies. It falsely claimed that the four were killed in a crossfire during an abortive government attempt at rescue. It flatly rejected international protests, including one from the UN Commission on Human Rights. It never conducted a review of the incident or accounted for its crime. Instead, its representatives excoriated anyone who mentioned the incident.

Similarly in Chukudum, SPLA abuses—including summary executions, arbitrary arrests, and the theft of food—have been so widespread and persistent that they have alienated the formerly loyal local Didinga population. In January

1999, the situation came to a head, with the locals literally up in arms against the occupation of their territory by the Bor Dinka, who make up the majority of the SPLA troops and officers in Chukudum and whose families reside in nearby camps for the internally displaced. There has been intermittent fighting, with civilian casualties, ever since. Some of the civilian casualties have been from antipersonnel land mines which the SPLA has liberally used in the area. Several peace missions have come to Chukudum and made recommendations for the SPLA to rein in its abusive troops — to no avail.

The SPLA has even undercut the prospect of the local justice system addressing such abuses. One example is the case of SPLA Maj. Marial Nuor, who was investigated by the SPLA after he detained elderly foreign nuns and a priest for two weeks in 1996, causing an international uproar. Major Nuor, in charge of SPLA recruitment in Yirol, also in 1996, killed two soldiers and three recruits, and tortured an old man to death. He was convicted by an SPLA court-martial (but only for mutiny when he evaded arrest), imprisoned briefly, and then placed under “open arrest.” At the request of the old man’s family, Major Nuor was sent back to Yirol in 1999 and tried in a civilian court. He was convicted and sentenced to five years in jail and fines. Several months later, however, the SPLA ordered him to conduct more recruitment in Yirol. After he threatened his fellow officers, bragging of his untouchability, he was transferred from Yirol. To our knowledge he suffered no other punishment.

This pattern makes the provision of any aid to the SPLA wrong, because it would support an abusive force and make the United States complicit in those abuses. Moreover, what makes supplying food aid to the SPLA particularly inappropriate is the group’s routine diversion of relief food away from starving civilians. The SPLA diverted relief food even during the 1998 famine in Bahr El Ghazal—indeed, even from its own civilian supporters. Some of this was done by individual soldiers and officers and local officials for their private profit, but the SPLA did not punish this behavior. At a meeting in May 1999 with UN officials and others in Mapel, Bahr El Ghazal, in southern Sudan, SPLA officers admitted that both SPLA and rogue commanders had diverted relief food during the 1998 famine. To provide food aid under these circumstances is to reward this unacceptable and deadly behavior.

Some argue that the SPLA would stop diverting relief food if it were to receive food from the international community. Past practice suggests that this is a naive belief because it discounts the private-profit motive that lies behind much of this diversion and the SPLA’s unwillingness to rein in such ventures. Moreover, providing food aid to a rebel force as a way of stopping its unremedied diversion of food aid to starving civilians would set a terrible precedent. It would encourage rebel groups throughout Africa and around the world to duplicate the SPLA’s inhumane practices, knowing that the reward might be free U.S.-supplied food.

### ***Boston Globe*, excerpts from a Nov. 30 editorial:**

There are four good reasons why the administration should not use its newfound option.

1. Using food as a weapon is a bad principle and will undermine efforts by the United Nations and non-governmental agencies to get food to starving civilians caught up in war.

2. The United States should not take sides in civil wars or in Christian crusades against Muslims, nor should it revive the Cold War practice of using surrogates to undermine governments unless there is an overarching national security reason for doing so. Sudan is a nuisance, not an Iraq-sized menace to world peace.

3. The Sudanese government has behaved abominably against the Christian and animist south, but the Sudanese People’s Liberation Army is equally ruthless and brutal and unworthy of U.S. support. Our own State Department has denounced rebel atrocities.

4. Any move to support the rebels directly will most certainly hamper efforts to bring peace to the troubled country and may make things worse for Christians in the south as well. The Sudanese government would be able to portray its fight as an anti-neocolonial struggle as well as a defense of Islam and national sovereignty.

### ***New York Times*, excerpts from a Dec. 6 editorial entitled “Misguided Relief to Sudan”:**

Now the Clinton administration is edging toward deeper engagement in this conflict as it debates sending food aid to rebels in southern Sudan. This is likely to prolong the war, ally Washington with one of Sudan’s pre-eminent war criminals, and enlist America in the conflict’s most pernicious tactic—the use of food as a weapon of war. But providing direct support for Khartoum’s armed opponents is likely to strengthen its hand. This was the unintended consequence of the American bombing last year of a pharmaceutical plant in Khartoum, which galvanized popular support in northern Sudan and across much of the Arab world for the regime. Moreover, channeling assistance to southern rebels would ally Washington with a brutal and predatory guerrilla army. One of the tragedies of Sudan’s war is that John Garang’s SPLA has squandered a sympathetic cause. Though its members claim to be “Christians” resisting Islamization, they have behaved like an occupying army, killing, raping, and pillaging.

Both sides have used food as a weapon, taxing, stealing, blocking and diverting emergency deliveries in order to control people and territory. The international agencies that provide food to the south under the United Nations’ Operation Lifeline Sudan have long anguished over the inescapable fact that their well-intentioned efforts were fueling the war by feeding its armies. But their alternatives are limited. Now Washington is poised to promote this distortion of humanitarian purpose. In doing so it would forfeit its ability to criticize those who use food as a weapon.

# What Americans must know about democracy in Malaysia

by Hardev Kaur and Ramon Navaratnam

*The authors are two prominent Malaysian commentators. Hardev Kaur is Editor-at-Large for Malaysia's leading press conglomerate, New Straits Times Press Inc.; she was formerly Editor of its Business Times. Ramon Navaratnam is currently business adviser to the Sungei Way group. He has had a distinguished career as former Alternate Executive Director, World Bank; former Deputy Secretary General, Treasury Ministry of Malaysia; former Permanent Secretary, Ministry of Transport of Malaysia. He is also a signator on the 1998 call issued by Schiller Institute founder Helga Zepp-LaRouche for "A Union of Sovereign Nations."*

The results of Malaysia's 10th general election, held on Nov. 29, has been enlightening. Firstly, it shows that democracy works in Malaysia. Secondly, it proves that Malaysians have voted for continuity and stability, and, finally, the results prove that Malaysians are mature, and value racial harmony, peace, and stability.

The outcome of the general election also proves that elections in this country are free. Or else, the opposition Pan Malaysian Islamic Party, PAS, which controls the state government in Kelantan, would not have been able to make inroads into a number of states and capture another state—Terengganu. In addition, a number of ministers lost their seats. This shows that the electorate is able to exercise their right to select whomever they want.

Malaysians can also be proud of themselves that the whole exercise went without any untoward incident. Numerous foreign reports had continued to hint of possible unrest during the election, or even after the results. But they were sadly disappointed.

Unlike in some developing countries, where killings and bloodshed accompany elections, in Malaysia there was peace and harmony. "It is like a carnival," one foreign journalist covering the elections observed. And, indeed, it was, with supporters of opposing candidates seen singing together and helping each other in the true Malaysian spirit of racial harmony.

Not only did the various Malaysian races show that they

can work in harmony, but they also proved to the world that they are sensible enough to ensure racial harmony, peace, and stability. This is not something that comes easily, as is evident around the world. Despite the dire forecasts, Malaysians have proven many of their critics wrong by voting for "continuity, peace, and stability," the slogan of the Barisan Nasional ruling coalition.

The efficiency of the Malaysian system was also evident from the fact that the full results were known within less than 24 hours after the polling stations closed.

This was an achievement, as it was the first time that polling in the two east Malaysian states of Sabah and Sarawak was conducted in just one day. Previously, polling in these two states used to be staggered over at least two days, due to the remote nature of some areas. But economic development and the efficient infrastructure enabled polling to be conducted in just one day.

As soon as Parliament was dissolved, some had concluded that Prime Minister Datuk Seri Dr. Mahathir bin Mohamad's political future was "on the line." But, with Dr. Mahathir not only retaining his seat with a comfortable majority, and obtaining the two-thirds majority in Parliament that he had asked for, it is the reputation and credibility of some the major foreign media that is "on the line." They have been wrong in their analysis and predictions on every count regarding Malaysia—its politics and economics.

One of the most absurd such views was filed by *New York Times's* reporter Wayne Arnold in his Dec. 4 story on Malaysia's elections, where he wrote: "But behind the election results . . . is a growing impatience with Malaysia's failure to take the kind of financial and corporate medicine that the International Monetary Fund has prescribed for Thailand, Indonesia, and South Korea. Mr. Mahathir appears to have won little gratitude for having spared Malaysia whatever humiliation might have come from inviting foreign assistance."

## A convincing win

Even as the opposition made inroads into other states, and wrested control of Terengganu, in addition to retaining Kelantan, the ruling Barisan Nasional coalition retained its two-thirds majority. The coalition won 148 seats in Parliament, and made a clean sweep of at least two states in the Federation—Johore and Negri Sembilan.

Undoubtedly, the opposition made inroads into more states and increased their representation in the Dewan Rakyat, or lower house of Parliament. But even so, the Barisan Nasional garnered 56.5% of the popular vote at the federal level, and 56.4% of the popular vote in the 11 state legislative assemblies. In one state, Johore, the Barisan Nasional garnered 72.9% of the popular vote for Parliament and 72.2% for the state.

The national percentage is higher than the 53% that Bari-





*Malaysian Prime Minister Dr. Mahathir bin Mohamad was returned to office with a comfortable majority, leaving financier George Soros and the major foreign media foaming at the mouth.*

san Nasional received in 1990, when the leading United Malays National Organization (UMNO) was split, with several Cabinet ministers leaving the party to join Semangat 46. (Those breakaway factions later rejoined UMNO.)

The popular vote obtained by the Barisan Nasional, which is an endorsement of the policies and leadership of Dr. Mahathir, is more than what U.S. President Bill Clinton obtained for his Presidency.

The business sector, including foreign investors, have welcomed the results. The appointment of the Cabinet, which sees Finance Minister Tun Daim Zainuddin and Minister of International Trade and Industry Datuk Seri Rafidah Aziz continue in their portfolios, means a continuation of the “winning” economic team and policies, including selective exchange controls, which were the subject of severe criticism.

However, Dr. Mahathir, who was described as “a menace to his own country” by George Soros, has now been thoroughly vindicated by his own people. The response from the market was certainly positive, as it rose to its highest level since Aug. 24, 1999 on Monday, Dec. 13, the first trading day after the announcement of the new Cabinet.

There will be numerous analyses and scrutiny of the results, but one thing is clear, and that is that UMNO and its other partners in the Barisan Nasional cannot afford to be complacent, and they need to get on with the job of serving the people.

The electorate is more educated and mature, and the de-

mands on their representatives are vastly different. The high voter turnout of 70% is an indicator of the awareness of Malaysians regarding their democratic rights. This is more than can be said of many developed countries whose leaders constantly preach the virtues of free and democratic elections.

In the 1996 U.S. election, it is said that less than half of all eligible voters registered to vote, and only 49.2% of those registered voters participated in the election, strongly suggesting that a distinct *minority* elected the President. In fact, President Clinton was reelected with a smaller popular vote than Democrat Michael Dukakis received in his unsuccessful bid against George H.W. Bush in 1988.

### **Wake-up call**

UMNO, the leader and the major party in the 14-party coalition (which faces its own leadership elections next year), needs to re-examine its strengths and weaknesses fast and undertake the necessary action. It cannot afford to be further divided and weakened. A stable, prosperous, and peaceful Malaysia needs a united and strong UMNO.

The inroads made by PAS into at least five of the 11 states contested must be taken as a sign that UMNO has to work much harder. It cannot continue as it has previously, because times have changed. Just as the country has developed and progressed, so has the thinking and aspirations of the voters.

PAS has been working for a long time to woo supporters among the youth, professionals, and the educated. It has been relentless in its efforts to win support among Malaysian students abroad, while not neglecting the home front.

Its membership profile may come as a surprise to many who think that PAS membership is still made up of the “religious and *pondok*” (hut) segments of Malay society. It is much more than that, with a wider and more varied membership base, including the educated and professionals.

The fact that PAS now has representatives in the urban centers and not just in the rural areas and the villages, also means that from now on, UMNO and its Barisan Nasional components need a different strategy in dealing with the opposition, led by PAS.

It does not, however, mean that the Barisan Nasional should ignore the Democratic Action Party (DAP), whose leaders, such as Lim Kit Siang and Karpal Singh, suffered unprecedented losses in the Nov. 29 election.

There is greater awareness among Malaysians of their rights as voters, and they exercise their rights, as is evident from the high voter turnout. The Election Commission can be sure that the next registration exercise will see many more of those eligible coming forward to register as voters earlier, unlike in previous exercises where many waited till it was too late.

It is also important for the ruling coalition to get its act together, to identify the weaknesses and the “enemy within,” and prepare itself for the new millennium.

# International Intelligence

---

## ***Separatists attack Lagos governor in Nigeria***

Lagos State Gov. Bola Ahmed Tinubu barely escaped injury or death on Dec. 12, when his convoy was ambushed and his official car was riddled with bullets at 12:30 a.m., a short distance from his official residence. The attackers, from the Yoruba tribal separatist group Oodua People's Congress (OPC), had barricaded the route of the governor's convoy with five buses.

The attack was launched less than 24 hours after Shomolu Council Vice Chairman Aderemi Badejo and his son were shot dead by unidentified assailants. After Badejo's murder, Governor Tinubu was reportedly "shaken." He had summoned a security meeting on Dec. 12 to discuss the renewed threat from heightened activities of militant groups.

A recent interview with an OPC leader reveals that it is an offshoot of the "Campaign for Democracy" and the National Democratic Coalition (Nadeco), intertwining organizations known to get their financing from London.

Since the election of President Olusegun Obasanjo, himself a Yoruba, there has been a rise in ethnic militant clashes in both Lagos State and the Niger Delta.

---

## ***Pope forced to postpone Jubilee visit to Iraq***

The Vatican announced on Dec. 11 that Pope John Paul II has been forced to postpone, but not cancel, his visit to Iraq, according to the Italian Catholic daily *Avvenire*. In making the announcement, Dr. Joaquín Navarro-Valls, head of the Holy See Press Office, explained that "Iraqi authorities informed us that the abnormal conditions in which the country finds itself because of the embargo and the no-fly zone, as well as the situation in the region, do not allow the adequate organization for a visit of the Holy Father to Ur of the Chaldeans, in Iraq," which was initially intended as the first stop of the Pope's Jubilee Year tour to Iraq, Egypt, Syria, Israel, and Greece.

*Avvenire* emphasized that "the first op-

position voices" culminated "with the Aug. 27 statement of U.S. State Department spokesman James Foley, who expressed Washington's concerns over possible 'political manipulations' of the Pope's trip by the Iraqi government." Later, Secretary of State Madeleine Albright tried to blame the postponement on the Iraqis, because of a "manifesto" from a group of Muslim intellectuals.

Speaking from Baghdad on Dec. 12, Chaldean Church Patriarch Raphael Bidawid, who had earlier confirmed the visit and the creation of a UN air corridor within the no-fly zone, told Fives news agency: "We are very saddened by this latest delay in the visit, but, here in Iraq, conditions change every day. Despite of this, the Holy Father's visit is only postponed; the Jubilee Year is long and we are just at the beginning of the millennium."

*Avvenire* also reported on "new U.S. and British fighter raids in southern Iraq in early December, which . . . also struck civilian targets," and said that the "ten-year war against Iraq" had increased "infant mortality to Third World levels."

---

## ***Miklosko book devotes chapter to LaRouche***

On Dec. 12, to celebrate the tenth anniversary of the fall of communism in former Czechoslovakia, Jozef Miklosko, who was the Deputy Prime Minister in the country's first free government, presented his book *Ako Sme Boli Slobodni (Since We Became Free)*. At the book's presentation in Bratislava, Slovakia, attended by 500 guests, Miklosko was introduced by Slovakian Justice Minister and chairman of the Christian Democratic Party Jan Carnogursky, and by Petr Miller, who had been Social Affairs Minister in the first post-1989 Czechoslovakia. The audience included other former Cabinet ministers, leaders of scientific and cultural academies and foundations, and a delegation from the Schiller Institute in Germany. Miklosko is president of the Schiller Foundation in Slovakia.

Within the 684-page book, Miklosko devotes a 100-page chapter entitled "The American Sakharov," to Lyndon LaRouche, whom he visited in prison in 1993, as well

as to LaRouche's imprisoned co-thinkers Michael Billington, Paul and Anita Gallagher, Laurence Hecht, and Donald Phau (the latter two are free on parole). The book contains much detail of Miklosko's wide-ranging discussions with LaRouche, and his wife, Schiller Institute Chairman Helga Zepp-LaRouche.

The author expands on the Schiller Foundation's activities within Slovakia, as well as on the institute's other international activities in which he took part, including the efforts to stop the British plans for genocide in the Balkans, and his visit to the Philippines.

---

## ***Tory maverick blasts NATO war in Balkans***

British Conservative maverick Lord Robert Skidelsky wrote a stinging commentary on "NATO's Deadly Legacy from Kosovo," in the Dec. 14 issue of the London *Financial Times*. Skidelsky emphasized from the start, that NATO's war in Kosovo convinced the Russians to seek a military solution in Chechnya. He then cited the recent report released by the Organization on Security and Cooperation in Europe (OSCE), entitled "Human Rights in Kosovo." Lord Skidelsky continued: "The report establishes that it was only after OSCE observers left Kosovo on March 20, four days before the bombing started, that general and systematic violation of human rights began to occur."

The OSCE had reported: "Summary and arbitrary killing became a generalized phenomenon throughout Kosovo with the beginning of the NATO air campaign against the Federal Republic of Yugoslavia on the night of March 24-25." Skidelsky said that the failure of the West to use diplomacy, with the purpose of expanding the role of the OSCE monitors or other measures, and its decision to choose war, has "made the world a much more dangerous place. . . . The damage to the postwar system can already be seen in the start of global rearmament, and the new strategic doctrines of Russia, India, and China. The 'cold peace' predicted by Boris Yeltsin, the Russian President, has already arrived."

He said that NATO should admit its error

**FRANJO TUDJMAN**, Croatia's longtime President, died on Dec. 10, after a long battle with cancer. His death opens the way for a struggle for power inside his ruling Croatian Democratic Community (HDZ) party, and for control of the country. Elections are mandated within 60 days, although parliamentary elections had already been scheduled for Jan. 3.

**WTO HEADQUARTERS** in Geneva had its electricity cut by saboteurs on Dec. 3, severing the headquarters link with the World Trade Organization summit in Seattle, where well-organized rioters, led by the eco-terrorist Earth First! attempted to sabotage serious opposition by labor and others to the free-trade/globalization fest.

**TONY BLAIR** has intervened to prevent the return to Greece of the Parthenon sculptures, known as the "Elgin Marbles" (after their thief, Lord Elgin), according to the Dec. 13 London *Guardian*. Athens had hoped to have them returned in time for the Olympic games, which will be held in Greece in 2004. The Greek government is building a new museum where they would be exhibited.

**A DUTCH** highschool student shot and wounded three fellow students and a teacher at a school in the southern city of Veghel, according to wire services on Dec. 7. Only 24 hours earlier, a similar school shooting occurred in Fort Gibson, Oklahoma.

**JAPAN** plans to deploy 96,000 troops on New Year's Day to handle incidents related to Y2K problems, including special units to tackle possible nuclear accidents, a Defense Agency spokesman told Agence France Presse on Dec. 7. The units will remain deployed until Jan. 4, when firms return to normal business routine. In addition, the Defense Agency would put on stand-by 7 destroyers and 130 fighters and other warplanes "in order to collect information," he stated.

as the "essential ingredient of reconciliation" in the region. He also called for "restitution for damage over the Balkan area," and for a "Marshall Plan aid package." Skidelsky concluded: "Unless we are willing to come clean on Kosovo, Russia will not listen to us on Chechnya, or anything much else."

## **Chávez's 'Constitution' will destroy Venezuela**

On the eve of the Dec. 15 referendum on President Hugo Chávez's proposed Constitution, Venezuela is so sharply polarized, that the preconditions for class warfare are being laid. Early returns showed the referendum winning with a heavy majority, but voter turnout of only 45%. The proposed Constitution, drafted by a National Assembly of Jacobin *enragés*, has frightened and angered a large percentage of the middle class, including Catholic Church leaders, professionals, and simply, thinking people who had thrown their support to Chávez's Presidential campaign under the delusion that he would bring about needed change.

These forces have now rallied around the campaign for a "No!" vote, some denouncing the Constitution as an attempt to set up a dictatorship.

Chávez has proclaimed that if Christ were alive, he would vote "Yes!" On Dec. 12, he raved: "God is with the 'Yes' vote, because the voice of the People is the voice of God, and the People are with the 'Yes.'"

Co-thinkers of Lyndon LaRouche, the Ibero-American Solidarity Movement (MSIA), have taken a leading role in the opposition, with a statement "No to the Disintegration of Venezuela!" published in the Dec. 14 issue of *El Globo*. The statement cuts through the misconceptions that this fight is between "neo-liberals" and "communists"—after all, George Soros and David Rockefeller back Chávez. The MSIA reminds readers that Venezuela's crisis is part of the global financial crisis, and that Chávez is the financial oligarchy's instrument to destroy Venezuela. The analysis of LaRouche, who is identified as a U.S. Democratic Party Presidential pre-candidate, and his organizing for a New Bretton Woods system, are detailed.

Strong opposition also comes from the head of the Catholic Bishops Conference, Msgr. Balthasar Porras. Speaking to Televen on Dec. 10, he said: "No one, much less a politician, can become a sort of ayatollah, a Grand Inquisitor, who has the last word in all things, human and divine, and in all situations." Chávez's language has created "fear in large parts of the population, including even among those who are with the President himself. People are afraid. Why? Because there is a confrontational climate." Porras warned that the country could split apart. The government is creating "hatreds, and a fissure. . . . How do they expect to come back after Dec. 15, and say: 'Well, and now we are all united?'"

## **Gen. Oviedo back in hiding in Paraguay**

Gen. Lino Oviedo, a Paraguayan patriot, escaped his security guards in Argentina, and is now back in Paraguay in hiding. Oviedo was granted asylum in Argentina last March, following the assassination of Vice President Luis María Argana. The current Paraguayan government demanded that he be extradited and tried for Argana's murder, but Argentina's then-President Carlos Menem refused. It was known, however, that the new President, Fernando de la Rúa, who was sworn in on Dec. 10, intended to kick Oviedo out. On Dec. 9, Paraguayan Judge Jorge Bogarian issued an international arrest warrant for Oviedo, charging him with the murder of Argana. Paraguay's Army has been placed on alert, in anticipation of Oviedo's capture.

However, Oviedo gave an interview to the U.S. CBS network on Dec. 11, from "somewhere in Paraguay," and announced his plans to run for President. Oviedo said he planned to "peacefully claim the Presidency," to fight corruption and drug trafficking, and to make sure that "national elections are held." He added, "I am in national territory, with my dear compatriots, my brother peasants, with those who have been marginalized. . . . I will be working with them." Authorities and security forces in the capital, Asunción, have reportedly been thrown into a state of confusion over Oviedo's public emergence.

## Cambodia genocide: Kissinger and Brzezinski in the dock

by Michael Billington

The flood of attacks against the concept of the sovereign nation-state over the past 30 years has become a raging torrent as the 20th century comes to a close. In the Balkans, the Middle East, East Timor, and throughout the Third World generally, the British-American-Commonwealth (BAC) financial oligarchy has assumed the right to dictate economic policies, impose social controls, deploy massive bombing campaigns, or even, unilaterally occupy nations or territories which refuse to obey their orders. While these actions are carried out under “humanitarian” guise, by the so-called “international community”—the International Monetary Fund (IMF), the World Trade Organization (WTO), NATO, or the United Nations, for example—they constitute a revival of British 19th-century colonialism in both form and content. A leading aspect of this new colonialism is a modern form of “extraterritoriality,” whereby BAC-directed institutions assume the right to conduct supranational trials of citizens of sovereign nations, even when the alleged crimes are entirely domestic in nature.

A crucial test case of this judicial breach of sovereignty is taking place in Cambodia, where the Cambodian government and Prime Minister, Samdech Hun Sen, have refused to submit to foreign jurisdiction in regard to trials of the now defunct Khmer Rouge.

Today, for the first time in the lifetime of most of the citizens of Cambodia, their country is at peace. The Khmer Rouge have finally been completely dismantled, and a freely elected government is functioning with the broad support of the population. Economic and social conditions are still wretched—among the worst of any nation on Earth—and the dangers are still immense. But, for once, there is a realistic basis for hope.

Over the past year, a new, potentially disastrous element has been introduced into this delicate situation—the mounting hue and cry from the West for an international tribunal to

try those leaders of the Khmer Rouge who yet survive, for crimes against humanity. Most of these voices are also imputing to the government of Cambodia and to Prime Minister Hun Sen, the sinister intent to subvert this appeal for “justice,” and to cover for or protect the Khmer Rouge leaders (see box).

The ironies imbedded in these hypocritical demands are monstrous in their proportions, as even a cursory review of the history of the past 50 years would make clear to any relatively open-minded investigator, and as we shall so investigate here.

The question can not be avoided: Why are certain political interests in the BAC orbit so frantic to assure that any trial or tribunal of the Khmer Rouge *not* be held within Cambodia, or under the auspices of the Cambodians themselves? Would not the people of Cambodia, who suffered the worst genocide of the last half of the 20th century, and the political party (the current government party) which fought the Khmer Rouge for 20 years and brought about their demise, be the most worthy and most capable to judge the crimes committed against them?

The predominant reason for this atrocious effort to invade Cambodia’s hard-won sovereignty, is the determination of the allies of British Prime Minister Tony Blair and his neo-imperialist accomplices to impose a Roman imperial-style global “rule of law.” However, in the case of Cambodia, Prime Minister Blair’s accomplices have a self-evident additional motive: There are many skeletons in the Cambodia closet of Mr. Blair’s crowd, including their own deployment of their agents to promote and prolong the genocide of Pol Pot et al.

During the last 50 years, Cambodia has been treated as a political football in the British-designed post-World War II world order known as the Cold War. The Khmer Rouge could never have come to power, nor survived as a belligerent force after the Vietnamese drove them from power, without the direct, open support from the BAC political and financial



*Henry Kissinger (left), shown addressing the 1974 UN General Assembly, had formulated Nixon's "Madman Theory," under which, from 1969-73, the U.S. illegally bombed Cambodia. Zbigniew Brzezinski, as Carter's National Security Adviser, cynically wrote: "I encouraged the Chinese to support Pol Pot. I encouraged the Thais to help Democratic Kampuchea. . . . Pol Pot was an abomination. We could never support him, but China could."*

leadership. These interests clearly want to control any trial, not (as they proclaim) to bring justice for crimes against humanity, but to prevent their own complicity and responsibility for those crimes from coming under scrutiny.

We shall herein place in the dock, before the jury of history, the two primary architects of the BAC policies which transformed this small, agricultural nation of 7 million into a physical and psychological hell: Henry A. Kissinger, the quintessential British agent of influence within the United States, who boasted to his sponsors at London's Chatham House in 1982, that he had reported *first* to London throughout his years in U.S. government service, and that he considered Winston Churchill to have been right, and Franklin Roosevelt wrong, in regard to the British effort to restore European colonialism in Asia after World War II; and, secondly, Zbigniew Brzezinski, the pretender to European feudal aristocracy, who continues, still today, in the pursuit of British geopolitical gamesmanship across Eurasia, bringing the world to the current rush toward global nuclear confrontation (see *Feature* in this issue and *EIR*, "Brzezinski Plays Britain's 'Great Game' in Central Asia," Sept. 10, 1999).

These men, and those who would speak for them, have a great deal they would prefer remain hidden or obscured within the recent history of Cambodia. While the government of Cambodia may or may not choose to hold trials of the now pacified or incarcerated Khmer Rouge leaders, as is their sovereign right, the true task of any *international* investigation should be to shed light upon the *international* causes and instigators of Cambodia's holocaust. This report is undertaken in that spirit.

### **Colonial legacy**

The French colonization in Southeast Asia brought together the areas now comprising Vietnam, Cambodia, and Laos, called French Indochina. This was not a natural union,

however, since it cut across cultural fault lines—the states of Vietnam were culturally influenced by China, with a Confucian philosophy combined with a Mahayana Buddhist tradition, while Cambodia was more directly influenced by the southern Indian tradition of Theravada Buddhism. The famous Angkor civilization of the 9th-14th centuries was destroyed by invasions from Thailand backed by the Monguls, who had already laid waste to much of Eurasia. When the French arrived in 1801, sailing up the Mekong River from Saigon, they first declared a protectorate over Cambodia, but later in the century, imposed full colonial control as part of French Indochina.

In 1941, Norodom Sihanouk became King. With the Japanese occupation the following year, King Sihanouk remained on the throne under the colonial control of the Japanese and their Vichy French collaborators. Following the war, King Sihanouk negotiated a partial independence from the French, which was made more substantial in the 1954 Geneva conference which ended the French colonial war in Vietnam. The King emerged as a symbol of, not only Cambodia's traditional culture, but also its newly won independence.

The King also became actively involved in world affairs, playing a significant role in the famous 1955 Asian-African Conference in Bandung, Indonesia, together with such leaders as Sukarno, Jawaharlal Nehru, and Zhou Enlai, opposing colonialism, and planning cooperation toward the development of the former colonial nations. King Sihanouk propounded non-alignment, being neither anti-Soviet bloc nor anti-West, while resisting any breach of sovereignty from either Cold War camp. He refused to join the Southeast Asia Treaty Organization (SEATO), created as an anti-communist bloc in Asia by the British and U.S. Secretary of State John Foster Dulles during the Eisenhower administration, but he nonetheless sought U.S. aid to defend against Vietnam's incursions and subversion.

The British and their allies within the United States deployed numerous covert operations in the late 1950s, aimed at subverting the spirit of the Bandung Conference and the emerging Non-Aligned Movement of formerly colonized nations. Prince Sihanouk (he stepped down as Monarch in 1955 to become the elected head of state as a Prince) became increasingly disenchanted with the intimidation coming from the Dulles State Department, which accused him (and virtually every other nationalist leader as well) of “leaning toward communism.” When the United States sponsored a coup attempt against Prince Sihanouk in 1959, he strengthened his ties to China, and when Vietnam’s U.S.-sponsored leaders, the Diem brothers, were murdered under CIA direction in 1963, the Prince renounced U.S. aid altogether. When the United States deployed troops into Cambodia in 1965 in pursuit of Vietcong sanctuaries, without asking for or receiving Cambodia’s approval, U.S.-Cambodian relations were formally severed.

The Khmer Rouge were a small force throughout the 1960s, functioning essentially as an adjunct to their fellow Vietnamese communists led by Ho Chi Minh. There were two factions of leadership in the Cambodian Communist movement—those who had been trained by the Vietnamese, who held a more Soviet-oriented, “internationalist” perspective, and those who had been educated in France, primarily at the Sorbonne, in the 1950s, led by Soloth Sar (later known as Pol Pot) and Khieu Samphan. The Sorbonne in the 1950s and 1960s was an Anglo-French laboratory for creating manipulable radicals from Asia, Africa, and Latin America, centered around the theories of “revolutionary violence” associated with Frantz Fanon and existentialist Jean-Paul Sartre, and a radical economic theory known as “underdevelopment theory” which promoted the international self-isolation of underdeveloped nations, rejecting any foreign aid or investment as a form of exploitation, while promoting total self-sufficiency through primitive communal agricultural policies. Such radicalism served the colonial powers well, by preventing alliances between and among nations opposed to colonialism, while also providing extremely violent gangs which could be unleashed against nationalist Third World leaders who refused to accept the economic demands of their former colonial masters. Peru’s bloody Sendero Luminoso (Shining Path) and Cambodia’s Khmer Rouge are but two of the products of this Sorbonne workshop and its subsidiaries.

## **Enter Henry Kissinger**

The two factions of the Khmer Rouge co-existed during the 1960s, and even maintained a certain understanding with Prince Sihanouk’s government. The government put down several Khmer Rouge efforts to foment uprisings in different parts of the country, but at the same time, Prince Sihanouk allowed the Vietnamese to operate in Cambodian territory and to receive arms shipments through Cambodian ports. China and Russia, which were both supporting the North Vietnamese in the rapidly escalating war in Vietnam, continued

nonetheless to recognize and support the non-communist government of Prince Sihanouk in Cambodia.

Then, in March 1969, soon after Dr. Henry A. Kissinger took office as National Security Adviser under President Richard Nixon, U.S. B-52s began sustained carpet bombing of vast areas of Cambodian territory near the Vietnam border. Thousands of flights, each with 30 tons of bombs, introduced Cambodia to the practice made common in Vietnam of wiping out entire villages suspected of harboring communist forces. The bombing of this sovereign, neutral nation was carried out in flagrant disregard of both American and international law, and in complete secrecy from the American people, including even most of the Congress. The official records of the bombing raids were systematically falsified in order to maintain the lie that the United States was respecting Cambodian sovereignty. Prince Sihanouk, trying to retain some semblance of neutrality, remained silent about the bombings.

The U.S. air raids were singularly unsuccessful in destroying Vietcong or North Vietnamese base camps, which were operating out of well-protected tunnels and were highly mobile. The local villagers, however, were not so well protected. Survivors began moving toward the interior as refugees, while the Vietnamese troops also moved deeper into Cambodia’s heartland, drawing the bombers behind them. Thus began a three-year process of U.S. bombing of Cambodia’s rural areas, judged by some estimates to be the most extensive bombing per square kilometer and per capita of any nation in history.

Nixon and Kissinger referred to this as part of the “Madman Theory,” which held that, although the Nixon administration was publicly committed to winding down the Vietnam War and finding a negotiated “honorable peace,” it was necessary to demonstrate to the adversary in North Vietnam, China, and the Soviet Union (and to any other Third World country which may have been considering resistance to neo-colonial dictates) that the U.S. President was mad enough to unleash bloody hell at almost any time and place in order to force acceptance of his “negotiating conditions,” and a not-so-subtle threat that the United States might opt for a nuclear response if the Soviets or the Chinese became directly involved.

The madness escalated in March 1970. The United States had long nurtured direct ties with Cambodia’s military through Army Chief Gen. Lon Nol, who was then also serving as Prime Minister under Prince Sihanouk. Kissinger was working with Gen. Lon Nol to expand the Cambodian Army with U.S. assistance, when the General suddenly seized power, deposing Prince Sihanouk while the Prince was visiting Moscow and Beijing. Kissinger’s insistence that Gen. Lon Nol had acted without U.S. backing or instigation is belied by the direct U.S. aid preceding the coup and the immediate extensive support within hours of Lon Nol’s seizure of power.

Even with a subservient regime in power in Phnom Penh, Kissinger chose to treat Cambodia as a personal fiefdom. Within weeks of the Lon Nol coup, the United States launched a direct land invasion into eastern Cambodia with U.S. and

South Vietnamese troops, ostensibly to destroy Vietcong and North Vietnamese base camps, without bothering to notify the Cambodian government. Gen. Lon Nol could only meekly protest that the invasion violated Cambodia's territorial integrity, while complaining that the invasion placed the entire country in danger, rather than just the border regions.

For the United States to invade a sovereign, neutral nation without a Congressional declaration of war was illegal under the Constitution. Even the fig leaf of a "Tonkin Gulf Resolution" was dispensed with, in favor of an imperial declaration of personal prerogative and power. Kissinger and Nixon called on then-Assistant Attorney General William Rehnquist to provide a legal justification for the criminal invasion. Rehnquist promptly responded by dispensing with the U.S. Constitutional mandate, that only the U.S. Congress could declare war, and pronounced instead that the U.S. President was justified in deploying U.S. troops to wage war wherever and whenever he so desired—a precedent which has had disastrous consequences for civilization over the past 30 years. Rehnquist, who later became Chief Justice of the U.S. Supreme Court, would make a career of perverting the spirit and the letter of the U.S. Constitution.

Although the invasion force was withdrawn from Cambodia after three months (largely to appease U.S. popular opinion), the bombing campaign escalated. At first, U.S. bombing targets were chosen in collaboration with Gen. Lon Nol's government, but over the next few years, the U.S. military increasingly ran the targetting itself, disregarding any political or social consequences of the ensuing catastrophic destruction of vast rural areas. Peasant refugees fled to the cities in droves, so that by 1973, Phnom Penh, a city of about 500,000, swelled to more than 2 million.

Although millions fled to the cities to escape the bombing, many also chose to join the resistance under Khmer Rouge direction. Sihanouk is often blamed for the rapid expansion of the Khmer Rouge after the 1970 coup, because he chose to align himself with his former Khmer Rouge enemies, broadcasting a call from Beijing to the Cambodian people, to rise up against the U.S.-backed Lon Nol government by joining the alliance formed between himself and the Khmer Rouge. There is no question that many Cambodians were persuaded to join the Khmer Rouge by this call from the still-revered symbol of Cambodia's culture and unity, but, were it not for the massive U.S. bombing operations, it is virtually certain that the conflict would have ended in some form of negotiated peace—an approach which the mercurial Prince Sihanouk had made his trademark, as he would demonstrate again after the war. But with the peasantry forced to choose between leaving their homes to escape the bombing, or joining the Khmer Rouge (with the Prince's blessing) and defending their villages, the Khmer Rouge rapidly grew into a formidable force.

The bombardment reached its pinnacle after the January 1973 Paris Peace Agreement negotiated between Henry Kissinger and the North Vietnamese. The United States agreed

to halt all bombing in Vietnam and withdraw all U.S. troops over a predetermined interval. However, Cambodia was left out of the Paris agreement. Within two weeks, the entire U.S. bombing force was re-targetted to Cambodia. Over the next six months, over 250,000 tons of bombs were dropped on Cambodia, doubling the tonnage from the previous three years. Only when the U.S. Congress ordered an end to the bombing, did the administration stop the carnage.

A second result of the Paris Peace Agreement was that the Anglo-French-trained faction of the Khmer Rouge purged those associated with the Vietnamese and Vietnam's Soviet backers, pointing to the "sell-out" of Cambodia's communists by the Vietnamese at the Paris peace talks. The now infamous, xenophobic, communalist doctrines of the Sorbonne faction of the Khmer Rouge were then implemented with ferocity.

Even before the onslaught of the Khmer Rouge terror, somewhere between 500,000 and 1 million Cambodians were killed, mostly by U.S. bombs, while millions more were driven from their homes as refugees. Having thus created a living hell, the United States withdrew in the face of the Frankenstein monster it had helped create.

## Geopolitics

Kissinger's self-professed allegiance to the British Foreign Office is expressed ideologically by his adherence to British balance-of-power geopolitics. Kissinger was simultaneously negotiating détente with Moscow and establishing U.S. relations with China, after over 20 years of estrangement, while also waging massive, if "limited," warfare against Soviet and Chinese-allied nations in Southeast Asia. This apparent contradiction is in fact a coherent policy, designed in the 1950s under the auspices of Bertrand Russell, Henry Kissinger, and others, known as the Pugwash Doctrine. The Pugwash Doctrine envisioned a world governed by the financial oligarchy centered in London, structured as a bi-polar world, with the United States and the Soviet Union holding each other at bay through the Mutually Assured Destruction (MAD) doctrine of massive nuclear retaliation. All other nations were to accept and obey this bi-polar world structure under the threat of nuclear annihilation—a terror made realistic by the earlier application of the "Madman Theory" by Harry Truman and his British sponsors, who unleashed the nuclear holocaust against Japan even while Japan was seeking to surrender.

The Vietnam War fit within the Pugwash Doctrine as a limited, surrogate confrontation between the superpowers, thus serving to prevent any global collaboration on development between East and West, while maintaining a strategy of tension just below the level of World War III. However, during the 1960s, Kissinger and his London allies recognized that the emerging rift between Moscow and Beijing provided an opportunity for further geopolitical manipulation, a process which became known as the China Card. The key to the China Card, as later expressed by Zbigniew Brzezinski, was "the importance of the U.S. maintaining a better relationship

with both China and the U.S.S.R. than either of them has with each other.”

Not only was the communist bloc divided, but the non-aligned nations of the Third World were thus subjected to further centrifugal pressures. To a geopolitician like Henry Kissinger, Vietnam, and especially Cambodia, took on a wholly new character, as tools to be wielded in balance-of-power politics.

Kissinger took office in 1969, knowing that the Vietnam War was lost. What the good doctor meant by seeking an “honorable peace” was to divide the nations comprising the former colony of French Indochina along the lines of the Sino-Soviet split. Kissinger knew well the historic animosities that existed between Vietnam and Cambodia, as well as between Vietnam and China, divisions which determined his approach to the Paris Peace conference, and motivated the devastating bombing campaign over Cambodia which immediately followed the Paris Treaty.

In his memoirs,<sup>1</sup> Kissinger complains bitterly that his bombing of Cambodia—which he describes merely as an “effort to buttress the successors to Sihanouk”—had been widely blamed for the subsequent horrors under the Khmer Rouge. “This bizarre expression of self-hatred,” writes Kissinger, “makes as much sense as blaming Hitler’s Holocaust on the British’s bombing of Hamburg.” But Kissinger lies twice: He knows that the British conspired to put Hitler in power in the first place, as a geopolitical maneuver aimed at dividing Europe and getting Germany and the Soviet Union to bleed each other to death, while Hitler implemented the fascist economic policies designed by Bank of England-asset Hjalmar Schacht, the Nazi Economics Minister. So, also, Kissinger designed a U.S. pullout from the Vietnam War which intentionally left Indochina divided between a Soviet-sponsored Vietnam and a Chinese-sponsored Cambodia, not only to divide Indochina itself, but to serve as a means to manipulate and aggravate tensions between China and Russia on a global scale. For the next 20 years, Cambodia would suffer as the sacrificial lamb to British Cold War geopolitics.

Kissinger also takes great exception in his memoirs to William Shawcross, who in his extremely well-documented *Sideshow: Kissinger, Nixon, and the Destruction of Cambodia*, written in 1978, accused Kissinger of taking measures to prevent any compromise which could have brought Prince Sihanouk back to power as the head of a neutral coalition government. Efforts to effect such an outcome were pursued extensively by the French and the Chinese, who had good reasons to anticipate a disaster if the Khmer Rouge were to take over on their own through a military victory. Kissinger acknowledges that Zhou Enlai told him in February 1973, immediately following the Paris Peace Agreement ending the Vietnam War, that China was not anxious to see the Khmer Rouge rule on their own, but that Prince Sihanouk should be supported in building a coalition government.

---

1. Henry Kissinger, *Years of Renewal* (New York: Simon & Schuster, 1999).

Kissinger not only ignored Zhou Enlai, but unleashed the full fury of the combined U.S. air capacity in Asia over Cambodia. He then had the chutzpah to blame the U.S. Congress for sabotaging the potential for a negotiated peace by passing legislation ending the bombing!

Then, in late 1974 and early 1975, the French Ambassador in Beijing came close to achieving another agreement whereby China would support Sihanouk as head of a negotiated coalition government. At that time, China’s Zhou Enlai warned Sihanouk and Khieu Samphan, the Sorbonne-trained architect of the Khmer Rouge economic program, that radical agrarian communalism had the potential for disaster, pointing to the massive, deadly failure of China’s Great Leap Forward in the late 1950s. China itself was still suffering the internal turmoil of the Cultural Revolution, with the leadership of the nation shifting between the extreme radicals known later as the Gang of Four, and the far more rational forces associated with Zhou Enlai. Zhou strongly backed Prince Sihanouk, but he was extremely cautious about the Khmer Rouge, who drew their support from the Chinese advocates of “revolutionary violence” such as the Gang of Four. (Later, in 1976, when Zhou Enlai died and China was temporarily in the total grip of the Gang of Four, Sihanouk was unceremoniously dumped from his titular role as head of state in the Khmer Rouge government, and spent the rest of the years of Khmer Rouge rule as a passive symbol, under virtual house arrest.)

In December 1974, the French presented the Chinese/Sihanouk proposal for a negotiated peace to President Ford (Nixon had resigned) and Henry Kissinger at a summit meeting in Martinique. Kissinger threw cold water on the idea by imposing stringent conditions regarding the necessary role of Gen. Lon Nol’s government in any coalition. In a pompous explanation in his memoirs, Kissinger writes: “We had our doubts that . . . China would engage itself again, or that, if it did, it would do so through French intermediaries.” The last chance to circumvent the impending Khmer Rouge military victory was wasted. Kissinger, after all, needed a surrogate Sino-Soviet conflict, not a neutral, peaceful solution.

### **Zbigniew Brzezinski**

There is no need here to detail the horrors of the Khmer Rouge reign of terror from 1975 to 1979: the depopulation of the urban centers, forced communal labor, and the elimination of money, personal property, schooling, family ties, communications, etc. There are many published accounts drawing on the voluminous self-documentation by the Khmer Rouge, up to and including detailed descriptions of the torture and murder of tens of thousands of supposed enemies of the state in the Killing Fields. (See, for instance, Elizabeth Becker, *When the War Was Over: Cambodia and the Khmer Rouge Revolution* [New York: Public Affairs, 1998]). It need only be noted for our purposes that Pol Pot launched military operations against Vietnam in 1977, while, at the same time, the Khmer Rouge leadership turned against its own cadre in paranoid internal purges. Large numbers of Khmer Rouge troops



## Learn from the past to save the future

Cambodian Prime Minister Samdech Hun Sen announced on Dec. 15 that his Council of Ministers will vote Dec. 24 on the long-awaited draft law authorizing a *national* war crimes tribunal for aging leaders of the now-defunct Khmer Rouge. The law will then be sent to the National Assembly for passage. Holding a copy of the draft, he told Deutsche Presse Agentur (DPA), "You see how we are working as an independent and sovereign country, which will not tolerate, at all, acts of genocide. . . . Once the draft is adopted by the Council of Ministers, we will not retreat." During his September trip to the UN General Assembly, Prime Minister Samdech Hun Sen delivered an *aide m emoire* rejecting Secretary General Kofi Annan's proposal for a "mixed tribunal," to be convened outside of Cambodia and run by foreign judges and prosecutors appointed by Annan, as a gross violation of Cambodia's sovereignty.

Cambodia did not, however, close the door on UN assistance, and has sought advice from legal experts in Russia, India, France, and the United States. Subsequently, the United States proposed the "super majority" proposal. The existing three-tier Cambodian court structure will be respected, allowing for trial, appeal, and Supreme Court appeal. At each level, the unusual, and risky, proposal calls for a majority of Cambodian judges and a minority of foreign judges; a majority of the entire panel must uphold any ruling. The trial stage will have five judges, three Cambodians, two foreigners; four judges must confirm the ruling. The appeals court will have seven judges, four Cambodians, three foreigners; the Supreme Court will have nine judges, five Cambodians, four foreigners. Foreign prosecutors might also work alongside Cambodian peers.

Only two former Khmer Rouge leaders are in custody, former Khmer Rouge Defense Minister Ta Mok, a.k.a.

"The Butcher," and Kang Khhek Ieu, a.k.a. "Duch," chief executioner at Tuol Sleng prison. In his DPA interview, Samdech Hun Sen said these two should not be made scapegoats, but others should be tried. The case of Khmer Rouge Foreign Minister Ieng Sary is unique, as he received a royal amnesty in 1996, backed by both prime ministers and a two-thirds majority of the National Assembly, but he has no immunity from a charge of crimes against humanity, Hun Sen added. He continues to warn, though, that the process must be conducted carefully to avoid spooking former Khmer Rouge into fleeing to the jungle and renewing war.

The purpose of any tribunal, he said again on Dec. 15, "is to be responsible to the needs of the Cambodian people." This issue is addressed in *EIR's* new videotape "Storm Over Asia," where *EIR* Founder Lyndon LaRouche discusses the revolution in diplomacy and human rights accomplished in the 1648 Treaty of Westphalia, ending nearly 150 years of religious wars in Europe. Cambodia's challenge is an internal war, waged by Cambodians, against Cambodians, in Cambodia. *How* to win the peace is not so different.

LaRouche reports that the parties to the Treaty of Westphalia "had the wisdom to agree . . . that we were not going to try to find the blame for each party for guilt in connection with these wars, and the atrocities which were perpetrated as part of these wars; no seeking of retribution. The principle of no retribution, was key to securing the peace. People realized that to try to fight out the issues of recrimination and respective guilt . . . would mean the war would just go on. . . . When people say, . . . 'we've got to go in there and straighten these people out,' all you're doing is . . . spreading war; you're spreading war that can not be stopped, because now, the people who are going in, doing the punishing, are the new criminals. . . . So the solution to war, as has always been understood by the great strategists of modern European civilization, and also China, is to bring peace. . . ." — *Gail Billington*

and their officers defected to Vietnam. Hun Sen, at that time a lower-level officer in the Eastern zone, refused to carry out instructions to massacre Vietnamese villagers, and defected with his troops into Vietnam.

The Carter administration took office in January 1977, with Zbigniew Brzezinski taking over as National Security Adviser. Brzezinski, like Kissinger, was a founding member of the Trilateral Commission, established in 1972 to promote the power of the financial oligarchy over the rights of sovereign nation-states. Carter was entirely a creation of the Trilateral Commission entourage within his Cabinet. Brzezinski, in addition to his adherence to British geopolitics generally, also harbored delusions of his Polish aristocratic heritage, and

professed a deep-seated hatred of Russia (not *communism*, but *Russia*, as is most evident today in his continuing role in the destabilization of Russia). Brzezinski's immediate preoccupation upon taking office was the extension of Kissinger's China Card as a geopolitical weapon to divide Eurasia and divide the developing sector nations of the Non-Aligned Movement.

With the demise of the Gang of Four in 1976, ending the Cultural Revolution once and for all, China was returning to sanity. Besides continuing the negotiations with the United States, there were also efforts to improve their strained relations with Vietnam, and deep concerns about the extremes of the Khmer Rouge in Cambodia. Brzezinski was hell-bent to

prevent any rapprochement between China and Vietnam, and to keep China tied to the Khmer Rouge. He declared Vietnam the *aggressor* in the Khmer Rouge border raids against Vietnam, calling it a Soviet proxy, supposedly challenging China and its ally, Cambodia.

News of Khmer Rouge genocide was already circulating in the West. Democrat Steven Solarz and Republican Bob Dole sponsored Congressional hearings into the genocide as early as May 1977. Even within the Carter administration there was opposition to Brzezinski's promotion of the Khmer Rouge against the Vietnamese. Secretary of State Cyrus Vance, in particular, was attempting to bring about the reestablishment of relations between the United States and Vietnam, to finally put an end to the legacy of the Vietnam War.

Brzezinski moved quickly to impose himself as the chief negotiator with Beijing in the process of establishing diplomatic relations, accusing Vance of being too soft on the Soviets and the Vietnamese. In his memoirs,<sup>2</sup> Brzezinski refers to his disagreements with Vance, who was negotiating disarmament agreements with the Soviet Union. He states: "I had by then become quite preoccupied with Moscow's misuse of détente to improve the Soviet geopolitical and strategic position. . . . I believed that a strategic response was necessary."

That strategic response was the revival of London's "Great Game" of the 19th century—the fostering of separatist, ethnic, and religious rebellions along the borders of Russia and China across the entire Eurasian landmass, the so-called "Arc of Crisis." This destabilization of both Russia and China was to be combined with the China Card, aimed at intensifying the Sino-Soviet conflict. To that end, Brzezinski travelled to Beijing in May 1978, accompanied by his deputy and fellow Trilateral Commission member Samuel Huntington—who would later make famous his imperial "Clash of Civilizations" theory, which argues that the various cultural and racial subdivisions of the human race are inherently incapable of peaceful collaboration, but are destined to confrontation and warfare on a global scale.

Brzezinski told the Chinese that the U.S. relationship with China must be based on the "common threat which causes us to draw together—the emergence of the Soviet Union as a global power." To promote himself, Brzezinski told the Chinese: "I would be willing to make a little bet with you as to who is less popular in the Soviet Union—you or me." He made an ostentatious show of declarations against both the Soviet Union and Vietnam as common enemies of China and the United States.

Brzezinski then moved to sabotage Secretary Vance's efforts to establish relations with Vietnam, which had reached a point of agreement in principle by September 1978. Brzezinski convinced Carter to postpone the process so as not to prejudice relations with China. That "postponement" was to last for more than 20 years, until 1998!

---

2. Zbigniew Brzezinski, *Power and Principle: Memoirs of the National Security Adviser, 1977-81* (New York: Farrar, Straus, Giroux, 1983).

In December 1978, the Vietnamese responded to the recurring Khmer Rouge unilateral military attacks across the border, and to the ample evidence that Cambodia was a nation engulfed in madness, by sweeping rapidly across the border and into Phnom Penh, together with the Cambodian troops who had earlier defected. Brzezinski, rather than cheering the liberation of Cambodia from the grip of the most hideous genocide and human rights disaster since World War II, condemned Vietnam as an evil aggressor against the sovereignty of Democratic Kampuchea (the Khmer Rouge name for Cambodia). Continuing efforts by Vance and others to establish relations with Vietnam were quickly squelched by Brzezinski. Other attempts to condemn the atrocities of the Khmer Rouge and to seek an international tribunal into the genocide were suddenly suspended, including even the UN's investigation into the Killing Fields. In fact, the United States led a campaign within the UN to recognize the Khmer Rouge as the official representatives of Cambodia, rather than the new government in Phnom Penh, even as detailed accounts of Khmer Rouge genocide were provoking shock and disgust around the world.

In a psychologically deranged admission of his own crimes, Brzezinski wrote that: "I encouraged the Chinese to support Pol Pot. I encouraged the Thais to help Democratic Kampuchea. . . . Pol Pot was an abomination. We could never support him, but China could."

Even this was a lie. In fact, Brzezinski arranged for extensive U.S. aid for the Khmer Rouge in the form of aid to its refugee camps along the Thai border.

The argument that human rights had to take a back seat to the issue of sovereignty is particularly hypocritical when viewed in comparison to Brzezinski's recent role, in league with his protégé Secretary of State Madeleine Albright, in carrying out the British-directed NATO bombardment of Serbia. Their argument, that human rights violations justify the breach of sovereignty, including the destruction of civilian infrastructure and the deaths of thousands, totally contradicts their earlier argument in regard to Cambodia. The common factor which makes this contradiction coherent, is that both cases represent the underlying British geopolitical policy of dividing the Eurasian nations against one another.

Within weeks of the defeat of the Khmer Rouge and the establishment of a new government in Phnom Penh, China's head of state Deng Xiaoping travelled to the United States for an historic visit, consolidating the official establishment of U.S.-China relations which had taken place on Jan. 1, 1979. In preparation for the visit, Brzezinski persuaded President Carter to remove from his speech a passage which stated that the new American-Chinese relationship was not directed against anyone else. Indeed, he intended to encourage China to go to war with Vietnam over the Cambodia issue.

In his memoirs, Brzezinski comes close to admitting that he promoted a Chinese invasion of Vietnam, although claiming that the administration merely refrained from objecting to Deng's announcement of a limited invasion to "punish"

Vietnam for the Cambodia incursion and other grievances. "Throughout this crisis," Brzezinski wrote, "I felt that the Chinese action in some respects might prove beneficial to us. For one thing, it set some limits for Soviet power by demonstrating that an ally of the Soviet Union could be molested with relative impunity."

### The role of the United Nations

Throughout the 1980s the United Nations officially recognized the deposed Khmer Rouge as the official representatives of Cambodia, either alone or as part of a coalition with Prince Sihanouk, *even though Prince Sihanouk tried several times to prevent it*. The Prince even sought U.S. asylum, a request conveyed in a note to the U.S. Ambassador to the UN. Asylum would have permanently freed the Prince from his strained alliance with the Khmer Rouge, and provided a basis for the United States to support Prince Sihanouk without supporting the Khmer Rouge. But that, of course, would have been counter to the geopolitical aim of maintaining a virulent anti-Vietnam and anti-Soviet force as head of the opposition to the new Cambodian government. Asylum was denied, under the excuse, conveyed by Assistant Secretary of State Richard Holbrooke, that the Prince would "lose his standing as an independent leader if he chose exile in the United States." In other words, stick with the Khmer Rouge.

Prince Sihanouk then proposed that Cambodia's UN seat be left *vacant* until a new national government could be formed. This proposal was rejected by a vote, led by the United States, in favor of seating the Khmer Rouge immediately. (The Non-Aligned Movement conference in 1979 refused to recognize the Khmer Rouge, following Prince Sihanouk's proposal.) Prince Sihanouk, pressured by the United States to renew his alliance with the Khmer Rouge, finally relented in 1981, forming a coalition to oppose the Vietnamese occupation.

The government in Phnom Penh, meanwhile, was forced to carry out a sustained war against the still-active Khmer Rouge forces, which continued attacks on government positions and terrorist actions in the rural areas, especially against ethnic Vietnamese communities.

Only the cooling of the Sino-Soviet conflict in the late 1980s provided some hope for peace. The first item on the agenda of the historic meeting of the Chinese and Soviet foreign ministers in September 1987 was the Cambodian situation. Soon afterwards, Prince Sihanouk met with Hun Sen in Paris, and by 1989 the Vietnamese had completed a peaceful withdrawal of their forces from Cambodia.

The complex process of negotiations which led to the October 1991 Paris Agreement and the July 1993 election under UN auspices need not be discussed here. But one crucial point must be emphasized in order to place the current debate over a tribunal into perspective—Prime Minister Hun Sen, while anxious to come to terms with Prince Sihanouk, and also with also Khmer Rouge officials who were willing to give up armed struggle, believed strongly and insisted repeat-

edly that any agreement must include a strong condemnation of the genocide which had occurred under Khmer Rouge rule, and an international tribunal to try those most responsible. This demand was repeatedly rejected by the Western negotiators representing the UN, claiming that such charges and threats of trials would prevent the Khmer Rouge from joining peacefully in the election process. Note that the Khmer Rouge were, at that time, actively engaged in extensive guerrilla war and acts of terrorism against the government and people of Cambodia. And yet today, after the government has successfully defeated and pacified the entire Khmer Rouge, with absolutely no help from the West, the UN is now insisting that the Khmer Rouge leaders, even those who surrendered and transferred allegiance to the government, must be put on trial, under *foreign jurisdiction*—a policy which would very likely provoke the ex-Khmer Rouge forces to flee once again to the jungles and renew their military campaigns. Prime Minister Hun Sen has quite rightly questioned why the UN, which forced the government to accept the Khmer Rouge as partners in the electoral process (although the Khmer Rouge ultimately dropped out of that agreement), are now so self-righteously intent on exacting revenge on those same forces they earlier promoted.

Revenge is neither a Christian nor a Buddhist virtue, and is not to be confused with justice. The Cambodian people themselves have expressed their desire for peace, not revenge, through their votes and through their ability to coexist in harmony with the Khmer Rouge cadre who have renounced violence and submitted to the sovereignty of the national government. Nor are there many still-remaining secrets concerning the crimes under Khmer Rouge rule—the directors of the death camps carefully documented their torture and murder, and those documents, along with other Khmer Rouge records, are on display in museums in Phnom Penh.

However, it is clear that there are many in the West, whose responsibility for the Cambodian genocide is less well documented, who would prefer that a search for truth and justice be replaced by a show trial, under their control, of the known Khmer Rouge leaders. Calling themselves "the international community," they are the same BAC spokesmen who loudly blame the nations of Southeast Asia for the financial collapse of the last two years, without mention of the international currency speculators or the IMF, who first caused and then perpetrated the crisis. Just as Malaysia has called the bluff of the speculators and the IMF, so Cambodia is to be commended for its firm rejection of the UN demands regarding the tribunal. It is to be hoped that other nations being threatened by the same process will take inspiration from Cambodia's defense of their rights and their sovereignty, and of justice for their nation.

*Michael Billington is now serving his eighth year of a 77-year sentence in Virginia state prison. Ostensibly convicted on charges of "securities fraud," he in fact was railroaded into prison because of his association with Lyndon LaRouche.*

## Stench of racism surrounds indictment of Wen Ho Lee

by William Jones

Nuclear physicist Wen Ho Lee was arrested in New Mexico on Dec. 10 and charged with 59 counts of mishandling classified information and violating secrecy provisions of the Atomic Energy Act, some of which carry a maximum sentence of life in prison. The Federal grand jury in Albuquerque that returned the 45-page indictment did not, however, charge the Taiwan-born scientist with espionage. Officials said that they were unable to find any credible evidence that Lee was a spy who had provided nuclear weapons secrets to Beijing, or anyone else. While Lee had for months been named as the target of a botched FBI investigation, his arrest on a multitude of such grave charges has caused a political shockwave, not least of all within the Asian-American community. To add insult to injury, Lee was denied bail, allegedly because of “risk for flight,” in spite of the fact that he had been under 24-hour surveillance since May of this year.

The investigation began as a result of information provided to the CIA by a Chinese intelligence “walk-in,” which indicated that the Chinese were in possession of classified data relating to the highly secret W-88 nuclear warhead. The CIA concluded that since the informant was a Chinese agent, the document he provided was therefore unreliable. Nevertheless, the Department of Energy launched an investigation. One of the chief targets of the investigation was Dr. Lee, who worked at the Los Alamos National Laboratory.

As the investigation unfolded, initially under the direction of Department of Energy security chief Notra Trulock, and then later taken up by the FBI, no real evidence of espionage was ever found. It became evident, however, that Lee had been targeted by Trulock precisely because he was a Chinese-American. In fact, among the 250 or more possible sources of the information on the W-88 at Los Alamos, only the 12 foreign-born Los Alamos scientists were investigated, and

Lee was chosen on the basis of a blatantly racist assumption that, as a Chinese-American, he would have more of a “propensity” to relay classified material to the Chinese authorities than other possible suspects. Trulock had been heavily relied on by the “Cox Committee”—ponderously named the House Select Committee on U.S. National Security and Military/Commercial Concerns with the People’s Republic of China, and chaired by Rep. Christopher Cox (R-Calif.)—in its crusade against the Clinton administration for being “soft” on China. The loss of credibility of their chief witness would carry a heavy political toll for the Republican China-bashers in Congress.

As the FBI took up the case, it relentlessly pursued the same dead-end trail, in spite of warnings from their own field investigators that there was no case against the Los Alamos physicist. While FBI officials investigating Lee earlier warned, in a series of memos to FBI Director Louis Freeh, that there was reason to believe that Lee was *not* the source of leaks of data on the W-88 to China, FBI Assistant Director Neil J. Gallagher nevertheless testified before Congress in June 1999 that the original Department of Energy probe of Lee had made a “compelling case” that he was not the source of national security leaks. The FBI continued its investigation on the purely circumstantial grounds that Dr. Lee had access to the information in question, and that he travelled to China on scientific visits, which were, in fact, approved by Los Alamos.

According to the Associated Press on Dec. 13, the FBI’s Gallagher has admitted that in November and December 1998, and again in January 1999, the FBI office in Albuquerque had written to headquarters that there were serious questions about the “accuracy of certain representations and conclusions” about Lee’s role in espionage. Copies of those

documents, the FBI admitted, were part of a briefing book that was given to Gallagher prior to his June testimony on Capitol Hill.

The three memos, and other secret FBI documents, were recently turned over to the Department of Justice and to Congressional committees probing the FBI's handling of the case. One government source who has reviewed the documents told Associated Press that on Jan. 22, 1999, the FBI office in Albuquerque informed Freeh and others that "it appears" that Lee was not responsible for leaking the W-88 data to China. A Jan. 29 followup memo "continues to insist" that Lee was not a spy.

Even while a McCarthyite atmosphere has been deliberately fostered, scientists at the national labs helped to "blow the whistle" on the attempted frame-up, accusing Trulock of racial targeting of Lee. Officials at the national labs were the first to react against the Lee case, fearing that the witch-hunt against him would discourage promising scientists from working in such an environment of fear. Former security chief at Los Alamos Robert Voorman told the press that "a lot of Caucasians" had not been investigated, even though they had access to the same material.

## The indictment

Dr. Lee is accused of transferring weapons data to a non-secure computer, leaving them vulnerable to spies or computer hackers—an offense for which former CIA director John Deutch had lost his security clearance. But there is no indication that the FBI plans to prosecute Deutch, even though his own violation of security regulations is even more egregious, given his position.

Ironically, the FBI discovered the "violations" when Lee agreed voluntarily to a search of his office and home. Embarrassed by their earlier lack of success in uncovering any "espionage," Justice Department officials seem eager to "throw the book" at Lee for whatever violations they could find.

"This case is being prosecuted because Wen Ho Lee has denied the United States its exclusive dominion and control over some of this nation's most sensitive nuclear secrets," John J. Kelly, the U.S. Attorney in New Mexico, said in Albuquerque. "Although Lee has not been charged with communicating classified information to a foreign power, the mishandling of classified information alleged in the indictment has, in the government's view, resulted in serious damage to important national interests."

"The indictment does not allege that Lee passed classified information to any particular foreign government, including the People's Republic of China," he added. Among other counts, the indictment accuses Lee of having transferred material to computer tapes, seven of which the FBI have not found. Lee's lawyer, Mark Holscher, said that he would make his client "immediately available to a mutually agreeable polygraph examiner" to prove that he had neither mishandled the tapes nor given them to someone else.

Legal experts note that the charges against Lee appear to be the first criminal prosecution under a section of the Atomic Energy Act that prohibits removing, concealing, or tampering with classified nuclear weapons data. However, this section specifies that the individual thus charged must act "with intent to injure the United States or with intent to secure an advantage to any foreign nation," a condition which, in the case of Lee, is far from evident, and which the government will be hard pressed to prove, if it is shown that he indeed moved the material at all.

## 'Suspect motives'

Lawyers from O'Melveny and Myers, the law firm that is defending Lee, said in a statement after the indictment that prosecutors had made decisions that had been "influenced by other branches of government whose political motives and agendas are suspect." Noting the fact that Lee had voluntarily relinquished his passport and voluntarily notified the government on every occasion when he would leave his home, his lawyers called the decision to deny bail "wholly unjustified." "It is astounding to have this case reach this level," the statement said.

According to press reports, the decision to arrest was taken by Attorney General Janet Reno after a White House meeting on the weekend of Dec. 4-5. In attendance were CIA director George Tenet, FBI Director Louis Freeh, National Security Adviser Sandy Berger, Secretary of Energy Bill Richardson, and Reno. The White House has been under heavy fire by House Republicans for alleged "negligence" in failure to take measures against what they allege to be Chinese espionage. As Monica Lewinsky faded into well-earned oblivion, "Chinagate" became the brunt of Republican attempts to "Get Clinton." With Reno and the FBI having to cover for the blunders during the earlier part of the investigations of Lee, and pressure on Richardson at the Department of Energy to prevent further "leaks," Reno seems to have been given the green light to go after Lee.

The arrest of Lee has sparked an angry reaction from the Asian-American community. Professional organizations, which normally shy away from political activity, have been fully activated, fearing that the actions taken against Lee will signify a broader campaign against Asian-Americans generally.

"We've never done anything like this before," said Bill Chang, president of the Chinese-American Engineers and Scientists Association of Southern California, one of the organizations mobilizing on Lee's behalf, "but I've been getting a lot of calls from our members. They're very scared and angry. They're really upset about what this means for them." Tina Hsu, a Washington lawyer, commented to the *New York Times*, "I'm deeply suspicious of the way they went about this. He's not even charged with spying. He's been charged with mishandling information. He seems like a sacrificial lamb."

# LaRouche: Rebuild FDR coalition and retake the Democratic Party

*On Dec. 11, Lyndon H. LaRouche, Jr. addressed some 250 supporters gathered in Los Angeles via satellite. His remarks were simultaneously webcast, with simultaneous Spanish translation. Subheads have been added.*

I want you to keep in mind, as I present a case to you today — keep in mind something I discussed with Harley Schlanger earlier today: the implications of a plan by someone to have the San Fernando Valley escape from Los Angeles. That is symptomatic of a deep problem within U.S. society, and I shall situate that problem, and what I propose we should do about it, in this report. So I'll get back to that at a specific point, and you'll see what I'm leading to.

Now, we are presently in the worst crisis in the Twentieth Century. Not only do we have a disintegration of the present world financial system — and I'll describe that as well. But, we are also in what has heated up very rapidly recently as a potential military conflict, not exactly like World War II or even exactly like a nuclear version of World War II, but something much more chaotic, but nonetheless, in the final analysis, just as destructive.

I refer, of course, inclusively, to the reports of the statements by Boris Yeltsin, the President of Russia, during his visit to China, and the comments on Yeltsin's statement, both by Chinese leaders and spokesmen, Russians as well, and also the reactions of terror which these developments have provoked on the continent of western Europe, and which, despite the attempt to cover over the issue, has evoked a sense, a shudder of fear and awe in large portions of the U.S. population itself.

The key to understanding our problem, is the fact that 30%, approximately, of the eligible voters, the citizens who would be eligible to vote in the United States, are controlling most state, local, and national elections. This group is controlling the parties, both in the Republican Party, and in the Democratic Party in particular.

Most of the constituencies that used to be considered the Roosevelt base of the Democratic Party, are being squeezed out: African-Americans, Hispanic-Americans, local labor leaders and their constituents, senior citizens in large numbers, and farmers, and so on.

*So the majority of the American people, which represent largely the lower 80% of family income brackets, are being*

*squeezed out of politics, of any real influence in politics, especially at the top, and replaced by a dominant role, controlled from Wall Street, of an influence which is exerted largely through those or parts of the population whose family incomes occupy the top 20% of the population.*

So therefore, we are headed away from the idea of a republic with a representative government, and into, instead, the kind of oligarchical society which horrified the founders of the United States in the United Kingdom (that is, Great Britain) during the Eighteenth Century and later.

Now, the only way we're going to fix the problems which I will relate to you today, is to create a set of coalitions among those who represent the lower 80% of family income brackets in the United States. Our objective should be *to take over the Democratic Party during the year 2000*, to determine who the Democratic Party's leading candidates shall be, and a greater number of such candidates, and also, hopefully, to influence the Republican side in a similar manner — perhaps not as effectively, but at least to a similar degree.

By doing that, and bringing the control over parties and elections back to organized constituencies of the American people, especially the lower 80% of family income brackets, we can revive the kind of response to crisis which many of us remember, either directly or through — by reputation, from Franklin Roosevelt, and what President Franklin Roosevelt did in response to the great crisis of the Great Depression of the 1930s, and the last war.

And we should remember also with affection, that despite the premature death of Franklin Roosevelt, some, at least, of his important contributions to the postwar period, were carried out and continued through the 1950s, especially through to 1958, and even until after the death of John F. Kennedy.

*Our objective should be to bring back into government a leadership which has the same view in general, of the responsibility of the government of our republic, to meet the demands of the General Welfare for ourselves and our coming generations: that same outlook which characterized the Roosevelt administration.*

## **The return of 'the Forgotten Man'**

We will only get that, in the way that Roosevelt got it. Roosevelt spoke, when he was running for his first Presidential election — he spoke of "the Forgotten Man." Today, ap-



*Lyndon LaRouche, during a satellite broadcast to reporters gathered in Los Angeles, Dec. 11, 1999. "The crucial thing that must be done," he said—"otherwise, nothing else is likely to work—is we must build a mass constituency from among the 80% of the lower-income brackets of this nation, the so-called Forgotten Men and Women of this period."*

proximately 80% of the U.S. population, citizens who are eligible to vote, are being treated by the leadership of the parties, by the mass media, and so forth, as, again, the Forgotten Man.

The solution to all problems—the real solution to all problems, is to bring the Forgotten Man of today, back into control of the Democratic Party, and do it quickly, *now*. That means combining the experience of the Civil Rights movement under such brilliant leaders as Martin Luther King—and that's a very important part of the American experience. Remember, slavery in this country dates from early on in colonial times. And the struggle for civil rights on behalf of African-Americans, is the most important lesson in our national history.

Some civil rights leaders today, those who were either associated with Martin Luther King, or who carried on his tradition as younger people, represent the continuity of that struggle, and the lessons of that struggle. If we can combine the experience of African-Americans, with the aspirations of the more exuberant Hispanic-American constituency now, and if we can bring the most viable sections of the labor movement constituencies, and senior citizens and farmers, and others who are simply concerned Americans, into a coalition, *based on the experience of the lessons of civil rights*, we will have, in government, the selection of people who are qualified to deal with these problems.

Now, on alternatives, let me speak frankly. It's obvious to most of you, that the worst, but most notorious dummy in America, Texas Gov. George W. Bush, has been selected as their favorite dummy by a Wall Street gang of ventriloquists. And they are spreading the word that George W. Bush, the best-known dummy in America, is about to become President.

On the Democratic side, we have the so-called leadership

of Vice President Gore, a fading leadership of an unelectable man, who is known for his thuggishness and his bad policies, and his knifing of his President, Bill Clinton, in the back, repeatedly, on crucial issues of international and domestic policy.

George W. Bush is not capable of thinking, and Al Gore is not willing to think. How could anyone imagine electing this pair of bozos—one of these pair of bozos, to become the next President of the United States, under the conditions of the grave global financial, economic, and strategic crisis we face in the coming period? How could we have descended so low, that we no longer care what kind of rubbish we choose to put in the Office of the U.S. President, one of the most powerful and important positions in the world as a whole today?

What kind of stupidity, and folly, and recklessness, would allow us to consent to such a travesty, such a betrayal of our nation, and its people?

### **The General Welfare vs. 'my money'**

Yet it comes back very much to Wall Street. The upper 20% of the income brackets—led by Wall Street, orchestrated by Wall Street, and by a Wall Street-controlled mass media—are controlling U.S. politics. *These fellas don't want a President who can think! They want a bozo, like Al Gore, or George W. Bush, someone who will do as they tell him.* They will do the thinking: the Wall Street crowd, the bankers and lawyers of Wall Street.

They will be supported by an hysterical middle class, the upper 20% of the income brackets, who are concerned about one thing: *their money, their ill-gotten gains, and who are willing to sacrifice the health care, the education, and the general welfare of the rest of the population—the lower 80%—in order to protect what they consider "my money."*

And so these are the dupes, like the Brown Shirts in Hitler's days, who are prepared to go to whatever means they think necessary to make sure that 80% of the American population doesn't vote for anything which interferes with what the upper 20%, or part of it, thinks is "my money." And Wall Street controls them, as you can see in the news media every day.

So, Wall Street *wants* dummies, wants a dummy like George Bush; wants a wretch, an ambitious wretch, like Al Gore, as their preferred choices for the next President of the United States. The plan, of course, is to have Gore take the Democratic nomination, by hook or by crook, especially crook, if possible, which would ensure the ability to elect the biggest dummy, George W. Bush, as the next President. And then the Wall Street crowd, backed up by an hysterical type, as we see among the Stone Age Republicans in the Congress, and some Democrats, too, would run the country as they choose.

That's the danger. These men are not only greedy people,

but they're very foolish people. These are the people who want us to get into major wars in Asia and elsewhere. These are the people who *don't care what happens to the country*, as long as their money, their gambling on Wall Street and elsewhere, and in London, is protected.

There lies the danger. There lies the importance of having a true Republic, in which the majority of the citizens, suitably informed and educated, and doing some serious thinking, actually control the selection of the politicians who make policy.

Therefore, the crucial thing that must be done—*otherwise, nothing else is likely to work*—is we must build a mass constituency from among the 80% of the lower-income brackets of this nation, the so-called Forgotten Men and Women of this period. We must do this by bringing together African-Americans, Hispanic-Americans, concerned representatives of labor and farmers, and so forth, as well as senior citizens, and bring them into a *grand constituency* of the otherwise forgotten men and women, who will march into the polls, no matter what the mass media tell them to do, and take over politics in this country again, and select the kind of thinking leaders which they need to deal with what are, in fact, manageable crises coming up fast ahead.

That's the general program which I represent.

### **Become thinking citizens**

Now, as part of this process, what I have to do, is to induce you, and people like you, to think. You know, when you consider yourself a person in the lower 80% of the family income brackets, and when you believe, effectively and sincerely—and justly—that you are being frozen out of politics, that you are not allowed to independently make up your own mind about what's good for the country, and to demand the kind of dialogue that enables you to decide competently what is good for the country, then you sit back and say, "I'm not—there's no sense in my thinking, I have no power. All I have is the ability to choose among one or other of these bozos which the Wall Street gang offers to me. When I go to the press, the press says, 'Well, here's a list of the issues. Where do you stand on these issues: issue number one, issue number two, issue number three. Are you for or against or neutral on these issues?'"

You are allowed to choose what other people serve you as the alternatives. You're not permitted to intervene, to tell the press or the politicians, or the leading parties, what they should be talking about, what they should be thinking about. Therefore, you sit back and say, "There's not much I can do about this. I simply have the power to make a choice among one of the offerings which these cooks are putting on the table. So what's the sense of my thinking? I'll go sit in front of my television set, and try to forget it all, and hope that everything works out, despite the fact that I'm not able to do anything to change it."

Now, once you get the idea, you citizens—and some of you are, of course, thinking citizens. But let's speak about the

generality of the 80%, the lower 80% of the family income brackets: How do you get them to think? How do you get them to vote intelligently, to intervene intelligently in the national process of making policy?

You have to give them a sense that they have some power, that they're not simply the slaves of the political machine run by Wall Street and dominated by the upper 20% of income brackets. How do you do that? Well, you have to build alliances. You have to build political constituencies, which have power.

### **The case of the San Fernando Valley**

Now let's look again at this San Fernando Valley issue. What percentile of the population of Greater Los Angeles, represents African-Americans, Asian-Americans, Hispanic-Americans, labor, senior citizens, and so on? Isn't that the dominant population? How can somebody else say that they are the majority, that they represent the majority opinion, or public opinion?

Why does San Fernando Valley want to secede from Los Angeles? Because they don't want to pay for Los Angeles. They want to have their own niche, where the upper 20% of income brackets controls politics from the colonial capital, the San Fernando Valley, while the poor in Los Angeles are led into some kind of horror show: down, down, down.

*But people in the Los Angeles area are the majority. They are the citizens. If they get together, they have the power to change things.* The same thing is true across the country.

Now the Democratic National Committee, typified by the Democratic Leadership Council around Al From, people like that, don't want that. They don't want that any more than that little private dictatorship called the Republican Party. The mass media, which is owned by Wall Street, or foreign interests in London—which are about the same thing—this mass media wants a controlled situation. They have the same impulse that you see in the effort of the San Fernando Valley to secede from Los Angeles. There's the problem.

So thus, what we have to do, is *flank* the situation in the party. There are good people in the party leadership, but they are a little bit cowardly when it comes to taking on the bozos, bozos like Al Gore, or bozos like the machine behind George W. Bush. So they're frightened.

*We have to create the majority, by assembling it, to turn the party back to the legacy of Roosevelt.* Not everything Franklin Roosevelt said or did was right. He made a lot of mistakes. But at least he had a commitment to the foundation of our Federal Constitution: the Preamble, which includes the emphasis—is "to provide and promote the General Welfare, and secure those blessings of liberty to ourselves and to our posterity," to the generations that come after us. That's the fundamental principle of a republican policy, that is, in the sense of a modern republic as opposed to oligarchy.

Roosevelt took the right side on that fundamental Constitutional issue. And he fought for the right side. He made



compromises, he made mistakes, and so forth. So what? But he was on the right side. His mistakes were made largely on the right side of the political ledger.

And it was the Roosevelt generation, of which, in a sense, I'm a part; that is, my adolescence was during the Depression. It was the Roosevelt generation which gave us the legacy which, in the 1950s and 1960s, enabled the Civil Rights movement to change this country in the way that Abraham Lincoln explicitly had intended. That generation is the true Golden Generation, with all its faults. And the best things that were done in this century, apart from a few good things done by Harding and a few others — this is what made our country able to survive this horrible Century of Crisis.

So, what we have to do, is build an alliance, which is based on the principle of the General Welfare as the Constitution defines it, in the Preamble; as Franklin Roosevelt — mistakes or whatever — also understood that principle, as opposed to the Supreme Court and Wall Street of that time. We have to revive that.

My job is to catalyze you into bringing together African-Americans, Hispanic-Americans, Asian-Americans, labor, senior citizens, and other relevant groups, farmers, and so forth, bring that together as a majority coalition, to march in to the Democratic Party, and, insofar as possible, the Republican Party, to take politics back for the people, for the cause of the General Welfare.

My specific job has two parts. One, I know what has to be done. I'm an expert in this area, and all the others who are running as competition or against me, are totally incompetent in dealing with this financial crisis.

Yes, I hope to be able to influence and advise President Clinton to do what he must do as this crisis sharpens in the period ahead. And I will do everything — always, always, if we have a viable President — to make that President as effective a President as possible, whatever his shortcomings or mistakes or whatever my disagreements with him, as I have done with Clinton.

But we need a President in the year 2001 who is competent to address and solve these problems, in the sense, as we recall, Franklin Roosevelt taking office in March of 1933. I'm qualified. No other visible candidate on the horizon — some of them are not bad people, some of them are qualified for some things — *no other candidate visible in the United States at this time, actual candidate or prospective candidate, is presently competent to deal with the fundamental issues of economic and strategic policy issues coming up now. None.*

Secondly, more important than that, though that role by me is important (I'm an older person, I'm not going to be around forever), my job is to make that turn, to lead in making that change in U.S. politics.

### **My job is to get you to think**

My other job, probably equally important — more important for the long run — *is to get you to think.* Not to limit

yourself to so-called bite-size opinions, largely copied from the mass media or a few protest movements. But to actually think.

That means to think as if you could imagine yourself as being the President of the United States, or a leader in the Congressional faction, faced with the problems, the deadly problems, which face the United States and the world today. Can you think through what those problems are, and think through what the solutions or the direction of choice of solutions ought to be? That's what I mean by a thinking person.

Do you know something about the history of the United States and the world? Do you know something about the history of modern European civilization? Do you know about the cultural issues, which are defined in Asia, Europe, Africa, the Americas? Can you think in those terms? Can you think in terms of what might be possible?

Now, you might not know the answers, but at least you can think about the questions, and you could discuss the questions and the answers with people who should know some of the answers and questions.

Then you, as a citizen, whether you're qualified to be President or Senator or not, you can participate, and must participate effectively, in shaping the way politicians think. You must force the politicians, not to give you a bite-sized answer on a proposition; you must force those politicians to engage with you in a process of thinking, in which you are an active, thinking person.

Now, you're not going to do much thinking if you think that you, as a citizen, have no power. You say, "What's the sense of my thinking? I'm not allowed to choose anything. I can only select from that list of candidates, that list of so-called 'hot topics' or issues, as the mass media calls them. I can't think of anything. I'm going to sit in front of my television set, or sit with my family and my children, and try to forget all this, and enjoy living as much as I can. I don't feel like thinking. Why should I think? Who's going to listen to me?"

### **'You require two things'**

So therefore, to become a thinking citizen, you require two things. You have to be stubborn, like me. I don't care if I was a minority of one, I'd still think. It's my nature. Other people tend to get discouraged, and concerned more with practical, family, and related issues. But they're capable of thinking, every person is capable of thinking. If you haven't done it recently, try it, it's fun.

But what you need, as a group of people, as a constituency, *is a sense of power.* If you have no hands and no tools, how can you do anything? You become discouraged, you become pessimistic, you withdraw. You let *them* run the country. You watch. You protest a bit, but you watch. You don't think; you look at your choices, the options that are presented to you.

However, turn around: Create a majority that represents the hard core of 80% of the lower-income brackets of this

nation. Now you represent some power. Now, suddenly, you find the confidence, and the impulse, to do some very serious thinking, and to think of joint actions to get the politicians to pay attention to what you're thinking. Then you become a true citizen, a thinking citizen.

And that's what my job is, is to help you become empowered, thinking citizens, and to lead in the process by which you—not me, but you—take power back, as it's supposed to be in a republic.

Whereas, on the other side, the people who are faced with a crisis, like the big financial interests typified by our own Wall Street layers and bankers gang, or typified by those people who are corrupted by the fact that they have an advantage of being in the upper 20% of family income brackets, and therefore are determined to maintain their advantage, no matter what it means in terms of accelerated death rates among senior citizens, accelerated death rates among the poor, accelerated disease, accelerated suffering, accelerated violence in our school, and so forth and so on. That's the issue.

And that's what my job is, is to give you that kind of leadership, and above all, to get you to see clearly, as I do, that if we can bring these constituencies—African-Americans, Hispanic-Americans, Asian-Americans, labor, farmer, senior citizens, at least the majority of them—together as a *conscious advocacy constituency*, to take over the Democratic Party from below; to take over as much as possible the Republican Party from below; to reestablish the Constitution in our government; to clean up the Federal Court system; to clean out the scoundrels in the permanent bureaucracy of the Executive Branch; to clean up the horror shows we all see and most are afraid to touch: That's our job.

And that's what I'd like to talk about with you, right now. Thank you.

## International support for LaRouche's campaign

*As LaRouche campaign workers are petitioning to put their candidate on the Democratic primary ballot in all 50 states, endorsements of his Presidential campaign are coming in from around the world. Here are some recent examples.*

### Africa

**Nigeria—Sam A. Aluko, Msc. PhD. (London) D.Sc., professor of economics, former chairman, National Economic Intelligence Committee of the Federal Government of Nigeria, 1994-99.**

Since May 1994, when I first came into contact with some leading staff members of Dr. Lyndon LaRouche, Jr., I have grown to admire not only the personality of Dr. LaRouche, but also his economic and internationalist views and those of

his organization. I receive regularly Dr. LaRouche's publications, the *Federalist* newspaper and the *Executive Intelligence Review* journal, which I read avidly and with great interest and admiration. I have also read some books and special reports by Mr. LaRouche.

I find Dr. LaRouche's publications incisive, practical, and with suggestions and proposals for the solution to many of the present and emerging difficulties facing the world financial and economic system, particularly as the existing system continues to destroy the fabric of the economic growth and stability of the developing countries that constitute over two-thirds of the world population. Unless most of the views of Dr. LaRouche are appropriately and urgently adopted, earlier rather than later, there may be a collapse of the world economic and financial system, including that of the United States.

LaRouche is truly and consistently warning the world that we are operating in a false economic and financial system whose cataclysm may be worse than the 1929 financial crash. LaRouche's prescriptions appear to me to be more germane and more capable of enriching the U.S.A. and the world economy on a more permanent basis than the gambling system that we operate in the world today.

Dr. LaRouche's views are particularly germane to my country, Nigeria, which has been regularly, and continues to be, pauperized and criminalized by the impact of the financial and economic policies and practices of the developed countries under the leadership of the U.S.A., World Bank, and the International Monetary Fund (IMF).

I unhesitatingly endorse Mr. LaRouche as a frontline Presidential candidate of the United States of America in the year 2000. I wish him every luck and success.

**Nigeria—Dr. Charles O. Akinde, former state legislator, former sociology professor, and former political prisoner, currently local chief of Ondo State:**

Now that a new opportunity is open to the American people to choose a President who will lead the country in the beginning of the next century, the American people will do well if they could give Mr. Lyndon H. LaRouche, Jr. a chance to be the next American President.

Not only is this man the foremost economic thinker of our age, he is the foremost lover of national independence and freedom for the oppressed portion of humanity.

Having a man of his stature as the President of the United States of America at this crucial period of world history, will be the greatest gift that the American populace could give to humanity.

We know that America and Americans are champions of individual freedom. How better can they prove this, than by electing a man as their next President, who we all know will give credence to the known values of the Americans?

There is no doubt that America is the most powerful industrial country in the world today. That is why everyone who loves justice and independence is concerned about the elec-

tion of the occupant of the most powerful seat in America, the Presidency.

In the name of humanity, we all appeal to the American people, and Democrats in particular, to, for once, give LaRouche a chance.

## Asia

**Taiwan—Dr. Fung Hu-hsiang, Ph.D., Member of Parliament:**

I take pleasure in recommending Mr. Lyndon LaRouche, who is a U.S. Presidential candidate with the Democratic Party. For some years, I have been acquainted with the ideas of Mr. LaRouche, with his call for the establishment of a New Bretton Woods System, and the building of the New Silk Road, the Eurasian Land-Bridge.

Mr. LaRouche emphasizes, that the central idea of building the New Silk Road is a “Community of Principle,” i.e., collaboration among sovereign nation-states for mutual development, for enhancing the general welfare of present and future generations, and as a crucial foundation for guaranteeing peace. Very similar ideas were developed by Dr. Sun Yat-sen in 1919 in his *The International Development of China*.

I admire and support these ideas, and wish and hope they will become the ideas guiding the policy of the next U.S. administration, for the sake of my country, for the United States, and for the world at large.

## Ibero-America

**Peru—Arturo Castillo Chirinos, Member of Congress, twice mayor of the township of Chiclayo-Lambayeque, former president of the Association of Municipalities:**

Dear Sir,

It is my pleasure to write to you, to greet you very cordially, and at the same time to let you know that I believe that your election as United States President for the Democratic Party would be very good for Peru, as your proposals for a New Bretton Woods represent an answer to the current economic crisis that overwhelms us.

From here, permit me to urge all United States citizens, especially members of the Democratic Party, to vote for you, Mr. LaRouche, in the coming primary elections, because I see in you the political leader of great sensitivity, who bravely fights for an economic order that will enable us to move toward the achievement of a better world, one which seeks to establish a state where peace and social justice will reign as the basis for understanding among nations.

The occasion is appropriate for me to reiterate my consideration and personal respectful esteem.

**Argentina—Carlos González, former political secretary to the late President of Argentina Arturo Frondizi:**

I hereby make known to the people of the United States of America, my total support for the candidacy of the American Lyndon LaRouche, Jr., thereby fulfilling—without any doubt—what would have been the express desire of that great

statesman of America, Dr. Arturo Frondizi.

This statement of support is not mine alone. It is made in memory of the former Constitutional President of the Argentine Nation, Dr. Arturo Frondizi, who, were he alive at this time, would embrace this decision with total conviction and enthusiasm. The former President cultivated a solid and genuine friendship with Mr. Lyndon H. LaRouche, dating back to 1985, as he had already done with President John Fitzgerald Kennedy. They also shared a close intellectual relationship and exchange, which sealed their firm agreement on how to face the challenge of turning the American continent once more into “a continent of hope.”

As a symbolic expression of such agreement, suffice it to quote part of the message sent by Dr. Frondizi on Feb. 18, 1995, just a few days before his death, to his dear friend Lyndon LaRouche, in which he stated:

“I will never abandon the fight I have waged all my life against the international financial oligarchy, which is annihilating nations, dismantling their states, and poisoning the soul of new generations.” But Dr. Frondizi then emphasized: “If my other great friend, President John F. Kennedy, were alive, surely Lyndon LaRouche would not have been imprisoned for his political convictions.”

I should confess that I hope that this endorsement for Democratic candidate LaRouche will be received by the American people as coming from an Argentine citizen, and thereby from an Ibero-American citizen as well. It is a way of responding to the anguished call by millions of men and women of the continent, and of other parts of the world, who call for help in escaping the underdevelopment and misery, poverty and chaos, in which they are submerged, thanks to financial speculation aligned with the drug trade, and with the directives of the International Monetary Fund, World Bank, and free-trade prescriptions.

Supporting Lyndon LaRouche as the Presidential candidate of the Democratic Party is absolutely necessary, so that his political action may bring about a change in attitude of the United States toward the underdeveloped countries, thus preventing the horrible fate which, for at least the past 25 years, the genocidal hierarchies of the New World Order (Brzezinski, George Bush’s father, Kissinger, Edmond de Rothschild, David Rockefeller, Richard Gardner, and other deranged individuals) have assigned human beings under globalization.

The restricted vision of globalization prevents people from clearly identifying their true national interests. The poor of the world demand action from their leaders in the context of international cooperation, and not of usury. The United States of America has to open up a new opportunity for the world, by deciding to transform the current bankrupt world system. This requires the contributions of Lyndon LaRouche, who has been fighting for many years with unimpeachable behavior and tenacity, to replace the current international monetary system. It is time for the world to hear his calls to

convoke a new Bretton Woods, since otherwise entire nations will disappear from the face of the Earth.

Lyndon LaRouche represents the great possibility of returning to the time of President Kennedy's New Frontier, as once again we face a decisive moment in history. Referring to his nation, Lyndon LaRouche today can repeat, "All of humanity awaits our decision. All the world looks to us to see what we will do. We cannot betray their confidence, we cannot fail them. . . ." Supporting LaRouche's candidacy will open up a new path; it will mean returning to the truth that all human beings are "made in the image and likeness of God." Humanity needs him today, not tomorrow.

**Mexico—Fernando Espinoza de los Monteros, president of the Mexican section of the International Criminal Law Association:**

For more than twenty years, we have followed the political career of the renowned economist Lyndon H. LaRouche, who has proposed the economic theory entitled a "New Bretton Woods," which poses the necessity of creating economic institutions that provide certainty to this human endeavor, to thereby eradicate the serious inequalities under which we live.

This man, who has worked so hard for his people, and for humanity in its entirety, has been misunderstood and unjustly persecuted by the U.S. justice system, to the extent of depriving him of his freedom, accusing him of conspiring against the postal system of his country.

He has demonstrated in the course of his fight, his capacity, his tolerance, and his grand vision as a statesman, which has naturally made him a trustworthy aspirant for the Presidency of the United States. All of this motivates us to call on all of you to give him your support, and of course, your vote, with which he could become your President and, from that post, could implement his economic theory in practice, thereby changing the destiny of humanity.

**Mexico—Manuel Villagómez Rodríguez, president, National Federation of Micro and Small Industry:**

In accordance with the battle Lyndon LaRouche, Jr. has been waging, and through which he has demonstrated over the past decade that the world economic system lacks any foundation, because it is causing unemployment and misery, and therefore this system should be replaced by another system which, with the construction of physical infrastructure and the growth of agriculture, industry, services, and trade, provides for the generation of jobs for youth, with the growth of the productive sectors.

If Lyndon LaRouche's thesis is applied, it would put a real brake on the speculative economy; new treaties to regulate the world financial system would be established; and the future of humanity would be one of greater development, with economic growth and with more peace for all human beings.

For all of the above reasons, we propose that you give your vote to Lyndon H. LaRouche, in his capacity of Democratic pre-candidate for the Presidency of the United States.

## Is Louis Freeh re-creating J. Edgar Hoover's FBI?

by Edward Spannaus

With little public attention, FBI Director Louis Freeh and Congressional Republicans have been rapidly expanding the capabilities and jurisdiction of the Federal Bureau of Investigation, to the point that, in many respects, the reforms which were imposed as a result of 1970s Congressional investigations of intelligence abuses, are now being reversed.

Although the process of expanding the FBI's jurisdiction, and of weakening its governing investigative guidelines, began in the early 1980s under the Reagan-Bush administration, that process has significantly accelerated since Freeh took over as Director in 1993.

The expansion of jurisdiction has been so extensive, that the FBI is now becoming a national police force, with jurisdiction over all manner of garden-variety criminal offenses which have traditionally been the purview of local law enforcement.

And now, in the latest development, the FBI seems to be on the verge of re-creating the old Intelligence Division, the notorious "Division Five," which was the major focus of the 1970s Congressional investigations which examined the intelligence abuses of the 1950s and 1960s. Although a lot of the "Cointelpro" abuses were cut back in the 1970s, in the case of Lyndon LaRouche and associates, they continued at least throughout the 1980s.

Indeed, some observers fear that Freeh is allied with the "neo-Hooverites" who want to go back to the "good old days." It was that grouping which drove William Sessions out as FBI head in 1993, clearing the way for "one of their own" to take over. However, some sources believe that Freeh and his allies are overplaying their hand, and that it is likely that the FBI will be broken up into several component parts over the next couple of years.

### Recent embarrassments

On Nov. 11, Freeh announced what he terms a "major restructuring of FBI headquarters," establishing two new divisions, and reconfiguring others. The announcement, which drew little media attention, came just days before the FBI was identified as leaking unsubstantiated rumors about the crew of EgyptAir Flight 990, and for having planned yet another sting operation against former Washington, D.C. Mayor Marion Barry. This, in addition to continuing revelations that the FBI systematically lied for years about its conduct of the 1993 Waco assault in which more than 80 people died.

On Nov. 19, the *Wall Street Journal* reported that "senior

Justice Department officials” were the ones who leaked the false information that a co-pilot of the doomed EgyptAir Flight 990 had stated, “I have made my decision now,” before the plane went into a steep dive. The *Journal* also said that a senior Justice Department official also mischaracterized the statement made by the co-pilot, saying “fate” instead of “faith” (i.e., “I put my fate in God’s hands”). The effect of the leaks was to allow the news media to portray co-pilot Gamil al-Batouti as an Islamic fanatic intent on committing suicide—a scenario which is not supported by any of the evidence.

Later that same day, National Transportation Safety Board chairman Jim Hall held a press conference to blast the news media for speculating about the cause of the EgyptAir Flight 990 crash, based on unauthorized leaks and outright misinformation. “We [i.e., the NTSB] have not released any information from the cockpit voice recorder,” Hall stated, “and any so-called verbatim information you have heard about that recorder is unauthorized; second-, third-, or fourth-hand; and . . . could be flat-out wrong.” That left only the Justice Department and its component agency, the FBI, as the probable leakers.

After Hall’s press conference, and the emergence of further substantiation that it had indeed been the Justice Department and the FBI which were responsible for the leaks—the torrent of leaks came to a sudden halt. (Meanwhile, Egyptian officials have put together a very different scenario of what happened, based on listening to the cockpit voice recorder, which says that the co-pilot was never alone in the cockpit, and that he was cooperating with the pilot in trying to get the plane under control after some catastrophic event occurred.)

## The Barry sting

In mid-November, a second scandal hit the FBI, with revelations that FBI agents had attempted to carry out a new “sting” operation against Washington’s then-Mayor, Marion Barry, last year. And after the failure of the sting against Barry, the key FBI agent involved was then himself stung by other agents.

After the disclosure of the new sting operation, Barry said that the FBI is still trying to target him because of its failure to get a big conviction of him in 1990. During the Reagan administration, Republican U.S. Attorneys and the FBI tried repeatedly to nail the longtime Mayor on numerous grounds, and they ran many investigations and sting operations against Barry involving city contracting, out-of-town trips, his security detail, and so on.

Finally, after being set up with drugs by a female companion in a hotel room in 1990, Barry was tried on 14 counts in Federal court in Washington; the jury was unable to reach a verdict on 12 of the 14 counts, and prosecutors were able to obtain a conviction on only one count, a misdemeanor, for drug possession.

Last year’s sting operation was being set up to take place across the river in Virginia, so that the case could have been brought in the notorious Alexandria Federal court, instead of

in front of a Washington jury. The Alexandria court is known as the “rocket docket” for the rapidity of trials and convictions, aided by Federal judges who routinely deny all defense motions, and by juries composed heavily of suburbanite Federal employees.

The sting was to involve the offer of a bribe to Barry, to be tendered by the wife of a Washington police officer, Lt. Yong Ahn, who had been arrested on charges of taking bribes from operators of illegal massage parlors. Azita Ahn, the officer’s wife, said that she didn’t want to cooperate with the FBI in the sting, but only agreed to do so after her husband was arrested, because the FBI promised that her husband would not go to jail if she cooperated.

At the center of the failed sting was 16-year FBI veteran William Spivey, a member of the FBI’s public integrity section. After the failed sting against Barry, the Bureau assigned Agent Spivey to another case, that of a police officer accused of shaking down houses of prostitution. However, it seems that Spivey quickly developed an attraction for that officer’s wife, and began sending her sexually explicit messages and even nude photographs of himself. The officer was then outfitted with a hidden tape recorder and transmitter to record incriminating conversations with Spivey.

Spivey is now on administrative leave, after the Justice Department declined to bring criminal charges against him, and his case is awaiting administrative disposition at FBI headquarters.

The Barry sting follows the decades-old pattern of the FBI’s targetting of African-American elected officials, which was known as “Operation Fruehmenschen” within the Bureau.

## FBI restructuring

When Freeh took over the FBI in 1993, there were two operational divisions—the **Intelligence Division** and the **Criminal Division**—plus eight other divisions involved in support and administration. In 1993, the Intelligence Division (“Division Five”) was renamed the **National Security Division**, and in the wake of the World Trade Center bombing and other terrorist incidents, it quickly expanded its counterterrorism operations.

The reorganization announced recently by Freeh will split the National Security Division into two, with a new **Counterterrorism Division** being created. The National Security Division will focus primarily on counterintelligence and espionage; in these areas, the Bureau has significantly expanded its working relationship with the CIA and the Department of Defense—something which was pared back significantly in the 1970s.

A new **Investigative Services Division** will also be hived off from the existing Criminal Division; the new division will incorporate the FBI’s vastly enlarged international operations, plus crisis management (the Hostage Rescue Team, etc.), and analytic functions.

“Protecting America from terrorism and ensuring our na-



*FBI Director Louis Freeh, who, some charge, is allied with the “neo-Hooverites” who want to return to the “good old days.”*

tional security are the FBI’s highest priorities,” Freeh said in announcing the restructuring. “The FBI’s responsibilities in both of these areas have grown significantly in the past six years. Given the complexity and difficulty of these threats, I have decided that counterterrorism and national security should be handled separately.”

Some of the areas in which the FBI has been granted expanded jurisdiction since 1993 are: new wiretap powers, economic espionage, aviation security, weapons of mass destruction, and then sweeping new powers with the anti-terrorism act of 1996. Between 1995 and 1997, the number of domestic security investigations skyrocketed from about 100, to more than 800. An FBI spokesman told *EIR* that this was one of the principal reasons for splitting off the new Counterterrorism Division.

What particularly reminded observers of the Bureau’s old Cointelpro programs and of the wholesale First Amendment violations which were rampant in earlier decades, was the Bureau’s assertion that a new priority will be on “identifying threats” and “preventing crimes from occurring.” Had the Bureau shown any competence in these matters, that would be one thing. But, if the recent FBI “Project Megiddo” report on anticipated millennial violence is any indication, the FBI has learned nothing over the years.

The Bureau’s “Megiddo” report purports to analyze the danger of year-end terrorism in the United States emanating from a wide array of Apocalyptic and anti-New World Order groups. The analysis is largely drawn from the published writings of the Anti-Defamation League, the Southern Poverty Law Center, and other such self-appointed “watchdog” groups. With broad brush strokes, the report suggests that anyone who is warning about the “New World Order,” the Trilateral Commission, etc., is a potential millennium terrorist. This, despite the fact that the authors admit: “The Project Megiddo intelligence initiative has identified very few indica-

tions of specific threats to domestic security.”

The FBI is also establishing a new working alliance with the National Security Agency, the super-secret agency which monitors worldwide telecommunications in cooperation with British intelligence agencies. *Newsweek* reported in its Dec. 13 issue, that the NSA is now drafting a Memorandum of Understanding to define how the NSA can provide “technical assistance” to help the FBI track “terrorists and criminals” in the United States.

### **The clean-out that never happened**

Over the past two years, Freeh has openly challenged his nominal boss, the Attorney General, on numerous fronts, and he has all but declared war on the President himself. Freeh publicly disagreed in 1997 with Attorney General Reno over her refusal to appoint an independent counsel for the campaign-finance investigation; a new public dispute arose this year over a wiretap application for Los Alamos nuclear scientist Wen Ho Lee—which the FBI supported despite the lack of sufficient evidence to justify it. Then, at the beginning of September, Reno dispatched Federal marshals to FBI Headquarters to seize newly discovered evidence pertaining to Waco from 1993, further inflaming tensions between Freeh and Reno.

Freeh then raised the stakes, when Kenneth Starr resigned in October as independent counsel. Freeh sent Starr a letter gushing with praise, even as Starr was castigating President Clinton, and hinting that further indictments could be issued in the still-active investigation of the President and the First Lady.

After that incident, CNN’s “Cross-fire” focussed a program on the question, “Will President Clinton Fire Louis Freeh for the FBI Director’s Support of Ken Starr?” Host Robert Novak mentioned on the program that it has been reported that President Clinton considers Louis Freeh to be another J. Edgar Hoover—“and that’s not a compliment,” Novak added.

The more Freeh has been seen to be at odds with the administration, the more he has become the darling of Congressional Republicans; many observers say that Freeh has thereby ensured enthusiastic support on Capitol Hill for his growing budget and expansion of jurisdiction.

In truth, Freeh has filled a vacuum created by Reno’s inept management of the Justice Department. When the Clinton administration took office at the beginning of 1993, there were high hopes that the Department’s corrupt and abusive permanent bureaucracy would be cleaned out, and prosecutorial misconduct curbed.

But as the new administration was rapidly hit with the World Trade Center bombing, and then Waco (in which Reno protected the FBI and her own career prosecutors such as Mark Richard), all hopes of cleaning out the Justice Department quickly evaporated—and Freeh began building his own empire, a 1990s version of J. Edgar Hoover’s “untouchable” FBI.

# Al Gore goes to pot

by Michele Steinberg

The international dope lobby is gleeful, after Vice President Al Gore broke with White House policy, and endorsed “medical marijuana” — the latest propaganda ploy by the drug legalization crowd — during a town meeting in Derry, New Hampshire on Dec. 14.

Gore said that when his sister was suffering from cancer, she had tried marijuana, prescribed by her doctor in Tennessee. “I think she should have had the ability to get her pain relieved that way,” he said. “We haven’t done enough” to allow doctors to lawfully dispense marijuana.

Gore’s policy apes that of George W. Bush, who in October embraced making marijuana legalization a “states’ rights” matter. Ironically, Gore’s earlier position, posted on the website of the National Organization for the Reform of Marijuana Laws, was quite the opposite. Gore previously said that “this administration is absolutely opposed” to legalizing marijuana, which is “not harmless or beneficial . . . it is more carcinogenic than tobacco.”

Within an hour after the pro-dope statement, Gore was retracting his remarks at a news conference following the town meeting. He added qualifications on legalization, including, for example, “if the research shows” it could be useful, and under “limited circumstances,” and if “there is no alternative.”

There are two explanations for why Gore is taking a pro-legalization position: first, is George Soros, the multi-billionaire who has funnelled more than \$20 million into the medical marijuana legalization effort. Soros has been one of Gore’s big backers on Wall Street, and more than once Gore has leaned on foreign governments to stop their investigations of Soros’s illegal operations.

Second, is the philosophical underpinnings of Gore’s book, *Earth in the Balance*, where it is clear that he has little respect for the human mind, and humankind’s unique ability to reason. For example, referring to the *people* of Kenya, Egypt, and Nigeria, Gore wrote, “It is *truly frightening* to imagine the impact of doubling or tripling their numbers — not to mention the pitiful quality of life these extra scores of millions can expect.”

## George W. Bush and poverty in Texas

After months of snubbing voters at candidate’s debates in Iowa and New Hampshire, George Dubya’s performance against fellow Republicans at recent debates revealed why he

didn’t want to show: He’s shallow, brittle, and dumb. Dubya was so repetitive and stiff that he shocked observers, and appeared determined to pretend he was alone on the stage. The most obnoxious of the canned refrains was that he’s “chief executive of the second largest state in the U.S.A.” which “would be the 11th-largest economy in the world if it were a country.”

Since he made such a big issue about it, voters should look at the dismal “state of the State of Texas.”

According to reports in December 1999, Bush’s Texas has the highest rate of medically uninsured residents in the nation — 24.5%. This figure climbed under the Bush regime, from 24.3% to its current record high — 50% higher than the national average of 16.3%. What are the consequences? According to a study by the American College of Physicians-American Society of Internal Medicine, having no health insurance is “Enough To Make You Sick,” i.e., more uninsured people die prematurely, the Dec. 7 *Washington Post* reported.

But that is just the tip of the iceberg of the disaster that is Texas: The state ranks 49th for the number of children with health insurance; 47th in the maximum welfare payment (\$201 a month for a family of three); 47th in state spending on public health; and dead last in state spending per capita. And, in the 43 border counties that include the city of El Paso, living conditions are hideous, with rambling shanty-towns without sewers or electricity proliferating in what is broadly described as the U.S. side of NAFTA-land.

## Dick Morris worried about LaRouche

In his new book, *Vote.com*, former White House consultant “Dirty Dick” Morris explains that “big money lobbyists and the media are losing their influence, and the Internet is giving power back to the people.” The days of “sound-bite” electioneering with the same simple-minded message repeated over and over are gone.

“Interactivity” is the key, Morris says. “In this new world, candidates will actually have to let voters talk and will have to pay attention to what they say. The campaign that affords the most engaging interactivity and gives voters the best chance to be heard will be the most successful. . . . Responsiveness will be key.” He confesses that most candidates and media consultants don’t have “the depth” to handle such an intellectual exchange with the voters. Without naming names, Morris warns that whoever has such an ability is a real threat to the established political order.

What is being widely discussed among Washington political observers is that Lyndon LaRouche, the Democratic Party Presidential pre-candidate, has an unrivaled mastery of such Internet dialogue. On Dec. 8, the *New Federalist*, weekly newspaper of the LaRouche movement, reported that a high-level effort had been made to “illegally shut down” LaRouche’s campaign website. The effort had come just after LaRouche made Presidential campaign history by holding an Internet webcast that included a 2.5 hour live dialogue with 550 supporters in New York City.

# Memphis jury finds conspiracy in Martin Luther King assassination

by Edward Spannaus

In an historic victory for truth and justice, a jury of 12 ordinary citizens in Memphis has determined that a far-reaching conspiracy, involving agencies of the United States government, was responsible for the 1968 assassination of Dr. Martin Luther King, Jr. This verdict forever dispels and discredits the “lone assassin” version of events, which has been the official story-line on the King murder for the past 30 years.

The dramatic verdict came in a wrongful-death civil suit, filed last year by the family of the slain civil rights leader. The principal defendant in the suit was Loyd Jowers, a retired Memphis businessman who has said that he hired the actual killer of Dr. King. The suit was also brought against other “unknown co-conspirators.” In 1993, Jowers stated publicly that James Earl Ray did not shoot Martin Luther King, but that he, Jowers, had hired a gunman, and that he had been paid \$100,000 to facilitate the assassination. Jowers also stated that he had been approached by a man named “Raoul,” who gave him a rifle—which was the rifle used to frame Ray.

The evidence presented by King family attorney William Pepper convinced the 12 jurors that the assassination was the product of a multi-level conspiracy, involving the Memphis Police Department and local mafia types, combined with U.S. Army intelligence agencies, the FBI, and elements of the CIA, on the Federal level. Pepper is the author of a 1995 book, *Orders To Kill*, which documented the role of military intelligence, the FBI, and others in the assassination plot. (The book was reviewed in the Dec. 8, 1995 issue of *EIR*.)

At the center of the conspiracy is “Raoul,” the shadowy figure who was the actual controller of James Earl Ray, the drifter who was set up as the patsy in the assassination. Although the anti-conspiracy theorists have always denied that Raoul ever existed, Pepper not only proved beyond doubt that Raoul exists, but he presented testimony that Raoul’s family had stated that they are under U.S. government protection!

Although Pepper did not develop this aspect during the trial, Raoul was in fact linked to the British Intelligence-sponsored “Permindex” assassination bureau, which was prominently implicated in the 1963 assassination of President John F. Kennedy.

Last year, a former FBI agent disclosed that he had found

two scraps of paper in the car abandoned by Ray after the assassination, which had money figures on them and contained the name “Raul” (see *EIR*, April 10, 1998). One of the pieces of paper was a page of the Dallas, Texas phone directory with the number of the night club in Dallas which had been owned by Jack Ruby, the low-level mobster who shot and killed Lee Harvey Oswald, the comparable patsy in the JFK assassination.

## Media attacks King family

Within days of the verdict in Memphis, the major news media let loose a vile stream of invective against Pepper and the King family. The *Washington Post* called the trial a “sham.” It termed the verdict “discredited,” called attorney Pepper “a conspiracy theorist,” and accused the King family of “self-deception and an abuse of the legal system.” It called the effort to rewrite the story of King’s death a “deceit of history” comparable to denying the Holocaust.

The *Post* also ran a guest commentary by professional conspiracy-debunker Gerald Posner, who called the trial a “cynical sham,” and threatened the King family that if they persist, this will only “permanently damage their credibility.”

The *New York Times* published a commentary by former Justice Department official Nathan Lewin, who argued that the verdict was worthless, because the defendant Jowers didn’t defend himself; Lewin lied that the King family didn’t call Jowers as a witness, when they could have cross-examined him. (In fact, Jowers had agreed to testify, and later reneged, advising the King family and their lawyer that he would assert his Fifth Amendment privilege and refuse to testify.)

None of the editorials or commentary writers dealt with the evidence actually presented over the four weeks of trial, nor did their papers give any significant coverage to the trial itself. In the interests of making that material more widely available, we include below substantial excerpts from Pepper’s summation at the conclusion of the trial. The summation is preceded by excerpts of an *EIR* interview with attorney Pepper, in which Pepper describes the case, and handily deals with the attacks on him and the King family by the news media.



## 'We showed there was a government conspiracy'

*Dr. William Pepper, the attorney for the King family who tried the case surrounding the assassination of Dr. Martin Luther King, Jr., was interviewed on Dec. 13, by EIR Law Editor Edward Spannaus.*

**EIR:** Tell me what you accomplished by holding the trial.

**Pepper:** It's going to cause history to be rewritten. The jury heard about 70 witnesses over a month, they took one hour to deliberate at the end of a month-long trial, and they obviously found in our favor, that there was an extensive conspiracy—of course, that Jowers was involved, but also an extensive conspiracy by government agents to assassinate Martin Luther King, Jr.

**EIR:** What did you show in terms of the military, FBI—the elements that you wrote about in your book?

**Pepper:** We showed that, first of all, the 111th Military Intelligence Group was in Memphis. A Memphis Police Department [MPD] intelligence official had had them in his office. So, that kind of surveillance was going on.

**EIR:** Did you have testimony to that effect?



*Attorney William Pepper and Dr. Martin Luther King, Jr., in 1967. Pepper is today the attorney for the King family, in their effort to end the cover-up of the assassination of Dr. King.*

**Pepper:** Oh, yes. The guy took the stand, he admitted it. Another former intelligence official, a former MPD intelligence officer took the stand, and confirmed that he had been working with Federal agents in the covert surveillance—which was only conducted by the Army Security Agency, and that they had the Rivermont suite of Martin Luther King bugged.

We put the captain of the fire station on the stand—first time he'd ever testified. He had never been interviewed: police, law enforcement—nobody ever talked to this guy, who was the captain of the fire station. And he confirmed that he had put the two Army psychological operations guys up on the roof, and they photographed everything. It's obvious why they never interviewed this guy—he tells you, that “you've got to go get the photographs.” Those photographs exist, photographs of the whole assassination. . . .

Prof. Clay Carson, who is the head of the King Archives project on the West Coast, who has started to receive my files, my working papers, on the search for the military involvement, took the stand, and he did a Q&A with me on the contents of the documents, a whole set of documents that I sent him, which dealt with my asking questions and obtaining information around a member of the sniper team. And probably the most riveting testimony was from a National Security Council agent, Jack Terrell, who is dying of liver cancer. His deposition was shown, and he confirmed that his best friend had told him in the 1970s that he knew something about the assassination, and provided him with details of the Memphis mission, which he came to realize was aimed at the assassination of Martin Luther King.

**EIR:** Jowers did not testify?

**Pepper:** No, he was going to be our next to last witness, and he became ill after the first week, and he wasn't back in the courtroom again.

**EIR:** So, there originally was an agreement that he would testify?

**Pepper:** Oh, yeah, agreement or not, we were going to call him. . . .

**EIR:** That's not been in the papers either.

**Pepper:** No, of course not. We were calling him; I wanted him on the stand, because I had enough on him to destroy him. But then, we were going to go out and depose him, and he sent word through his lawyer, who said, well, you can come out and depose him, but “he'll just take the Fifth Amendment.” I thought it would be a waste of the court's time. So, I instead introduced

previous testimony, his previous deposition. . . .

**EIR:** One of the things the media, these hatchetmen, are saying, is that there are inconsistencies in his story, that he has told different stories at different times.

**Pepper:** Jowers has certainly told different stories at different times. Back in the beginning, he said, “Hey, no involvement at all.” He only came on to start to tell this, when he knew we had enough witnesses to indict him. But since he’s come forward, he met with Dexter [King] and me first, and then he met with Andy [Young] and Dexter, and those two stories are very consistent.

**EIR:** What is the current status of Raoul, the gentleman you identified as Raoul?

**Pepper:** He’s still alive, he’s protected, he’ll be protected until he dies. We put testimony on the stand which was staggering. I put a Portuguese journalist up, against her will, grabbed her when she was in the court and subpoenaed her, and put her on the stand, because she had interviewed a member of the family, the family had revealed to her that the only comfort they had, was that the government was giving them protection, they sent agents, giving them advice. . . .

**EIR:** He was just a plain old auto worker, right?

**Pepper:** That’s right [laughing].

**EIR:** What did you show or prove regarding Raoul, in the trial?

**Pepper:** Who he was, that he did exist, that he was a controller of James, that he was identified by a number of independent people. Wilson’s papers have his name on them, the papers that were found in the car, and of course, he comes forth in the whole Jowers side of the story, as the one who Jowers identified, who came in and picked up some money and gave Jowers a package which was the murder weapon. . . .

**EIR:** And that identification was through photos?

**Pepper:** A photographic spread, of six photographs.

**EIR:** All the media say, “Pepper, this wild conspiracy theorist, FBI, CIA military, this vast conspiracy”—making the whole thing sound ridiculous.

**Pepper:** Why didn’t the jury find it ridiculous? The jury heard all this evidence, and no matter what they say, they cannot deny the fact that a jury heard this evidence, and a jury disagrees with them. And a jury disagreed with them in about an hour’s time, after four weeks of testimony. That speaks for itself.

**EIR:** One of the arguments you hear in the media is that they just heard one side, it was a one-sided presentation, so naturally, they found this way.

**Pepper:** Well, *what is the other side?* I’d be anxious to know

what the other side is to [Fire Department] Captain Weedon’s testimony about how he put soldiers on the roof who photographed everything. And they buried the photographs. What’s the other side to that? I could go through 70 witnesses. . . . The other side was Jowers’s defense counsel, and he tried everything he could to get this case thrown out, he made a motion for a mistrial when Jowers was absent, he made a motion for a directed verdict at the end of the proof, on insufficiency, he made a motion on the statute of limitations. They did everything they could, to have the case thrown out. The judge denied everything. You don’t read that in the papers.

**EIR:** What kind of jury was it? What was the composition?

**Pepper:** It was black and white, eight men and four women, six and six, black and white; it was a mixed jury, mixed economically, ranging from bankers to day workers.

**EIR:** And their verdict was unanimous?

**Pepper:** Unanimous.

**EIR:** Even the banker?

**Pepper:** It had to be. . . .

**EIR:** How did you finance the trial?

**Pepper:** We’re still trying to raise the funds. The family helped out some. The expenses at the end of the day will come to about \$50,000. We have recorded now about \$36,000 to \$40,000. We’re probably about \$30-35,000 in the hole. . . .

---

## Documentation

---

*Excerpts from William Pepper’s summation, which he delivered on Dec. 8. Subheads have been added by the editors, and obvious court reporter’s errors have been corrected. Additional transcripts of the court proceedings will be available at the Martin Luther King Center’s website, [www.thekingcenter.com](http://www.thekingcenter.com).*

IN THE CIRCUIT COURT OF SHELBY COUNTY,  
TENNESSEE FOR THE THIRTIETH JUDICIAL  
DISTRICT AT MEMPHIS

CORETTA SCOTT KING, et al., Plaintiffs, Case No.  
vs. 97242

LOYD JOWERS, et al., Defendants.

**Mr. Pepper:** Good morning, ladies and gentlemen. . . . You know, you’ve heard a great deal of testimony here. You also have available to you a great number of exhibits that are attached to the testimony that you have heard. . . .

The media are very quick and prompt to say and yell out that such and such is hearsay, second-hand accounts, third-hand accounts. But the media are unable to tell you, of course, what the law is with respect to hearsay evidence. They think because something is hearsay, a person is saying what another person has said, that it is not to be regarded, it is to be dismissed. In actual fact, ladies and gentlemen, if a witness is giving you hearsay, but the hearsay statement is from a person who is speaking against his own interest, saying something that could put him in jail in the case of the defendant here, could have him indicted, then that is to be taken very seriously. It is admissible, because of that exception. There are a range of other exceptions, why you can consider hearsay.

Now, it is my job, my role here this morning, to summarize the plaintiffs' case. It is a case that is divided really into nine sections. . . . Plaintiffs' case began with a section that dealt with the background, the background of all of this, why you are here, why Martin King was assassinated, why he came to Memphis before he was assassinated. . . .

Then we moved with a second area concerned, which was local conspiracy, we called it: what was happening here in Memphis, what events were going on that constituted conspiracy, legally, civil conspiracy under the law. Because that's really what we are asking you to find, is that there was a conspiracy here.

Thirdly, we dealt with the crime scene. What was this crime scene all about? Where was the crime scene? What happened there?

Fourthly, we went into the rifle. This is the murder weapon. We discussed the murder weapon, and asked you to consider all the evidence with respect to the murder weapon.

We move next to a shadowy figure called Raoul. Who is this man who was claimed to have been James Earl Ray's controller? and the role that he played in this case?

Then we move beyond that to what we have called a broader conspiracy beyond Memphis that reached into the higher levels of the government of the United States and some of its agents and officials. . . .

We went beyond that, then, into really what amounts to a cover-up. What was the cover-up activity, and why was it important, and why have these events been shielded from public view, so that only you, you twelve, fourteen here, day after day, and his Honor, alone perhaps in this broad land, have heard this evidence? . . .

Then we considered the defendant's admissions, the defendant—the named defendant in this case—his actual admissions, against his own interest, and what is in evidence with respect to that.

We moved lastly . . . to the area of damages. And there was a fair amount of testimony on damages from the members of the family with respect to what they were looking for, and what their perspective was in terms of any kind of remuneration for the loss that they have suffered. . . .

Now let's look at each of those sections. . . .

## The local conspiracy

Now we move to the local conspiracy that related to the death of Martin Luther King. You've heard evidence of a very reputable 40-year-in-business store owner sit up there and tell you that he always bought—every Thursday, he went to Frank Liberto's warehouse . . . on that Thursday, April 4, he heard the owner of that place take the telephone and scream into it, "Shoot the son-of-a-bitch when he comes on the balcony," amongst other things. . . .

Then you've heard two other independent witnesses testify at different ends of the trial, one called as a witness by the defense, Mrs. Lavada Addison, who had this conversation with Mr. Liberto in her cafe when Liberto leaned over the table at a time when the Select Committee hearings were on—apparently something came on the television—and whispered to Mrs. Addison, "I arranged [to] have Martin Luther King killed." She jumped back and was shocked by this. . . . Then comes Mrs. Lavada Addison's son Nathan, who confronts Liberto, and Liberto again confirms the same thing to him. . . .

Then we have from the defendant himself [Jowers] in sessions that are before you, and you've heard testimony from Ambassador [Andrew] Young and Mr. [Dexter] King, about how he was approached and was asked to assist or become involved in this assassination again by Mr. Liberto, and how he was told that he would be visited by a man called Raoul, he would first receive some money . . . he would pass the money to Raoul, he would receive a gun; that he was asked to participate in this endeavor and he should not worry, because there would be no police around; the police would not be there.

We've heard him say that in fact he did these things, and that he received the gun after the shooting. He said he received the gun right at his back door. That's as far as he went in his admissions. . . .

Now, why would anyone say this? Is this something new? No. You heard testimony from witnesses who indicated that Mr. Jowers had said this to them years ago, as much as 20 years ago he had said this; he had said that he knew how Martin Luther King was killed. He had indicated to them that he didn't do it, but he knew how it was done, and in one case he actually told the same story way back then that he is telling now.

So, this is not some afterthought from Mr. Jowers to try to make a movie or become—have notoriety or something like that.

There were two black firemen, the only two black firemen in the fire station; they were removed. They were given orders the night before not to report for duty, but to go to another fire station. . . . Why were they removed?

You heard Jerry Williams, Captain Williams, testify that he had always formed an elite black homicide group of detectives as a bodyguard for Dr. King. The last visit, he was not asked to form that bodyguard. This was the only time he was not asked to form that bodyguard. . . .

You heard that the police were at one point around the Lorraine Motel, and then they were removed, or they just disappeared. They disappeared within a half-hour, 45 minutes of the killing. Why did they disappear? . . .

Then you heard Olivia Catling, who had never been spoken to by anyone. Olivia Catling took the stand and told about a man coming from an alley that was connected to a building that was attached to the rooming house. She saw this man coming through that alley shortly after the killing, some minutes after the killing, and getting into a 1965 Green Chevrolet that was parked on Huling, and then speeding away north on Mulberry Street right in front of the police, burning rubber as he went, with no interference whatsoever from them.

All of these things, all of these events, I submit to you profoundly, are strong evidence of the existence of a conspiracy just at the local level, not even mentioning the fact that the defendant has also indicated that planning sessions took place in his grill prior to the assassination. . . .

Now, are we conspiracy buffs because we find all of this evidence insurmountable? I think not. But you have heard it. The masses of Americans have not. And the media have never put it to them. . . .

### **The crime scene**

The crime scene: . . . We submit that the crime scene, of course, was the back area of the rooming house. It was terribly overgrown with bushes. The bushes were thick, and they were difficult to penetrate; and that they provided an excellent sniper's lair. That's where the crime took place.

Any number of witnesses and evidence in the record indicates that a person or persons was seen in those bushes at the time of the shooting. . . . There is other evidence, again, separate independent evidence, that a person was seen jumping from the wall, jumping over the wall and running up Mulberry Street. As a result of this, we've concluded some while ago, and have tried to provide enough impetus for you to conclude, that the shot came from these bushes, and not from the bathroom window. . . .

Now, the murder weapon itself: Judge Joe Brown heard testimony and evidence in this case for about four years. He paid particular attention to the weapon, and he has had a lifetime of experience, and developed knowledge about weapons, and about rifles in particular. We qualified the judge as an expert. . . .

Judge Brown sat in that chair, and gave you . . . technical scientific reasons why that weapon in evidence is not the murder weapon—very clearly. He said, first of all, the scope was never sighted in. Because it was never sighted in, if you use that scope, to quote him, "you couldn't hit the broadside of a barn with that weapon." Remember that expression, because it was firing to the left and below the target. . . .

He said also that the death slug did not have the same metallurgical composition as existed in the lead of the other evidence bullets that were found in that bundle. . . .

Beyond this, there is evidence that you've heard that this clearly couldn't have been the murder weapon, because the defendant told a taxi driver, James McCraw, to get rid of the murder weapon, and he did so. McCraw, being a close friend of Jowers, a confidant of Jowers, took the actual murder weapon and threw it off the Memphis-Arkansas Bridge. So, it is lying at the bottom of the Mississippi River for over 31 years. The real murder weapon is at the bottom of that river.

Judge Arthur Haynes testified that he was, of course, James Earl Ray's first lawyer, along with his father, and he testified that in the course of their early on-the-scene investigation, they talked to Guy Canipe, who owned the amusement shop in front of which was found the bundle which contained, amongst other things, the rifle. He said Canipe told them very early on, before anyone else apparently had done any kind of tampering with him—told him very early on that that bundle was dropped some minutes *before* the actual shooting. . . .

### **'Raoul'**

Now we come to Raoul, this shadowy figure who the defendant has mentioned, and who James Earl Ray has talked about, right from the beginning, as someone who controlled him. You have a number of independent people, not even knowing each other, who have identified this man from a spread of photographs that they have seen. And they range from an English merchant seaman, whom we had to depose by telephone at some length, who ran into this same Raoul at the same bar James did, up at the Neptune in Montreal.

They range from him to . . . the defendant himself, who identified Raoul from a spread of photographs . . . , and, of course, James Earl Ray, who also identified him.

If that is not enough, we have the British film producer, Jack Saltman, going to the door of Raoul's house, showing a photograph and having his daughter admit that that is the photograph of her father. . . .

Under subpoena, and reluctantly, a Portuguese journalist took the stand. She had conducted an interview with a member of the family. The member of that family had told her that this was a horror, a nightmare for them and for the family, but the one comfort they had was that the government was helping them, that the government had sent people to their home approximately three times or so, and that the government was monitoring their telephone calls, and the government was providing them with guidance. . . .

Can you imagine if anything like that happened to—if any charges were laid against any of us in those circumstances, do you think the government would come around and see us, help us, monitor our phones? . . .

Now, as I understand it, the defense had invited Raoul to appear here. He is outside this jurisdiction, so a subpoena would be futile. But he was asked to appear here. In earlier proceedings, there were attempts to depose him, and he resisted them. So, he has not attempted to come forward at all and tell his side of this story or to defend himself.

## The broader conspiracy

As we move into the next area, we're concerned now about a broader conspiracy—a broader conspiracy that is two-pronged, ladies and gentlemen. On the one hand, the broader conspiracy goes beyond a shooter in the bushes who gets away with killing Martin King. It goes from him to a Mr. Jowers, who is involved in facilitating, and it goes back to Mr. Liberto, who you've heard was clearly a part of it; but it goes beyond Mr. Liberto in terms of the Mob side. . . . Carlos Marcello has been the Mob kingpin, was the Mob leader in this part of the country, for a long, long time. So, any contract, any Mob contract on Martin Luther King's life, would come from Marcello through Liberto into the local infrastructure that Marcello had here in Memphis.

Marcello himself was involved in gun running. Part of the evidence in terms of the military involvement is contained in a lengthy article that we put into evidence that appears in March of 1993 in the [Memphis] *Commercial Appeal* by Steve Tomkins. And that article indicated that there was a high-ranking general who had been charged and imprisoned for aiding and abetting the trading in stolen weapons. That deal meant what he was involved in, was the theft of guns from arsenals, armories, and camps, like Camp Shelby in Mississippi—the theft of weapons from those places that went to, were trucked to a Marcello property in New Orleans, and from the Marcello property in New Orleans were shipped around the coast into Houston. . . .

And that is where Raoul and his crowd came into the receipt of those weapons before they went into Latin and South America. . . .

Then we move directly into the government of the United States, their agents themselves. We've learned that the 111th Military Intelligence Group based at Fort McPherson in Atlanta, Georgia, were here. They were in Memphis. . . .

There was another section here that was involved in covert surveillance of Martin King. . . . That was done at the Rivermont, when he was here on the 17th or 18th. You heard a witness say he was one of three people who were effectively a surveillance team. They had Martin King's suite bugged, every room of it bugged, including the balcony. If he wanted to speak privately and went out on the balcony, they would pick it up by relay from the roof. That type of covert surveillance was carried out by another agency, usually the Army Security Agency. . . .

Then there were photographers. Remember those photographers that Captain Weeden talked about? They were on the roof of the fire station. He put them there. Who were they? They were a psychological operations team, and they were there, and they photographed everything throughout that day. . . .

But then there is another group that is more sinister. They are not more sinister because of what they did, because they didn't really do anything, but we know they had a presence. And that was a special eight-man sniper unit that was here in

Memphis. They were all part of the 20th Special Forces Group. They were here, and they were assigned, and they were trained for an operation, for a mission, in Memphis.

You heard testimony by a man who himself was a National Security Council operative who was very involved in Iran-Contra activities, who had been a long-standing operative, if you will, of the government of the United States, and whose best friend was a member of that sniper team. There was no reason in the world for his best friend, other than in a moment of whatever, anguish or burden, desire to relieve himself, to talk about this, this mission that he was on which he was assigned to in Memphis—which was aborted, but he was assigned to it.

With a Q-and-A approach you heard documents of working papers that were used to get information from other—from another source who lives south of the border, and who fled the country in the 1970s out of fear, who was also a part of that unit. So, they were there, and there are three separate sources that confirm the presence. But they did not—it was not necessary for them to do anything. The mission was aborted because the Mob contract was successful in killing Martin Luther King and framing James Earl Ray. . . .

## The cover-up

The cover-up activities in this case, ladies and gentlemen, range from murder to press manipulation and distortion, with bribery in between. . . .

The next aspect of cover-up is the drastic alteration of the crime scene. What happened there? You've heard what happened. Seven o'clock in the morning, Inspector Sam Evans called Maynard Stiles, who was a public works administrator, and asked him to get a work crew out there and to cut down those bushes. They cut the bushes down.

Now, normally what one does with a crime scene, at least for quite a period of time, is to rope it off and keep people out of it, and investigate it as it is. You don't go and destroy the crime scene. . . .

There was no house-to-house investigation, ladies and gentlemen. Do you remember Judge Brown on the stand saying that this was the most deficient investigation, criminal investigation, he had ever seen as a criminal court judge?

What that means is that no policeman going and knocking on the door of all of the local residents, and asking them: did they see anything, did they hear anything, because surely if they had, they would have knocked on Olivia Catling's door, wouldn't they? She lived just down the street on Mulberry. She would have told them what she saw. But they didn't. . . .

What about Captain Weeden? My goodness! Captain of the fire station, never interviewed by local police authorities. The man who ran that installation, who was there at the time, never interviewed by the authorities. Forget about knocking on people's doors. Here is an official, he is a senior executive officer of the fire station: They didn't talk to him. . . . Were they afraid that he would have told them about the photogra-

phers on the roof? Because if he had . . . they would have then had to request those photographs. . . .

### **‘Let the truth reign’**

Let me close by saying to you that long after people forget what has been said in this courtroom, all the words that you’ve heard from witnesses and lawyers, . . . they are going to remember what was done here. . . . They are going to remember one thing . . . the verdict of this jury, because you have heard evidence that has never before been put on in a court of law. . . .

That is why your decision at this point in time is the most significant decision that will have been taken in 31 years in terms of this case. Please don’t underestimate the importance of it. . . .

But when you look at the wealth of evidence that has come forward, and you understand how this case has been conducted, and you understand how it has been covered up, and when you see how unresponsive elected officials and government has been, and how complicit they have been, you can come to no other choice. Governmental agencies caused Martin Luther King to be assassinated. They used other foot soldiers. They caused this whole thing to happen. And they then proceeded with the powerful means at their disposal to cover this case up.

This is a conspiracy that involved—and that’s a nasty word. People insult people in this country who use the word “conspiracy.” Nowhere else in the world . . . is it viewed that way. In Italy and France, conspiracy is taken for granted, because they have lived with it so much longer. Remember that there were 39 daggers going into Caesar. . . .

What we’re asking you to do at this point in time, is send a message. We’re asking you to send a message, not just right a wrong. That’s important, that you right a wrong, and that you allow justice to prevail once and for all. Let it prevail!

Let justice and truth prevail, lest the heavens fall. No matter what, let it prevail. Let it come forward. . . .

Ultimately, truth crushed to earth will rise again, and it has risen in this courtroom, ladies and gentlemen. Send that message. You, you twelve, represent the American people. You are their representatives with respect to justice in this case. They cannot be here. The media will keep the truth from them forever. You represent the people of this land. You must speak for them.

[Y]ou have an opportunity to act in a most significant way that perhaps you can ever imagine, because your verdict of conspiracy in this case, your verdict of liability for the defendant and his other co-conspirators, means history is rewritten, means textbooks have to be rewritten, means the actual result of this case and the truth of this case now must come forward formally.

We ask you to find that conspiracy existed, and, once and for all, give this plaintiff family justice, and let’s cleanse this city and this nation of the ignorance that has pervaded this case for so long. Let the truth reign in this courtroom once and for all.

## **Trilaterals incite China-bashers on Panama Canal**

by Carlos Wesley

Did you hear the one about the guy who stayed up all night with his shotgun waiting for an invasion from outer space, and while he had his eyes on the sky, ready to blow away any UFO carrying little green men, his neighbor broke into his house, stole his money, and raped his wife and daughter?

Something akin to that is taking place among conservatives in the United States over the handover of the Panama Canal. Everyone, from Senate Majority Leader Trent Lott (R-Miss.), Senate Foreign Affairs Committee Chairman Jesse Helms (R-N.C.), and Rep. Dana Rohrabacher (R-Calif.), to Frank Gaffney’s Center for Security Policy and the John Birch Society, is screaming about an imaginary “Red Chinese” plot to take over the Panama Canal, when the Republic of Panama assumes full jurisdiction of the Canal on Dec. 31, 1999. Meanwhile, the very real threat posed to the waterway by Colombia’s FARC and ELN narco-terrorists, and their countergang, the AUC “paramilitaries,” is being largely ignored.

Ironically, the conspiracy-mongering John Birchers are following the lead of Sir Caspar Weinberger, an alumnus of their old nemesis, the Trilateral Commission, who was knighted by the Queen of England on Feb. 23, 1988.

The U.S. establishment media are treating these ravings with utmost seriousness, feeding into the ongoing hysteria that the Chinese “are stealing our nuclear secrets,” and similar McCarthyite propaganda. Things have gotten so hot, that President Bill Clinton and Secretary of State Madeleine Albright stayed away from the Dec. 14 ceremonies in Panama marking the transfer, leaving it to former U.S. President Jimmy Carter—who negotiated the Canal treaties with Panama’s late Gen. Omar Torrijos 25 years ago—to show the flag.

But, consider the following: On Dec. 12, some 600 FARC narco-terrorists, using mortars, explosives, tear-gas grenades, and small weapons, attacked a police barracks and naval base in the Pacific coast town of Juradó in Colombia, just 10 miles across the border from Panama, and killed at least 23 and maybe as many as 65 Colombian soldiers. Incursions across the border into Panama’s Darién Province are frequent. In May, an estimated 500 narco-terrorists seized the Panamanian town of La Miel; there was a similar incursion in November. The narco-terrorists have gotten so bold that hostages are being taken for ransom in downtown Panama City itself. The narco-terrorists are better armed than Colombia’s Armed Forces, not to mention Panama’s, where there hasn’t been an

army since George Bush's invasion in December 1989. The FARC even has its own air force, which it expanded by stealing two helicopters from Panama in November.

So, how is *this* very real threat to the Panama Canal being dealt with? Clinton never submitted the request to Congress for a \$1 billion-plus package needed to help Colombia fight the FARC/ELN, nor was Congress willing to approve it.

More than 13,000 ships a year, carrying 200 million tons of raw materials and manufactured goods, use the Panama Canal. This includes 15% of all U.S. exports and imports, including 40% of its grain exports.

### **The Hong Kong menace?**

Weinberger, former U.S. Defense Secretary and current publisher of *Forbes* magazine, testified before the Senate Armed Forces Committee on Oct. 22, that there was a security threat to the Canal, posed by the fact that the Hong Kong-based Hutchinson Whampoa Ltd. won the concession to handle two privatized ports on either terminus of the Canal—Cristóbal on the Caribbean, and Balboa on the Pacific. Hutchison, he suggested, is a front for the People's Republic of China. "They were willing to bid nearly twice as much as the nearest [competitor] for this contract and these privileges," he said. "Twenty-two million dollars a year. I understand that one of the closest other bids was about \$2 million a year to the government of Panama. . . . [There was] such a huge spread between the next bidders that it raises the question of whether or not they had any other reasons for wanting to get this rather than the purely commercial." What other reason? "Any company, Chinese or anything else, acquiring the rights [knows] that they have will have an enormously important intelligence platform—a basis for gathering intelligence, for conveying intelligence, for utilizing the very important place in the world that is occupied by the Panama Canal," he said.

In fact, the closest bid to Hutchison's was \$10 million. The lowest bid, the one for \$2 million, was made by California-based Bechtel, Weinberger's former employer, although he did not tell the committee that. As Panamanian officials tell the story, in 1995 the bidding process to privatize the ports was already set when Bechtel officials summoned Panama's then-President Ernesto Pérez Balladares to its San Francisco headquarters. Everything was scrapped so that Bechtel could submit its bid, which offered the least money for the ports' concession. Although Panama twice cancelled the bidding process and implored Bechtel to sweeten the pot, the company refused to significantly raise its offer.

Prodded by Sen. Carl Levin (D-Mich.), Weinberger was forced to backpedal on some of the wildest claims and misrepresentations of fact he made both to the committee, and in an article in *Forbes*, in which he had cited Lott to the effect that, "U.S. naval ships will be at the mercy of Chinese-controlled pilots. . . . Our naval ships could be denied passage through the Canal by Hutchison . . . an arm of the Chinese Liberation Army."

Is it true? Levin demanded. "Well," lamely offered Sir

Caspar, "it's cloudy. Again, it's one of the problems with the interpretations that are possible under the various language it uses."

The problem, as Presidential candidate Lyndon LaRouche said in a Dec. 11 address to his supporters in Los Angeles, is that "these men are not only greedy people, but they're very foolish people. These are the people who want us to get into major wars in Asia and elsewhere," as long as their money on Wall Street is protected (see p. 60 for full text).

While it does business with China, Hutchison Whampoa is, in fact, a British company. Its chairman, billionaire Li Ka-shing, and his family hold a hereditary post on the board of London's premier dope bank, Hongkong and Shanghai Bank (now HSBC). Li Ka-Shing is reportedly a buddy of British Prime Minister Tony Blair. Not only are most of Hutchison's managers in Panama British or Australian, but they have no Chinese among their 500 employees in Panama, according to the Dec. 8 *Washington Post*.

A \$36 billion conglomerate, Hutchison administers a dozen of the world's most important ports, and controls 10% of the world's container traffic. Its holdings include Felix-towe, the United Kingdom's largest container port, Freeport Harbour Co. in the Bahamas, Hong Kong International Terminals, Myanmar International Terminals, a container terminal in Kenya, and Shanghai Container Terminal, according to the Panamanian magazine *Análisis* of June 1997.

### **'The last of the Romans'**

The scenario being played out has an eerie resemblance to the plot of the 1996 espionage thriller *The Tailor of Panama*, by Brit spy novelist John Le Carré. Le Carré, a former intelligence agent, is part of that British tradition of spy-cum-novelists as H.G. Wells, George Orwell, and Graham Greene, whose plots are often barely fictionalized accounts of real intelligence operations. In his novel, Le Carré lays out a scenario in which Her Majesty's intelligence services set out to manipulate the U.S. government to tear up the treaties, invade Panama, and retake the Canal. This they achieve, in part by feeding the gullible Americans a passel of lies to turn them against Panamanian Gen. Manuel Noriega, and by getting them to believe in a nonexistent conspiracy against the Canal, which the Brits have cut from whole cloth. Le Carré's enemy image is the Asian. "The Chinks want the same as the Japs," Le Carré has one of his characters say. "The Chinks and the Japs are blood brothers, and it's we, Olaf, the deluded round-eyes, who are destined to suck on the hind of it."

To what end? To "return to the Golden Age when tweed-jacketed sons of Yale and Oxford sat side by side in the same panelled rooms, pooling their imperialist fantasies!"

Not only is the treaty "misbegotten," but the Americans are "proposing to *honor* it," says one of Le Carré's characters. We "must show them the error of their ways. To resume our rightful place at the top of the table. It is the oldest tale of them all, Andrew. We're the last of the Romans. We have the knowledge, but they have the power."

---

## Admiral backs Sino-U.S. ties

U.S. Vice Adm. Walter Doran, commander of the Seventh Fleet, sailed into Hong Kong on Dec. 7 for a four-day visit during which he will host mainland Chinese officers on board the flagship *USS Blue Ridge*. According to the *South China Morning Post* on Dec. 7, Doran announced that he was not "unduly worried" by China's naval upgrade program, and wants U.S. relations with Beijing to be put back on track.

Doran said that he was aware of reports that China was enhancing its submarine-based ballistic missile capability. "China has every right to make evolutionary changes to its military capability," he said. "I watch what is happening in every place. I am not unduly concerned about the P.R.C."

The presence of the *Blue Ridge* and the meeting with the People's Liberation Army (PLA) showed that Sino-American military relations were improving since NATO bombed the Chinese Embassy in Belgrade in May, Admiral Doran said. "This certainly does not signify the return to normal U.S.-China military ties," he told an Asia Society function on Dec. 7. "We were developing a very good relationship. . . . I would hope we would get back to that."

A reception on board the *Blue Ridge* was to be attended by a PLA delegation for the first time since May.

---

## Report assesses health of uninsured Americans

A new study by the American College of Physicians-American Society of Internal Medicine, reported in the *Washington Post* on Dec. 7, documents that Americans who lack medical insurance coverage are sicker, and more likely to die prematurely, than those who are insured.

The report analyzed data from hundreds of studies of the uninsured done over the past decade. Ironically, the report argues that the

uninsured add avoidable expense to the health-care system, because they are less likely to receive preventive care and much more likely to be treated only when very ill. Some additional findings:

- Uninsured pregnant women have a 31% higher likelihood of an adverse hospital outcome than insured pregnant women.

- Uninsured children are up to six times as likely as insured children to have gone without needed medical, dental, or other health care.

- Uninsured Americans are 2.8 times more likely to be hospitalized with diabetes; 2.4 times more likely to be hospitalized for hypertension.

- Uninsured Americans are 3.2 times more likely to die in a hospital.

George W. Bush's Texas has the highest rate of uninsured residents in the nation: At 24.5%, the Texas figure is 50% higher than the national average of 16.3%.

---

## Clinton defends his China policy

In a press conference on Dec. 8, President Clinton came to the defense of his China policy, in response to a question from the *Washington Times*, which has been leading the charge against that policy.

"Mr. President," the reporter asked, "with China building a second short-range missile base, allowing them to take Taiwan with little or no warning, are you concerned about America's ability to defend that island, especially with a Chinese company taking over the Panama Canal's ports at the end of this month?"

The President first addressed the Canal issue, underlining that the Canal will be totally controlled by the Panamanians. He continued: "Now, the second question is, China is modernizing its military in a lot of ways. But our policy on China is crystal clear. We believe there is one China. We think it has to be resolved through cross-strait dialogue, and we oppose and would view with grave concern any kind of violent action. And that hasn't changed.

"There has been a lot of buildup of ten-

sion on both sides that I think is unnecessary and counterproductive. If you look at the amount of Taiwanese investment in China, for example . . . it's obvious that eventually they're going to get this worked out, because they're too inter-connected by ties of family and, increasingly, by ties of the economy, and the politics of neither place should lead either side into doing something rash. And I hope that this will not happen. But our policy is clear, and you know what I've done in the past. And I think that's all I should say about it right now."

---

## Secretary Cohen calls for greater NATO role

Speaking at the congress of the German Armed Forces (Bundeswehr) Commanders in Hamburg on Dec. 1, U.S. Secretary of Defense William Cohen backed the British colonialist effort to turn NATO into a global intervention force for the 21st century. "If past is prologue," he said, "events in the Balkans will not be the last to challenge our common interests and values."

Cohen said that more should be done to complete "our ability to meet the unexpected, NATO's transformation from a territorial defense to a more flexible, deployable force." That force should be ready to deploy "across a range of missions," to also counter "new types of challenges, such as chemical, biological, or terrorist attack and information warfare. In short, we need, and have committed to building, a 21st-century Alliance ready and equipped for 21st-century missions."

Cohen appealed to the Germans to shift vital defense resources away from what he called the "oversized Main Defense Forces," dating from the Cold War era, to a new type of armed forces that would have some 150,000 men under arms in rapid deployment forces, including the equipment for those kinds of missions.

Cohen complained that Germany has so far assigned a great deal of its financial resources to the reunification process and to the transition to a unified European currency, which has placed the Germans in the



**THE SUPREME COURT** has announced that it will review which takes precedence: the *Miranda* ruling—a keystone of civil rights in America—which invalidates evidence taken from defendants who have not been informed of their rights at arrest; or a Federal law passed after that ruling, allowing all “voluntary confessions” to be used against defendants, regardless of this condition.

**PRESIDENT CLINTON**, when asked at his Dec. 8 press conference to name his candidate for “Man of the Century,” replied: “I would have to choose Franklin Roosevelt, because in this century, our greatest peril was in the Depression and World War II, and because he led us not only through those things, and laid the building blocks for a better society with things like Social Security and unemployment insurance . . . but he also looked to the future, endorsing the United Nations and a lot of the other international institutions which were subsequently created. . . .”

**THE JUSTICE DEPT.** will investigate the FBI sting operation which was proposed to be run against then-D.C. Mayor Marion Barry last year, Deputy Attorney General Eric Holder announced on Dec. 9.

**ARTHUR COIA**, general president of the Laborers union (LIUNA), announced his decision to “retire” on Dec. 6. Coia was under fire from the Justice Department and the GOP’s Clinton witch-hunters, as an ally of AFL-CIO President John Sweeney, and one of the top ten Democratic Party contributors, with close relations to the Clintons.

**THE JUSTICE POLICY** Institute reports that, at the current rate of growth of the U.S. prison population, on Feb. 15, 2000, America’s prison and jail inmate population will top 2 million. This means that the United States, with less than 5% of the world’s population, will have one-quarter of the world’s prison inmates.

“bottom third of NATO defense spenders.” Cohen said that “Germany’s budget shares for defense for investment, and particularly for procurement, should rise substantially, to strike the balance typical of other major allies.” Some of the required extra money could come from “savings . . . through the elimination of excess and obsolete bases and infrastructure associated with a Cold War-era standing force,” he said.

The way he has been able to carve out an extra \$25 billion in the United States, by the year 2003, should be taken as an example by the Germans, he said, concluding with a new piece of Pentagon poetry: “Today, we can hear the hoofbeats of tomorrow, both its promise and its peril. By building a new Bundeswehr, by building a new NATO, we can catch the coattails before the challenges and charges of tomorrow’s world come thundering by.”

## N.Y.’s Giuliani cracks down on homeless people

New York Mayor Rudolph Giuliani, who faces a challenge from Hillary Rodham Clinton for the 2000 New York Senate seat vacated by Democrat Patrick Moynihan, has instituted a vicious crackdown on the homeless in New York, to make the city more “acceptable” to its upscale patrons. Similar crackdowns are going on around the country, particularly in the San Francisco Bay area, whose warm winter weather attracts thousands of desperate homeless at this time of year. But Giuliani is trying to carry out a policy of terror without equal in the nation.

On any given night, there are about 24,000 people in the city’s homeless shelters, according to newspaper reports. New rules, which were to take effect on Dec. 13, would require that any able-bodied shelter resident who refuses to take a slave-labor job provided by the city be evicted, and if the person is a parent, the children be taken away, on the grounds that the parents are negligent. The state Supreme Court issued a restraining order on the city to stop implementation of the policy, which one judge said “strikes terror” in parents. Maria Fos-

carinis, executive director of the National Law Center on Homelessness and Poverty, called the policy “Kafkaesque,” according to the *Washington Post* on Dec. 11. “You’re being negligent because you’re being kicked out on the street?” she asked.

The real problem is the lack of low-rent housing and of jobs that pay a living wage. Even working full-time, a minimum-wage earner cannot afford the rent for an efficiency apartment in most U.S. cities, according to a January study by the National Law Center on Homelessness and Poverty.

Further, according to a new study by the U.S. Department of Housing and Urban Development, about 40% of the nation’s homeless appear to be mentally ill. In New York City, the figure is about 50%, according to Ray Brescia, director of the mental health project of the Urban Justice Center. About 40% of the nation’s homeless are children, whose parents account for 30% of the adult homeless. Sixty-six percent of homeless people suffer chronic or infectious diseases, not including AIDS, and most lack health insurance.

## Reno is urged to ban use of secret evidence

Arab-American and Muslim groups met with Attorney General Janet Reno on Dec. 8 and urged her to ban the use of secret evidence in immigration cases, according to wire service reports.

“We have seen that secret evidence does not survive the ultimate test—the U.S. court system,” said James Zogby of the Arab-American Institute. “From our meeting today, it is obvious that the Attorney General has spent a great deal of personal time of this issue, and she is clearly troubled by the use of secret evidence.”

However, the American Muslim Council was not satisfied with Reno’s response. “There is no improvement in her position except that she’s still reviewing the situation and she promised to extend the review further,” said Yahya Basha, a member of the AMC Board of Directors, who also serves on the Michigan Human Rights Commission.

### *World-strategic significance of Mideast talks*

Even many otherwise intelligent people, are underestimating the global significance of the efforts of President Clinton and Israeli Prime Minister Barak to realize a Middle East peace. Look at it from the standpoint of *EIR*'s "Storm Over Asia" videotape, narrated by Lyndon LaRouche. If you understand "Storm Over Asia," along with other elements to be supplied in the next issue of *EIR*, the picture will be clear: What Clinton and Barak are doing now, is much more important than simply peace in the Middle East, as important as that is. What they are doing has global strategic implications of a profound character, relating to the issues of war and peace over the next decade and beyond.

In fact, the prospects of Middle East peace threaten the London game—a game which involves creating conflicts there, in the Caucasus, in Central Asia, and beyond. Witness British stooge Samuel "Crisis of Democracy" Huntington, who wrote in the Dec. 16 *New York Times*: "The war in Chechnya has to be placed in its contemporary and historical contexts. It is one of many conflicts along the borders of the great Islamic bloc stretching from Morocco to Indonesia. There has been violence between Muslims and non-Muslims in Bosnia, Kosovo, Nagorno-Karabakh, Chechnya, Tajikistan, Afghanistan, Kashmir, India, the Philippines, Indonesia, East Timor, the Middle East, the Horn of Africa, Sudan and Nigeria. . . ." Here you see the situation the British are trying to create, and what Clinton and Barak are fighting to stop.

The President Clinton who led these talks, is not the pragmatic Bill Clinton who allows himself to waffle on many other principled questions, or the Clinton who polluted his administration with low-lives like Al Gore and Mad Madeleine Albright. This is President Clinton the statesman, who seized a strategic opportunity to dam the worldwide impulse, by which growing numbers of "little wars" are dragging the world willy-nilly into strategic conflict.

Preliminary talks in Washington concluded on Dec. 16, after two days, to resume on Jan. 3, probably for a much longer period. Parts of the opening statement of Syrian Foreign Minister Sharaa communicate what is

at stake. He said, "It goes without saying that peace for Syria means the return of all its occupied land, while for Israel, peace will mean the end of the psychology of fear which the Israelis have been living in as a result of the existence of occupation, which is undoubtedly the source of all adversities and wars.

"Hence, ending the occupation will be balanced for the first time by eliminating the barrier of fear and anxieties, and exchanging it for a true and a mutual feeling of peace and security. Thus, the peace which the parties are going to reach will be established on justice and international legitimacy, and thus peace will be the only triumphant [party] after 50 years of struggle. . . ."

Similarly, on Dec. 15, Israeli President Ezer Weizmann warned: "The issue under discussion is war or peace. Our entire lives can be changed in this or in that direction. It is a scenario I hope we won't face: back to the vicious cycle of war. That would be very bad." He also said, "Whoever is interested in a normal life here, should support [the peace talks]." The next day, Weizmann brushed aside criticism of his remarks, by declaring that the issue is "the future of Israel. We are facing moments of peace and war. That's my view, and I'll do what I think is right." He said that his policy is simply to do "what I think is best for the people of Israel."

Behind both President Clinton's and Prime Minister Barak's awareness that the peace effort simply must succeed—that there is no room for failure or hesitation, however good the excuse for it might be—is the figure of murdered soldier-statesman Yitzhak Rabin. This martyr for peace was, in different ways, the trusted older friend, mentor, and personal model for both of them. A military hero who had many times ordered the torture and assassination of Palestinians, he came around to see the necessity of peace, and "bit his lip," as he himself put it, to shake hands with his enemy Yasser Arafat on the White House lawn. In the end, he gave his life for principles which he had bitterly rejected only a few years before.

For there is no true statesmanship, without the ability and willingness to change completely, at those great moments when such change is necessary.

# SEE LAROUCHE ON CABLE TV

All programs are *The LaRouche Connection* unless otherwise noted. (\*) Call station for times.

## ALABAMA

- BIRMINGHAM—T/W Ch. 4 Thursdays—11 p.m.
- MONTGOMERY—AT&T Ch. 3 Mondays—10:30 p.m.
- UNIONTOWN Galaxy Ch. 2 Mon.-Fri.—Every 4 hrs. Sundays—Afternoons

## ALASKA

- ANCHORAGE—GCI Ch. 44 Thursdays—10:30 p.m.
- JUNEAU—GCI Ch. 2 Wednesdays—10 p.m.

## ARIZONA

- PHOENIX—Access Ch. 98 Saturdays—5 p.m.
- TUCSON—Access Cox Ch. 62 CableReady Ch. 54 Thursdays—12 Midnight

## ARKANSAS

- CABOT—Ch. 15 Daily—8 p.m.

## CALIFORNIA

- BEVERLY HILLS Thursdays—4:30 p.m. Adelphia Ch. 37
- BREA—Century Ch. 17\*
- CHATSWORTH Time Warner Ch. 27/34 Wednesdays—5:30 p.m.
- CONCORD—Ch. 25 Thursdays—9:30 p.m.
- COSTA MESA—Ch. 61 Mon.—6 pm; Wed—3 pm Thursdays—2 p.m.
- CULVER CITY MediaOne Ch. 43 Wednesdays—7 p.m.
- E.LOS ANGELES BuenaVision Ch. 6 Fridays—12 Noon
- HOLLYWOOD MediaOne Ch. 43 Wednesdays—7 p.m.
- LANCASTER/PALMDALE Jones Ch. 16 Sundays—9 p.m.
- LAVERNE—Century Ch. 3 Mondays—8 p.m.
- MARINA DEL REY Adelphia Ch. 3 Thursdays—4:30 p.m. MediaOne Ch. 43 Wednesdays—7 p.m.
- MID-WILSHIRE MediaOne Ch. 43 Wednesdays—7 p.m.
- MODESTO—Access Ch. 8 Mondays—2:30 p.m.
- SAN DIEGO—T/W Ch. 16 Saturdays—10 p.m.
- SAN FRANCISCO—Ch. 53 2nd & 4th Tue.—5 p.m.
- SANTA ANA—Ch. 53 Tuesdays—6:30 p.m.
- SANTA CLARITA MediaOne/T-W Ch. 20 Fridays—3 p.m.
- SANTA MONICA Adelphia Ch. 77 Thursdays—4:30 p.m.

- TUJUNGA—Ch. 19 Fridays—5 p.m.
- VENICE—MediaOne Ch. 43 Wednesdays—7 p.m.
- WEST HOLLYWOOD Adelphia Ch. 3 Thursdays—4:30 p.m.

## COLORADO

- DENVER—AT&T Ch. 57 Sat.-1 p.m.; Tue.-7 p.m.

## CONNECTICUT

- GROTON—Comcast Ch. 23 Mondays—10 p.m.
- MANCHESTER—Cox Ch. 15 Mondays—10 p.m.
- MIDDLETOWN—Comcast Ch. 3 Thursdays—5 p.m.
- NEW HAVEN—Comcast Ch. 28 Sundays—10 p.m.
- NEWTOWN/NEW MILFORD Charter Ch. 21 Thursdays—9:30 p.m.
- DIST. OF COLUMBIA • WASHINGTON—DCTV Ch. 25 Sundays—3:30 p.m.

## ILLINOIS

- CHICAGO—CAN Ch. 21 *The LaRouche Connection\* Schiller Hotline-21* Thursdays—5:30 p.m.
- QUAD CITIES—AT&T In Illinois: Ch. 4/6 In Iowa: Ch. 4 Mondays—11 p.m.
- SPRINGFIELD—Ch. 4 Wednesdays—5:30 p.m.

## KANSAS

- SALINA—CATV Ch. 6\* *Love, Unity, Saves*

## KENTUCKY

- LATONIA—I/M Ch. 21 Mon.-8 p.m.; Sat.-6 p.m.
- LOUISVILLE Insight Ch. 70 Fridays—2 p.m.

## LOUISIANA

- ORLEANS PARISH Cox Ch. 6 Mon. & Fri.—12 Midnite

## MARYLAND

- ANNE ARUNDEL—Ch. 20 Fri. & Sat.—11 p.m.
- BALTIMORE—BCAC Ch. 5 Wednesdays—4 p.m. & 8 p.m.
- MONTGOMERY—MCTV Ch. 49 Fridays—7 p.m.
- PRINCE GEORGES—Ch. 15 Mondays—10:30 p.m.
- W. HOWARD COUNTY—Ch. 6 Monday thru Sunday—1:30 a.m., 11:30 a.m., 4 p.m., 8:30 p.m.

## MASSACHUSETTS

- AMHERST—ACTV Ch. 10\*
- BOSTON—BNM Ch. 3 Saturdays—12 Noon
- GREAT FALLS MediaOne Ch. 6 Mondays—10 p.m.
- WORCESTER—WCCA Ch. 13 Wednesdays—6 p.m.

## MICHIGAN

- CANTON TOWNSHIP MediaOne Ch. 18: Thu.—6 p.m.
- DEARBORN HEIGHTS MediaOne Ch. 18: Thu.—6 p.m.
- GRAND RAPIDS—GRTV Ch. 25 Fridays—1:30 p.m.
- PLYMOUTH—MediaOne Ch. 18 Thursdays—6 p.m.

## MINNESOTA

- ANOKA—OCTV Ch. 15 Thu.—11 a.m., 5 p.m., 12 Midnight
- COLUMBIA HEIGHTS Community TV Ch. 15 Wednesdays—8 p.m.
- DULUTH—PACT Ch. 24 Thu.—10 p.m.; Sat.—12 Noon
- MINNEAPOLIS Paragon Ch. 32 Wednesdays—8:30 p.m.
- NEW ULM—Paragon Ch. 12 Fridays—5 p.m.
- PROCTOR/HERMAN—Ch. 12 Tue.: between 5 pm & 1 am
- ST. LOUIS PARK—Ch. 33 Friday through Monday 3 p.m., 11 p.m., 7 a.m.
- ST. PAUL—Ch. 33 Sundays—10 p.m.
- ST. PAUL (NE burbs)\* Suburban Community Ch. 15

## MISSOURI

- ST. LOUIS—TCI Ch. 22 Wed.—5 p.m.; Thu.—Noon

## MONTANA

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

## NEVADA

- CARSON CITY—Ch. 10 Sun.—2:30 pm; Wed.—7 pm Saturdays—3 p.m.

## NEW JERSEY

- MONTVALE/MAHWAH—Ch. 27 Wednesdays—5:30 p.m.

## NEW MEXICO

- ALBUQUERQUE—Ch. 27 Wednesdays—10:30 p.m.

## NEW YORK

- AMSTERDAM—T/W Ch. 16 Fridays—7 p.m.
- BROOKHAVEN (E. Suffolk) Cablevision Ch. 1/99 Wednesdays—9:30 p.m.
- BROOKLYN—BCAT Time Warner Ch. 35 Cablevision Ch. 68 Sundays—9 a.m.
- BUFFALO—Adelphia Ch. 18 Saturdays—2 p.m.
- CORTLANDT/PEEKSKILL MediaOne Ch. 32/6 Wednesdays—3 p.m.
- HORSEHEADS—T/W Ch. 1 Mon. & Fri.—4:30 p.m.
- HUDSON VALLEY—Ch. 6 2nd & 3rd Sun.—1:30 p.m.
- ILION—T/W Ch. 10 Saturdays—12:30 p.m.
- IRONDEQUOIT—Ch. 15 Mon. & Thurs.—7 p.m.
- ITHACA—T/W Ch. 78 Mondays—8 pm Thursdays—9:30 pm Saturdays—7 p.m.
- JOHNSTOWN—Ch. 7 Tuesdays—4 p.m.
- MANHATTAN—MNN T/W Ch. 34; RCN Ch. 109 Sun., Dec. 26: 9 a.m. Sun., Jan. 9, 23: 9 a.m.
- NASSAU COUNTY Cablevision Ch. 80 Thursdays—5 p.m.
- NIAGARA FALLS Adelphia Ch. 24 Tuesdays—4 p.m.
- N. CHAUTAUQUA COUNTY Gateway Access Ch. 12 Fridays—7:30 p.m.
- ONEIDA—T/W 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.
- QUEENS—T/W Ch. 35 Wednesdays—6 p.m.
- QUEENSBURY Harron Cable Ch. 71 Thursdays—7 p.m.
- RIVERHEAD CableVision Ch. 27 Thursdays—12 Midnight
- ROCHESTER—T/W Ch. 15 Fridays—11 p.m. Sundays—11 a.m.
- ROCKLAND—T/W Ch. 27 Wednesdays—5:30 p.m.
- SCHENECTADY—T/W Ch. 16 Tuesdays—10 p.m.
- STATEN ISL.—T/W Ch. 57 Saturdays—7 a.m.
- SUFFOLK, L.I.—Ch. 25 2nd & 4th Mondays—10 p.m.
- SYRACUSE—T/W City: Ch. 3; Burbs: Ch. 13 Fridays—8 p.m.
- UTICA—Harron Ch. 3 Thursdays—6 p.m.
- WATERTOWN—T/W Ch. 2 Tue: between Noon & 5 p.m.
- WEBSTER—T/W Ch. 12 Wednesdays—8:30 p.m.
- WESTFIELD—Ch. 21 Mondays—12 Noon Wed. & Sat.—10 a.m. Sundays—11 a.m.
- WEST SENECA—Ch. 68 Thursdays—10:30 p.m.
- YONKERS—Ch. 37 Saturdays—3:30 p.m.
- YORKTOWN—Ch. 34 Thursdays—3 p.m.

## OHIO

- COLUMBUS—Ch. 21\* • OBERLIN—Ch. 9 Tuesdays—6 p.m.

## OREGON

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

## RHODE ISLAND

- E. PROVIDENCE—Cox Ch.18 Sundays—7 p.m.
- STATEWIDE—Ch. B (14/50) Rhode Island Interconnect Tue., Wed., Fri.—2 p.m. Dec. 21 thru Jan. 12

## TEXAS

- AUSTIN—T/W Ch. 10/16\*
- EL PASO—Paragon Ch. 15 Thursdays—5 p.m.
- HOUSTON—Access Houston\*

## UTAH

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

## VIRGINIA

- ARLINGTON COUNTY Cable TV of Arlington Ch. 33 Sun.—1 pm; Mon.—6:30 pm Wednesdays—12 Noon
- CHESTERFIELD—Ch. 6 Thursdays—5 p.m.
- FAIRFAX COUNTY Cox Ch. 10 Tuesdays—12 Noon Thu.—7 p.m.; Sat.—10 a.m.
- LOUDOUN COUNTY Adelphia 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 AT&T Ch. 29/77 Thursdays—3 p.m.
- SPOKANE COUNTY AT&T Ch. 25 Wednesdays—6 p.m.
- TRI-CITIES Falcon Cable 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 COUNTY Time Warner Ch. 21 Mondays—1:30 p.m.
- MADISON—WYOU Ch. 4 Tue.—2 pm; Wed.—8 am
- OSHKOSH—Ch. 10 Fridays—11:00 p.m.
- MARATHON COUNTY Charter Ch. 10 Thu.—9:30 p.m.; Fri.—12 Noon

## WYOMING

- GILLETTE—AT&T Ch. 36 Thursdays—5 p.m.

If you would like to get *The LaRouche Connection* on your local cable TV station, please call Charles Notley at 703-777-9451, Ext. 322. For more information, visit our Internet HomePage at <http://www.larouchepub.com/tv>

# Executive Intelligence Review

U.S., Canada and Mexico only

1 year . . . . .	\$396
6 months . . . . .	\$225
3 months . . . . .	\$125

## Foreign Rates

1 year . . . . .	\$490
6 months . . . . .	\$265
3 months . . . . .	\$145

I would like to subscribe to *Executive Intelligence Review* for

1 year  6 months  3 months

I enclose \$\_\_\_\_\_ check or money order  
Please charge my  MasterCard  Visa

Card No. \_\_\_\_\_ Exp. date \_\_\_\_\_

Signature \_\_\_\_\_

Name \_\_\_\_\_

Company \_\_\_\_\_

Phone ( \_\_\_\_\_ ) \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Make checks payable to EIR News Service Inc.,  
P.O. Box 17390, Washington, D.C. 20041-0390.

# STORM OVER ASIA

Like no other video ever produced! Lyndon H. LaRouche, Jr. points the way from strategic disaster, to a global Renaissance in the new millennium.

In this feature-length video, LaRouche presents a comprehensive picture of the current world strategic and financial crisis, and the policy of statecraft required to deal with it effectively.

This is a challenging presentation, not the kind of "bite-sized" slogans that pass for politics in Washington these days.

We confront an enormous strategic danger. Russia, China, and other Eurasian nations are the targets of mercenary terrorist forces, deployed under the direction of the British oligarchy, with the aim of bringing about the disintegration of the nation-state. If Russia, a weakened but still well-armed power, is pushed to the wall, the military consequences are incalculable. And yet, as the global financial system disintegrates before our eyes, such fools as Zbigniew Brzezinski are pushing their conflict with Russia beyond the point of return.

LaRouche counterposes to this lunacy, a brilliant foreign policy for the United States. "Our interest," he states, "is to bring into being on this planet, a hegemonic community of perfectly sovereign nation-state republics, which share that commitment to defense of the general welfare, which is the cornerstone of our Federal Constitution."



2 hour, 40 minute video **\$50**

Order #EIE-99-015

**Shipping:** \$3.50 first item; \$.50 each additional item.

Order from

**EIR News Service, Inc.**

P.O. Box 17390 Washington, D.C. 20041-0390

OR Order by phone, toll-free: **888-EIR-3258**

OR Send e-mail with Visa or MasterCard number and expiration date to: **eirns@larouchepub.com**

Visa, MasterCard accepted