

EIR

Executive Intelligence Review

April 13, 2001 Vol. 28 No. 15

\$10.00

Europe Is Learning, LaRouche Was Right About Bush
Facing War, Arabs Focus on Building Economies
800 U.S. Hospitals Lost in 15 Years

**Mexico Being Split Apart
By Fascists: Brazil Next?**





**NOW,
ARE YOU READY
TO LEARN ABOUT ECONOMICS?...**

... Subscribe to:

**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.

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*
Editor: *Paul Gallagher*

Associate Editors: *Ronald Kokinda, Susan Welsh*
Managing Editor: *John Sigerson*
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,
Michele Steinberg*

Economics: *Marcia Merry Baker,
William Engdahl*

History: *Anton Chaitkin*

Ibero-America: *Dennis Small*

Law: *Edward Spannaus*

Russia and Eastern Europe:
Rachel Douglas

United States: *Debra Freeman, Suzanne Rose*

INTERNATIONAL BUREAUS:

Bogotá: *Javier Almaro*

Berlin: *Rainer Apel*

Buenos Aires: *Gerardo Terán*

Caracas: *David Ramonet*

Copenhagen: *Poul Rasmussen*

Houston: *Harley Schlanger*

Lima: *Sara Madueño*

Melbourne: *Robert Barwick*

Mexico City: *Hugo López Ochoa*

Milan: *Leonardo Servadio*

New Delhi: *Susan Maitra*

Paris: *Christine Bierre*

Rio de Janeiro: *Silvia Palacios*

Stockholm: *Michael Ericson*

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

Washington, D.C.: *William Jones*

Wiesbaden: *Göran Haglund*

*EIR (ISSN 0273-6314) is published weekly (50 issues)
except for the second week of July and the last week of
December, by EIR News Service Inc., 317 Pennsylvania
Ave., S.E., 3rd Floor, Washington, DC 20003. (202)
544-7010. For subscriptions: (703) 777-9451, or toll-
free, 888-EIR-3258.*

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

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

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

*In Mexico: EIR, Serapio Rendón No. 70 Int. 28, Col. San
Rafael, Del. Cuauhtémoc. México, DF 06470. Tels: 55-66-
0963, 55-46-2597, 55-46-0931, 55-46-0933 y 55-46-2400.*

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

*Copyright © 2001 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

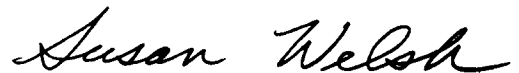
Thirty years ago, the LaRouche movement came into being, on the basis of Lyndon LaRouche's conjunctural analysis: that either the world's nations would overthrow the corrupt rule of the Wall Street-London financier oligarchy, and put in place a new financial and monetary system, in the interests of the general welfare, or, the inevitable collapse of the current bankrupt system would lead to a new Great Depression, and the emergence of fascism, once again.

It should now be clear to any honest person, that LaRouche has been right all along, and that no other U.S. figure is capable of providing the quality of leadership needed to deal with this mess.

When Newt Gingrich's "Conservative Revolution" took hold of the House of Representatives in 1994, *EIR* exposed its fascist essence. Last year, during the Presidential campaign, LaRouche wrote such memorable articles as "Al Hitler and Maledetto Busholini" (Aug. 11), showing what the American face of fascism really looks like, and offering the American people a chance to stop it. They didn't.

Now, look what is being unleashed, around the world! In this week's *Feature*, we present the implications of the Zapatista occupation of the Mexican Congress, and of Britain's genocidal plan for carving out micro-states elsewhere in Ibero-America, in Sub-Saharan Africa, and other regions. Concluding the package is LaRouche's "What Is Fascism, Really?"—an article which is guaranteed to enrage ideologues of both left and right. (If you aren't an ideologue, it will provoke you to *think* in a new way.)

As this fascist tendency emerges, we have a great opportunity to bring about the revolutionary changes that LaRouche has advocated for thirty years. Many of those who, just yesterday, believed in "the magic of the market," are today shifting toward a mood ranging from "sullen to bitter hatred of what Wall Street represents," LaRouche noted in a memorandum on April 4. But, "it is not sufficient to be on the side of those who are about to join the torrent of 'I hate anyone who asks me to believe in the market!'" It is essential to intervene, by injecting consciousness of an appropriate, non-market alternative to the self-doomed market. Especially in times of crisis, such as these, the secret of politics lies not in tragedy, but in the sublime!"



EIR Contents

Cover This Week

*Zapatistas in the
Mexican Chamber
of Deputies.*



18 EZLN Coup in Mexico Sets Stage for Dismembering Ibero-America

The March 28 special session of the Mexican Congress, arranged to provide an international platform for the Zapatista narco-terrorists to deliver ultimatums, was a virtual coup d'état by foreign interests. Mexico is now set to be dismembered, its Constitution torn up, and its resources grabbed by eagerly waiting foreign looters, with the Bush family's oil business buddies first in line.

27 Ibero-America's Raw Materials Wealth

30 Western Geopolitics Carves Up Africa: The Congo Example

34 Prince Philip Marches at the Head of Mexico's Zapatistas

36 Stop the Narco-Terrorist Coup d'État in Mexico!

38 World Social Forum: A Jacobin Roadshow

40 From Bentham to Gingrich: What Is Fascism, Really?

By Lyndon H. LaRouche, Jr.

44 Carl Schmitt's Influence in Today's Venezuela

Economics

4 Facing War, Arabs Focus on Building Economies

A breakthrough at the pan-Arab summit, was that economic cooperation and integration, with an eye toward the Eurasian Land-Bridge, were put on the agenda.

7 Egypt Links Peace to Economic Development

8 Asia and the 'New Arab Mashriq'

A guest commentary by Dr. Mohammed Al-Sayed Selim.

10 How U.S. Hospitals Have Been Reduced by 'Shareholder Value,' 1975-99

11 Bush Protects Murderous HMOs

15 German Doctors Rally vs. Financial Cannibalism

International

54 Europe Is Learning, LaRouche Was Right About Bush

Among policymakers across continental Europe, there is growing "dismay and despair," at the incompetence, incalculability, and provocative nature of the Bush Administration. Even "Atlanticists," strongly committed to U.S.-European relations, are warning that the NATO alliance itself will soon "disintegrate," if current trends continue.

57 Russia Looks to Europe, Asia for Partnership

59 U.S. Spy Plane Recalls Embassy Bombing in China

61 Russia's Intervention Was Crucial in Balkans

62 New Bush 'Exit' Strategy Means New Balkans War

66 Nigerians Still Shun World Bank and IMF, Despite Recent Overtures

National

68 'Invisible Empire' of Kate Graham Targets D.C. for 'Negro Removal'

The planned shutdown of D.C. General Hospital is but one facet of an overall plan for the District of Columbia, aimed at eliminating as much as possible of its poorer, black population, to promote hundreds of billions of dollars of speculative real estate development. This scheme is run from behind the scenes by the *Washington Post's* Katharine Graham and a secret empire.

70 Fight the Epidemic of Pessimism

71 LaRouche Points To Leads in Hanssen Case

72 California Democrats Meet, in Disneyland

73 Profile of the NSC Staff: A Bush-League Crisis Provocation Team

77 'Peace Now' Hits Sharon Settlement Policy

78 Congressional Closeup

Departments

80 Editorial

Putin's Silent Offer to the U.S.A.

Photo and graphic credits: Cover, Agence France Presse. Page 5, Egyptian Ministry of International Cooperation. Pages 12, 13, 19-25, 29, 31-33, 72, EIRNS. Pages 15, 55, EIRNS, Karl-Michael Vitt. Page 35, EZLN website. Page 40, EIRNS/Stuart Lewis. Page 41 (Mussolini, Colosseum), www.arttoday.com. Page 42 (left), www.whitepower.com. Pages 41 (Nazis), 43 (Schmitt), 48 (Marx), Library of Congress. Page 52, President Chávez's website. Page 58, (Putin), Bundesbildstelle. Page 60, *China Daily*. Page 63, NATO Photo. Page 65, EIRNS/Umberto Pascali. Page 74, U.S. Department of Commerce.

Facing War, Arabs Focus On Building Economies

by Hussein Al Nadeem

An Arab summit meeting was held in the capital of Jordan, Amman, on March 27-28. Although many important issues were unresolved, such as the Iraq-Kuwait dispute, it marked an important shift and a new direction for inter-Arab relations and strategies.

First, this was the first “regular” summit, meaning that it will become an institution for annual discussions among Arab leaders, even if one or more Arab leaders were not to attend. Second, the Iraqi issue was discussed openly for the first time, and unanimous agreement was reached by all Arab member-states, including Kuwait and Saudi Arabia, on the necessity for unconditionally lifting UN sanctions against Iraq. However, as the Iraqi side expressed reservations about this compromise, it was not included in the final communiqué, entitled the “Amman Declaration,” but in a separate statement.

Another important breakthrough was that the issue of pan-Arab economic cooperation and integration was placed on the summit agenda. A proposal by Egyptian President Hosni Mubarak for holding an Arab economic summit was endorsed for the first time.

The summit also expressed support for Sudan, and acknowledged its right to defend its national sovereignty and in the face of an international campaign aimed at splitting the country and looting its oil and other natural resources.

The Death of the Peace Process

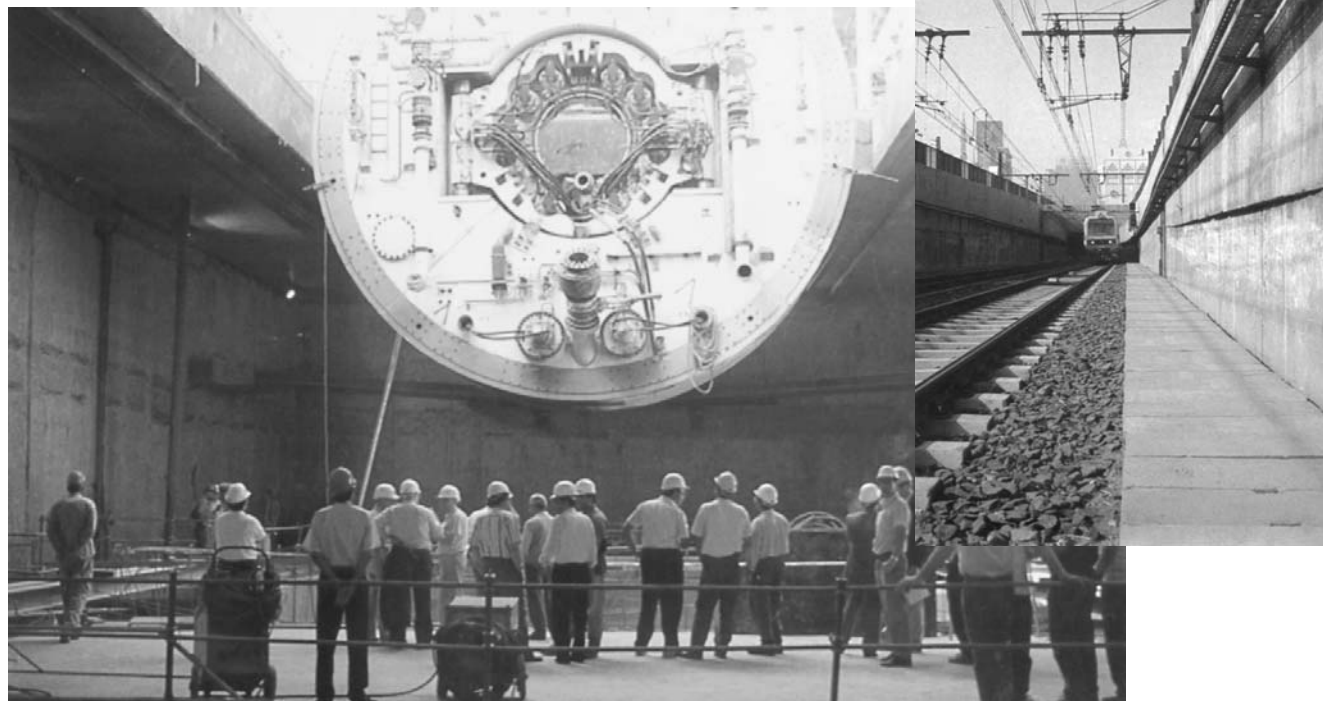
One striking feature of the speeches and discussions of the Arab leaders, was the overwhelming pessimism and general belief that the peace process is completely dead, especially with Ariel Sharon coming to power in Israel. The question asked, was not whether there will be new peace negotiations between Israel and the Arabs, but when a new war is most likely to break out. Israeli Prime Minister Sharon sent a swift

answer on the evening of the conclusion of the summit, when Israeli attack helicopters launched missile attacks on the Palestinian Authority’s offices and security headquarters in Gaza and the West Bank. This attack came allegedly in response to suicide attacks on Israeli civilians carried out by Islamic Jihad. However, the Israeli government’s targetting of Palestinian National Authority President Yasser Arafat and the Palestine Liberation Organization as the “terrorist mastermind,” is a clear signal that the bombing was a provocation, and that Sharon’s government desires an open war with the Palestinian Authority and its Arab allies.

In support of the Palestinian National Authority, the Arab leaders made a number of pledges of financial and political help. “The leaders express their extreme indignation at the United States’ use of its veto in the [UN] Security Council against the draft resolution about protection for the Palestinian people . . . and express their complete rejection of the American justifications. This position does not conform at all with the United States’ responsibilities as a sponsor of the peace process,” the final communiqué read. It demanded that the UN Security Council provide protection for the Palestinians. The communiqué further demanded, in an indirect reference to Sharon, that “the Security Council try Israeli war criminals who have committed massacres and crimes against Arab citizens throughout the Arab occupied territories and elsewhere.”

Arab leaders agreed to release \$240 million to the Palestinian National Authority in soft loans to meet the urgent needs in the Palestinian territories, which are facing an Israeli economic siege. The leaders welcomed Iraq’s designation of 1 billion euros from its oil export sales (part of the UN oil-for-food agreement) to secure needed food, medical, and other essential supplies for the Palestinians.

Construction of the Underground Cairo Metro (below). Egypt and other Middle Eastern nations are focussing on linking up their transportation, energy, and other infrastructure systems, with an eye toward the benefits of the Eurasian Land-Bridge and economic ties to Europe and Asia.



Arab leaders also warned that the Arab states would break off all relations with any government that decides to move its embassy in Israel from Tel Aviv to Jerusalem.

Iraq and Kuwait

The final communiqué did not include any statement on the understanding reached by the majority of the Arab states on solving what they called “the Iraq-Kuwait situation,” in order to clear the atmosphere of the deep disagreements over Iraq’s invasion of Kuwait, the Gulf War, and sanctions against Iraq.

These proposals included: reaffirming respect for the independence and sovereignty of Kuwait, ensuring its security and territorial integrity inside internationally recognized borders, non-interference in its internal affairs, and the reaffirmation of Iraq’s commitment to that and asking it to take all necessary measures to ensure respect for those obligations; reaffirming the independence and the sovereignty of Iraq, its territorial integrity and regional security, non-interference in its internal affairs, and demanding an end to all that it is being subjected to, in terms of actions and measures that are touching upon its sovereignty and threatening its security, especially those taken outside the framework of the pertinent UN Security Council resolutions, i.e., the military strikes.

This is a direct attack on the Anglo-American bombing in the so-called no-fly zones in southern and northern Iraq.

Furthermore, it means that Kuwait and Saudi Arabia should refrain from providing bases for the American and British forces targeting Iraq.

The communiqué also called on Iraq to complete all commitments to the problem of prisoners of war, missing Kuwaitis and others, and returning Kuwaiti properties; demanded an end to all unresolved problems related to weapons of mass destruction and weapons control through negotiations between Iraq and the UN Security Council; called for the lifting of sanctions imposed on Iraq; and urged all necessary measures to resume commercial flights with Iraq.

The Iraqi criticism was directed against the demand placed upon Iraq to “reaffirm” its “commitment” to the security of Kuwait. Iraqi officials said that Iraq has already acknowledged Kuwait’s sovereignty and borders, and they expressed dismay at the fact that the Arab states only called for lifting the sanctions and will not endeavor to lift them unilaterally, as the Iraqis have demanded.

The Arab states decided to assign the King of Jordan, Abdullah II, the mission of carrying out a “reconciliation effort” to solve the problems between Iraq and Kuwait, and included that in the final communiqué.

Economic Cooperation

In the days leading up to the summit, and during its sessions, an important memo prepared by *EIR* on an economic

development strategy for the Arab world, was circulated among governments and in the Arabic press. The “open memo,” in Arabic, was published on the Internet in the London-based Middle East Online, on March 16 and again on the opening day of the summit. The memo, which was prepared by this author, informed the Arab leaders of the work of Lyndon LaRouche and *EIR* for a New Bretton Woods global financial system and for the construction of the New Silk Road, or Eurasian Land-Bridge, as programs through which the Arab nations could “assume an honorable position among the ranks of other great nations in the march toward a new humanist civilization in the 21st Century.”

The memo, which was published in other Arabic press as well, outlined the collapse of the speculative, post-industrial International Monetary Fund system, the hyperinflationary trend in the Western financial policies since the Asia crisis and the Y2K bubble, the demise of the U.S. economy as the importer of last resort, and the alternative represented by LaRouche’s proposal for a New Bretton Woods financial reorganization.

The 16-page memo included four maps, dealing extensively with the Eurasian Land-Bridge and LaRouche’s Oasis Plan for economic development of the Middle East, including provision of large amounts of fresh water through nuclear desalination. One Arab League official who had received the memo remarked to *EIR* on March 15, “This is worth discuss-

ing in the preparations for the summit,” particularly at the meeting of the economic experts on March 18, and among the member-states, which were to refer ideas on “Arab economic integration and cooperation” to the ministers of economy and finance, meeting on March 23.

At the summit, the idea of economic integration was the centerpiece of debate. Egypt and Jordan made an important effort to make economic cooperation and integration among the Arab countries an official commitment by the member states. In his speech, Egypt’s President Mubarak emphasized the importance of creating a strong Arab economic bloc, in the face of globalization and the emergence of regional blocs and alliances. He said that he presented a number of proposals for the summit to discuss. “In the light of accelerating economic developments that the world witnesses, the economic dimension in joint Arab action has become more pressing and essential. In this connection, Egypt has submitted a request to list three new items on the agenda of our conference to activate joint economic action,” he said.

The proposals are related to activating the “free trade agreement” among the Arab countries, and creating a customs union. They also include specific practicable ideas and proposals to create linkages among Arab countries in terms of joint infrastructure systems, including transport facilities, telecommunications, establishment of gas, oil, and electricity transfer networks, in addition to enhancing the investment of Arab capital and finances in Arab national agro-industrial projects.

The second item relates to Egypt’s proposal for an Arab economic conference to be held in Cairo in November 2001. Participants would include all Arab countries, Arab economic institutions, and major international corporations operating in the Arab region. The third item relates to establishing Arab cooperation in the field of information and communications technology.

Arab leaders endorsed all these proposals and assigned the Economic and Social Council of the Arab League to establish the mechanisms for following and studying them in order to present them to the member states before the November economic summit.

This new inter-Arab economic cooperation will automatically replace the Middle East and North Africa economic cooperation forum, which was created after the Israeli-Palestinian peace agreement was signed in Oslo, and has been supported by the European Union as a vehicle to establish economic cooperation between the Arabs and Israel.

With the imminent threat of war coming from both the Sharon government and the U.S. Bush Administration, it is very difficult to say whether any of the positive developments achieved in the Arab summit will ever become reality. No one in the region is pretending that these problems can be solved by the Arab states alone. But, a basic shift in economic-policy thinking has taken place among them, toward Eurasian economic reconstruction as a whole.

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

Egypt Links Peace to Economic Development

by Muriel Mirak-Weissbach

Despite the darkening clouds on the horizon in the Middle East, Egypt has maintained a firm commitment to what it calls its strategic option for peace. Convinced that, whether this year, or next, or in ten years, peace will be achieved, the Egyptian government has embarked on several infrastructure projects, aimed at developing its own internal transportation arteries, and linking them up to neighboring countries. The thinking is that Egypt, in this way, will be in a position to reap the benefits of peace, by having established infrastructure connections, especially through the Arab world, but also into Central Asia and Europe.

Transportation Minister Dr. Ibrahim El Demeiry briefed a select group of German industrialists on his country's perspective, during a short visit to Berlin on March 2. He outlined what the country has achieved in this area over the past 20 years (Egypt signed a peace treaty with Israel in 1978), and what it intends to do over the next 20-30 years, focussing on highways, railways, subways, waterways and ports, and airports.

Roads and Rail Lines

Take the road network, for example, which has been increased 300% in the last 20 years: Dr. El Demeiry estimated that within 30 years, Egypt will have as extensive a system as Germany's *autobahn* highway network. The future network of freeways is to extend from Egypt's western borders, along the Mediterranean coast, eastward to Rafah, in Palestine; if peace comes, the roadways will be extended through Israel, into Europe. At the same time, roughly parallel lines will run north to south on the western and eastern sides of the Nile River, connected by four east-west bridges. The major participant in the project, outside of Egyptian groups, is the Bin Laden Saudi construction firm (not to be confused with the terrorist). Egypt has made an arrangement whereby the Saudi group will gain rights to land alongside the road routes, which it can develop industrially, in order to recover the costs of its initial investment.

The rail plan is articulated in phases, whereby existing lines will be electrified, beginning with the Alexandria-Cairo link, to be completed this year. The existing network, of 1,400 kilometers double, and 3,600 km single track, will be expanded to establish modern links from Cairo, through Rafah,

to Israel, Lebanon, Syria, and Turkey, eastwards, and westwards, to Rabat. A new line is being built west of the Nile, from Alexandria to Giza, with a high-speed train, which will reduce travel time to 40 minutes. The second phase of the high-speed train lines will connect to Assout and to Aswan, within ten years. The German electromagnetically levitated Transrapid is among the high-speed trains under consideration. An executive director of Transrapid, present at the Berlin briefing, raised the issue, and heard from the Minister that he was most interested in such a technology for connecting the satellite cities, which Egypt has built in the last decades, with the capital. From there, the Transrapid could be extended further, west, east, and south.

In addition to the lines, Egypt plans to upgrade its facilities to produce rolling stock and coaches, for domestic use as well as for export, with the cooperation of Japanese and other groups. Saudi Arabia, Libya, and Syria are already engaged in improving Egypt's railways.

The importance of rail connections, both economically and politically, was stressed in the Berlin discussion, with reference back to Egyptian President Hosni Mubarak's statements in March 2000, on the "Railway of Peace," in which he reiterated his country's "strategic option." It was also mentioned, that, although it has not been publicized, Israeli and Palestinian negotiators had been discussing these rail links for the past two years, and that former Israeli Prime Minister Ehud Barak had indicated there had been agreement reached with the Palestinians on how to establish rail connections. Furthermore, it was reported that the connections envisioned with Lebanon, Syria, Turkey, Iran, and Iraq are already being completed. Syria and Lebanon, for example, have just signed an agreement to build a Beirut-Homs line.

Obviously, the extension of railways along these routes, means that Egypt would be able to link up with the transcontinental line, the Eurasian Land-Bridge, or New Silk Road, going to China. One initiative being launched to promote this connection, will be a rail caravan in May next year, which will travel from from Spain to Alexandria, to Cairo, and on to Amman, Syria, Turkey, Iran, ending up in Samarkand, Uzbekistan.

Within the major cities of Cairo and Alexandria, urgently needed subway systems are being constructed. Cairo, which will expand its two lines to six, plans to be able to transport 60,000 passengers per hour, which will greatly alleviate the legendary traffic in the city, with its 1.5 million cars.

For maritime travel, which is extensive for Egypt, there are plans to expand East Port Said, to make it into a modern port, like Hamburg, to be able to handle 3.6 million containers per year, three times current capacity. The Al-Sukhna port, on the Gulf of Suez, is also nearing completion.

Finally, air transportation is to be expanded, with the construction of numerous new airports, not only to service the immense tourist traffic, but also to make it possible for Egypt to export its agricultural produce.

The Problem of Financing

One of the major problems faced thus far by Egypt, has been financing. Up to now, all these projects have been financed through public, state funds. Egypt is seeking investment from the private sector now, but will maintain predominantly public financing. (It proposes a Public-Private Partnership, whereby the public sector will introduce incentives, to attract private-sector participation. The proportion of public financing, which is nearly total now, should become balanced, 50-50, with private-sector participation.) The kinds of financing made available from outside sources, in these projects, has been in the form of grants; for example, the design for the Alexandria-Giza high-speed train line has been financed by a grant from Spain. In addition, Egypt has made the agreements mentioned, as with Saudi Arabia, granting the right to develop corridors of land, 4 km on each side of any road line, for industrial development.

The Achilles' heel of such infrastructure projects, is, in fact, in the financing. Although up to the present, Egypt has allocated public funds to these and other projects, which means that the state has maintained economic and political control over them. As Lyndon LaRouche has stressed in several writings on infrastructure development, state financing, at least to the extent of 60%, is absolutely crucial, to guarantee the projects. Given that infrastructure is the backbone of any national economy, the state must exert political control, also as a matter of national security. To appreciate the dangers inherent in financing from "international investors," it suffices to review the catastrophe that has befallen the erstwhile peace process in the Middle East: As *EIR* has documented in depth, the moment the World Bank was given control over the implementation of the otherwise sound projects identified in the economic annexes to the 1993 Oslo agreement, the economic perspectives were sabotaged; the World Bank systematically refused to allocate any of the "donor" funds to real infrastructure, especially rail lines, ports, and the like, insisting instead on "repair of existing infrastructure." The Palestinian population, as well as people of Jordan, which signed a peace treaty with Israel in 1994, have thus experienced no peace dividends in economic growth, but, on the contrary, deteriorating conditions, now at the level of outright misery and poverty.

Thus, if Egypt is to succeed with its plans to establish the infrastructure for peace, in collaboration with its Arab neighbors, Turkey, Iran, Europe, and others, then it and its partners must address the issue of financing, from the standpoint of creating new structures, outside the currently disintegrating International Monetary Fund and World Bank system. The same basic approach taken toward a peace perspective—that it must be brought into being by building the infrastructure for it now—should be applied to financing: Create the building blocs now, at least on a regional basis, through sovereign, national banking institutions, for new monetary and financial structures worldwide.

Guest Commentary

Asia and the 'New Arab Mashriq'

by Dr. Mohammed Al-Sayed Selim

Dr. Mohammed Al-Sayed Selim is the Director of the Center for Asian Studies in the Faculty of Economics and Political Science in Cairo University, Egypt. The article was published in the official Egyptian daily newspaper Al-Ahram on April 2. It was translated by Hussein Al-Nadeem. Subheads have been added.

Those who have been contemplating the economic developments in the Arab Mashriq¹ would have noticed that there has been a strategic move toward building what we can call "a New Arab Mashriq." This tendency is, gradually, but definitely, replacing the American-Israeli concept called "the New Middle East." This latter concept was coined by [Israeli Foreign Minister] Shimon Peres in his book with the same title.

The Israeli view of this New Middle East refers to a regional framework based on two pillars: Israel's leadership role in the region based on its technological superiority; and the prioritization of regional economic cooperation before finding a solution to the occupied Arab territories, meaning that economic cooperation would be resumed while Israeli occupation of Arab land and expansion through further settlement building is continued.

It is well known that Egypt rejected the Israeli concept at the time, and explained the New Middle East as equal cooperation, which cannot be separated from ending the problem of the Israeli occupation. When it became obvious that the Israeli right wing, under the leadership of [former Prime Minister Benjamin] Netanyahu, dealt a deadly blow to peace in the Middle East, Egypt, in coordination with other Arab countries, suspended the Middle East-North Africa economic conferences. The last such conferences took place in Qatar in 1997.

What Is New?

Faced with the freezing of the New Middle East project, the Arab states presented the New Arab Mashriq project. This did not appear in the form of a published book or an organized

1. Mashriq in this context means "East" in Arabic. The "Arab Mashriq" refers to the geographical region encompassing Palestine, Lebanon, Jordan, Syria, and Iraq.

conference, but through a series of real measures of comprehensive strategic character, aimed at reshaping the strategic relations in the Arab East.

We can underline three specific measures, emerging from this strategic move:

First, the linking of the electricity grid of Egypt with those of the countries of the Arab East. This project became operational [in February 2001]. It connects Egypt with Jordan, Syria, and Lebanon, and, later, Turkey. This project turned the electricity networks of the several states into one grid, whereby electricity is transferred from one country to another when necessary, and electricity can be supplied to vast areas with the least cost.

The second of these measures is the project of transporting natural gas from Egypt to these countries, and through Turkey to Europe. This includes building a network of gas pipelines. The original project was to build an underwater gas pipeline from Egypt to Turkey through the Mediterranean. But this idea was changed in favor of transporting the gas to Turkey through the Arab states, because the cost of building the pipeline on land would be lower. In addition to supplying more than one country (Turkey), this change reduces the construction cost from \$1 billion to \$700 million.

This natural gas pipeline will extend from Suez to Aqaba in Jordan, and later to Syria, where it will extend in two directions — to Tripoli in northern Lebanon, and to Turkey. A short segment of it will be laid below the surface in the Gulf of Aqaba. This pipeline will carry 12 million cubic meters (mcm) per day of Egyptian natural gas; 3 mcm are allocated to Jordan, 6 mcm to Lebanon, and the rest to Turkey. Syria will not draw from this, because it is natural gas self-sufficient. Thus, Egypt will be linked to Turkey through the New Arab Mashriq.

The third measure includes various projects for railway connections as part of the international development for enhancing land transport throughout the continent, which is known as the “second Eurasian Land-Bridge” (the New Silk Road) from Shanghai to Istanbul, and the Thraseca Road from the Caucasus to northern Europe. Egypt is currently building the Orient Express from Ismailia to Rafah [Gaza Strip], in addition to linking it to the Sharq El-Tafria development project, in order to link Egypt to the above rail projects when the peace process is successful.

Meanwhile, observers have also noticed that there have been inter-Arab, and also Arab-Turkish moves toward activating rail connections. In April 1999, Syria and Turkey signed an agreement in Damascus to build a new rail link between the two countries. According to this agreement, Damascus will become the hub of a number of rail lines that connect Europe to Central Asia through Iran to the east, and to Jordan and Saudi Arabia to the south. The two sides agreed to revive the Hijaz Railway, which used to extend from Istanbul to Damascus and Al-Madina Al-Munawara in Saudi Arabia. In June 1999, Syria and Jordan also signed an agree-

ment for reactivating the Hijaz Railway, to connect Syrian and Lebanese ports to Jordanian and Saudi cities.

Economic Integration Comes First

Closer inspection of these three measures would show that they touch on the process of economic integration through building the basic economic infrastructure of the Arab East. This means that, first, the Arab strategic conception of integration has shifted to that of achieving political integration through development, not the other way around. Arab political literature has always argued that there would be no development without political integration. What is new, is that the emphasis has changed, stating that there could be no integration without joint development.

Second, this process is strongly contributing to the creation of a strategic balance in the Arab East between the Arabs and Israel, making Israel one among the states in the region, no more nor less. This would enable Israel to enter these development projects when the Middle East peace process is complete. It has been well known that Israel wanted to become the distribution center of Egyptian natural gas to the rest of the region. This was rejected by the Arab states. But, the New Arab Mashriq does not overlook the peace process in search of another agenda. On the contrary, it is contributing to deepening the peace process. When peace is achieved through the implementation of the United Nations resolutions and in a way that fulfills the aspirations of the Palestinian people, the eastern Arab states would then be ready to discuss Israel's entry into these development projects, to benefit from them. Israel's entry into this project is not agreed upon yet. When that is done, it will be based on different criteria than [Peres's] New Middle East project. This criterion is that Israel is merely one of the regional states and not the central control board of the region.

On the other hand, the New Arab Mashriq is not isolated from the rest of the Arab World, because the electricity and rail networks will extend, at a later stage, through Egypt, to Libya and the Arab Maghreb [i.e., North Africa].

In a discussion of the peace process during a seminar organized by the Jordanian Diplomatic Institute in a Jordanian Dead Sea resort, Egypt's Ambassador to Jordan, Dr. Mohammed Hijazi, appealed to Arab academicians to consolidate the strategic concept of the New Arab Mashriq. He said: “We are not talking about mere pipes and wires and rail tracks, but about a long-term strategic structure, exactly as the European integration began with the Coal and Steel Union.”

I believe that this appeal deserves the attention of the Arab research institutes, in such a way that the building of the New Arab Mashriq, as a prelude to building the new Arab world, becomes the top priority of the “*scientific research*” of these institutes. Such an attitude would revive the hope in the future of the Arab world, the future which for many looks gloomy and faring from bad to worse, while they ignore the long-term potentials for development and integration.

How U.S. Hospitals Have Been Reduced By ‘Shareholder Value,’ 1975-99

by Linda Everett

Even as new, epidemic and pandemic animal and human diseases rage internationally, even as we face the resurgence of old diseases once eradicated, many in the United States still presume that the health and hospital system will be there for them when they need it. Hospitals are, after all, a critical part of society’s infrastructure.

But for the last three decades, the post-industrial economic policies and budget slashing of the “Southern Strategy,” combined with the health maintenance organization (HMO) revolution transforming health care from a profession to a “profit center,” have decimated U.S. hospital infrastructure. And today, 60-75 hospitals and well more than 1,000 hospital beds are closed down annually.

The hospital crisis in the United States is so acute, that even in the nation’s most prosperous counties, critically ill patients are “boarded” for their entire hospital stays on gurneys in open emergency-room hallways. In one recent incident in Loudoun County, Virginia—a fast-growing Washington, D.C. suburb, and the nation’s fourth-wealthiest county—cardiac patients were lined up next to a boy on a gurney who had just attempted suicide. An intern, shouting over children’s screams, grilled the boy about his suicide attempt, while on the next gurney lay a young woman who was in the process of losing her first pregnancy. She was bleeding heavily. There was no privacy as staff tried to examine her in her street clothes. Her frightened husband, near tears, pleaded for a room. There are few remaining places in the United States to escape such conditions.

We show here how the successive waves of such policies—President Richard Nixon’s 1973 HMO legislation; the Federal Medicare Prospective Payment System; the wholesale looting by “managed” health-care policies; the rapacious attack on U.S. hospitals by for-profit hospital cartels, such as the Columbia/HCA chain of President George W. Bush’s financial friend, Richard Rainwater; and the Balanced Budget Act of 1997—caused the carnage of the U.S. hospital system.

When We Did It Right

In 1941, the nation faced a shocking finding: Nearly one-third of the males ages 18 to 37 called up for the draft, were

physically or mentally unfit for military duty. Out of the mobilization to reverse that crisis, Sen. Lister Hill (D-Ala.) and Rep. Harold Burton (R-Ohio) formulated the Hill-Burton Act of 1946. It became one of several turning points in which the United States committed its resources to providing for and advancing the fundamental needs of all its people.

Hill-Burton set an objective standard of the number of hospitals, beds, and medical personnel needed for every 1,000 people. It called for states to “afford the necessary physical facilities for furnishing adequate hospital, clinic, and similar services to all their people.” Federal monies were made available to construct hospitals, to bring communities up to the Hill-Burton standard of 4.5 to 5.5 general-use hospital beds per 1,000 population; with extra beds for long-term care, psychiatric care, beds for isolation of infectious diseases and tuberculosis, and, later, for chronic care. With the Hill-Burton and similar General Welfare standards in force for health insurance, the nation saw a drop in life-threatening diseases and medical conditions (tuberculosis, a marker for general health, declined from 137,000 new cases in 1948, to 55,000 cases in 1960).

But, the focus fundamentally shifted in the early 1970s, with the “Southern Strategy” signalled in the election of Nixon, and then of Jimmy Carter. In 1972, hospitals receiving Hill-Burton funds were officially released from the obligation to care for the indigent. In 1973, President Nixon signed into law the Health Maintenance Organization and Resources Development Act, that established HMOs (the most prevalent form of “managed,” or “shareholders’ value” health care). The 1973 HMO law, and subsequent legislation, deregulated hospital and health care and opened them up for looting, which peaked in the mid-1990s when HMO and for-profit hospital chain stocks were the hottest on Wall Street. All manner of ways to restrict and deny care were deliberately approved. Instead of promoting a patient’s health and welfare, doctors now were paid *not* to treat a patient, to discourage tests, hospital stays, and specialist visits—no matter what the patient’s need. The more they rationed treatment, the more doctors profited from the capitated payment, among other bonuses, the HMOs provided them.

In 1980, when Carter’s Federal Reserve Chairman, Paul

Volcker, initiated his “controlled disintegration” of the nation’s economy with a 21% prime interest rate, the country had 5,830 community hospitals, according to the American Hospital Association (AHA). The AHA defines community hospitals as all non-Federal, short-term general hospitals and specialty hospitals whose services are open to the public. At the time, fewer than 10 million people were enrolled in HMOs.

In 1982, there were approximately 4.4 beds per 1,000 population. This was already a drop from 4.6 in 1975, when hospitals were still being built under Hill-Burton (see A. Sager and D. Socolar, “Before It’s Too Late: Why Hospital Closings Are A Problem, Not a Solution,” 1997). By 1983, the number of hospital beds peaked at 1,018,688 nationwide. Then, the first shakeout hit when the Federal government implemented its Prospective Payment System (PPS) for Medicare in 1983.

Medicare is the Federal health insurance program for 40 million older and disabled Americans. Until 1983, the Medicare program covered all hospital costs involved in treating a Medicare patient. With the PPS, Medicare reimbursed hospitals at a pre-set rate for treatment based on a list of 470 coded illnesses (called Diagnosis Related Groups, or DRGs), thereby penalizing hospitals for giving needed care exceeding the DRG payment. (Years later, this system was modified to consider the severity of an illness.) Overnight, the dramatic drop in Medicare payments led hospitals to drastically slash the length of hospital stays of elderly and disabled patients — often sending sick patients home. This was driven purely by

austerity policies — not by medical breakthroughs and technologies, which, later, did allow for shorter hospital stays and a general shift to outpatient surgeries.

In rural regions, where hospitals are often the sole source of patient services available within a 35-mile radius, 700 rural hospitals closed by 1988, according to the National Governors’ Association. The “trigger” for these closures, according to the Federal Office of Rural Health Policy, was the Federal government’s switch to the Medicare PPS.

Destroying Infrastructure

The impact of the government’s PPS and Wall Street’s managed care system on U.S. hospitals was dramatic. During 1980-91, 500 community hospitals in the United States closed their doors, according to the AHA. As HMOs increased their “market share” (that is, the number of insured patients in the United States), they ratched down their payment rates to hospitals. Either a hospital accepted an HMO’s lower payments — which covered less and less of the actual cost of treatment — or it lost all of its patients in that HMO, which could mean losing 20% of its patient base. Hospitals were doomed either way. While managed care was promoted to “cut health-care costs” and to cut out the “fat” in hospital care, managed care organizations (MCOs) and HMOs looted billions of dollars from the nation’s health-care system by denying or delaying payments (for example, MCOs owe California hospitals more than \$1 billion in back payments). The Institute of Medicine implicates managed care as a major cause for the fiscal crisis now engulfing public hospi-

Bush Protects Murderous HMOs

State regulatory laws are, for the most part, useless, since many of the managed care plans are provided by employers, and are protected by the ERISA shield—a 1974 Federal law known as the Employee Retirement Income Security Act. Such plans are protected from state health insurance oversight, even when managed care organizations and HMOs inflict injuries, permanent disabilities or even death on thousands of patients by denial or delay in needed treatments. Families had no protection when their children committed suicide after their HMOs refused to pay for inpatient psychiatric treatment.

These genocidal policies — and the managed care organizations behind them — are now being protected by the “compassionate conservative” President George W. Bush. In a March 21 speech in Florida, Bush came out swinging

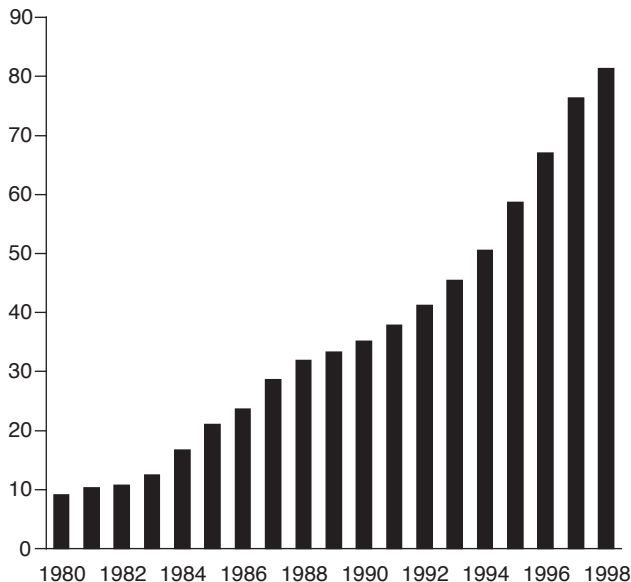
for Wall Street’s HMO shareholder values — with promises to scuttle any legislation in Congress that would allow “frivolous” suits against HMOs, by patients permanently harmed or killed by HMOs’ wrongful denial or delay of treatment. Such “frivolous” lawsuits have included the case of a woman who died because her HMO refused to authorize her cancer treatment; others, when HMOs denied surgery to tens of thousands of children born with cleft palates, which if not surgically repaired, will result in life-long complications in breathing and eating — because the HMOs claim the reconstructive surgery is “cosmetic.”

Now, Bush will collaborate on his HMO “reform” with Sen. Bill Frist (R-Tenn.), whose family ran Columbia/HCA with Richard Rainwater. Frist is considered Columbia/HCA’s man in Congress. It is also rumored that Bush will appoint Thomas Scully, who runs the Federation of American Hospitals, the trade group of for-profit hospitals, of which Columbia/HCA is an important member, to run the Health Care Financing Administration (HCFA). HCFA is the influential Federal agency that administers the Medicare and Medicaid programs. —*Linda Everett*

FIGURE 1□

Enrollment in Managed Care Plans—HMOs, PPOs, and others,* 1980-98□

(millions)



*HMOs, Health Maintenance Organizations; PPOs, Preferred Provider Organization; and other variants of managed care plans are also included in the statistics.□

tals, which serve a disproportionate share of low-income and uninsured patients.

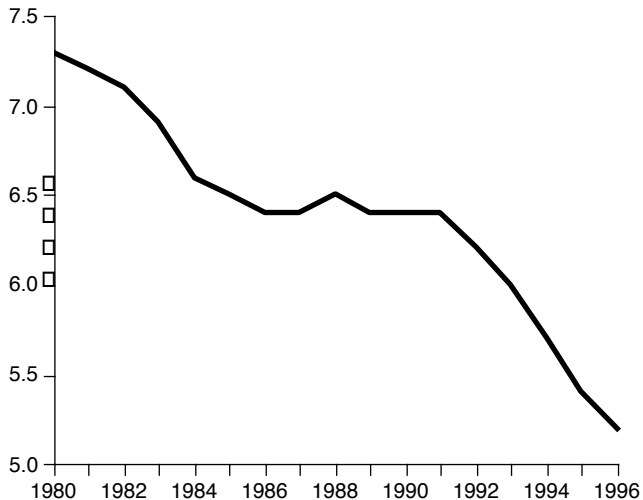
HMOs also profited by simply denying treatment for which they were paid to provide. For instance, most states have instituted Medicaid managed-care plans to cut state Medicaid costs. Medicaid is the Federal-state program that covers health-care costs for the indigent and disabled. The states pay an HMO an annual sum to provide medical services to Medicaid patients. But, once the HMO has the Medicaid contract—and the state funds—the HMO slashes provision of medical services dramatically through any number of ways, leaving itself with considerable profits. In 1997, a Federal review of Montana’s Medicaid program for the mentally ill found that, once managed care took over, inpatient days dropped 96%, residential services dropped 85%, intensive outpatient services dropped 25%, and outpatient visits dropped 76%. At the same time, the Federal government, particularly in the ongoing Columbia/HCA fraud cases, exposed how managed-care plans intentionally overcharged Medicare for billions of dollars.

The health insurance industry and its managed care subsidiaries, by their genocidal policy of ripping up medical treatment protocols and public health standards, triggered the closing of hospitals. MCO accountants set limits on who was

FIGURE 2□

Average Length of Hospital Stay is Cut□

(days)



Sources: U.S. National Center for Health Statistics; *Statistical Abstract of the United States, various years.*□

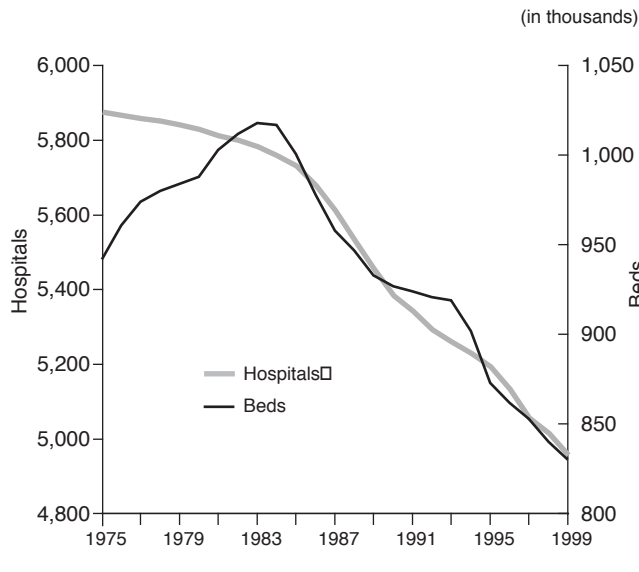
allowed to receive hospital care and refused payment for more; hospital stays were consequently reduced, and patients refused admission; hospital occupancy rates were lowered; and HMOs then complained that they were paying for too many “empty” hospital beds! States now based their criteria of hospital beds needed in a region on HMO standards of diminished care. While new technologies did reduce the need for many hospitalizations and shortened stays, the “shareholders’ value” policies of managed-care organizations forced the severest drop in hospital occupancy rates (see **Figures 1 and 2**). But now that so many hospitals have been closed, emergency rooms and critical-care wards in many regions are jammed to overflowing.

One of the largest HMOs, Kaiser Permanente, tried to force women out of hospitals just six hours after delivering their newborns; another tried to discharge patients with below-the-knee amputations in 2.5 days (see *EIR*, June 18, 1999). The result was that 70% of U.S. hospitals underwent massive restructuring by 1995 to eliminate “excess” hospital beds. By that year, the number of hospital beds collapsed nationally to 3.25 per 1,000 population—28% below the lower range of the Hill-Burton standard of 4.5-5.5 beds for every 1,000 population.

To cut their operating costs, hospitals laid off nurses and forced those who remained to work two or more shifts in a 24-hour period. (Cuts of hospital-registered nurses increase morbidity rates.) Nurses were driven out of hospitals. Now, the country is faced with a critical nursing shortage. Without

FIGURE 3□

The Closedown of America's Community Hospitals and Beds□



Sources: American Hospital Association; *EIR*.

a sufficient workforce of registered nurses to care for patients, hospitals nation-wide are forced to close beds daily—often at the cost of patients' lives. From coast to coast, hospitals are closing their emergency departments, either because of the lack of beds or nurses to staff them. HMOs forced hospitals to replace as much as 40-50% of their highly paid, skilled registered nursing staff with lower-paid, untrained aides, who were assigned to perform complex, high-risk procedures. In one case, an Ohio hospital called in its janitor to help staple a patient's head wound, because of its lack of trained staff (see *EIR*, June 18, 1999).

In the decade and a half between 1983, when the PPS went into effect, and 1998, when 80 million people were enrolled in managed-care plans, the number of the nation's hospital beds fell by 178,000, to a total of 840,000—a drop of 18.5%; 886 hospitals closed over that period (**Figure 3**).

Wall Street's Leeches

Hospitals, weakened by managed care policies, were assaulted on another flank by yet another "free market" force: Columbia/HCA, the largest for-profit hospital cartel in the nation. Columbia/HCA, launched in 1988 by Texas speculator Richard Rainwater, was an instrument for looting and takedown of the entire U.S. hospital system. Rainwater was the confidant and financial partner of Texas Gov. George W. Bush (see *EIR*, April 7, 2000). Bush not only supported the damage inflicted by Rainwater and Columbia/HCA between 1988 and 1997; in defense of "shareholders' values," as Texas Governor, he actively intervened to protect Columbia/

HCA's operations.

Since the company's inception, Rainwater had proclaimed that the hospital system had to be run as "a private for-profit business," rather than under the concept of providing for the General Welfare. Up to 1997, Columbia/HCA intensified cost-cutting and looting at the nearly 800 hospitals, clinics, and health-service businesses it came to own nationwide. Every decision was determined strictly by the "financial objectives" of maximizing its returns to Wall Street—by any and all means. Columbia/HCA President Richard Scott enforced a system called EBDITA, "earning before depreciation, interest, taxes, and amortization." Scott demanded that each hospital group increase its EBDITA by 5-20% every year. They did this by slashing services and dumping thousands of professional staff, closing 25 of their more than 300 hospitals, and by making a system-wide decision to illegally drain money from the Medicare system. Patients died as a result of their profiteering.

There was no way for community not-for-profit hospitals, already weakened by HMO looting, to compete in Columbia/HCA's target areas. They were bought out, driven out, or adopted its ferocious standard of austerity.

Last year, Columbia/HCA agreed to a \$840 million settlement with the Federal government for its system-wide overcharging of the Medicare program. Then, in March 2001, the Federal government announced that it would join eight whistleblower suits against Columbia on new charges of yet more Medicare fraud.

Another of Columbia/HCA's parasitical policies, was to buy up community hospitals, only to abruptly shut them down. In May 1994, Columbia gave the town of Destin, Florida (population 8,000) three days' notice and closed its only hospital. Columbia refused to relinquish the state license and "certificate of need" for the hospital's beds, thereby blocking anyone else from operating the hospital or building a new one in the same locale. This Columbia/HCA strategy intentionally left the community without a hospital, forcing patients to travel for emergency and other hospital care to Columbia's regional "flagship" facility.

Despite Columbia/HCA's insatiable avarice and rampant illegal activities, President Bush has now appointed Michael Chertoff, the lead attorney who represented Columbia/HCA during the Federal investigation into its fraud, to head the Criminal Division of the U.S. Justice Department.

The Final Assault?

The Balanced Budget Act of 1997 (BBA) was passed by the Southern Strategy swamp in the U.S. Congress—the Gingrichite Republicans, backed by Vice President Al Gore's Democratic allies. The BBA, touted as "a solution to the funding crisis of Medicare," slashed \$433.3 billion from the Medicare and Medicaid payments to hospitals and nursing homes during 1998-2007. Together, these programs encompass about 70 million people. Medicare and Medicaid constitute

44% of all hospital revenue. The BBA earmarked about \$71.2 billion in cuts to hospitals during 1998-2002.

The BBA cuts are razing the nation's hospitals, forcing some to close their doors, or to shut entire departments such as pediatrics or obstetrics, or to end programs such as home health care. This assault comes on top of 30 years of post-industrial policies and two decades of HMO-insurance company looting. As the number of uninsured people in the United States climbs to 44 million, hospitals are forced by the BBA to sever critically needed outreach programs. Hospital Associations from coast to coast report that their hospitals are hemorrhaging red ink and teetering on the brink of closure. During 1995-99, some 286 hospital emergency rooms closed their doors permanently. Between 1997, when the BBA was passed, and 1999, a total of 101 hospitals have closed, and 23,000 beds have been lost. In Southeastern Pennsylvania alone, the region's 80 hospitals have cut 3,000 beds.

By 1999, the nation's hospital beds dropped to 3.0 per 1,000 people. Well-to-do Northern Virginia had just 1.58 beds per 1,000 people in 2000. **Table 1** shows the ten most populous states in the country, which led in the number of hospital shutdowns during 1985-99, based on AHA figures. For instance, Massachusetts lost 79, or 29% of its hospitals in that period, and 9,583, or 37% of its beds. Consider also how managed care is a major cause for the fiscal crisis now engulfing our *public* hospitals, which serve a disproportionate share of low-income and uninsured patients. This drive to destroy the General Welfare is best exemplified by the fascist Gingrich Conservative Revolution's explicitly genocidal

plan to close D.C. General Hospital, the only public hospital in the nation's capital, and the only full-service hospital in the city's Southeast quadrant.

Nursing Homes Closed

The BBA also slashed payments to nursing homes in several ways. First, it instituted a Medicare PPS (flat-rate reimbursement) for nursing homes. More importantly, it repealed the Boren Amendment, which required that states pay nursing facilities services under Medicaid using rates that are "reasonable and adequate." With the repeal, states are forcing some homes to refuse Medicaid patients. This resulted in the closing of nursing home beds—400 closed last Summer in Delaware County, Pennsylvania alone. These closures are significant because they result in elderly patients being "boarded" in hospitals.

When the BBA was enforced, five of the ten largest for-profit nursing home corporations in the United States went into bankruptcy. The Louisville-based Vencor, the major for-profit chain of 216 nursing homes that filed for bankruptcy in 1999, and Ventas, the real estate investment trust that owns its facilities, agreed in March to pay \$104.5 million to settle Federal allegations that Vencor defrauded government health programs.

Unless and until the United States reverses this 30-year trend and takes up once again the U.S. Constitutional principle of the General Welfare, as defined by the Hill-Burton standards, there's no halting the precipitous collapse of every aspect of the U.S. health and hospital system.

TABLE 1
The Closedown of America's Community Hospitals and Beds, on a National and State Basis

| | Beds per 1,000 Population | | Hospitals and Beds Shut Down, 1985-99 | | | |
|---------------|---------------------------|------|---------------------------------------|------------|---------|------------|
| | 1985 | 1999 | Hospitals | Percentage | Beds | Percentage |
| Massachusetts | 4.45 | 2.64 | 33 | 29.5% | 9,583 | 37.0% |
| Michigan | 4.13 | 2.65 | 48 | 24.9 | 11,402 | 30.4 |
| Minnesota | 5.23 | 3.45 | 31 | 18.8 | 5,475 | 25.0 |
| California | 3.16 | 2.22 | 84 | 17.5 | 9,560 | 11.5 |
| Illinois | 4.76 | 3.11 | 40 | 16.8 | 17,267 | 31.4 |
| Tennessee | 5.29 | 3.76 | 24 | 16.6 | 4,603 | 18.2 |
| Washington | 2.99 | 1.93 | 17 | 16.5 | 2,081 | 15.8 |
| Missouri | 5.11 | 3.70 | 23 | 16.3 | 5,481 | 21.3 |
| Louisiana | 4.50 | 3.84 | 23 | 15.9 | 3,408 | 16.9 |
| New York | 4.45 | 3.79 | 41 | 15.8 | 10,062 | 12.7 |
| Alabama | 4.90 | 3.73 | 20 | 15.5 | 3,397 | 17.2 |
| Ohio | 4.41 | 3.03 | 30 | 15.2 | 13,336 | 28.1 |
| Texas | 4.03 | 2.83 | 72 | 15.0 | 9,237 | 14.0 |
| Pennsylvania | 4.74 | 3.59 | 31 | 12.9 | 13,222 | 23.5 |
| U.S. Total | 4.19 | 3.00 | 776 | 13.5 | 170,688 | 17.1 |

Sources: American Hospital Association; Bureau of Census, U.S. Department of Commerce; *EIR*.

German Doctors Rally vs. Financial Cannibalism

by Alexander Hartmann

For the second time in half a year, eastern Germany's doctors organized a full week of protests, to stop the government's "health reform" policies that are devastating Germany's once exemplary health system. If present trends continue, about one-third of Germany's independent physicians will be forced to look for another job, soon — while hospitals are being closed right and left. Currently, the German health system may still be in better shape than that in the United States, but Germany's system is becoming degraded to U.S. levels.

This prospect has prompted Germany's physicians, which usually are among the most conservative and non-political citizens, to take to the streets, in rallies and other activities throughout eastern Germany, from March 26 through March 30.

Doctors work an average 60-70 hours for some \$500 per week, after taxes. This, for professionals who are highly skilled, have studied many years, and have responsibility to provide care, often making life-and-death decisions for their patients. There are many cases of doctors who have destroyed their physical or mental health, or even committed suicide, in a struggle to maintain the health of their patients. They know that their situation will only get worse — unless they force a change.

How a Good Health System Worked

In the "good old days," the mandatory health insurance for employees, called the Gesetzliche Krankenversicherung (GKV) — the backbone of Germany's health system — worked as follows: Anyone employed for a salary, had to join one of a number of legally mandated health insurance firms.

These companies, which are supervised by government authorities, calculated a fee as a percentage of the employee's salary. This fee was matched by the employer. The employee's immediate family members were covered, unless they were employed somewhere themselves. The system also covered retired or unemployed people, orphans, etc. Only those employees who earned more than a certain limit, were exempted from the obligatory membership in the GKV; but, they could still become voluntary members, or contract some private (commercial) health insurance.

The companies that are part of the GKV used to reimburse hospitals and physicians for their work, through the physicians' association (KV), which serves as a clearinghouse for doctors' claims against the GKV. By joining the KV, physi-



Medical staff and supporters in Berlin, Germany, demonstrate against the forced closing of that city's best-known public facility, Moabit Hospital. Demonstrations have spread to five German state capitals.

cians become part of the system; they still can charge patients privately, for services the KV does not cover, or for patients who are not insured through the GKV.

This system worked very well, for more than a hundred years since it was introduced by German Reichskanzler Otto von Bismarck in the 19th Century. It provided Germany with a health system that could afford to treat all patients, regardless of whether they could pay for their treatment or had insurance. The whole system was based on the idea of solidarity, and the common good — and, not least, on an industrial society, which created enough profits to charge the necessary amounts against the salaries, to pay for the health system.

The Deconstruction of Germany's Health System

But, since the paradigm shift of the 1960s, both the industrial society and the commitment to the common good, were destroyed. The economic misery caused by the post-industrial utopia, inculcated an "every man for himself" mentality. Parties appealing to this mentality got elected to parliament, and started to change the laws. Step by step, politics intervened into the GKV system, and destroyed it. Since the 1970s, there has been one health reform after another in Germany, always aimed at cutting health expenditures, one way or another.

These interventions were "sold" as the introduction of "freedom of choice," that everyone should be able to choose the "best offer" from among the health insurance providers. But, the real intent behind the move was the need to stay

“competitive” on the world markets, and hence, to reduce the costs of labor—which include the health insurance premiums charged against, and in addition to the salaries.

One important reform was introduced in the 1990s. Germany’s lawmakers invented the health budget. The GKV insurers that used to pay for medical treatment case by case, started paying an annual budget for each person insured with them to the state’s KV.

As before, all doctors would send the bills for treatment they provided to their state’s KV. But now, once every quarter-year, the total amount of money paid by the GKV insurers to the state’s KV is essentially divided among the KV’s physicians, according to the amount they charged, with penalties for those physicians whose billings were above the allowance. Since these calculations take time, physicians don’t even know how much they actually earn for their work, for up to six months after the treatment! A similar budget has been introduced for medicine prescribed by the physicians.

There would be hardly any problems with such a system—if the GKV’s budget were big enough to cover all necessary treatment. But, under economic crisis conditions, with about 6-8 million unemployed in Germany, who get treatment but pay a low insurance premium, there is not enough money in the health system.

Other factors reduce this amount even more. In 1996, the Bundestag (parliament) deregulated the health insurance system, introducing “free choice” of health insurance. Since then, many people have switched from their traditional health insurance to some other insurance company that charges lower premiums. Especially young people—who on average are much healthier than old people—went to new providers.

This threatened the system in two respects: First, the traditional providers “got stuck” with a rising percentage of “expensive” patients, and are unable to finance their treatment through the fees charged to healthy members. The “solidarity principle” no longer works, if there is no longer any solidarity. These traditional health insurance providers are now on the road to bankruptcy. For this reason, they have no maneuvering room for compromise with the doctors.

Physicians’ Income Has Collapsed

The other problem is, that the “cheap” insurers pay much lower fees per member to the KV. There are cases of health insurance firms that pay less than half into the KV, annually, than traditional GKV insurance firms. Thus, the overall fund available to be divided among the physicians shrinks. In 2000, the budget available for physicians in the state of Berlin shrunk by 54 million deutschemarks—an average of \$3,400 per physician. In recent years, the average overall cash flow in a physician’s office has shrunk by 20%, while the costs of running a physician’s office have not; this translates into an average 40% loss of income! But, the law says that a doctor cannot deny treatment if it is medically necessary—to do so might amount to a criminal offense.

Another factor in the economic problems faced by physi-

cians in eastern Germany, is what is called the average morbidity of the population: People in eastern Germany tend to be less healthy than those in western Germany. Life expectancy in eastern Germany is about two to three years lower than in western Germany, and the incidence of diabetes, heart conditions, high blood pressure, and other illnesses, is higher.

At the same time, average salaries in eastern Germany are still significantly below the western German average, by about 15%. That means that there is less money for more patients. Some say that eastern German physicians do not earn much less than their western counterparts—but, this is only because there are fewer physicians; a physician in eastern Germany has to treat about 20% more patients than his western colleagues.

Also, there are much fewer patients who are privately insured than in western Germany. And in western Germany, many physicians raise 30% of their income from the 10% of their patients who have private insurance. Other doctors rent out part of their offices or write expert testimony, to raise funds for their offices.

Under these conditions, there are fewer and fewer young people who want to study medicine. In fact, there are many physicians who would like to quit, but cannot find a successor. In Berlin alone, of 300 ophthalmologists’ offices, 20 are for sale, with all the equipment necessary to do a good job—in some cases for DM 1, the equivalent of 47¢!

But, the physicians are not the only victims of the situation. During the same week, about 400 employees of Berlin’s Moabit Hospital took to the streets, to protest moves by the city’s administration, and the health insurance firms, which are trying to force the 127-year-old public hospital to close. An appeal by the hospital’s management against the administration’s directive to close the hospital is pending; but, health insurance firms are now trying to financially dry out the hospital to force it into bankruptcy. The hospital’s employees have started to organize rallies every Monday—a tradition that served to oust the East German Communist regime, 12 years ago—to protest this blackmail.

Money, or Life?

At this point, all major physicians’ organizations joined in, in organizing the “week of action,” which involved rallies in every capital of the six eastern German states. In Berlin, psychiatrists held a “tightrope” march through the government district. In a coordinated way, physicians kept their offices closed—while at the same time organizing services to guarantee emergency treatment. According to the physician action committee’s spokesman, Dr. Rouwen, about 90% of all Berlin physicians participated in the campaign, in one form or another.

On March 28, some 1,500 physicians held a spirited rally at the famous Brandenburg gate, near the German Bundestag, where national Members of Parliament were discussing the problems in the health system. The physicians called for the elimination of health budgeting, and treatment fees to be cal-

culated in fixed deutschemark amounts, so that they know in advance how much they are earning. Some among the speakers called for the re-introduction of the solidarity principle, by creating a joint fund of all health insurance companies to finance treatment of expensive, chronically ill, and elderly patients. This proposal is apparently being discussed in the government, which would be faced with a wave of bankruptcies of, first, health insurance firms, and, then, hospitals, unless there is some relief provided to the traditional health insurance firms.

Another Looting Scheme

Also among the speakers at the doctors' rally, was the health policy spokesman for the liberal Free Democratic Party (FDP), Dr. Thomae—who was involved in setting up the unworkable system, in 1996. Now, he tried to appease angry physicians, with the proposal to reduce the overall responsibility of the GKV to what he called “basic medical needs,” leaving it to everyone to contract some additional health insurance, to cover what he called “non-essential” treatment, on the “free market.”

This is likely another boondoggle for the private health insurance companies, that want to get at the cash that is now flowing into the GKV. But, in areas where there are high rates of poverty, such as in many parts of eastern Germany, or poor sections of western German cities, many patients would not

be able to afford additional health insurance. They would be left with health care much-reduced compared to what is offered to them now.

Thomae's speech did not impress the physicians. Another speaker sardonically commented, “Now we all know how to solve all our problems—just vote for the SPD [Social Democratic Party], the CDU [Christian Democrats], and the FDP! But, we tried this before.” Another remarked: “What's wrong with us, that we let him speak, and don't drag him down from the podium?”

There were also voices pointing to the greater problem behind the health crisis: the fact that there is an economic crisis, of which the health crisis is only one ramification. The financial crisis, said Dr. Günther Jonitz, the president of the Berlin Chamber of Physicians, is being passed on, from the state to health insurance, from health insurance to the hospitals, and from the hospitals to the physicians. “It has turned into a competition of cannibals,” he said.

Another such voice was that of the Schiller Institute. In a leaflet titled “Money, or Life?” which was passed out at the rally, it said: “It is not enough to just protest. If we do not return to an economic ethic, which respects life over money, we will simply not have the economic power to finance good health and education systems. . . . Either we force the political class, on this occasion, to correct their values, or we have given up our moral ability to survive.”

Challenges of Human Space Exploration

by Marsha Freeman

21st Century Science & Technology

\$45, illustrated, 300 pages

Special offer to *EIR* readers: Receive a free copy of *21st Century Science & Technology* magazine with your book order.

Mail check or money order (U.S. currency only) to:

21st Century Space Books
P.O. Box 1951, Dept. E
Leesburg, VA 20177

The real story of the accomplishments of the U.S. and Russia aboard the Mir space station. Foreword by Dr. Michael DeBakey.



EZLN Coup in Mexico Sets Stage For Dismembering Ibero-America

by Gretchen Small and Dennis Small

The March 28 special session of the Mexican Congress, arranged to provide a national and international tribunal for the Zapatista narco-terrorists to deliver ultimatums to the Mexican nation, initiated a new phase of disintegration, not only of Mexico, but of the Ibero-American nations as a whole. The special session was a virtual coup d'état — not by the Zapatista National Liberation Army (EZLN), but by the foreign interests who control them. Mexico is now set to be dismembered, its Constitution torn up, and its resources grabbed by eagerly waiting foreign looters, with the Bush family's oil business buddies first in line.

Do not be fooled by the element of farce and lunacy which has become the trademark of the Internet-driven Zapatista show. True, their world-heralded “march on the capital” consisted of a bunch of ski-masked fools, led by a white-skinned product of the 1968 counterculture, one of those “Mitterrand-Leninists” trained in post-modern deconstructionist philosophy at the Sorbonne in Paris, travelling in an air-conditioned bus, and “protected” by a couple of hundred Italian anarchists calling themselves the “White Overalls.” But Hitler, too, was a pathetic lunatic, who first came to the world's attention with a failed beer hall putsch.

The gun held to Mexico's head to force this capitulation, is not held by the Zapatistas, but by the powerful foreign oligarchic interests which created and deploy them. The Zapatistas are an integral part of a coordinated, continent-wide, fascist insurgency, typified by its strongest component, the drug-running Revolutionary Armed Forces of Colombia (FARC). Under the war cry, “It is the Peoples' Will!”, these fascist forces are being established as the official or de facto government in country after country.

Think of Africa today, where 20 years of IMF looting, wars, insurgencies, and disease, have led to its fragmentation and destruction, while foreign speculators and London's raw material cartels grab the resources. Recall the case of Zaire/

Congo, where George Bush, Sr.'s Barrick Gold moved in on the back of a war which is depopulating the country. Now, view what is happening in Ibero-America. Look at how ever-greater chunks of territory and sovereignty have been stolen over the past 20 years. Narco-terrorist armies are expanding over great swaths of territory, just as they ravaged Africa, driving down the value of its natural resources, until they are sold, like Manhattan, for a string of beads.

The Strategic Implications of The Mexican Coup

The immediate issue before Mexico, is the modification of its Constitution, to establish the concept of indigenous autonomy, through the passage of the San Andrés Accords negotiated with the EZLN. It is here that the very existence of Mexico is at stake.

The change proposed, is to introduce the concept of an arbitrary category of “indigenous peoples,” a kind of subspecies which are to be granted autonomy over “the totality of the habitat which they use and occupy.” The EZLN — and their foreign sponsors — demands two key features: that these autonomous areas be governed, not under Mexican laws, but by “traditional habits and customs,” and that they be granted the right to natural resources located within their territories.

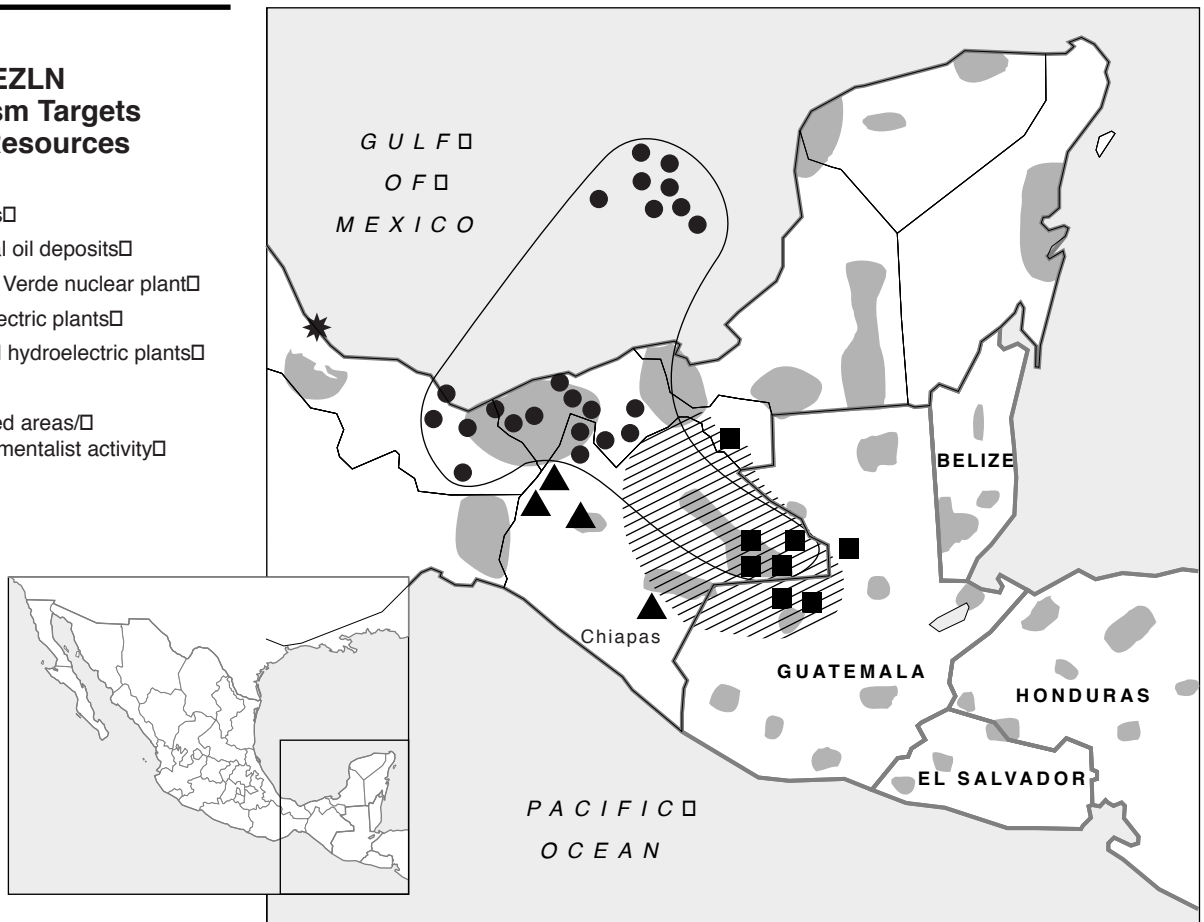
What this means for the nation of Mexico becomes transparent, when you look at **Figure 1**. A preponderance of Mexico's energy resources are located in and around the state of Chiapas, ranging from oil, to hydroelectric and nuclear. Nor are “merely” the resources of Chiapas at stake. Mexican businessmen warn that 30% of Mexico's national territory is slated to be designated “indigenous areas,” and therefore granted autonomy. The natural resources located therein would be off-limits for development of the national infrastructure, but *on limits* for the foreign vultures.

Passage of the San Andrés Accords, in fact, would put all

FIGURE 10

Mexico: EZLN Separatism Targets Natural Resources

- = oil fields
- ☉ = potential oil deposits
- ★ = Laguna Verde nuclear plant
- ▲ = hydroelectric plants
- = planned hydroelectric plants
- ▨ = EZLN
- = protected areas
- = environmentalist activity



Mexico's natural resources up for grabs—including its much-coveted oil reserves. It would also render worthless, Article 27 of Mexico's Constitution—so hated by foreign oil interests as the greatest obstacle to the privatization and looting of Mexico's oil, because it declares Mexico's strategic resources the property of the nation, and not of any private interests.

The Zapatista Commanders know what they are doing. Retired Bishop Samuel Ruiz, well-known internationally as "the man without whom *Subcomandante Marcos* would not exist," told the Argentine daily *Página 12* in February 1998, that "the Mexican Constitution says the resources are the nation's . . . [but] this is not the only possible situation. . . . The question of the use of resources is a situation which still needs to be legally clarified."

It is highly significant that a long-time international ally of Bishop Ruiz, Prince Philip's "spiritual adviser" Martin Palmer, chose to be present in Mexico City in the last week in March, ostensibly for meetings, as the EZLN coup was being completed.

The implications of the battle over the San Andrés Accords are not limited to Mexico. Mexico's Secretary of Government Santiago Creel admitted to Congress that the definition of "indigenous peoples" and specifications for autonomy, which the San Andrés Accords would incorporate into the

Mexican Constitution, are lifted from Convention #169, On Indigenous and Tribal Peoples, of the International Labor Organization (ILO).

From its start, the EZLN operation was heralded as a means to impose ILO's Convention #169 globally. In 1994, Cultural Survival, one of the anthropological associations which runs the global indigenist movement, proclaimed that Chiapas should become the "test case" for the imposition of the Convention. Convention #169, adopted in 1989, would destroy the human race. Categorizing "indigenous peoples" as a separate species, it requires governments to "strengthen and promote . . . subsistence economy and traditional activities, such as hunting, fishing, trapping and gathering," or be brought before the World Court, for violating "indigenous rights."

Ibero-America: From 1982 to 2001

As Figures 2 and 3 show, the change in the past 20 years has been dramatic, and far greater than most Ibero-Americans have yet found the courage to face. Prior to 1982, the Ibero-American nations—and Mexico, above all—could be found at the forefront of most international battles to defend the sovereignty of developing countries, generally. With all the caveats, Ibero-America's economies were developing.

FIGURE 2

Ibero-America in 1982: Areas of Lost or Limited Sovereignty



FIGURE 3

Ibero-America in 2001: Areas of Lost or Limited Sovereignty



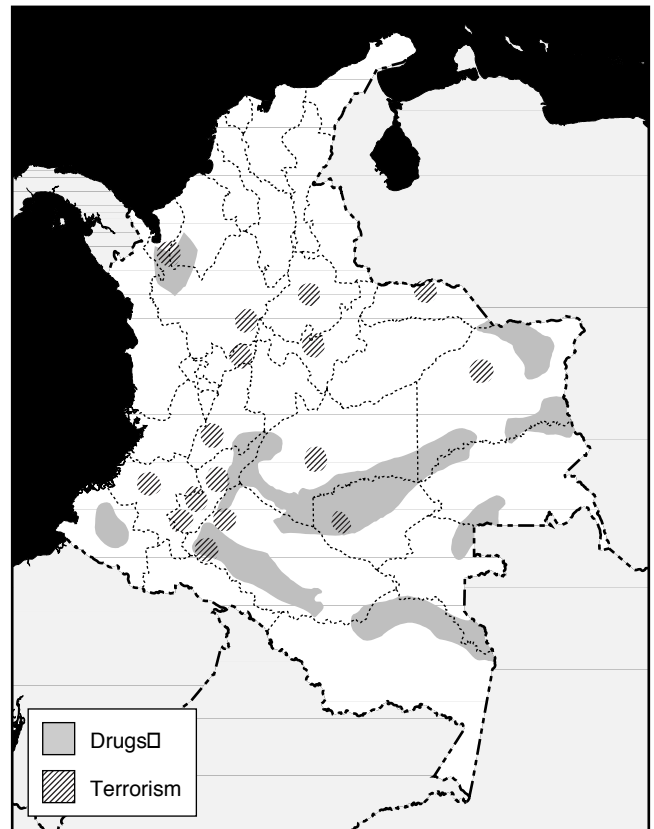
FIGURE 4D

Colombia: Epicenter of the Narco-Terrorist Earthquake



FIGURE 5D

Colombia: Drugs and Terrorism, 1982



EIR founder Lyndon LaRouche warned Ibero-American leaders in 1982, that they must act from an understanding that they faced a new enemy: a *policy* of powerful oligarchic interests to destroy the existence of the nation-state itself, worldwide. In the July 20, 1982, *EIR* feature, “Nazi Anthropologists Incite New Ethnic Terrorism,” LaRouche wrote: “The objective of the powerful forces behind the deployment of this anthropologists’ nightmare of ‘separatist movements,’ is to generate throughout the planet a protracted condition of chaos—economic depression, regional wars, dionysiac orgies of assassination, rioting and insurrection in many nations. This process is intended to obliterate the institution of the sovereign nation-state and to bring forth out of chaos, a Malthusian world-federalist order.”

The sustained war against the sovereignty of the Americas began in April 1982, with a straightforward military invasion of Argentine territory, by Her Majesty’s Thatcher-led government in Great Britain. Following quickly upon the heels of the Malvinas War, came the eruption of the first of the many debt crises in Ibero-America, each “resolved” by ever-greater loss of economic sovereignty. The pace of the war accelerated drastically in the 1990s, kicked off by George Bush, Sr.’s December 1989 invasion of Panama.

The results of that war, 19 years later, are visible in **Figure 3**. Three general types of losses to sovereignty are depicted:

territory taken out of national control as “protected areas” (whether as nature or indigenous parks); narco-terrorism; and loss of currency through dollarization.

Dollarization: In 1982, Panama was the only country in Ibero-America without a national currency. But over the course of the succeeding debt crises, the dollar was permitted, increasingly, to circulate alongside the national currency in many countries. By 2001, three countries had gone further, and joined Panama as countries virtually without currencies: Argentina, Ecuador and El Salvador, with Guatemala following along.

Lost territory: Nature parks, ecological reserves of various stripes, and “indigenous” reserves are all included under the general rubric of “protected areas,” the term used by the British Empire-created International Union for the Conservation of Nature (IUCN), and others. As can be seen by comparing the maps, some such areas existed before 1982, but between 1982 and today, such reserves almost doubled in extent, as seen even in the rough outlines shown here. By 1994, some 13.2% of South America was so locked up; and 8.6% of Central America and Mexico, combined. Today, those percentages are even larger.

The change is far greater, however, than a comparison of

FIGURE 6□

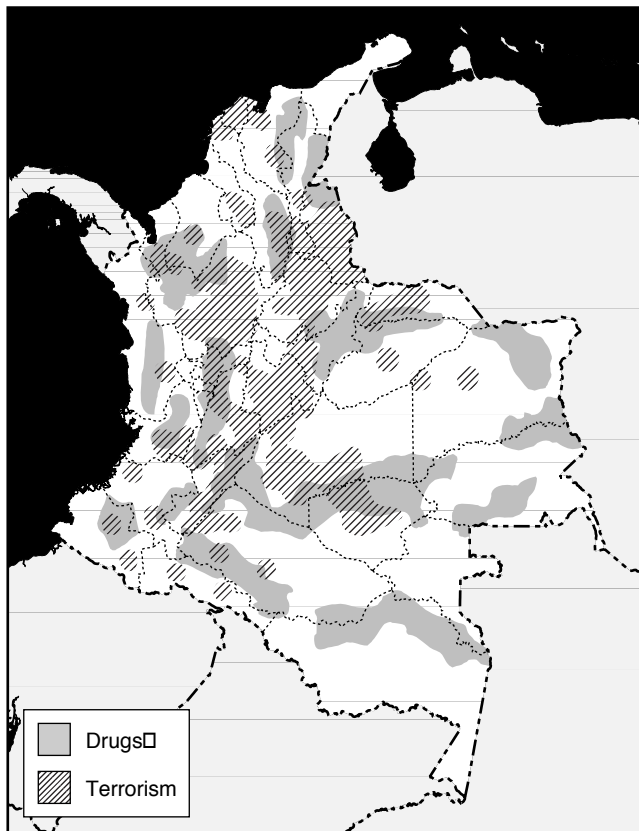
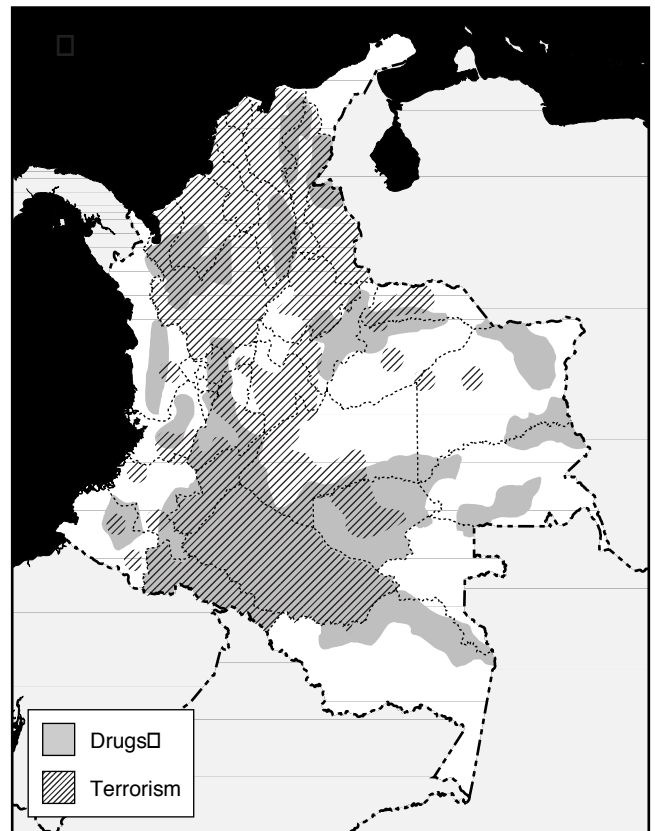
Colombia: Drugs and Terrorism, 1995

FIGURE 7□

Colombia: Drugs and Terrorism, 1998

square kilometers indicates. Over the past two decades, the character of these “protected areas” changed decisively, as the global environmentalist movement and its racist twin, indigenism, have reshaped policies around the world. Whereas parks previously meant, generally, an area to be enjoyed by man, today these are areas from which human activity is either altogether excluded, or permitted only by those poor souls locked into these human zoos, prohibited from ever entering the modern world. *These are no longer sovereign territory.* Most are run by those creations of world-government, the “NGOs” (and largely by foreign NGOs, to boot).

The exemplar, *par excellence*, of the strategic placement of these reserves, human and ecological, is the Yanomami Reserve: a giant, 17.8 million-hectare area straddling the Venezuelan-Brazilian border, created in 1991 as a protected reserve for a group of 16,000 nomadic Indians, condemned to an average life span of only 30 years by their primitive economy. The creation of the Yanomami park was the personal project of the British royal family for nearly 25 years. Personally and through agencies such as Prince Philip’s World Wide Fund for Nature (WWF), they applied intense pressure until the Brazilian and Venezuelan governments ca-

pitulated. The parallel with what was done to Africa, extended down to the deployment in 1990 to Brazil by Lady Lynda Chalker, then head of Great Britain’s Overseas Development Ministry, who was otherwise occupied that year in orchestrating the Ugandan invasion of Rwanda.

Narco-Terrorism Seizes Power in the Andes

The most horrific change over the two decades, is the loss of whole regions to *narco-terrorist irregular warfare*. That spread is not unrelated to the proliferation of “protected areas.” As occurred in Africa, these vast no-man’s-lands, outside government control, became centers of drug production and terrorist encampments. Thus, two large ecological parks along the Mexican-Guatemalan border provided the original staging area for the EZLN’s war. In Colombia, a stunning 30.7% of national territory is “protected”; it was recently reported that the FARC and the ELN operate out of 44 of the 46 ecological zones which cover 8.5% of the country, and at least four of those parks are run, officially, by the FARC.

Although not depicted on these maps, one of the critical measures by which the war against sovereignty has been advanced, is the takedown of the national militaries, the most extreme case, to date, being the elimination of Panama’s mili-

FIGURE 8

The Andes: Narco-Terrorism, Protected Areas and Raw Materials

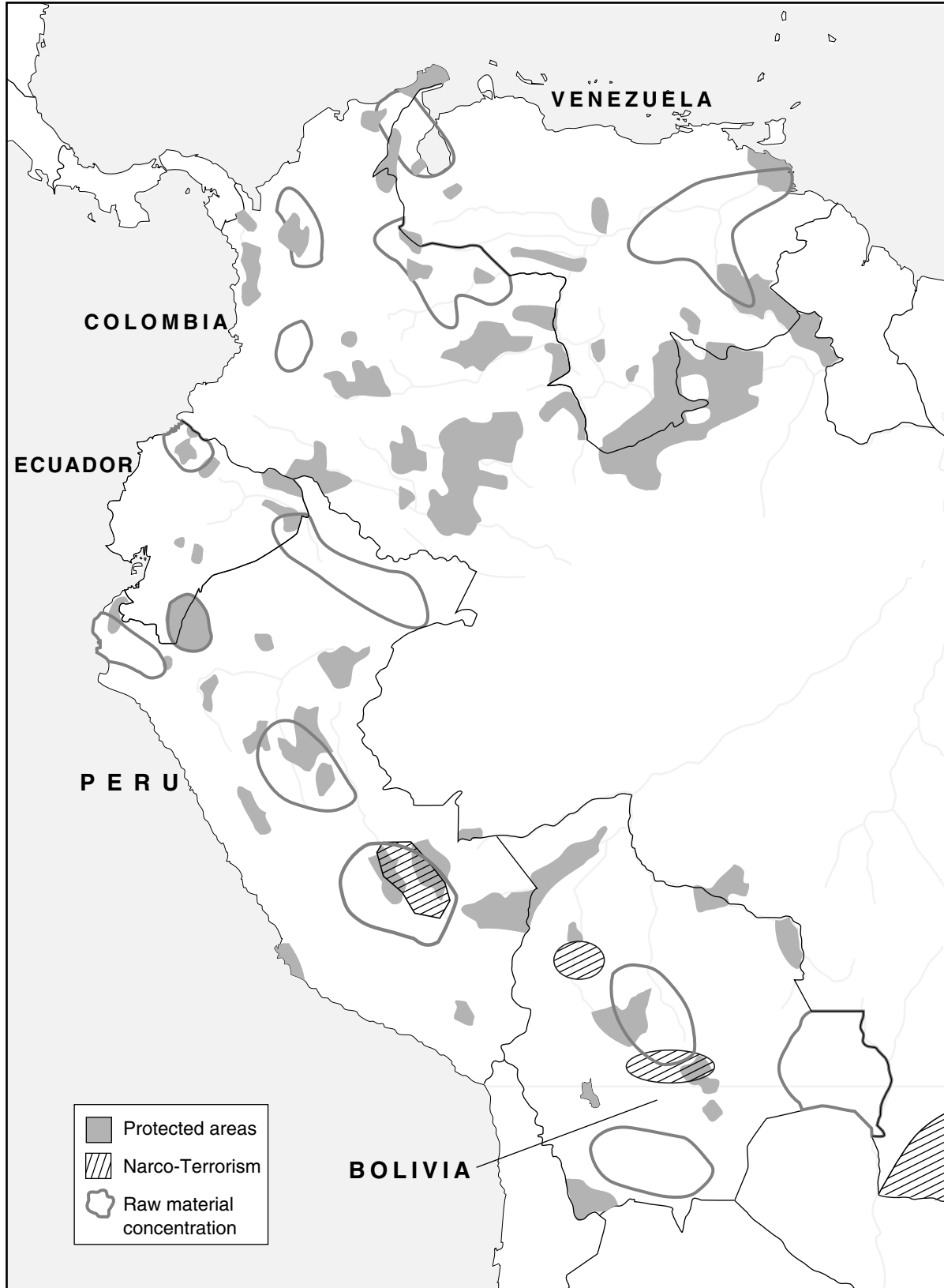
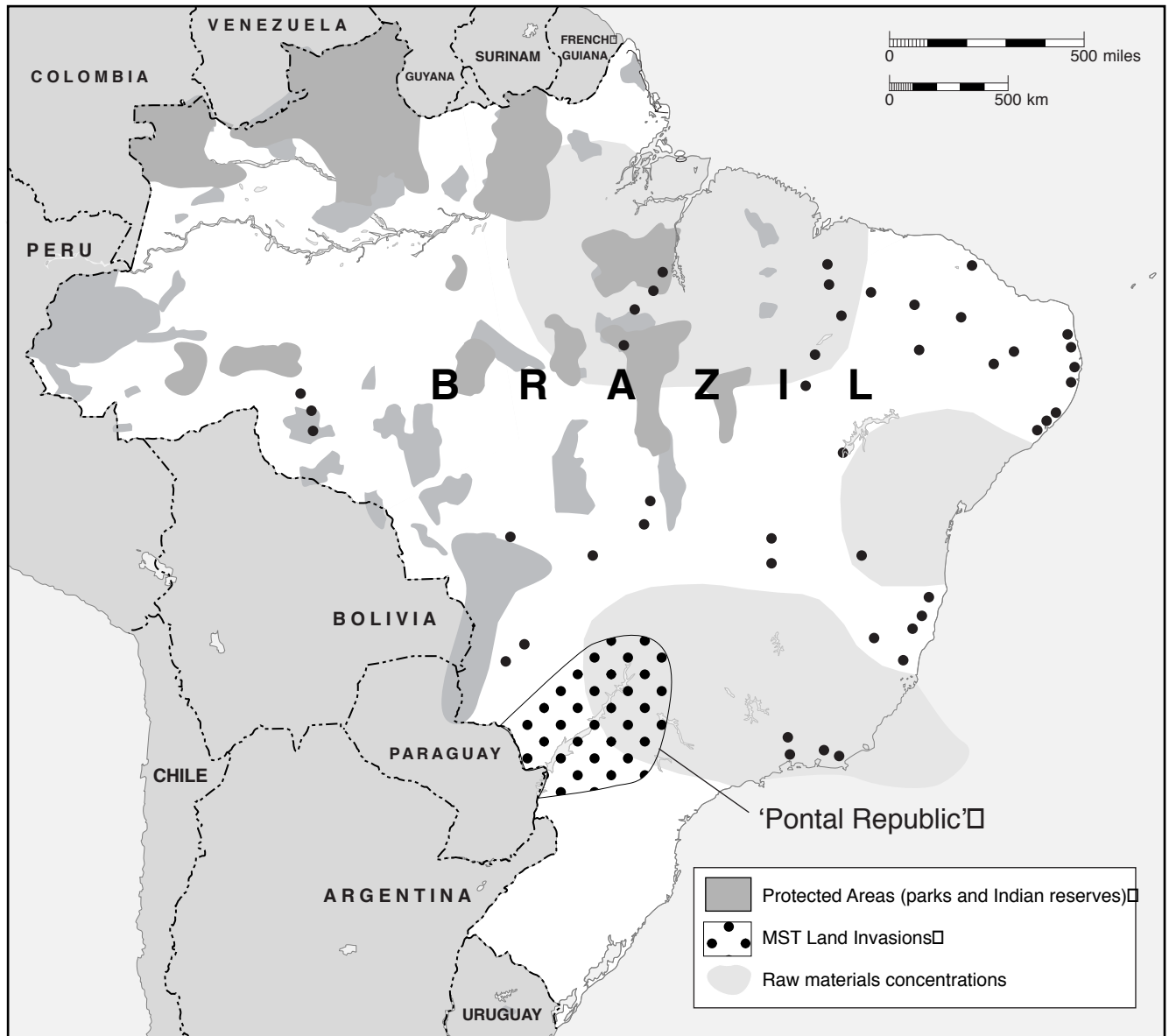


FIGURE 9□

London Wants to Get Its Hands on Brazil's Vast Mineral Wealth□



tary altogether, in 1989, by the U.S. occupation forces.

Figure 4 depicts the harsh reality: Colombia has been overrun entirely. Colombia exists as a nation today only as an idea to which its patriots are fiercely committed, a nation which they must re-establish. As **Figures 5-7** remind us, *this was not always so*: What were serious problems in 1982, by 2001, have eaten the country alive.

Not only Colombia is being overrun, as can be seen clearly in **Figure 8**, focussing on the Andean region as a whole. Narco-terrorism is spreading throughout the region in two ways: spilling over Colombia's borders with every one of its neighbors, and taking over the governments of whole coun-

tries. The latter is the case in Venezuela, where the Chávez government openly protects the FARC and ELN, and defends their cause as its continental ally. Hugo Chávez— who, curiously, is a Bush family asset of sorts (George Bush, Sr. hailed Chávez, again, last February as a “very charismatic leader”) is the visible figurehead of the fascist *vox populi* insurgency which ties all the narco-terrorists in the Americas together.

The world was reminded, when New York Stock Exchange President Richard Grasso brazenly travelled to southern Colombia, in June 1999, to embrace the FARC's financial *Comandante*, Raúl Reyes, that *these countries could never have been so crushed, were it not for the powerful financial*

interests, profiting from the drug trade, which sponsor and back the advancing narco-terrorist armies.

As **Figure 8** indicates, the advance of narco-terrorism was not uniform: the areas dominated by drugs and terrorism in Peru and Bolivia are smaller in 2001 than in 1982 (see Fig. 2). In Peru, the Fujimori government in Peru took on the narco-terrorist insurgencies over the course of the 1990s, with its well-known success. Yet, it was the Alberto Fujimori government of Peru which was labelled “undemocratic,” and finally overthrown by overwhelming international force, marshalled by Wall Street and the U.S. State Department.

Figure 8 also shows how the areas of spreading narco-terrorism overlap some of the regions of most significant energy and mineral resources, as schematically indicated on the map. If there are no national governments over these areas, who benefits?

The Immediate Target: Brazil

Our last map in this series, **Figure 9**, focusses on the remaining country in Ibero-America which has not yet lost the better part of its sovereignty: Brazil. Half the continent in size, economy and population, Brazil still has a significant national scientific and technological capability, in the nuclear, aerospace and other fields. Despite dangerous concessions to globalization, Brazil’s banking system is not yet entirely in foreign hands; its national oil company, and a few of its electrical companies, still belong to the state; and it exports only

10% of its GDP, which points to the fact that Brazil still has a domestic economy.

Brazil is also the mineral powerhouse of the continent, whose minerals are coveted by the same foreign interests (e.g.: George Bush, Sr.) now devouring the minerals of a destroyed Zaire/Congo in Africa.

The enemies of Brazil have significant forces inside the country, as the map depicts: the “protected reserves” cover giant swaths of rich territory, and are being expanded. If all the ecological/indigenous parks planned in the northern state of Roraima, which borders Venezuela, are implemented, the state will become virtually another nation: already 40% of the state’s territory is “protected.” In the midwest of the country, Prince Philip’s World Wide Fund for Nature is confident it can block the opening of the interior of South America for development, by consolidating its Pantanal park, the large area extending south and west into Bolivia and Paraguay. Likewise, the Landless Movement (MST), allies of the FARC and EZLN, constitutes the hardcore of a growing narco-terrorist army, which is both national in extent, and well advanced in its plans to carve out a separatist “Pontal Republic,” as marked.

Should Brazil choose to stand and fight for its sovereignty, both domestically and internationally, a configuration could be created in which patriotic forces in the rest of Ibero-America could rally their own resistance. Should it not do so soon, however, Brazil will find itself, like its neighbors, divided, overrun, and destroyed.

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

INCLUDING:

The Bush Manual to Eliminate the Armed Forces

Limited Sovereignty: Objective of the Inter-American Dialogue

Stop the ‘Africanization’ of Ibero-America!

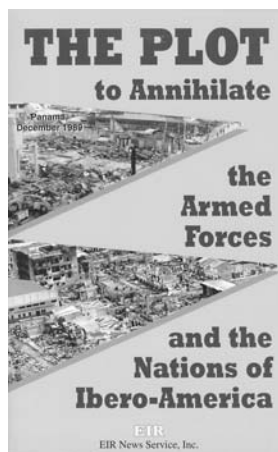
With a **PREFACE** by Col. Mohamed Alí Seineldín, **INTRODUCTION** by Lyndon LaRouche, and **PREFACE** by Michael Billington

\$15 AVAILABLE ALSO IN SPANISH AND PORTUGUESE

Order from:

EIRNews Service

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



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

—James Zackrisson, *Defense Force Quarterly*

Ibero-America's Raw Materials Wealth

Ibero-America is a treasure trove of raw materials. The populations of the Western Hemisphere, as well as parts of Asia and Europe, depend on many of its raw materials, to fashion the goods vital to their existence.

Minerals and metals can be sorted into three groups:

1. *Precious metals*: largely gold, silver, and the platinum group, all of which have industrial uses, but are also held for their value as a monetary reserve or as a hoard (often in the form of bullion, coins, and jewelry).

2. *Industrial/base metals*: Seven of these — bauxite, copper, iron, lead, nickel, tin, and zinc — account, by weight, for 70% of all the non-carbon, non-wood, non-stone-based finished manufactured products in the world. No industrial society can exist without the finished products that come from them.

3. *Strategic metals and minerals*: These are usually used as alloys because they are frequently lightweight, have high tensile strength, or resist heat well. They are often used in defense and high-technology production.

Table 1 shows production and export figures, and proven reserves, of the six largest Ibero-American oil producers, including the two powerhouses of the Western Hemisphere, Mexico and Venezuela, with 3.5 million barrels per day and 3.3 million bpd production, respectively, and combined proven reserves of 105.3 billion barrels. Of total world exports of 39 million bpd, Mexico, Venezuela, Brazil, Argentina, Ecuador, and Colombia combined export 4.7 million bpd, or 12%.

Since their founding in the early and mid-Twentieth Century, most of Ibero-America's state-owned oil firms played a critical role in their nations' drive for development. But with

TABLE 1
Ibero-America's Leading Oil Producers

| Country | Daily Output (million bpd) | Exports (million bpd) | Total Proven Reserves (billion barrels) |
|--------------|----------------------------|-----------------------|---|
| Mexico | 3.5 | 1.7 | 28.3 |
| Venezuela | 3.3 | 2.1 | 77.0 |
| Brazil | 1.2 | na | 7.4 |
| Argentina | 0.9 | .3 | 2.8 |
| Colombia | 0.7 | .4 | 2.6 |
| Ecuador | 0.4 | 0.2 | 2.1 |
| Total | 10.0 | 4.7 | 120.2 |

the imposition of the International Monetary Fund's free-market mania in the 1990s, this trend was reversed, and state firms increasingly fell prey to the Anglo-Americans' privatization offensive. This was the case with Argentina's YPF and Brazil's Petrobrás. Mexican President Vicente Fox has made known that he favors privatization of the national oil company Pemex, and although Venezuela's 1999 Constitution prohibits privatization of the state-owned PdVSA, under President Hugo Chávez, the oil sector has increasingly been opened up to private foreign investment.

Table 2 shows, for the essential 26 minerals and metals, the world rank of each nation in Ibero-America that is among the top six world producers. Ibero-American countries are the top producers of five minerals or raw materials: Mexico, silver; Peru, bismuth; Chile, copper; Mexico, strontium; and Brazil, columbium (niobium). Three Ibero-American nations produce more than half of the world's output of three miner-

TABLE 2
World Rank of Ibero-American Nations as Raw Materials Producers

| Commodity | Nation (Rank) |
|---------------------------|--|
| Precious | |
| Gold | none in top rank |
| Silver | Mexico (1), Peru (2), Chile (5) |
| Base/industrial | |
| Aluminum | Brazil (6) |
| Arsenic trioxide | Chile (2), Mexico (4) |
| Bauxite and alumina | Jamaica (3), Brazil (4), Venezuela (5) |
| Bismuth | Peru (1), Mexico (2) |
| Boron | Argentina (3), Chile (5) |
| Cadmium | none in top rank |
| Copper (mine production) | Chile (1) |
| Copper (refinery) | Chile (2) |
| Feldspar | none in top rank |
| Fluorspar | Mexico (2) |
| Graphite | Mexico (3), Brazil (5) |
| Gypsum | none in top rank |
| Iron ore (metal content) | Brazil (1) |
| Lead | Peru (4), Mexico (6) |
| Nickel (metal content) | Dominican Republic (6) |
| Sodium sulfate (natural) | Mexico (2) |
| Strontium | Mexico (1) |
| Tin | Peru (3), Brazil (4), Bolivia (5) |
| Zinc | Peru (4), Mexico (6) |
| Strategic | |
| Beryllium | Brazil (2) |
| Cobalt | Cuba (6) |
| Columbium (metal content) | Brazil (1) |
| Manganese (metal content) | Brazil (5) |
| Molybdenum | Chile (2), Mexico (6) |
| Tantalum (metal content) | Brazil (2) |
| Vanadium | Venezuela (5), Chile (6) |

Source: U.S. Geological Survey.

TABLE 3

Ibero-America's Share of World Mining Production or Refining

(All tons are metric tons, 1995 output; numbers highlighted in **bold** indicate that country is one of world's top six producing nations of the cited commodity)

| Mineral or Metal | World Production | Unit of Production | Percent of World Production in: | | | | | |
|---------------------------|------------------|--------------------|---------------------------------|------------|------------|------------|------------|------------|
| | | | Ibero-America | Brazil | Chile | Mexico | Peru | Other* |
| Precious | | | | | | | | |
| Gold | 2.25 | thousand tons | 12% | 3% | 2% | 1% | 3% | 3% |
| Silver | 14.6 | thousand tons | 41% | 1% | 7% | 16% | 13% | 3% |
| Base/Industrial | | | | | | | | |
| Aluminum | 19.4 | million tons | 10% | 6% | | | | 4% |
| Arsenic trioxide | 41.3 | thousand tons | 29% | | 15% | 11% | | 3% |
| Bauxite and alumina | 109.0 | million tons | 28% | 8% | | | | 20% |
| Bismuth | 3.0 | thousand tons | 63% | | | 30% | 33% | |
| Boron | 2.4 | million tons | 11% | | 4% | | 1% | 6% |
| Cadmium | 18.5 | thousand tons | 6% | 1% | | 4% | 1% | |
| Copper (mine production) | 10.0 | million tons | 32% | | 25% | 3% | 4% | |
| Copper (refinery) | 11.7 | million tons | 18% | 1% | 13% | 2% | 2% | |
| Feldspar | 6.1 | million tons | 10% | 2% | | 2% | | 5% |
| Fluorspar | 3.9 | million tons | 15% | 2% | | 13% | | |
| Graphite | 718.0 | thousand tons | 11% | 5% | | 6% | | |
| Gypsum | 98.1 | million tons | 8% | 1% | 1% | 5% | | 2% |
| Iron ore (metal content) | 554.8 | million tons | 27% | 22% | 1% | 1% | 1% | 2% |
| Lead | 2.7 | million tons | 16% | | | 6% | 9% | 1% |
| Nickel (metal content) | 1.0 | thousand tons | 14% | 3% | | | | 11% |
| Sodium sulfate (natural) | 2.5 | million tons | 21% | | | 21% | | |
| Strontium | 135.0 | thousand tons | 53% | | | 53% | | |
| Tin | 187.0 | thousand tons | 28% | 9% | | | 12% | 7% |
| Zinc | 7.1 | million tons | 20% | 2% | | 5% | 10% | 3% |
| Strategic | | | | | | | | |
| Beryllium | 6.8 | thousand tons | 13% | 13% | | | | |
| Cobalt | 22.1 | thousand tons | 9% | 2% | | | | 7% |
| Columbium (metal content) | 17.8 | thousand tons | 86% | 86% | | | | |
| Manganese (metal content) | 7.6 | million tons | 14% | 12% | | 2% | | |
| Molybdenum | 126.0 | thousand tons | 20% | | 14% | 3% | 3% | |
| Tantalum (metal content) | 356.0 | tons | 14% | 14% | | | | |
| Vanadium | 63.5 | thousand tons | 8% | | 4% | | | 4% |

* Argentina, Bolivia, Cuba, Dominican Republic, Jamaica, and Venezuela.

Source: U.S. Geological Survey.

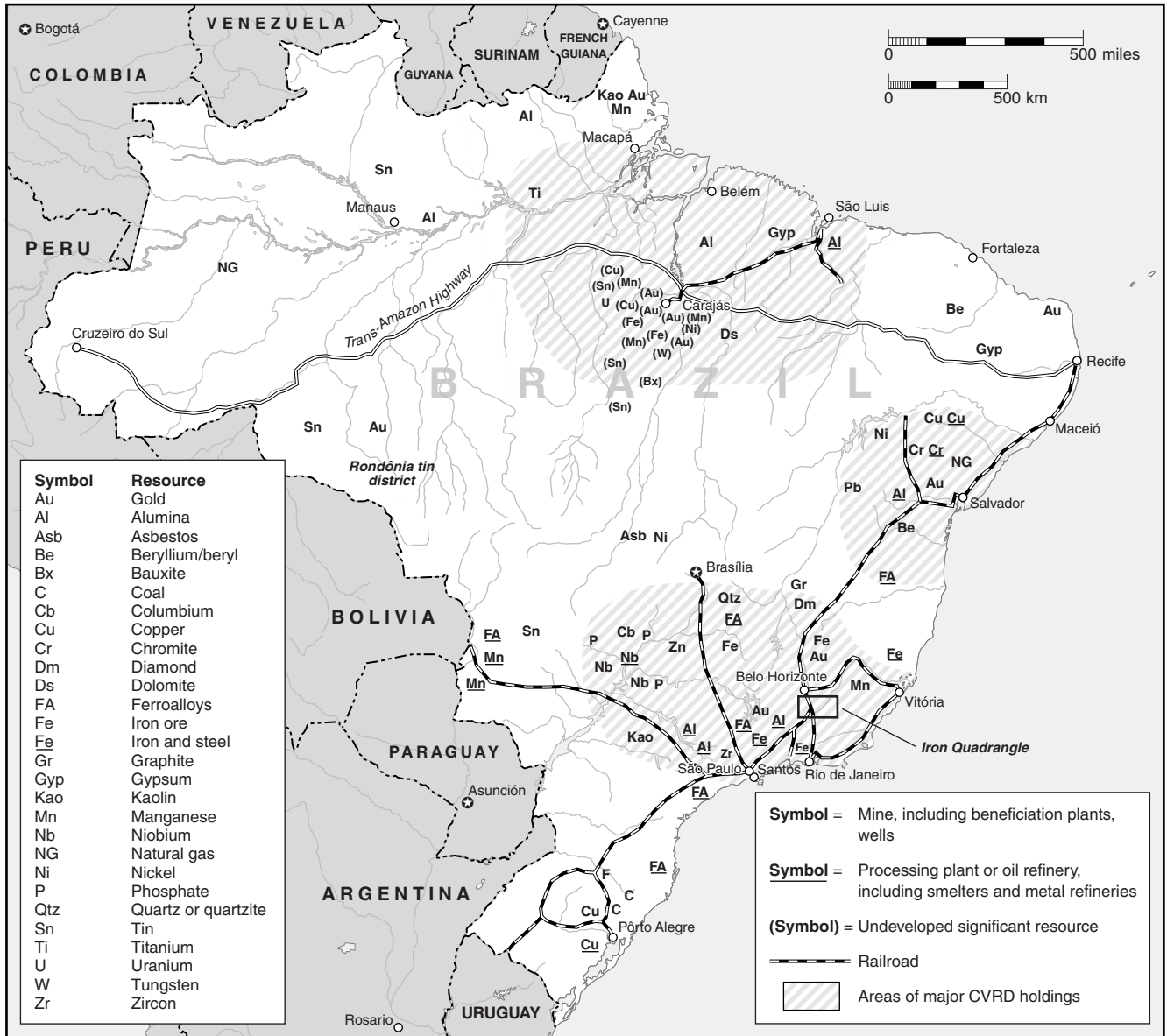
als: bismuth (Peru, 63%), strontium (Mexico, 53%), and columbium (Brazil, 86%). Ibero-America produces 15% of the world's output of two of the seven most important base/industrial metals; 20% of the world output for one of the metals; and at least 25% of the world output for three metals. It produces one-third of the world's output of copper.

Table 3 shows the world production, in 1995, of 26 precious, base/industrial, and strategic minerals and metals (and the refinery output of copper and aluminum).

In 1990, between 75% and 80% of all mining properties in Ibero-America were owned either by state-controlled mining

companies, or by private concerns owned by that country's nationals. Today, as a result of liberalization of mining legislation, and privatization, between one-third and two-thirds of the mining properties in several Ibero-American nations, are owned by foreigners, both in their own names and through dummy corporations. Of the foreigners, by far, the principal owners are companies of the British Commonwealth raw materials cartel, including the four most powerful: Anglo American, Rio Tinto, Barrick Gold (whose International Advisory Board includes former U.S. President George Bush), and Newmont Mining.

FIGURE 1
Brazil's Mineral Wealth



Why Is the CVRD Targetted for Breakup?

Companhia Vale do Rio Doce (CVRD), which the Brazilian government privatized in 1997, is the third-largest mining company in the world and the largest in all of Ibero-America. It has enormous proven reserves of countless minerals and precious metals, and potential deposits still not fully quantified. The CVRD holds concessions on the largest and most promising areas of mineral exploitation in the country, totalling 23 million hectares, and an additional 600,000 hectares of commercial forest lands.

The CVRD also owns the most significant transportation and logistical infrastructure grid in the country, which includes 2,000 kilometers of railroads; its own fleet of 22 ships; six seaport facilities; eight steel plants in Brazil and three abroad; three paper and cellulose factories; and, above all, an invaluable capacity for generating new companies, based on the accumulated know-how and experience of its technicians and executives.

Brazil's CVRD also has enormous historical and political significance as well, because it symbolizes the fight by Brazilian patriots to industrialize their country. It was founded in 1942, as a result of the so-called Washington Agreements signed by U.S. President Franklin Delano Roosevelt and Brazilian President Gen. Getulio Vargas.

Western Geopolitics Carves Up Africa: The Congo Example

by Uwe Friesecke

The second-largest country of Africa, the Democratic Republic of the Congo, is divided today into three parts (**Figure 1**). The northern provinces, Equateur, Orientale, and parts of northern Kivu, are controlled by Uganda. The rest of Kivu, parts of Kasai, Maniema, and the northeastern part of Shaba (Katanga) are controlled by Rwanda. Less than half of the territory to the west and south is still under the authority of the central government in Kinshasa. This state of affairs has very little to do with internal Congolese matters. It is the result of long-range strategic plans of Western policy elites to intensify the looting of the African continent.

The fate of Congo is a tragic example of what could happen to many other African countries, as well as Ibero-America and the rest of the developing sector, if current policy trends out of London and Washington are not reversed.

Forty years ago, in January 1961, Congo's courageous patriot Patrice Lumumba was murdered by Western intelligence services, because he resisted the splitting up of the Congo. He was not willing to make a compromise with the former colonial power, and stood up for the dignity of the Congolese. He knew that if the independent Congo were to succeed in real economic development, it was essential to maintain the unity of the former Belgian colony. When the Belgian colonialists orchestrated the splitting off of mineral-rich Katanga province in 1960, Lumumba went to the United States to ask President Dwight Eisenhower for help. But instead, the West decided to kill him and bring Col. Mobutu Sese Seko to power for the next 35 years.

Mobutu helped the West to plunder the Congo of raw materials, and he allowed the territory of Zaire, as he renamed the Congo, to become the staging ground for Western geopolitics in Africa during the Cold War. Once the Soviet Union collapsed in 1990-91, the Anglo-American alliance proclaimed itself to be the only superpower, and their policy toward Africa took a dramatic turn for the worse. Now, there was no longer any strategic obstacle to subjecting the continent to wholesale looting of raw materials, as during colonial times; only this time, it was done in the name of "democracy."

Wherever the Western powers could, they toppled the old guard of nationalist leaders, such as Kenneth Kaunda in Zambia, and brought new leaders in, who were easier to convince to adopt savage austerity policies against their people. The International Monetary Fund (IMF) and the World Bank intensified the pressure for implementation of structural ad-

justment programs. Currencies were devalued; economies liberalized, deregulated, and privatized. The result was, across the board in Africa, a dramatic increase in poverty, a collapse of the health and educational systems, and an intensification of conflicts and wars, while Africa's wealth—gold, diamonds, petroleum, cocoa, minerals—was taken out of the continent in ever-increasing quantities. (**Figure 2** shows Congo's natural wealth. The role of Congo in the financier oligarchy's gameplan for Africa, is similar to that of Brazil for Ibero-America: Both countries are large and extremely rich in strategic resources. See preceding article in this *Feature*.)

Regional Wars

In October 1990, in the wake of the military buildup for Operation Desert Storm, the U.S. and British governments encouraged and supported the President of Uganda, Yoweri Museveni, in starting a war in Africa's Great Lakes region. First, so-called rebel forces of the Rwanda Patriotic Front (RPF), which were trained and equipped by the Ugandan military, invaded Rwanda. U.S. and British military advisers were involved. Today's President of Rwanda, Paul Kagame, in October 1990 was flown from Fort Leavenworth in the United States, to the front in Rwanda, to lead the RPF forces. Lynda Chalker, then Minister of Commonwealth Affairs in the John Major government in Britain, was personally in regular direct contact with the Ugandan President. **Figures 3** and **4**, taken from *EIR*'s exposé of July 4, 1997, show how the British, with Museveni as their puppet, were perpetrating a genocidal plan for creating micro-states in Africa.

This war exploded the simmering conflict between the Hutu and Tutsi population group in Rwanda and Burundi. It led to the killing of Burundi's President Melchior Ndadaye in October 1993 and Rwanda's President Juvenal Habyarimana in April 1994, and to the mass killings in Rwanda in the Summer of 1994. The British government then blocked any attempt in the UN Security Council, to reinforce UN troops to stop the killings in Rwanda. The new Clinton Administration in Washington backed Britain in this.

The result of the first phase of the war was more than 1.5 million dead in Rwanda and Burundi, and more than 1 million refugees in neighboring Tanzania and eastern Zaire.

The second phase of the war began in October 1996, again disguised as a rebellion. Foreign troops, this time Ugandan and Rwandan, invaded eastern Zaire, destroyed all of the

FIGURE 1

Political Division of the Democratic Republic of the Congo



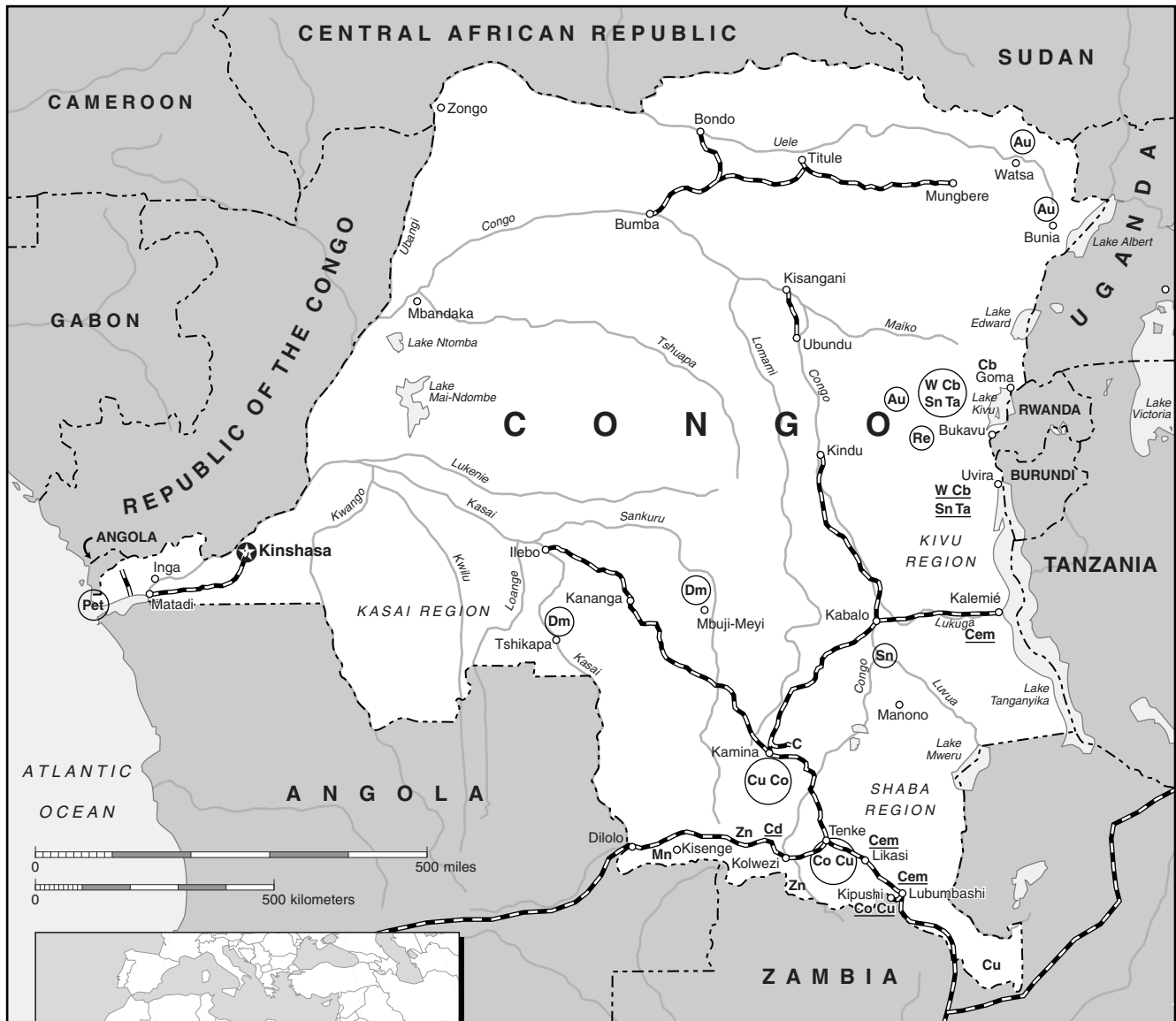
Rwandan refugee camps, and began a march on Kinshasa. With the help of British and U.S. intelligence, and support of Commonwealth mineral companies like Barrick Gold and American Mineral Fields, Laurent Kabila was chosen to head the rebellion in Zaire and topple dictator Mobutu—a plan which succeeded in May 1997. During this war, hundreds of thousands of Hutu refugees were killed in eastern Zaire. Again, Anglo-American military advisers were involved on the side of the Uganda-Rwanda-backed forces.

One year later, Kabila broke with his former allies Rwanda and Uganda, and threw their military and political agents out of his government in Congo. They retaliated by starting another so-called rebellion, this time against Kabila.

The offensive against Kabila in the Fall of 1998, was stopped by the military intervention of Angola, Namibia, and Zimbabwe. To this day, their troops are blocking the further advance of Ugandan and Rwandan forces beyond the territory in northern and eastern Congo, which they occupy already.

While British and American diplomacy forced the signing of the Lusaka Peace Agreement in the Summer of 1999, their intelligence and military advisers, to this day, are involved on the side of Rwandan and Ugandan forces. Reliable sources report that it was U.S. satellite information, which enabled Rwandan troops to defeat the Congolese near Pweto, at the border with Zambia, in December of last year. Other reports speak of the repeated participation of African-American mer-

FIGURE 2
Congo's Strategic Resources



| Symbol | Resource | |
|-------------|-----------------------------------|--|
| Au | Gold | |
| C | Coal | |
| Cb | Columbium (niobium) | |
| Cd | Cadmium | |
| Cem | Cement | |
| Co | Cobalt | |
| Cu | Copper | |
| Dm | Diamond | |
| Mn | Manganese | |
| Pet | Petroleum | |
| Re | Rhenium | |
| Sn | Tin | |
| Ta | Tantalum | |
| W | Tungsten | |
| Zn | Zinc | |
| ○ | Group of producing mines or wells | |
| <u> </u> | Underline symbol indicates plant | |
| — | Railway | |

FIGURE 3□

The Chalker/Museveni Plan

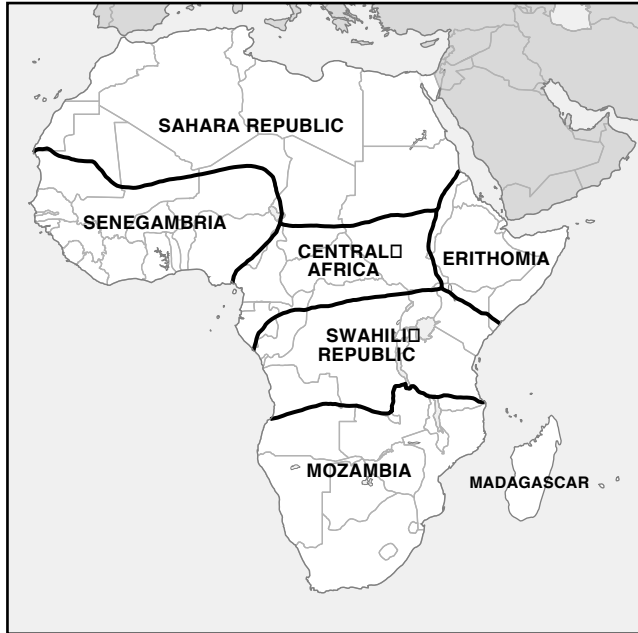
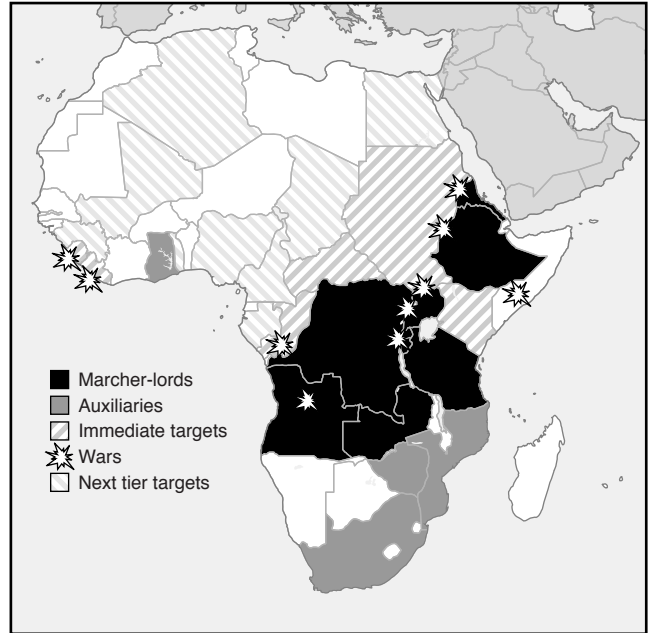


FIGURE 4□

The Quagmire, 1997



scenarios on the side of Rwandan troops.

The result of the occupation of eastern Congo has been the destruction of any civil authority, and its replacement by rule of the power of the gun. The Ugandan and Rwandan military, with their respective puppet rebel movements—the RCD Goma backed by Rwanda, and the MLC and another faction of the RCD backed by Uganda—have organized a tight network that is bringing out gold, diamonds, and the rare metal tantalum (in the form of Col-Tan) worth millions of dollars per month, through Kampala, the capital of Uganda, and Kigali, the capital of Rwanda, to Western markets. In this way, Western companies have even better access to the strategic raw materials of the Congo than they did under Mobutu’s rule. Local military leaders involved in this looting have become millionaires, while living conditions for the population have collapsed. *Since 1998, about 2 million people lost their lives in this conflict area in Congo.*

Like Congo, Angola is de facto divided between the government in Luanda, which is trading petroleum, and the forces of Jonas Savimbi’s Unita, which are trading diamonds. Again, Western companies are lavishly supplied with the raw materials they want, and the Angolan population is starving.

After the splitting of Congo succeeded, the Lusaka Agreement was arranged, and the UN was called in, and is now deploying 3,000 peacekeepers, until May 15, between the lines of the rebel and Congolese forces. So far, the Lusaka Agreement has legitimized the splitting of the Congo.

In the meantime, Kabila was killed in January, almost 40 years to the day after Lumumba’s assassination. And from

London to Washington, as well as in Paris and Brussels, attempts are being made to steer the young Joseph Kabila, who succeeded his father, in a direction agreeable to the interests of further looting in the part of Congo that his government controls. Western governments immediately insisted that the IMF and World Bank return to Kinshasa, and have indicated to Kabila, that if he signs over the mineral rights to companies such as Anglo American Corp., political pressure for so-called democratic reforms will subside.

The history of the Congo over the last five years exemplifies the process of disintegration of existing state structures in Africa, under the combined onslaught of IMF/World Bank economic policies, and Western manipulations of warlords and so-called rebel movements. If this process is not stopped, it will spread into other regions of the continent. Nigeria could split into three or more parts. New pressure for splitting Sudan into North and South is being exerted. Ethiopia may be consolidated as one nation right now, but the danger of splitting the country remains. In Kenya, political and social tensions are rising dangerously. And even Tanzania, politically stable until recent tensions over events on the island of Zanzibar, is targeted. Some strategists in London are saying that the future will see Tanzania splitting into five or six parts. There is renewed discussion about separating the Hutu and Tutsi populations of Rwanda and Burundi into two ethnic states.

The final target of such a strategy, would be Zimbabwe and South Africa. The aim is to destroy forever the ability of African countries to develop, and to rule over Africa through satrapies, for the purpose of unrestricted looting.

Prince Philip Marches at The Head of Mexico's Zapatistas

by Rubén Cota Meza

On March 23, Mexico's Chamber of Deputies voted 220-210, with seven abstentions, to allow hooded representatives of the Zapatista National Liberation Army (EZLN) to use the Congressional podium to argue on behalf of passing the Indigenous Rights Bill, sent to Congress by President Vicente Fox on Dec. 5, 2000. The plenum of the Senate, the upper house of the Mexican Congress, voted against an EZLN appearance in that chamber, by 52-47, with no abstentions.

The Indigenous Rights Bill would establish "indigenous peoples" as a legal entity, precisely as proposed by Convention 169 of the International Labor Organization. These territorial demarcations, thus defined, would obtain territorial autonomy and legal self-determination for self-rule, in accordance with the "habits and customs" of each people, and would include the right to fully enjoy the natural resources included in said territory.

On March 28, from the "highest tribune of the nation," a group of the so-called "commanders" of the irregular army which formally declared war on the Mexican government and Army on Jan. 1, 1994, and which has never retracted that declaration, addressed several Congressional commissions. The infamous "Subcommander Marcos" chose not to appear, saving his appearance for a future moment of even greater submission by Mexico's national institutions. Nonetheless, this event was in fact the prelude to the law's passage, which is expected to occur during the current session which ends on April 30. Speaking in Washington, D.C. on April 4, Fox's Government Secretary Santiago Creel announced that "the law will pass in the next few weeks."

The appearance of the Zapatista "commanders" in the Chamber of Deputies concluded a heated political battle which began on Dec. 1, 2000, when President Fox — inaugurated on that date as the constitutional President of Mexico — announced that "in a few days," he would send the bill to the Congress. The next day, EZLN leader "Subcommander Marcos" announced, from his hideout in the mountains of the southern state of Chiapas, that he would march in a caravan to Mexico City, to lobby for that same bill.

Up to that time, this irregular warfare movement which aims to change the Mexican Constitution, had been confined to the mountains and jungles of Chiapas, along the border with Guatemala. On Jan. 1, 1994, in its initial declaration of war, the EZLN had announced, "We shall march [presumably

armed — ed.] to the capital of the Republic." Seven years later, without firing a single shot and with the involvement of President Fox, the EZLN "commanders" triumphantly entered the main plaza of Mexico's capital city, surrounded by more than 100,000 followers. All of this, despite the opposition of the party which put Fox in the Presidency, the National Action Party (PAN).

Subjugating the Institutions

As of last Dec. 2, "Marcos" imposed three conditions on the Fox Administration for initiating a dialogue that would supposedly lead to "peace": 1) Withdraw the seven Mexican Army outposts from Chiapas, precisely the military enclosure that kept the EZLN confined to the Chiapas mountains. These outposts have been dutifully withdrawn by the government. "What we want to demonstrate by this," said "Marcos," is that Fox is, in effect, the commander of the Army. That is, "Marcos" sought — and achieved — the submission of the Armed Forces. 2) Release the 108 Zapatistas jailed for various crimes, including assassination, rape, and drug-trafficking. The majority have been released. This time, the submission of the Judiciary. And 3) Approve the Bill of Indigenous Rights — that is, the submission of the Legislature.

Between "Marcos" and Fox, the entire opposition has been crushed. With the resources of the state and through a vast publicity campaign, they blackmailed and silenced any opposition to permitting the EZLN — which has refused to retract its declaration of war against the Mexican state — to carry out its march to the capital. Also silenced were those who opposed a dialogue with hooded strangers, and those who opposed handing the Congressional podium over to the EZLN. They had rubbed in their faces, the threat that they would be responsible for the unleashing of war, were the dialogue to be stopped.

The activities of the Zapatistas in the past few weeks have been the most publicized events in the political history of the country. For the first time in the history of national television networks Televisa and TV Azteca, their respective presidents, Emilio Azcárraga Jean and Ricardo Salinas Pliego, appeared together in public to sponsor a rock "Concert for Peace," in the country's largest-capacity stadium, which was simultaneously broadcast by both networks.

In the face of this propaganda avalanche, "Marcos" ac-



An EZLN march to Mexico City, March 1.

cused President Fox of seeking to put himself at the head of the march and presenting himself as in favor of peace, when this is not so, intoned the hooded Zapatista.

The EZLN baptized its caravan the “March of the Colored People of the Earth,” which was launched Feb. 24 and, over the next two weeks, crossed 12 southern and central states of the country. While the march was going on, the Congress debated whether it should allow an armed group which refused to disavow its declaration of war against the Mexican Army and government, to enter the capital city. On March 5, the EZLN launched another threat from Michoacán, where the “commanders” were attending the Third National Indigenous Congress: “We will provoke a peaceful Indian uprising nationwide,” it said. Once again, the blackmail worked, and the march entered Mexico City on March 11.

‘White Overalls’ and ‘Terrorist Tourism’

From the moment that “Subcommander Marcos” announced the march on the National Congress, the international shock troops that would take charge of security for the march, and the key “personalities” affording it political protection, began to mobilize.

The so-called Italian “White Overalls,” responsible for “Subcommander Marcos’ ” security, entered the country with the consent of the Mexican government, on the pretext that this constituted a new form of tourism—“terrorist tourism” was how the Fox government’s Commissioner for Immigra-

tion Affairs characterized it.

Two days before the Zapatista march was to enter Mexico City’s “Zócalo,” the country’s most important public plaza, all of the hotel rooms with balconies looking out on the plaza where the international delegations were to appear, had already been reserved. Present were Danielle Mitterrand, widow of France’s former President, François Mitterrand, and mother of Jean-Christophe Mitterrand, accused of weapons trafficking; French eco-terrorist José Bové, financed by the Anglo-French magnate Teddy Goldsmith, and also leader of the pro-terrorist, global peasant organization, Vía Campesina, of which “Subcommander Marcos” is the Mexican representative; the writer Manuel Vázquez Montalbán of Catalonia, Spain; Portuguese Nobel Prize winner in literature José Saramago; Hebe de Bonafini, the pro-terrorist leader of Argentina’s Mothers of Plaza de Mayo who, on the verge of tears, sniffled that “he’s [Marcos] my fifth son”; while “Marcos” entertained more than 100,000 people gathered there.

There were also delegations from several organizations affiliated with the São Paulo Forum, from Brazil, Ecuador, Bolivia, Central America, and elsewhere.

However, the most important of the international delegations, that of England’s Prince Philip, wasn’t at the Zócalo, but rather at the Convent of the Clarisa Sisters of Mexico, at a meeting of the Alliance of Religions and Conservation, run by Martin Palmer, the religious guru of Queen Elizabeth II’s

Prince Consort. According to the March 25 edition of *El Universal*, Palmer was in Mexico to finalize an agreement between Mexico's Interreligious Council (CIM) and the Fox government "to stop the eco-catastrophe," and to preside over a CIM meeting.

At the closed-door meeting, among others, were Jonathan Rose, CIM executive president; Manuel Gómez Granados, director of the Mexican Institute for Christian Social Doctrine; and Rodolfo Ogarrio, director of FUNDEA, a private organization for environmental education run by Manuel Arango, a member of the 1001 Club, which in turn is run by Prince Philip. Palmer told *El Universal* that the agreement between Mexico's government and religions "has been a fundamental step." This "augurs an important change" in the country in which "religions will be an active agent" in the fight for the conservation of the so-called national ecosystem.

The religions participating in these environmentalist efforts, Palmer said, have moved, little by little, from a dogmatic perspective to "a spiritual and ethnic axis" which allows for these groups' involvement. Palmer also runs the World Interreligious Council, of which Bishop Samuel Ruiz is a founding member. Ruiz, the Bishop Emeritus of San Cristóbal de las Casas, Chiapas, is the intellectual-religious godfather of the armed movement which seeks territorial autonomy and political self-determination, to control the region's natural resources (or to hand them over to the oligarchy's cartels, as the case may be).

Ruiz Proclaims Continental 'Indigenous Resurgence'

During a tour of Italy at the end of March, Samuel Ruiz told the newspaper *Il Nuovo* that "America is awakening. A wave of extraordinary energy is moving over the whole continent, pushing the indigenous peoples to lift up their heads. On the whole continent, from Mexico to southern Chile, from Alaska to the Patagonia, in recent months we've seen the signs of a real 'indigenous resurgence.' Oppressed since the time of the Conquest, which some call 'the Discovery of America,' people are becoming conscious that they are subjects of their own history: from the Mapuche Indians in southern Chile, who even demand certain governmental autonomy, to the Indians of Ecuador, and even Guatemala and Mexico," who seek to "create a true multi-ethnic democracy, and respect for communitarian laws and traditional pre-Hispanic customs," he said.

Ruiz added, "The conflict is between the indigenous communitarian spirit, which wants its lands back to fulfill itself, and the individualistic capitalism of the exploiters, which appropriates the land." While "Commander" Samuel said that "the consequences of this general uprising of the indigenous people can not be predicted," Palmer boasted that a good portion of the Australian natural reserves, the administration of which has been given to the aborigines, are actually run by Benedictine monks.

Stop the Narco-Terrorist Coup d'État in Mexico!

The following are excerpts from a statement by Marivilia Carrasco, president of the Ibero-American Solidarity Movement (MSIA) in Mexico, issued on March 27. A subhead has been added.

The Zapatista National Liberation Army's (EZLN) victory in being granted use of the country's most important political tribunal, represents a point of inflection in favor of the oligarchic forces headquartered in London and Wall Street, who created and are deploying the EZLN to destroy Mexico as a nation. The decision to allow "Subcommander Marcos" to address the federal Chamber of Deputies, was preceded by the submission of the Judiciary and of the Armed Forces, in beginning to fulfill the three conditionalities demanded by the EZLN: elimination of military posts in Chiapas, release of terrorist prisoners, and acceptance of indigenous autonomy. It comes as no surprise that this spectacle occurs at a moment in which the disintegration of the international financial system is accelerating, afflicted by a systemic and global crisis which, as has been repeatedly forecast by U.S. economist and statesman Lyndon H. LaRouche, has the power to erase entire nations from the map.

Under these conditions of financial collapse, the Anglo-American oligarchy is intensifying its offensive to seize the economic assets and strategic energy resources of the planet, at the cost of the indiscriminate genocide of populations, and the territorial splintering of nations. The "multiplication" of borders upon which "Marcos" and his bosses insist, is identical to that appearing in the maps that hang on the walls of former British Minister of Overseas Development (i.e., Colonial Minister) Lynda Chalker, which delineate the new borders of the micro-states into which the Anglo-American empire hopes to reduce the nations of Africa. The objective is to exterminate entire sectors of the black population by means of inter-tribal warfare, starvation, and AIDS, while "world government" takes control of energy resources, food, and strategic minerals. The campaigns for indigenous autonomy are an important element in this strategy, promoted from the centers of world financial power and embraced not only by "Zapatismo," but also by the Vicente Fox government itself.

To improve the lives of not only Mexican Indians, but of all the citizens of the nation, it is not necessary for the country to empower the EZLN. The hundreds of thousands of unemployed, the thousands of companies that have shut down, the return of thousands, soon to be hundreds of thousands of Mexicans who have been laid off in the United States because

of the ongoing, dramatic collapse of the U.S. economy during the first 100 days of the Bush Administration—all of this is going to criminally worsen in the coming weeks and months, unless urgent measures are adopted to reorganize the national economy as a whole, and Mexico moves to take the offensive, to forge a new international financial and monetary agreement as rapidly as possible.

The Tyranny of Irrationality

The farce represented by the EZLN has nothing to do with defeating the causes of the extreme misery and genocide which the globalist and usurious policies of the International Monetary Fund and World Bank have imposed on millions of Mexicans, and with ever greater brutality on the Indian populations. The Romanticism—“It wasn’t us, I swear. It was the People. Too bad.”—that surrounds the famous hooded wonder and his hosts, is an effective artifice of manipulation, which has trapped important political sectors of the country, but which only serves to complete the slow dismantling of the institutions accomplished over the past two decades, in large part by globalist policies. The Zapatistas and their patrons channel the Jacobin fury caused by such policies against the institutions, and impose the tyranny of irrationality, in order to wipe out scientific truth as discernible by the human mind. This perverse Romanticism, which mixes together supposed indigenous causes with homosexual movements, drug legalization, and radical environmentalist campaigns, will feed the shock troops which violently oppose the most minimal efforts to restore national sovereignty.

If the EZLN and its bosses are not stopped now, Mexico will become like Colombia, or worse, in a matter of months. Just take a look at how quickly the U.S. State Department and Organization of American States “democrats” moved to destroy Peru’s institutions, after overthrowing the government of President Alberto Fujimori, to get an idea of what awaits Mexicans. Once the narco-terrorist bands are given not only legitimacy, but also the right to humiliate national institutions before the entire world, the way is open to imposing one conditionality after another, as the FARC has done in Colombia, and for their foreign masters to demand, as proof of “democracy” and “pluralism,” that the patriots who have fought these criminals, be persecuted. What we now see ongoing in Peru, we will soon see in Mexico, where it will not be the narco-terrorist assassins who are jailed, but rather patriotic soldiers, political leaders, and businessmen and merchants who have offered resistance to the EZLN. We are facing a virtual coup d’état, in which the Fox government is complicit; a coup d’état carried out by foreign imperialist forces using the methods of Adolf Hitler, who in a few short months had all of Germany subject to his will, while trampling the law underfoot, just as it is being trampled in Mexico, in the name of “the will of the people.”

It is in understanding this, wherein lies the key to defending Mexico from this latest enemy offensive. . .

Now that Mexico’s Congress has capitulated, the offen-

sive to impose indigenous autonomies . . . across the American hemisphere, will commence in earnest. Make no mistake! March 28 is the launching date for a new national and international offensive, to “bring autonomy into practice; to form autonomous towns and regions across the country,” and then to impose a law of “indigenous rights and culture,” with none of the limits envisioned by legislators. Indeed, the EZLN “commander-in-chief,” Samuel Ruiz, is in Italy these days, pushing the idea of the EZLN at the head of a continental uprising of “Indian peoples,” while Rigoberta Menchú is urging other nations to follow the example of the EZLN and Mexico, in adopting Convention 169 of the International Labor Organization (ILO). Mexico’s Presidential Coordinator of Indian Affairs, Xochitl Gálvez, is reportedly preparing to go on the offensive in Congress—surely in coordination with the EZLN—by bringing ILO “experts” to bully Mexico’s congressmen. At the same time, the so-called Third National Indigenist Conference, in which the EZLN participated during its “march” to Mexico City, resolved to notify the ILO of its resolutions, including the fight for autonomy and to prevent the development of nationally important infrastructure projects, such as the Cerro de Oro and Tamascal dams, in Oaxaca.

Convention 169 of the ILO decrees the bestial idea that Indians should be considered a species apart from the rest of humanity, and without saying so by name, establishes the conditions for granting self-government to Indian communities. It states that Indian peoples are “owners of their lands, including the natural resources and the environment,” and defends their right “to maintain control over their own economic, social, and cultural development,” among these “the strengthening of traditional subsistence activities, such as hunting, fishing, trapping, and gathering.” Such conditions will assure the extermination of the population in general, and the Indians in particular. . . . The result will be the surrender of the nation’s natural resources . . . to the control of the Anglo-American sharks.

A constitutional reform based on the initiative that President Fox sent to Congress, would in reality force the necessary changes to Articles 27 and 28 of the Constitution, that would pave the way for deregulating the electricity, oil, and every other strategic resource sector of the country. Thus, we see the approval of the agreements with the EZLN by the government of George W. Bush, who . . . represents the interests of his family in the mega-speculator energy company Enron. . . .

The only acceptable, workable solution to this crisis that threatens the republic, is for Mexico to adopt a general reorganization of the national economy, based on draft legislation submitted by the MSIA, and to take up the international effort headed by U.S. economist Lyndon H. LaRouche, Jr., to establish a new international economic and monetary agreement, a New Bretton Woods. In the meanwhile, it is imperative to recover economic sovereignty over credit and currency, and to employ the powers of the state to launch great infrastructural projects that assure the sane economic functioning of the country, and avoid its “balkanization.”

World Social Forum: A Jacobin Roadshow

by Silvia Palacios

On March 11, “Subcommander Marcos,” flanked by leaders of the Zapatista National Liberation Army (EZLN), arrived in the Mexican capital after a ten-day march from Chiapas in the southernmost tip of the country. The march culminated in a mass rally at the Zócalo, the city’s main plaza, which pulled in more than 100,000 people. Such a mobilization would not have been even remotely possible, if Mexican President Vicente Fox had not permitted the Zapatistas to emerge from their limbo with the blessing of the U.S. State Department, which is encouraging a policy of “dialogue” with terrorist and narco-terrorist groups across the Ibero-American continent. This process, sponsored in Mexico by Foreign Minister Jorge Castañeda, benefits the networks of the São Paulo Forum and the worldwide web of non-governmental organizations (NGOs) which protects Marcos’s indigenist-separatist movement.

These new developments also benefit the international drug trade—in particular, the Colombian Revolutionary Armed Forces (FARC), the largest cocaine cartel in the world. Castañeda’s step-brother, Andrés Rozenthal, was recently sent by the Fox government to Colombia, again with the full backing of the U.S. State Department, to negotiate with the FARC. The State Department, both of the Bush Administration and of Clinton’s before it, continues to support the FARC’s march to power, by endorsing the appeasement policy of the sell-out Andrés Pastrana government in Colombia.

The intervention of international forces into internal affairs was so scandalous in the case of the Zapatista march in Mexico that even the press couldn’t hide it. For example, the Brazilian daily *Folha de São Paulo* reported in its March 12 edition that “some [Zapatista] sympathizers complained that Marcos’s bodyguards—French and Italian anarchists—prevented the population from approaching [him].”

In fact, these developments in Mexico are the second high-profile intervention of a *world force*, represented by the so-called World Social Forum (WSF) of Pôrto Alegre, Brazil, which, fed by the misery caused by globalism, has set itself up as an itinerant Jacobin roadshow, with the capability to intervene above the jurisdiction of the sovereign nation-state.

The WSF has attracted to it, from around the continent, a modern-day version of the Flagellant hordes of the 14th

Century, a truly fascist “Mindless Movement,” created and led by the international financial oligarchy for the purpose of eliminating the nation-state, and destroying any idea of man as a thinking individual. In a manner that has no proper historical parallel since the New Dark Age of the 14th Century, this “Mindless Movement” is taking shape as a social movement whose essence is to enthrone the irrational *vox populi* of outraged masses, and to hurl itself against scientific truth.

Who Brought Them Together?

The visible political head in Ibero-America of this “Mindless Movement” is Venezuelan President Hugo Chávez, with his strategic alliance with the narco-terrorist FARC cartel in Colombia. Chávez is neither the intellectual author of the project nor its true controller; but, he is one of the most explicit defenders of the irrational *vox populi* on the continental political scene, and he uses his influence as head of state to put substantial resources behind this project.

That is why Marcos’s march garnered a lot of international support, with the prominent backing of what we might call “the French Connection,” made up of such notables as Danielle Mitterrand, the “black widow” of separatist causes; José Bové, French agricultural activist; and Bernard Cassen, director of *Le Monde Diplomatique*. Behind the scenes, one finds Anglo-French magnate Teddy Goldsmith, who is said in private to be the mentor of the international anarchist movement that emerged during the World Trade Organization meeting in Seattle, in November 1999, and which formed itself into a worldwide movement at the first meeting of the WSF, in the Brazilian city of Pôrto Alegre in late January 2001.

Luciana Gerno, state congressman from Rio Grande do Sul and daughter of Pôrto Alegre Mayor Tarso Gerno, headed the delegation of the Brazilian Workers Party (PT), which received Marcos in Mexico City.

The Pôrto Alegre conference and the developments in Mexico, will enable this “French Connection” to put the São Paulo Forum, created by Fidel Castro in 1990, on an international stage. This is especially the case, given that the Forum is a creation of the Gnostic Calvinist French networks that financed the purchase of the boat *Granma*, through the de Menil-Schlumberger family of Houston, Texas. *Granma* was used to transport the Cuban guerrillas of the Sierra Maestra at the launching of the 1959 Cuban revolution. These same forces are the ones that sponsored, with the help of sections of the Society of Jesus, the guerrilla insurgencies of Central America, as well as prominent São Paulo Forum figures, such as its “chaplain,” Brazilian Cardinal Paulo Evaristo Arns, who was generously helped by the De Menil Foundation.

These are also the forces that several decades ago launched Cuba’s revolutionary “Tricontinental” project, which cost the lives of many youth who had joined Frenchman Régis Debray’s “revolutionary foci” theories.

But the scope of what these international networks are now organizing goes far beyond any of these earlier opera-

tions. Such action is dictated by the rapidity with which the international financial system is disintegrating.

The 'Zapatista International'

The Pôrto Alegre newspaper *Zero Hora* reported on March 15 that the mayor of Pôrto Alegre is planning to welcome "Subcommander Marcos" to Brazil. Marcos's interest in travelling to that Brazilian city surfaced after the WSF January meeting there. "Subcommander Marcos's plan to come to Brazil, and to Pôrto Alegre, his first international trip, greatly honors us," stated Luiz Tadeo Rego, chief of staff to the Mayor. "He will be welcomed like any other international dignitary or political leader." Bernard Cassen facilitated the Marcos-Pôrto Alegre get-together, by calling the Mayor to inform him of Marcos's interest. "A visit by Marcos would confirm the leading role Pôrto Alegre plays in the world movement against neo-liberalism," Cassen declared from Paris. "Marcos hopes to found a political organization, that will not be a party."

One of the results of the WSF meeting in Pôrto Alegre was to give concrete form to the international campaign headed by Teddy Goldsmith and his French puppet José Bové, coordinated by the pro-terrorist "Via Camponesa" organization in Brazil which unites sections of the PT, the Landless Movement (MST), and various NGOs, especially those which most aggressively oppose scientifically based modern agriculture.

This relationship is key, as seen by the trip taken in late February to France by José Hermeto Hoffman, an honorary member of the MST and Agriculture Secretary of the state of Rio Grande do Sul. Hoffman was invited to give testimony at a court in Montpellier, France, in defense of José Bové, who is being tried for setting fire to and destroying a plantation of genetically modified rice.

The Financial Controllers

However, behind any appearances of anti-globalist militancy, are more powerful players, who are orchestrating the merger of these new Jacobin movements for their own purposes. One such player is the family of global raw materials speculator, the late Sir James Goldsmith, whose brother Teddy is one of the pioneer financiers of the ecology movement in Europe and currently director of the magazine, *The Ecologist*. Teddy was a member of the board of Ecoropa and, alongside other continental magnates of note, has since 1994 promoted the lunatic idea of creating a "Eurotopia," that is, balkanizing Europe by carving it into 75 mini-states.

Beginning in the late 1980s, the Goldsmith brothers dedicated themselves to financing a series of NGOs, foundations, and pilot programs, all of which were devoted to encouraging "organic, or natural, agriculture." In 1991, the British newspaper the *Independent* reported that "food millionaire" James Goldsmith "is going to finance the formation of a green agricultural alliance, and will donate \$1.8 billion for the creation

of SAFE (Sustainable Agriculture Food and Environment), which would join together small producers, organic farmers, and environmentalist organizations." Goldsmith proceeded to finance and promote political figures at his convenience, as well as campaigns that seek to ban even government or private research into genetically treated seeds.

In France, one of the militants of the Goldsmith family is José Bové, who has no connection to farming, but is a product of the pro-terrorist New Left, including receiving training in Libya. In Europe, in 1995, he began his career as an activist of environmentalist causes, joining Greenpeace and the group Rainbow Warriors, in protests against nuclear energy.

James Goldsmith lived for many years in Mexico, where he bought up a chunk of tropical forest to carry out a pilot project of environmental conservation. In public and in private, Teddy Goldsmith boasted that "one of our men in Mexico is Gustavo Esteva." He also declared, in the mid-1980s, that in the future, Mexico would split into three parts, each one operating with its own currency, and establishing a "sub-national" relationship. This was before the emergence of the Zapatistas, who are today fully committed to his cause of dismembering the Mexican nation-state. Later, "his man" Esteva, a radical Maoist, became an official adviser to the Zapatistas and a collaborator of the magazine *The Ecologist*, in whose pages "Subcommander Marcos" has been portrayed as "a kind of leader of the future."

At the same time, the Goldsmith brothers have maintained a special interest in Brazil. This was publicly revealed when they dedicated their efforts to turning the rich and strategic Amazon region into a target of attack by the Anglo-American establishment, under the New World Order that the first George Bush U.S. Presidential Administration and British Prime Minister Margaret Thatcher attempted to impose on the world, in coordination with French President François Mitterrand.

In 1989, in the midst of the assault opened against Brazil by the highest levels of the British oligarchy, Sir James Goldsmith met with Thatcher "to examine the possibility that Great Britain take the initiative in convoking an extraordinary General Assembly of the United Nations, to address the Amazon question," as reported in the May 7, 1989 Brazilian newspaper *Jornal do Brasil*.

In 1991, the magazine *Istoe-Senhor* interviewed James Goldsmith, in recognition of the prominent role his family has played in environmentalist causes. He was asked what kind of financing could groups or individuals involved in green causes of conservation and "natural" agriculture expect from him. James was emphatic: "We don't seek to disburse resources in support of all and nothing at the same time. I have experience in these matters, and as a result, I will judge actions by results, and not by good publicity." Thus, these representatives of the global financial oligarchy know just how useful it is to their separatist and eco-fascist project, to promenade their "native acquisitions" around the world.

What Is Fascism, Really?

by Lyndon H. LaRouche, Jr.

March 27, 2001

Whatever else the early future might bring for Georgia's Newt Gingrich, he, and his infamous "Contract With America" will continue to typify the variety of fascist intention which currently dominates the radical, populist right-wing of the U.S. Republican Party.¹ This is not only a national issue of U.S. internal affairs; it is a strategic threat, both to the United States itself, and of global importance for humanity as a whole.

There could be no competent strategic assessment of the world situation today, which did not also recognize as the typical fascists of today, such phenomena as the present Chávez regime in Venezuela, the movement associated with the leadership of the EZLN insurgency in Mexico, the FARC insurgency in Colombia, forces associated with the Franco-British ideologue Teddy Goldsmith in Brazil,² and many others, all of which are currently either already seated, or in ascending motion within the Americas and elsewhere around the world.³

Each and all of the republics of the Americas must recognize the crucial strategic implications, for them, of the fact, as I shall show in this report, of that hatred of the existence of a sovereign United States republic, identified by its 1776 Declaration of Independence, by its successful struggle for



Then-Speaker of the House Rep. Newt Gingrich on Capitol Hill in 1995. Gingrich, who publicly traced the origin of his fascist "Contract With America" insurgency to the Jacobin Terror, copied his doctrine explicitly from the arguments of G.W.F. Hegel and Nazi ideologue Carl Schmitt.

that independence, and by the 1787-1789 Preamble of its Federal Constitution, which was the original choice of hate-object against which the passions of fascism have been directed, first in 1789-1814 France, and, within the U.S. itself, later, by the treasonous Confederate States of America, as echoed today by Gingrich's Contract With America, and in other nations, world-wide.

Put to one side, as worse than nonsense, those definitions of fascism met from among the diverse assortment of ragtag ideologues of the populist "left," some of whom are strictly definable, according to Hegel's theory of the state, as presenting "neo-Jacobin" styles themselves. For serious historians, "fascism" signifies essentially nothing different than what is typified by what Benito Mussolini defined that word to signify, and Hitler after him. It signifies, a reversal of all of the political accomplishments of modern European civilization, especially the principle of the modern sovereign nation-state, sending civilization in a backward direction. Fascism seeks to establish a world order mimicking the "globalized" system under the pagan city of Rome, of Byzantium, and echoing the "globalizing" impulses, such as the long-standing alliance of the imperial maritime power of Venice with the Plantagenets (Anjou), within European feudalism.

1. Then-House Minority Leader Newt Gingrich announced his "Contract with the American People" on Sept. 27, 1994 on the steps of the Capitol. What became known as the "Contract With America" was intended for implementation within the first 100 days of a Republican majority Congress in 1994. See Lyndon H. LaRouche, Jr., "Creativity in Science, School, and Song," *New Federalist*, Nov. 21, 1994; LaRouche, "Phil Gramm's 'Conservative Revolution in America,'" and Michael J. Minnicino, "Why We Must Call Newt Gingrich 'A Fascist,'" *EIR*, Feb. 17, 1995; Jeffrey Steinberg et al., "Newt Gingrich Looks into the Future," *EIR*, Jan. 12, 1996; and LaRouche, "Why Expose Gore's Record Now?" *EIR*, Dec. 18, 1998.

2. Lyndon H. LaRouche, "Look At What Happened in Brazil," *EIR* Strategic Memorandum, Feb. 9, 2001, pp. 20-39.

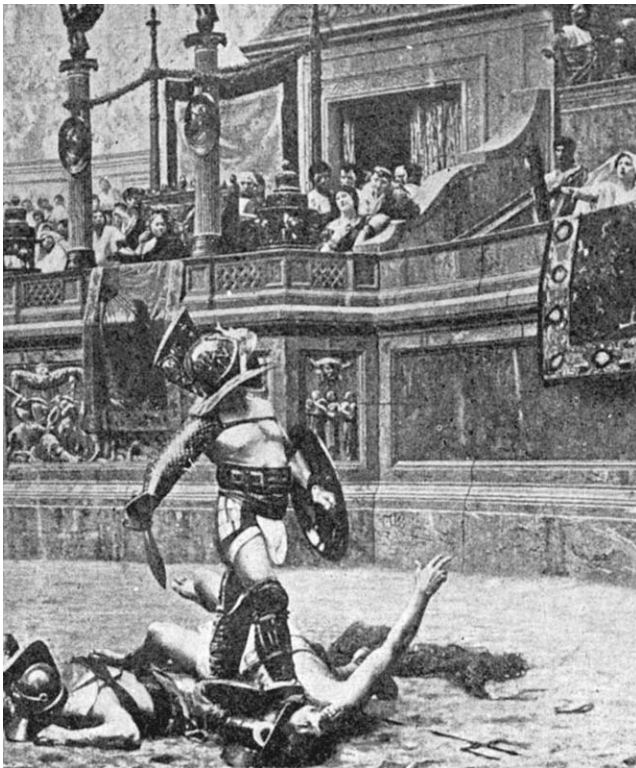
3. Notably, these movements in Central and South America correspond in pedigree to the British intelligence 1930s and World War II assignments given to the trio of Houston, Texas-based Jean de Menil (e.g., Venezuela, Cuba), Jacques Soustelle (Mexico), and Soustelle's senior Paul Rivet for Peru. All three of these synarchists, also defined by U.S. intelligence of that period as "Nazi-Communists," were pushed onto Charles de Gaulle's intelligence staff by war-time British intelligence. This network had very high-level roles in major international assassination organizations into the 1960s.



Benito Mussolini revived the Roman fasces as the symbol of his continuity with the imperial domination of ancient Rome.



Nazi SS standard-bearers outside Nuremberg. The standards are modelled on the standard of the Roman legions, with the Nazi party's initials, NSDAP, in place of the Roman SPQR.



"Popular opinion" in action.

This intention was most plainly stated symbolically by Mussolini, by his reviving the battle-standard of the ancient Roman legions. This was the standard followed into battle by those whom Latin Rome designated as its predator class, the fighters, called *populari*, the same ranting, enraged, plebeian mob of feral human cattle, which ancient Rome deployed against its intended Christian and other victims, a *populari* whose myth-ridden, irrational opinion is notorious, in both the Colosseum and European history generally, as that *vox*

populi otherwise translated into modern usage by the late Walter Lippmann, as "popular opinion."⁴

In essentials, fascism signifies a special form of expression of the attempt to turn back the tide of the modern sovereign nation-state, to a dictatorship, like that of the Caesars, and to the traditions of ancient pagan Rome. Fascism means *an historically specific form* which has erupted in modern times, erupting from within that larger tradition of philosophical thought in art, religion, politics, and law, which is known to historians as *Romanticism*. By *Romanticism*, qualified scholars signify the cultural and legal tradition of ancient pagan Rome, as the adoption of the specifically anti-Christian *Code Napoléon* typifies the positivist legal philosophy underlying fascist states, from the dictatorships of Jacobins Maximilien Robespierre and Napoleon, to the present day.

For Mussolini, the simple resurrection of the symbol of the Roman Standard, was a convenient choice. The Nazis adopted their stylized swastika as a deliberate choice of substitute for the *fasces*, as a Roman-legion-like standard, to perform exactly the same kind of *mythic* role played by the *fasces* symbol in Mussolini's hands. In the U.S.A., the Confederate flag continues to be a typical fascist symbol, sometimes used interchangeably with the swastika by today's relevant U.S. populist fanatics. The World Wildlife Fund, co-founded by

4. Walter Lippmann, *Public Opinion* (New York: Macmillan and Co., 1947 reprint from 1922).

Swastika Flag Adolf Hitler
Swastika Flag - Standard German swastika with black and w

Attack - We Must... CD - Early Spring Spec
Released by the Micetrap Records & Distribution label, 17 hat
Power hardcore: Fun and Happiness, Chosen To Die, Dying B
Gravedigger, Let's Start A War, White Girl, Watch And Cry, Fu
and Attack.
This shocking cd comes with one of the most beautifully desig
police raids and Zog customs department seizures! For more
contact: micetrap@micetrap.net immediately. **ALL trades a**

Johnny Rebel - "Volumes One & Two" CD
This is the absolute BEST sing-a-long collection of ALL TIME!



The Confederate flag and the swastika are sometimes used interchangeably by today's relevant U.S. populist fanatics (left), while the Panda symbol is used by Prince Philip's World Wildlife Fund to fulfill a comparable function.

former Nazi Party member Prince Bernhard and British's royal consort Prince Philip, is a leading modern expression of what is known among specialist scholars as "universal fascism," a movement complete with its substitution of the Panda symbol as the standard to fulfill the function which the *fascas* or swastika served under Mussolini and Hitler.⁵

There are many political movements and philosophies which are derived from the precedent of ancient pagan Rome. Those essentially Romantic movements and philosophies, such as Kantianism generally, inevitably contain important features also found among the fascists. However, that alone is not necessarily proof that they are fascists in any strict application of the term. Only silly people use "fascist" as an epithet for neighbors whose body odor they happen to dislike; the fascist legacy is a narrowly defined, *historically specific phenomenon*.

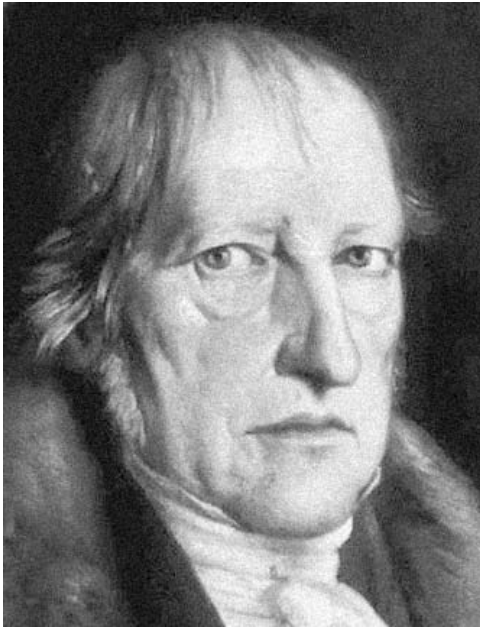
Fascism as a strictly defined type, is the legacy, among others, of Britain's Jeremy Bentham, Maximilien Robespierre, Napoleon Bonaparte, and Napoleon III. It has important features shared in common with existentialists, such as the Martin Heidegger who was formerly an active Nazi Party philosopher and practicing persecutor of Jewish professors, and with others who were not Nazis, such as Heidegger's disciple Jean-Paul Sartre, and his co-thinkers Theodor

Adorno and the professedly neo-Kantian irrationalist Hannah Arendt, who became professed anti-Nazis in their later years. However, mere kinships put to one side, in strict usage, fascism as a *political form of the idea of government*, is defined by those leading fascist philosophers of the modern Romantic school of law, G.W.F. Hegel, Friedrich Karl Savigny, and Carl Schmitt, who defined fascism, in practice, as what we should recognize as the distinctive features common to Mussolini, Hitler, and Gingrich, among others.

For example, U.S. Supreme Court Associate Justice Antonin Scalia's radical positivist doctrine of "textualism," has the same qualifications as an explicitly, specifically fascist current in law-making, that Schmitt represented for the fascist dictatorship in Nazi Germany, and also for the current, Chávez dictatorship in Venezuela today.⁶ Gingrich explicitly, publicly, and accurately, traced the origin of his fascist "Contract With America" insurgency to those British agents of Jeremy Bentham, et al., who led the Jacobin Terror, from the July 14, 1789 storming of the Bastille by the Duke of Orléans and Jacques Necker, through the 1794 guillotining of Maxi-

5. Lyndon H. LaRouche, "Look At What Happened in Brazil," op cit.

6. On Scalia, see Lyndon H. LaRouche, Jr., "Scalia and the Intent of Law," *EIR*, Jan. 1, 2001. On the influence of Savigny and Schmitt in Venezuela, see box, page 44. See Prof. Friedrich Freiherr von der Heyde " 'LaRouche Is Innocent, as Captain Dreyfus Was,' " *EIR*, Feb. 24, 1989, on radical positivist trends toward fascist dogmas of law in the U.S.A.



G.W.F. Hegel (left) and Carl Schmitt, along with Friedrich Karl Savigny, were the philosophers of law who designed the tyrannies of Mussolini, Hitler, and Gingrich.

milien Robespierre and Saint-Just.⁷

To make clear this historical specificity and its relevance, we must begin with reference to crucial events of the interval 1782-1815, between Lord Shelburne's becoming the Prime Minister of Britain, and the conclusion of the Napoleonic wars. This period contains the most crucial facts, whose consideration exposes the terrible ignorance, and worse, of most of the so-called "leftist" and other standard ideological effusions of today on the subject of fascism. It is this set of facts which locates the point of historical specificity common to all of those forms of fascism which have appeared as actual or potential governments, in various nations, over the interval from July 14, 1789 to the present moment.

Fascism in Historical Fact

The setting for the first definitive emergence of fascism, in France under the Jacobin Terror, is to be located against

7. On Jan. 20, 1995, Speaker of the House Newt Gingrich delivered a call to arms before the Republican National Committee in Washington, D.C. in which he explicitly equated himself with Robespierre and Danton: "We need to understand that the scale of revolution that we need is so great and it is so dramatically different. . . . This is a real revolution. In real revolutions, the defeated faction doesn't tend to convert. It tends to go down fighting. . . . I mean, if you look at the Bourbons, in France, they didn't rush in and say, 'Oh, please, can I join the revolution?' They remained Bourbons. In fact most of them learned nothing and forgot nothing, and 50 years later were still locked into a world that was dead. . . . I am a genuine revolutionary; they [the Democrats] are the genuine reactionaries; we are going to change their world and they will do anything to stop us, they will use any tool, there is no grotesquerie, no distortion, no dishonesty, too great for them to come after us. . . . The future of the human race for at least a century rests on our shoulders. If we fail . . . then Bosnia and Rwanda, Haiti and Somalia are the harbingers of a dark and bloody planet."

the immediate background of developments which occurred between two famous treaties of Paris, which form the diplomatic book-ends of the 1763-1783 period of the struggle for American independence from the British monarchy. It was the growing popularity of the cause of American independence throughout influential circles of Europe over the interval 1763-1789, which drove our republic's enraged adversaries, in London and among the continental haters of Joseph II such as the conservative-revolutionary Chancellors von Kaunitz and Metternich, to launch the birth of a fascist reaction against that American revolution.

For discovering the immediate historical roots of fascism, the hatred of that young American republic by the notorious Lord Shelburne, of Barings Bank and the British East India Company, identifies the relevant anti-American Mephistopheles whose influence gave birth to fascism, in France, during the 1789-1814 period.

No later than the immediate aftermath of the 1763 Treaty of Paris, Shelburne launched a concerted effort to crush both the economy of France and the English colonies in North America. His adoption of today's well-known Adam Smith as one of his lackeys, involved Smith's assignment to work on devising such a plan. When the cause of American independence had prevailed on the field of battle, Shelburne, as British Prime Minister, during 1782-1783, negotiated the provisional 1783 treaties of Paris with the United States and France. Shelburne acted so with the intent to bring about the self-destruction of each of those treaty-partners.

As an outcome of the "free trade" conditionalities introduced successfully to France under those Shelburne initiatives, France was soon bankrupted and subjected to the successive, fascist regimes of, first, Robespierre's Jacobins, and, then, the former protégé of the Robespierre family, the self-

proclaimed new Roman-style Caesar, Napoleon Bonaparte. As a result of the successive, combined impacts of British and Habsburg hatred of our republic,⁸ combined with the impacts of the Jacobin Terror and Napoleon's reign, the U.S. was isolated, and its existence imperilled, over the entirety of the interval 1789-1863.

As a consequence of these and related developments, the foundations of modern fascism were first set into place, in France, beginning with the July 14, 1789 storming of the Bastille, a process which continued to unfold its development through the reign of Napoleon and the Congress of Vienna. The original statement of a general plan for fascism, was written by ex-Jacobin "leftist" G.W.F. Hegel, as his fascist philosophy of the state and its laws. Although the neo-Kantian, Romantic school of law of Hegel's crony, Friedrich Karl Savigny, contains many of the rudiments of the fascist doctrine in general, it is Carl Schmitt who follows Hegel explicitly in defining the legal doctrine of all fascist states up to the present time. Newt Gingrich copied the argument of Hegel and Schmitt explicitly, thus defining himself as wittingly, and most specifically a fascist, in his public description of the historical base in revolutionary law for his "Contract With America."⁹

The bare historical facts of the 1782-1789 developments leading into the July 14, 1789 events are the following.

From the beginning, Lord Shelburne's policy for the destruction of the economies of both France and the English colonies of North America, had been premised upon exploiting, against France, the reactionary tradition within France shared among France's depraved Sun-King, Louis XIV, and other opponents of the influence of Cardinal Mazarin and Minister Jean-Baptiste Colbert. Key assets of the Europe-wide network of salons organized by the Paris-based Venetian Abbé Antonio Conti, had included the reactionary Physiocrat Dr. François Quesnay, of *laissez-faire* notoriety, and his followers, such as that notorious French Minister A. Turgot from whom Adam Smith had plagiarized much of the essential content of his own *Wealth of Nations*.

It was Minister Turgot and another key asset of Shelburne's, the sometime French Finance Minister, the Swiss Jacques Necker, who typify key roles played in the post-1782 bankrupting of France, and in the events leading directly into the launching of the Jacobin Terror on July 14, 1789.¹⁰ The

8. For example, Henry A. Kissinger, *A World Restored: Metternich, Castlereagh and the Problems of Peace 1812-1822* (Boston: Houghton-Mifflin, 1957).

9. By "revolutionary," we mean, in this case, the so-called "conservative revolution," as defined, for example, by Armin Mohler's *The Conservative Revolution in Germany (Die Konservative Revolution in Deutschland: 1918-1932* [Darmstadt, 1972]). The Republican far right's enthusiasm for "globalization" specifically defines them as *universal fascists* in the sense of Mohler's historical account.

10. Necker, from Lausanne, Switzerland, is otherwise best known as the father of the notorious Madame de Staël. The mother of the latter creature had been putatively affianced to Shelburne lackey and historian Gibbon.

storming of the Bastille on that date, was organized by Benjamin Franklin adversary Philippe Egalité, the Duke of Orleans, explicitly as part of an election-campaign to have the Necker who had done so much, as former finance minister, to bankrupt the King of France, appointed as the King's Prime Minister!¹¹ As a result of this celebrated event, the King of France lost not only his throne but his head, and France gained the five years of the Jacobin Terror it suffered prior to the ironical decapitation of the chief terrorists Robespierre and Saint-Just.

These events, including the Terror overall, were directed explicitly from the British Foreign Office in London, directed personally by that Office's "secret committee" which was headed by Shelburne's most politically significant protégé, Jeremy Bentham.¹² Looking back from 1789-1794 to Benja-

11. Pierre Beaudry, "Jean-Sylvain Bailly: The French Revolution's Benjamin Franklin," *EIR*, Jan. 26, 2001.

12. Cf. letter of Simón Bolívar, warning of the evil represented by Bentham's orchestration of the British-orchestrated revolutions in South America. In his *Introduction to the Principles of Morals and Legislation* (Oxford: Clarendon Press; New York: Oxford University Press, 1996), Shelburne lackey utilitarian Bentham lays out the variety of British liberalism from which fascist movements and regimes have sprung repeatedly since.

Carl Schmitt's Influence In Today's Venezuela

Hugo Chávez Frías was elected President of Venezuela by an absolute majority in December 1998, but at his inauguration in February of 1999, instead of pledging to abide by the Venezuelan Constitution, he pledged to bury it and create another. Even before the inauguration, those who had brought him to power were promoting the ideas of Carl Schmitt — who in turn bases himself on the legal theories of Hegel and Savigny — as the legal foundation for Chávez's absolutist and totalitarian regime. On Jan. 19, 1999, former banker Ignacio Quintana wrote an article for the newspaper *El Nacional*, entitled "Constitutional Violence Against the Constituent Assembly," in which he attacked certain failures, both real and alleged, of the regimes of the past 40 years, in order to justify the need for a constituent assembly with absolute powers. Wrote Quintana: "Carl Schmitt described in his *Theory of the Constitution*, on page 225, the underlying structure of a Constitution that responds to the interests of the people, and not to the interests of economic groups, of parties, of a political and ideological superstructure which seeks through 'constitutional' text, to usurp political power and its derivatives."

Quintana is currently Venezuela's ambassador to the Vatican. He was an official of the Banco Latino, which brought the Venezuelan banking system into bankruptcy

min Franklin's earlier associations and conflicts within French freemasonry, the pattern of such Jacobin and related agents of the British intelligence interest in France, was already in evidence even decades earlier than the events of 1789.

The storming of the Bastille was never a blow for the cause of human freedom; it is to be recognized, in retrospect, as not only a counterrevolution against the constitutional movement led by the Marquis de Lafayette and Jean-Sylvain Bailly,¹³ but also the first modern fascist coup d'état.

To understand that counterrevolution, one must see it first, most immediately, as a counterrevolutionary blow, delivered by the rabidly anti-American elements of the European oligarchy, against the 1763-1789 struggle to establish the U.S. Federal republic. It was a blow intended to prevent France from following in what we would call, retrospectively, today, the footsteps of the U.S. Philadelphia Constitutional Convention, as the case of the "Tennis Court Oath"¹⁴ underscores this fact.

However, to find the deeper roots of that British-directed

anti-Americanism, the storming of the Bastille must be seen more broadly. In the latter respect, it was a blow, orchestrated chiefly by the British monarchy, against the existence of that modern sovereign form of nation-state which is based upon the same constitutional principle of *the general welfare* which set President Franklin Roosevelt apart from his political enemies, whom he named as "the American Tories." *This nation-state premised upon the supreme principle of the general welfare, is a form of state, based upon a scientifically validated, universal principle of natural law, which had first appeared in practice during the course of the Fifteenth-Century, Italy-centered Renaissance, and from which all the subsequent significant achievements of modern European civilization have been derived.*

Here, we shall examine the matter on the more immediate, first, of those two levels, and, later, the deeper historical implications.

All significant fascist movements since have been, first of all, essentially pro-oligarchical counterrevolutions against the institutions and intellectual forces of that modern sovereign form of nation-state which is based upon the principle of the general welfare, and, secondly, the opposing forces

13. Cf. Beaudry, op cit.

14. Ibid.

in 1994, and was one of the first bankers to finance Chávez and his movement. In 1995, he sent Chávez to Paris, and then to Spain.

From the moment Chávez announced his decree to hold a referendum on the creation of a Constituent Assembly, the debate began among the experts. Chávez surrounded himself with several such experts, including Ricardo Combellas, the current president of the Commission to Reform the State—a position which he has held since the Rafael Caldera government—who dedicated many hours to explaining to Chávez the legal justifications for the excesses of the Constituent Assembly.

On April 23, 1999, Combellas wrote an article in *El Universal*, entitled "Byzantine Discussion?" He defends Schmitt's idea of an absolutist constituent assembly, by taking as his starting point the precedent of the Colombian Constitution. According to Combellas: "By its very nature, the constituent power is the originating power, which is additional and supraconstitutional, and belongs to the people who hold title to sovereignty. Its limits are meta-constitutional (democracy, human rights), never constitutional, given its rank above the established powers, which cannot obstruct its activity. As Carl Schmitt emphasizes: 'It is not just one more power, coordinated with other different 'powers' (legislative, executive, and judicial). It is the power which embraces all the other 'powers' and 'division of powers.'"

Such totalitarian cynicism in academic robes has not gone unnoticed.

Lawyer and historian Jorge Olavarría, who had supported Chávez's electoral campaign, but had broken with him after the President took off his mask, wrote an historical essay in the April 25 edition of the newspaper *El Nacional*, in which he described the current moment under the title "The Darkest Hour." Under a paragraph subtitled "Tell Me Whom You Quote . . . And I Will Tell You How You Think," Olavarría writes:

"Last Friday, April 23, Dr. Combellas published an article in *El Universal*, in which he insists yet again on the totalitarian nature of the Constituent Assembly. I won't bother to refute the sophisms to which Combellas resorts, as he prepares the bed for the tyrant he now woos. I am simply going to call attention to the quote Combellas uses from German jurist Carl Schmitt, to reinforce and give authority to his ideas about what, according to him, the all powerful Constituent Assembly can do, and what Chávez announces he will do, in open defiance of the court's ruling.

"Who is Carl Schmitt, and what does he represent in contemporary history? Professor at the universities of Cologne and Berlin, Schmitt is the most important theoretician of the modern totalitarian state. A fierce critic of the Weimar Constitution, and of the 'bourgeois freedoms' of liberalism, his ideas about a strong and monocratic state were taken literally from Adolf Hitler, and we all know how the brutal dictatorship he installed in 1933 ended."

—David Ramonet

premised upon notions of society and law consistent with the cultural legacy of ancient pagan Rome. This was already, in Shelburne's time, the hateful view of the U.S. by British oligarchical circles.

The preoccupation of the British East India Company's Shelburne with his lackey Gibbon's account of the rise and fall of the Roman Empire, reflected that oligarchy's own intention to build up a British Empire modelled, axiomatically, not only upon the cultural legacy of pagan Rome. It was intended to become a specific form of such an empire, modelled upon the way, including orchestration of religious warfare, in which the rentier-financier oligarchy of Venice had built up and maintained its hegemony as an imperial maritime power over a period from the Crusades until the decline of Venice's own power at the close of the Seventeenth Century.

With the Congress of Vienna, all of Europe came under the combined oppressive forces of the British monarchy and Metternich's Holy Alliance. Despite the growing conflict between London and Chancellor Metternich over subsequent decades, both rivals were always committed, through the close of the U.S. Civil War, to the thorough European recolonization of the Americas, and to the planet-wide eradication of the principles of the 1776 U.S. Declaration of Independence and 1789 Preamble of the Federal Constitution. Hence, the sponsorship of the Confederacy by Lord Palmerston, and the active sympathy for the slaveholder system expressed by Habsburg interests such as Austro-Hungarian Chancellors von Kaunitz and Prince Metternich and the pro-racist Spanish monarchy, from continental Europe.

The intention of those foes of the U.S. republic, was then, as their tradition maintains that intention still today, to eradicate what Henry A. Kissinger denounced as the "American intellectual tradition" of President Franklin Roosevelt et al. from this planet.¹⁵

If they could not destroy the existence of the United States, as they attempted this repeatedly until Lincoln's decisive victory over that British puppet, the Confederacy, they sought to destroy its soul, to integrate the soulless U.S.A., dominated by American Tories, to become a merely nominally independent satrapy of a British monarchy-dominated English-speaking union, a British Commonwealth. To that end, since its successful assassination of President Abraham Lincoln, the British monarchy has acted as Kissinger has prescribed in his *A World Restored*, and his sycophantish May 10, 1982 Chatham House address, to uproot and eradicate the American intellectual tradition. Therein lies the setting for the introduction of fascist movements, such as Gingrich's Contract With

15. Henry A. Kissinger, "Reflections of a Partnership: British and American Attitudes to Postwar Foreign Policy, Address in Commemoration of Bicentenary of the Office of Foreign Secretary," May 10, 1982, Royal Institute of International Affairs (Chatham House), London. That office was established under the Rockingham government, of which Shelburne was a part, and whom he succeeded that same year. It was through this office that the Foreign Office's "secret committee," headed by Shelburne protégé Bentham, directed the Jacobin Terror in France.



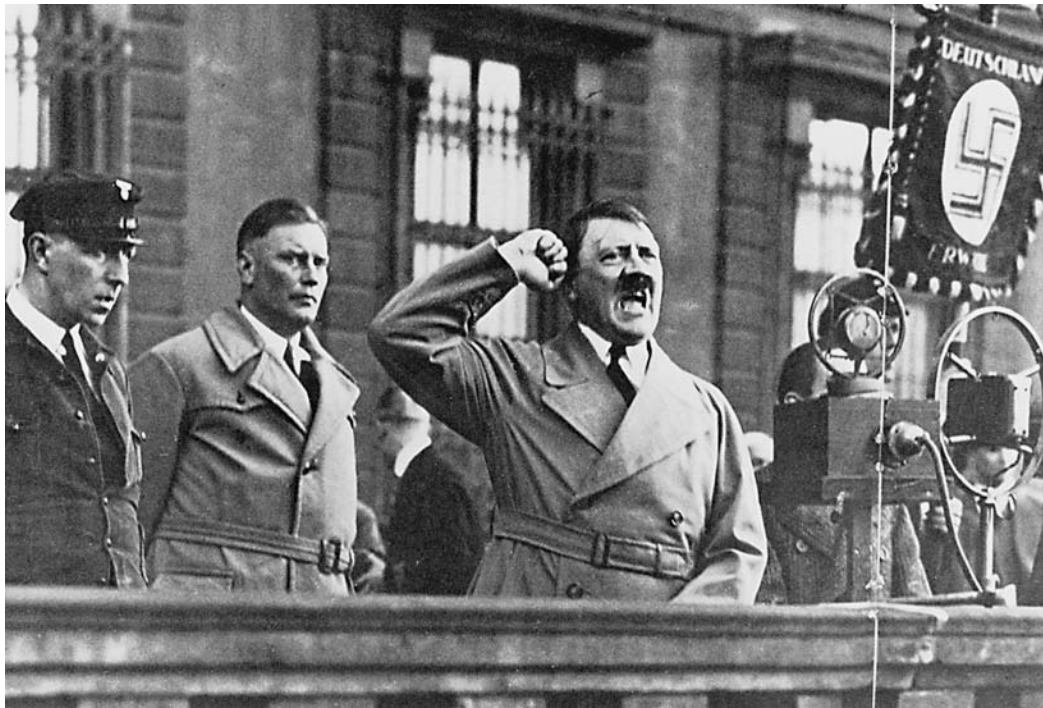
Napoleon Bonaparte, who modelled himself on the Roman emperors, metamorphosed into the full-blown forerunner of his follower, Adolf Hitler.

America, into the government of the U.S.A.

Hegel was the first to define the fascist state in the way his follower Newt Gingrich has described the "Contract With America." It is the Hegelian form, echoed as to law by Carl Schmitt, which brought us the fascist movements which appeared throughout Europe during the interval between the two World Wars of the last century. It is fascism as defined by Hegel, which is erupting in Central and South America, and elsewhere, today. It is the Hegelian theory of the state, which corresponds to fascism as an historically specific phenomenon of modern society. For clarity, let us call it the Hegel-Schmitt-Gingrich doctrine in defense of the establishment of the fascist form of government.

It is the relationship, of not only the Marxist movements to Hegelian influences, but also all of those movements which were spawned by Jeremy Bentham's British Foreign Office-directed insurgencies in the Americas and in Europe, such as "Young America" and "Young Europe," which has been chiefly responsible for prompting the silly sophistries about fascism popularized in the modern university classrooms of the past century.

The most revealing feature of the popularized frauds manufactured by the leftists, is their fraudulent insistence, that



To understand fascism, one must view the enraptured Adolf Hitler adoring the entombed corpse of Napoleon in occupied Paris.

fascism is something different from “bonapartism.” There were compelling concerns which impelled the Twentieth Century’s leftists to rationalize crucial, misguided features of their own policies, by pretending that Napoleon Bonaparte, “while perhaps a predator,” was not a fascist. However, in most cases, the sophistries expressed by the leftist sects on this account, are usually as much a reflection of the leftists’ pro-populist forms of illiteracy in history and epistemology, as any witting culpability. There are also others, in the British Foreign Office and elsewhere, of course, which have their own smirking, hypocritical reasons for relishing the spread of the deluded view of fascism which has become popularized among the public fools of the academic and other ideological left.

To understand fascism, one must view the enraptured Adolf Hitler adoring the entombed corpse of Napoleon in occupied Paris. One must view, thus, the metamorphosis of Jacobin Napoleon Bonaparte into that full-blown forerunner of his follower, Hitler. One must, in other words, see the Jacobins as former Jacobin and later Bonaparte fanatic Hegel did, and as Gingrich echoes Hegel’s view of the French Revolution.

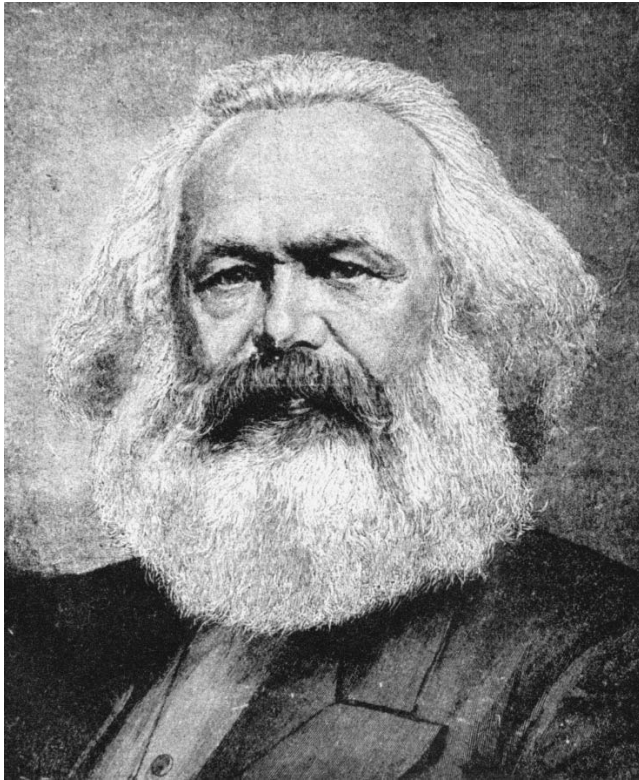
Look at the thus highly relevant, clinical case of Karl Marx’s personal disorientation in this light.

How Karl Marx Became Confused

The failure of most of the political leadership of the Twentieth Century’s socialist, and other labor organizations, to attain a competent grasp of the nature and significance of fascism, is partly the result of, and is, otherwise, typified by the fog of philosophical confusion which came to separate

young Karl Marx from his father Heinrich. If one does not correct the popularized misunderstanding of Karl Marx and his continued, if somewhat waning world-wide intellectual influence today, one could not understand the dynamic underlying the putatively left-wing origins of many among today’s fascist movements, such as those to be seen in the following of a former crony of New York banker John Train, Anglo-French Teddy Goldsmith, today.¹⁶

16. Shortly after the delivery of his May 10, 1982 Chatham House address, former U.S. Secretary of State Henry A. Kissinger launched a campaign to have Lyndon LaRouche and his associates persecuted. After months of pleading for such action, Kissinger succeeded in gaining official authorization for a special foreign-intelligence operation, including international financial warfare, against LaRouche et al., from a January 1983 rump session of the President’s Foreign Intelligence Advisory Board. This operation, conducted under provisions of E.O. 12333 and related modes, was immediately set into motion through the FBI and Department of Justice, enlisting many private interests as active members of teams including government officials. All of the legal and related harassment, including prosecutions, of LaRouche et al. over the 1983-1989 interval, and beyond, have their origin in that dirty operation under E.O. 12333 auspices. Notable private organizations included large segments of the leading television and print news media, and certain other private organizations, including the American Family Foundation and long-standing Teddy Goldsmith crony John Train. Earlier, during mid-March 1973, the FBI played a leading role, on behalf of Nixon Administration policy, in orchestrating much of the U.S. “left,” including the Communist Party U.S.A., in street and other operations against LaRouche et al. These operations, which came to include the Socialist Workers Party and other left sects and sectlets, included the FBI’s stated intention, as of November 1973, to foresee the personal “elimination” of LaRouche. The participation of these leftist groups reflected their own, then approximately decades-long degeneration into countercultural sects which serve as mindless leftistish movements of a proto-fascist to outrightly fascist type, that in many parts of the Americas and beyond.



Although Karl Marx despised the fascist state philosophy of dirty old Hegel, he was attracted to the leftist follies and Romanticism of Hegel's earlier career as a Jacobin fellow-traveller.

Marx's case should be treated not merely as a part of the problematic features of the Marxist legacy, but as a clinical case typifying a much more widespread folly, as encountered in not only the teaching of political science, but among the leading circles of today's governments, in addition to academic and other precincts generally.

For example, consider the case of the folly of the German social-democracy in its contributions to that ouster of Chancellor von Schleicher which made Hitler's appointment possible. The influence of Marx's misguided view of the American Revolution, for example, played a significant, direct and indirect role in fostering the disordered state of mind under which German trade-union leaders and others would walk blindly into a blunder of such awful consequences.

So, in my celebrated debate with leading Keynesian economist Professor Abba Lerner, at Queens College, in Autumn 1971, Lerner finally conceded that I was right in accusing him of pushing Schachtian policies for Brazil and elsewhere. After evading the issue, repeatedly, stubbornly, throughout most of the proceedings, Lerner offered, weakly, "If the Social-Democrats had supported Schacht, Hitler would not have been necessary"! Admittedly, Lerner, while a putative leftist, like his crony, former Communist and Professor Sidney Hook, was not a professing Marxist at that time, but yet much of the self-styled as "socialist" left of the U.S.A. at that time,

gave more or less "critical support" to Lerner, against me.

This notable event merely typifies the numerous consequential instances in which Marx's or kindred blunders have exhibited their folly. Since it continues to be fashionable to regard Nazis and Marxists as the poles of "extreme right" and "extreme left," this widespread attempt to explain history in terms of the seating arrangements in the French national assembly of 1789-1794, requires that we contrast Marxist opposition to its fascist opponents, with the assumption that Marx's notions of political-economy are an axiomatic choice of useful guide to defining the systemic features of a fascist threat. Thus, the myth of Marx on this account, must be dispelled here.

The bare facts of the case of Marx are these.

Karl Marx was the son of attorney Heinrich Marx of Trier, Germany, who was himself an associate of the networks gathered under such auspices as the networks of German sympathizers of Benjamin Franklin and the American Revolution. Young Marx himself was afforded the advantage of a Classical education, in a famous Trier Gymnasium then headed by the celebrated Johann Hugo Wyttenbach, the latter noted for his association with the Classical Greek tradition of the Fifteenth-Century Renaissance. However, when young Marx left Trier for the university at Bonn, and later the hotbed of Hegelians and so-called left-Hegelians at Berlin, he broke from the Classical tradition, and fell into those pits of post-Vienna Congress styles in German Romanticism which dominated the Young Europe organization of Lord Palmerston's famous asset Mazzini.¹⁷

This British Foreign Office-directed influence on Marx, continued as an active factor in his development and behavior, through his open break with the anti-Romantic Heinrich Heine, and through Marx's approximately decade-long London sponsorship and guidance of his further education, by British intelligence's Young Europe controller, British Museum-based Urquhart, and through Marx's public appointment, by Palmerston's Mazzini, to head the London-based "First International."¹⁸

Thus, the younger Marx was lured into such Romantic fashions of his post-Vienna Congress generation, as his basing of his economics on the false assumption that Quesnay and the gaggle of Jeremy Bentham-controlled economists, such as Adam Smith, Malthus, Ricardo, and others of the British East India Company's Haileybury School, were his

17. Notably, the North American branch of Mazzini's "Young Europe," was known as "Young America," which from its bases of operation in the area of Concord, Massachusetts and Charleston, South Carolina, formed the core of what became the treasonous Palmerston asset known as the Confederate States of America.

18. The comic-opera side of Marx's relationship to both Urquhart and Mazzini, was Marx's foolish diatribe against Palmerston, accusing the latter, in effect, of being a Russian agent! It happened that Urquhart, who had his own high-ranking career in the British foreign-intelligence service, had a certain rivalry with Palmerston. Urquhart used his influence as a controller of Marx's London career, to direct Marx into producing that howler.

own adopted forerunners as “scientific thinkers” in the domain of political-economy. In this respect, Marx was typical of most of the pro-socialist political currents of the labor movement of the middle through late Nineteenth Century and the Twentieth Century. In both political theory in general, and political-economy in particular, Marx’s economics and related doctrine, are situated within the myth-ridden, cultish social theory of “capitalism” which Marx adopted from Smith, Ricardo, et al. of Jeremy Bentham’s and the British East India Company’s Haileybury School.¹⁹

To the degree there is relative validity in Marx’s work, this appeared as his criticisms of British society and economy *from within the bounds defined by its own arbitrary choice of axiomatic assumptions*. For Marx, the “scientific socialist” movement expressed an “internal contradiction” specific to the prior existence of a perfected British model of “capitalism.” What emerged as the core of his argument, came to be defined essentially within the framework of his adopted assumption, that the British system of political-economy, as defined by the British East India Company’s Haileybury ideologues, was the highest form of political-economy and state yet to come into existence. That fatal fallacy of composition of the evidence which Marx was willing to consider, permeates all of his leading work, and accounts for its principal flaws.

As a critic of the British system, but only when his position is considered as one from ideologically inside that system, Marx’s argument is a convincing one. However, when Marx’s work is viewed outside the bounds of his fallacy of composition, viewed in the larger setting of the real world, and real history, outside the framework of his deluded estimation of the British “model,” and outside the confines of the reductionist Eighteenth-Century Enlightenment, a recognition of the pervasive Romanticism and essential fallacy of composition, and related problematic features of Marx’s thinking, comes immediately to the surface.

19. In various recent publications, I have shown that the entirety of the currently popular, “free trade”-based forms of economic ideology, in the U.S.A. and Western Europe, for example, today, conform to the paganist religious assumption, that the universe is a statistical process controlled by a special bias supplied by what must be fairly described as “little green men operating from under the floorboards.” Such is the role of crafted myths in mass manipulation of populations, in ancient and modern times alike. See my review, in my “The Science-Driver Principle in Economics: The Gravity of Economic Intentions” (*EIR*, March 30, 2001), of Kepler’s exposure of the fraudulent assumptions underlying the astronomy of Claudius Ptolemy, Copernicus, and Tycho Brahe. In that case, the myth is that the universe is so incomprehensible that we must limit our attempted understanding of it to at-the-blackboard sorts of mathematical schemes, such as the commonplace, Aristotelean “ivory tower” scheme used by Ptolemy, Copernicus, and Brahe, while ignoring the existence of knowable universal physical principles. The first five chapters of Marx’s *Capital*, are based upon such a childish myth. The same use of popular myths as a substitute for sanity, is met in the religious “fundamentalist’s” insistence that “God wrote the Bible so that a simple-minded idiot, like me, would have a perfect understanding of God’s intention.” Blind faith of the populist in the verities of self-evident sense-perception, is another expression of the delusion of that fundamentalist.

Typical of the evidence of the characteristic fallacy of Marx’s work, is the foolishness of Marx’s attacks upon leading American System economists Friedrich List and Henry C. Carey, both at the strongly expressed personal prompting of England’s Frederick Engels. On these matters, Marx simply adopted British mythology *a priori*, as a *mythos*, and refused to consider the massive, relevant physical evidence to the contrary.

Indeed, without going here more deeply than necessary into Marx’s personal philosophical development, it is sufficient to report here, that he showed a residue of the Classical education and influences which he brought from his youth in Trier, from his father’s and Wyttenbach’s legacy, but only as fragments scattered amid the edifice of that post-1806-1819 upsurge of the Romanticist philosophical reductionism, which dominated Marx’s own and subsequent post-Vienna Congress generations.

Exemplary of the grossly fraudulent account of history on which the Marx-Engels doctrinal legacy depends, is the case of a letter from Engels to Franz Mehring, congratulating Mehring for discrediting “the Lessing legend” in Germany. When we consider the entire sweep of the Eighteenth Century, that of Germany most emphatically, the continuity of modern science and Classical artistic culture has its greatest debt to the defense of the heritage of Shakespeare, Leibniz, J.S. Bach, and so on, by a circle, pivoted upon the Leipzig of Leibniz, Göttingen University’s Abraham Kästner, Gotthold Lessing, and upon Lessing’s crucial collaboration with Moses Mendelssohn and friends of Mendelssohn representing the living J.S. Bach tradition from the Leipzig area. This is the core of the German Classical tradition and its art and science, without which there had never existed a Goethe, Schiller, Mozart, Haydn, Beethoven, Schubert, nor Gauss and Riemann. Marx had been a wiser son had he admitted the fact of the existence of his nation’s fathers.

For Marx, and for contemporary academia’s version of an official Marx-Engels tradition today, modern European history sprang from the bowels of empiricist Paolo Sarpi and his followers of the English and French Enlightenment, to such effect that everything which happened to mankind, before or after Sarpi’s rise to the position of lord of Venice, must be explained from the standpoint of the impact of the irrationalism and tendency toward bestiality embodied in the method of empiricism.

Similarly, Marx’s systemic incompetence in matters of physical science, mathematics, and philosophy generally, echoes his typically Romantic adoption of the so-called British and French Eighteenth-Century, empiricist “Enlightenment” of Venice’s Abbé Antonio Conti, as his leftist choice of intellectual ancestry in general. All of the systemic failures of synthetic construction in Marx’s three-volume *Capital*, are to be traced chiefly to the impact of viewing the paradoxes and evils of the British definition of “capitalism” from the methodological standpoint of the anti-Leibniz and anti-Bach, Romantic Eighteenth-Century Enlightenment.

If the Marx of *Capital* had not existed, the British East India Company's Haileybury School would have been obliged to have invented someone to fill the role he played for them and, perhaps, at least in a significant degree, they did. By restricting the possibility of a seemingly rational alternative to the Adam Smith-Ricardo system, to the supposed alternative of the reductionist sophistry of the first five chapters of Volume I of *Capital*, the fact of the existence of what Hamilton, List, and Carey called the American System of political-economy, and of its actual predecessors, including, most notably, physical economist Gottfried Leibniz, was simply brushed to one side. What Marx, acting repeatedly upon Engels' instructions, repeatedly attempted to do, was to exclude consideration of the American System of political-economy, as outside the mythical academic "mainstream" of British financier-capitalism versus Marxian socialism.

At Berlin, young Marx admired the so-called "dialectical" method of that G.W.F. Hegel whose pro-fascist state philosophy Marx otherwise rejected. Similarly, although Hegel was deceased long before Marx reached Berlin, Hegel's factional ally, the neo-Kantian Romantic Savigny, headed the law department under which Marx studied. Like Hegel, Marx saw many among the fascist Jacobins of the 1789-1794 Terror, as his political forebears, in greater or lesser degree.

In brief, although Marx despised the fascist state philosophy of dirty old Hegel, he was attracted to the leftist follies and Romanticism of Hegel's earlier career as a Jacobin fellow-traveller. While Marx shared the German dislike for Napoleon Bonaparte well established during and following Napoleon's victory at Jena, and heartily despised the British fascist asset Napoleon III, Marx sought out a kinship of his own intellectual descent from among the ideologues of the Jacobin Terror itself.

Barring exceptional figures such as France's Jaurès, the Nineteenth- and Twentieth-Century emergence and evolution of the socialist movements of Europe and the Americas, have been dominated by the same general, philosophically reductionist mish-mash, of the Eighteenth-Century Enlightenment Romanticism, which produced the leaders of the Jacobin Terror. Karl Marx did not create this mess, but, rather, is merely one of the most notable reflections, historically, of the impact of this pervasive problem.

The Deeper Problem of Law

The key to the leftist side of fascism, is to be discovered where Karl Marx lost that key, perhaps on his journey from Wyttenbach's Trier to the university at Bonn. The common sickness of the empiricists, Kantians, positivists, and existentialists, is twofold. First, they have no conception of man as apart from other living species, and, second, what amounts to the same thing, they each and all deny the existence of the ability to reach truthful knowledge concerning the universe through those specific qualities of mental processes known as *cognition*.

Sarpi's empiricism, as typified by the instruction in math-



British asset and fascist Napoleon III.

ematics given to Thomas Hobbes by Sarpi's household lackey Galileo, denies the existence of any reality outside a kind of so-called Euclidean universe of sense-certainties and associated passions. In Kant's deviation from his long service as a German apostle of the British empiricism of David Hume, the crucial feature of all of his *Critiques*, including the *Prolegomena*, is the denial of the existence of a knowable faculty of cognition, by means of which validatable discoveries of universal physical principles might be made. On this account, the positivists and existentialists are even much worse. Karl Marx is essentially, axiomatically, an empiricist, in the specific sense of his association of what is called his "materialist" method and viewpoint with that of the Eighteenth-Century Enlightenment. This is the case in practice, despite Marx's own efforts to situate the origin of his methodological views in the context of Classical Greek philosophy.

Since I have addressed this matter extensively, in many published locations, over decades, it is sufficient to summarize the point here. The practical expression of this issue in this location, on the subject of fascism, is: What are those proper lawful barriers against the kinds of practices which

fascists are systemically inclined to conduct against nations and strata of their populations? This problem is not limited to the case of fascist governments and the movements which produce them, such as the Gingrich Contract With America movement; but fascism confronts us with a specific, exceptionally virulent quality of problem of law of this type. It is with those distinctions in view, that we should concentrate on this crucial point of law here.

As I have elaborated this point afresh in a recent edition of *Executive Intelligence Review*, the distinction of the human species from all other expressions of life, is that faculty of cognition, by means of which humanity is able to generate those empirically validatable discoveries of universal physical principle, by means of which the human species' per-capita power in and over the universe is willfully increased.²⁰ In science, this quality of cognition is science's reading of the celebrated Chapter 1 of Moses' *Genesis*. This is the inborn, innate, redeemable goodness of man, as a species naturally of the quality of the sublime.

This is the Classical humanist view, as typified by Plato's Socratic method for the Classical Greek heritage, and also the Christian humanist apprehension of Plato's work, which prompted directly the Fifteenth-Century birth of the first modern nation-state.

It follows directly from that consideration, that no state has the moral authority to govern, except as it is efficiently committed to promotion of the general welfare, or *common good*, of both its existing population and its posterity. No nation is a *good* nation, except as it is committed to promote the fulfillment of the principle of the general welfare of all nations and peoples.

This defines a form of state directly contrary not only to the cultural legacy of pagan Rome, but to all forms of society cohering with the principle of imperial law. I emphasize Professor von der Heydte's treatment of the fundamental distinction between the modern sovereign nation-state and its relationship to natural law, in opposition to those notions of the positive law characteristic of Babylon, the Delphi cult of the Pythian Apollo, Rome, and European feudalism.

Under the imperial code, such as that of the Romantic tradition, the authority to establish a "rule of law" governing many peoples, was restricted to a supreme pontiff (emperor), above nations and peoples.²¹ Such a notion of "rule of law," is recognized by Romantics, such as Kant or Savigny, as either customary law or a form of purely positive law. By "purely positive law," one must include notions of law derived from the adoption of some *a priori* set of definitions, axioms, and postulates, such as those of the so-called Aristotelean system associated with the arbitrary, fraudulent synthesis of the system of Claudius Ptolemy. This is entirely opposite to the no-

tion of what is called universal natural law, or the law of reason.

Natural law is a term which must be restricted by definition to empirically validated discoveries of universal physical principles. This applies not only to the knowable physical effects of non-living processes, but knowable physical effects of a principle of life, and of cognition itself. Such discoveries occur solely through that agency of Socratic reason, called cognition, which empiricism abhors and Kant asserts to be unknowable.

Hence, it follows that the individual person's potential for cognition, is the source of all good, and that *the promotion of the fertility of those redeemable qualities of all individual personalities is the practice of the common good*. That, for example, is the argument of principle set forth in the 1776 U.S. Declaration of Independence, and in the Preamble of the 1789 U.S. Federal Constitution.

The core of the natural law is the Mosaic definition of the nature of man and woman as equally made in the image of the Creator of the universe, and as endowed with a specific quality unique among living species, of the quality of cognition which generates validatable discoveries of universal physical principle. Thus, in Christianity, as distinct from sundry gnostic forms of pseudo-Christian sects, the supreme moral law is not derived from any imperial authority, but is derived from reason, as I have described that principle of reason here, and as Pope John Paul II has recently affirmed that principle of reason, in contradiction of certain among his erring critics from within the Catholic Church. No law is universal, except as we are able to demonstrate, by reason, that it is universally true. Thus, the notion of *natural law* is conditional upon a Socratic form of principle of knowable truthfulness, called reason.

It is the characteristic of the empiricists, the Kantians, the positivists in particular, and fascists such as Hegel follower Gingrich, that there is no truth, but only mysterious, dialectical contradictions, as Kant and Hegel concur essentially on this point of their folly. This is but rewarmed empiricism, as can be found in Hobbes, Locke, Mandeville, Adam Smith, et al. They insist, on the authority of such dialectical contradictions, that there are certain things so mysterious that they can not be demonstrated as knowledge, but only believed on faith. Their authority comes not from reason, but from acceptance of some arbitrary, irrational authority, such as tradition, custom, or, as in the purely positive law, the dictate of one or more persons.

In the cases of fascist ideologues Hegel, Schmitt, and Gingrich, the purely positive authority is a specific act of arbitrary will, such as the arbitrary decree of the existence of some asserted principle, such as "shareholder value," as Justice Scalia applies an arbitrary act of irrational will to such effect in the application of what he terms his anti-historical, purely positivist principle of dictionary nominalism, "textualism."

Hegel adduced such a notion of the political will as the

20. Lyndon H. LaRouche, "The Science-Driver Principle in Economics: The Gravity of Economic Intentions," *EIR*, March 30, 2001.

21. Friedrich Freiherr von der Heydte, *Die Geburtsstunde des souveränen Staates* (Regensburg, Germany: Druck und Verlag Josef Habel, 1952).



Venezuelan President Hugo Chávez. His regime, shaped by the ideology of that Carl Schmitt whose legal rulings allowed Hitler's rise to power, shows the typical face of fascism today.

common feature expressed, inclusively, by the succession of Robespierre and Napoleon Bonaparte. A violent act of arbitrary will creates a state, by force. This state then secretes laws consistent with its seizure of power, as the Nazis did with the Carl Schmitt-premised *Notverordnung*, and as expressed by the march of the Mussolini mythos on Rome. This is in direct contrast to the American Revolution, which followed the natural law, as the Declaration of Independence describes this, in conducting its creation of a new, sovereign nation-state republic. Thus, the fascist state of Napoleon Bonaparte is seen by Hegel as the outcome of two successive acts of will, the first creating the Jacobin Terror and the second the act of sheer force of will establishing veteran Jacobin Napoleon as the Caesar of a new Romantic French empire.

So, Hitler's Prescott Bush-funded seizure of power of January 1933, relied on the mass base of the Nazi *Sturmabteilung* (SA); so, the second Hitler revolution took absolute power, by crushing the leadership of the SA, and the assassination of von Schleicher, in the events of Summer 1934. So, former Jacobin leftist Hegel, and subsequent Napoleon "groupie," and subsequent Metternich "groupie" Hegel, saw the state. So, Carl Schmitt saw the state and law, and so the "conservative revolution's" Gingrich decreed in his grasp for the seizure of power over the U.S. Congress.

The deepest principle at issue in these matters, is that if government does not recognize all persons as made equally in the image of the Creator, as cognition attests to that universal fact, then man were regarded as just another beast. Once man is put politically on the level of the beasts, as the World

Wide Fund for Nature does, then man is subject to the same law we apply to beasts. Man will then act as a beast, kill as a beast, and be destroyed as a beast. Let us take heed, at the spectacle of the "Auschwitz" of slaughter of cows and lambs ongoing in Royal Consort Prince Philip's England. Are people, at least many of some people, the targets of some holocaust, next? Remember Hitler, and his passion for "eugenics"!

So, Chávez acted in Venezuela, so, Teddy Goldsmith's protégés intend to do in Brazil, and so on, and so on, around more and more places, such as Israel, in the world today. It rolls on, and on. When will it occur to you, that it is urgent that we bring this unfolding global nightmare to an end?

The Historic Issue Today

During its final exertion of imperial power in its own name, Venice launched over a century of religious warfare, 1511-1648, for the purpose of seeking to eradicate the great reforms of the Fifteenth-Century Renaissance, including the intended eradication of the sovereign form of nation-state based upon the principle of the general welfare. The intent was to uproot and eliminate forever those great reforms, based upon the principle of the general welfare, enacted under France's Louis XI and England's Henry VII.

Under the conditions existing in Europe, during and following the period of the 1618-1648 Thirty Years War, it became virtually impossible to revive the kinds of political reforms attempted by Louis XI and Henry VII earlier. Thus, the greatest minds of all Europe unified their efforts in support of bringing forth the first true modern nation-state republic from

among the English colonies in North America. Such, and nothing else, is the American Exception.

Through London's orchestration of the French Revolution, and the success of the British monarchy and Metternich in the Congress of Vienna, the young U.S. republic was isolated, imperilled, and greatly corrupted, until President Lincoln's victory over London's Confederacy puppet, unleashed that 1861-1876 American agro-industrial revolution which revolutionized much of the world through the spreading influence of the conception of the American System of political-economy, of Hamilton, List, and Carey, as the clear alternative to the British system defined by the British East India Company's Haileybury cabal.

Although the U.S. became a political captive of London, under Presidents Theodore Roosevelt, Woodrow Wilson, and Calvin Coolidge, the U.S. was still considered to contain within it a serious threat to the globalized imperial maritime power of the British monarchy. The British fear was that somehow U.S. policy might return to its pre-Theodore Roosevelt emphasis on finding partners in central Europe, Russia, and Asia, thus threatening to revive a U.S. in the Lincoln tradition as a threat to the continued existence of a British empire. London thought it might have prevented that danger by the terms of the Versailles Treaty; however, as the doom of the Versailles economic and financial system became clear, even early during the 1920s, London, as typified by long-

standing British asset Volpi di Misurata in Italy, the Bank of England's Montagu Norman and Norman's Hjalmar Schacht, brought Mussolini and Hitler to power.

The premature death of President Franklin Roosevelt, enabled London to retain more or less effective control over the financial and political establishment in the U.S.A.

However, despite all else, the very existence of the American Exception as an historical fact, is still the greatest danger to continued world rule by the old European oligarchical order today. As Kissinger expressed this viewpoint in his May 10, 1982 Chatham House address, the continued existence of the "American intellectual tradition," is a threat which British lackey Kissinger is determined to uproot and crush in the U.S.A. and in the minds of the peoples of Central and South America. The significant sympathy for Argentina among traditionalist military and other circles, in the case of the outbreak of Britain's Malvinas War of 1982, was, for London, a reminder that the American intellectual tradition was neither dead nor entirely deawed.

So, as it acted against the American intellectual tradition's influence in orchestrating the Paris coup d'état of July 14, 1789, and as it acted to bring Mussolini and Hitler to power during the post-World War I periods of crisis, so, again, the threat of universal fascism is set afoot among the nations of the world today.

Think about it!

EIR SPECIAL REPORT

The True Story Behind The Fall of the House of Windsor

Reprints of EIR's 1994-1997 groundbreaking exposés

What political battles lie behind the assassination of Princess Diana?
Why do 22 out of 30 top terrorist groups have their headquarters in London?
EIR's series on the House of Windsor is indispensable for understanding today's news.

The Coming Fall of the House of Windsor
(Oct. 28, 1994)
The Sun Never Sets on the New British Empire
(May 24, 1996)
Britain's "Invisible" Empire Unleashes the Dogs of War,
(Aug. 22, 1997)
Epilogue: Can the House of Windsor Survive Diana's Death?
(Sept. 12, 1997)

Order from:

EIR News Service

P.O. Box 17390 Washington, D.C. 20041-0390 Order number EIR 97-004 **\$75**



Europe Is Learning, LaRouche Was Right About Bush

by Mark Burdman

In ministries and policy institutes across continental Europe, there is a growing sense of “dismay and despair,” at the incompetence, incalculability, and provocative nature of the Bush Administration in Washington. These sentiments are strongest amongst those leading politicians and strategists who had convinced themselves, when Dubya Bush came to power in January, that they had some kind of “inside track,” or influence, with the new Bush team. This is typified by the very unusual public dissociation from Bush Administration economic policies, by both France’s Gaullist President Jacques Chirac, and its Socialist Prime Minister Lionel Jospin, in late March and early April.

The sentiments are also very strong among individuals, both in continental Europe and Great Britain, who have, for decades, considered themselves to be “Atlanticists,” strongly committed to U.S.-European relations and NATO. They had wrongly assumed that those in the American policy establishment who share their Atlanticist persuasion, would be able to “manage” the situation, and rein in the wilder types in the administration, typified by State Department Under-Secretary Richard Armitage. Some of these Europeans and Britons are warning, soberly, that the NATO alliance itself will soon “disintegrate,” if current trends from Washington continue.

What worries the most informed Europeans is that beyond all the problems this “Southern Strategy” administration brought into office, the situation is being driven by a mood of desperation felt by an administration facing a constantly worsening economic and financial situation. Refusing out of hand the necessary measures of re-regulation to turn around the economic crisis, the administration is instead flailing about, setting up new strategic confrontations, at the rate of at least one per week.

The woeful mishandling of relations with China is only the latest, in a series of debacles, including U.S. relations with Russia, the Middle East, and the Balkans. The lead April 5 commentary in the *International Herald Tribune*, by Paris-based American writer William Pfaff, entitled, “China Is Not an Enemy and Shouldn’t Be Provoked,” shows that the European concerns are shared by saner elements in the U.S. foreign policy establishment.

The LaRouche Alternative

Among officials and diplomats in Europe who are familiar with Lyndon LaRouche’s track record of both forecasting and policy, some now privately tell this news service they wish that LaRouche, not Bush, were President in this crisis. They regret they had not taken more seriously LaRouche’s candidacy, his New Bretton Woods emergency economic initiative, and his warnings on both the global economy and the miserable quality of the two “leading candidates,” Bush and Al Gore.

It is widely known that LaRouche’s economic policy can reverse the slide toward a vast world depression, once leaders are willing to admit the reality of that depression—the prospect which is unhinging the Bush Administration. The Bush crowd stands for the *directly opposed policies*. Bush and his advisers, many of them veterans of the American Enterprise Institute think-tank in Washington, are fanatical “free marketeers.” They are committed to ever more destructive deregulation and privatization, in large part the basis for their own personal wealth and that of their leading financial backers. The policy of total deregulation/privatization has become one of the issues increasingly separating continental Europe from the Anglo-Americans.



One of many ongoing German demonstrations against privatization and deregulation of energy, water, public health services. In late March, the French and German governments broke with U.S.-British extreme deregulation policies.

‘Decoupling’ and the California Effect

In late March, the French weekly *Journal du Dimanche* warned that “the decoupling is on,” and revealed that French President Jacques Chirac is apoplectic at George W. Bush, not only over Bush’s unilateral abrogation of the 1997 Kyoto Climate Change treaty, but over the practice, rampant in the United States in recent years, of sentencing minors to death and executing the mentally handicapped. The paper affirmed that Chirac is also very worried about the U.S. National Missile Defense (NMD) policy, which, advisers say, he views as “dangerous, immoral, and absurd.” Chirac’s March 22 speech on these issues, in Geneva, never mentioned Bush’s name, but his advisers let it be known that his comments were aimed at George W., who, as Governor of Texas, had presided over the most ruthless death penalty regime in the entire United States.

Chirac’s anger is magnified, by the fact that only some weeks back, he had thought he would be the European leader with the most inside influence on the new administration. Through his connections to Sir George Bush, he was the first European leader to be granted a private interview with Dubya, and Chirac had then written an article, published in numerous American journals, praising George W. to the skies. Now, he feels betrayed.

On April 4, matters escalated, when French Prime Minister Jospin gave an interview to 15 regional French daily newspapers. Jospin is a Socialist, who governs in uneasy “co-habitation” with Chirac’s opposition “neo-Gaullist” RPR party. This often means policy conflicts, but, on the issue of relations with the U.S., they obviously concur. Jospin blasted the “unilateralist” policies of the new administration, and accused it of “apparently not taking into account, at this stage, the rules that make the international community function.” BBC’s

Paris correspondent commented on April 4, that Jospin’s comments reflected a view widespread in Europe.

Earlier, on March 20, Jospin had made a speech in Brussels, insisting that Europe must reject the policies of “liberalization” and “privatization” promoted in the U.S. and Great Britain. He cited the “problems” in California, with the ever-worsening energy situation, as one good reason why Europe should not follow Bush-style policies. He absolutely rejected British-promoted European Commission plans, for the European Union to fully “liberalize” the continent’s energy grid, by 2005.

Jospin’s statements, on the eve of the March 23-24 EU heads-of-state summit in Stockholm, threw Britain’s Blair government into a rage, with the British media filled with attacks on “French protectionism.” However, the French received backing from Germany at the summit, and the European-wide energy “liberalization” schemes, modelled on U.S. and British policies, were rejected. There have been a rash of statements from German Chancellor Gerhard Schröder, and other German influentials, critical of the policies that have brought about the California fiasco.

‘This Will Mean the End of NATO’

One further critical development in France, was the March 28 interview of French Chief of the Defense Staff, Gen. Jean-Pierre Kelche, with the London *Daily Telegraph*. In that interview, published as the lead item, Kelche insisted that Europe’s “rapid reaction force” would be operational by the end of this year, and would operate independently of both Washington and the NATO high-command. He also bluntly ridiculed the American NMD project. Well-informed Paris sources report that the Kelche interview was, without doubt, authorized by both Chirac and Jospin. The Bush-linked London *Telegraph*

was so outraged by his comments, that the paper's lead editorial, the next day, accused France of being "Europe's rogue state"!

In Germany, there is much greater caution about criticizing Bush Administration policies in public, and there are illusions, in certain quarters, that some kind of "special relationship" can be worked out with the United States. However, these illusions are being rapidly dispelled, since the visit of Chancellor Schröder to Washington, during the week of March 26. The daily *Mainz Allgemeine Zeitung* was among the most blunt of German newspapers, to report on how Schröder was treated contemptuously and dismissively by both the White House and by leading figures in the U.S. Congress.

As for Britain, the most telling sign, was the complete flop, in mid-March, of Blair's meetings with Bush. As one highly informed European source told this correspondent: "The only thing they agreed on, was that they both use Colgate toothpaste. When I saw what happened between these two, the leaders of the so-called 'special relationship,' I knew American relations with Europe were in *real crisis*."

One of Britain's most influential "Atlanticists" told this correspondent that, while the British Foreign Office and other government agencies continue to support Washington, in public, on China and other matters, "in private, I can assure you, there is great concern" over the direction of Washington's policies. "If the transatlantic strains caused by the approach of this administration continue, we will see *the disintegration of the Atlantic Alliance*, and I am not exaggerating in the least."

This source agreed that one important driving force, in defining the mood in Washington, was "growing desperation" about the economy and the collapsing financial markets. He warned that "Washington has given a window of opportunity for all sorts of new views in Europe. If this continues, we will see other impulses take over in Europe, including bringing the Russians into a new framework of collective security, replacing the old NATO idea of collective defense. This will be a counterweight to the Atlantic Alliance, and will mean, very simply, the end of NATO."

Such views have been expressed publicly, by liberal *Guardian* commentator Hugo Young, in an April 1 commentary in the *Washington Post*. More noteworthy, is that some of the more extreme, even lunatic elements in the Anglo-American policy establishment, have begun to distance themselves from the Bush crowd, and to warn that the current administration is driving the situation over the edge. This was the case of Edward Luttwak, of Washington's Center for Strategic and International Studies, writing in the *Los Angeles Times* and *International Herald Tribune* April 1-2, and Anatole Kaletsky, writing in the *London Times* April 5. Both exclaimed, that it is totally berserk, for an American government to provoke tensions with China, Russia, North Korea, and elsewhere, *all at the same time*.

From Russia to Kyoto

What has the Europeans most immediately alarmed, is the "Russian front." It is no accident, that right after the Bush Administration expelled 50 Russian diplomats from Washington, in the wake of the Hanssen spy case, Russian President Vladimir Putin participated, for the first time, at an EU summit, in Stockholm.

According to Russian sources, what is now "very important," as the next step in Russian-European relations, is the April 8-10 German-Russian "St. Petersburg Dialogue," and the accompanying private Schröder-Putin summit. It is noteworthy that, in the foreign policy component of his annual address to the Russian State Duma (lower house of Parliament), Putin stressed the importance of Russian relations with Europe, while not mentioning the United States once.

Informed sources in Paris affirm, that one critical aspect, in Putin's appearance at the EU summit, was to work out a common diplomatic approach in the Mideast and the Balkans, at a time when the Bush Administration has explicitly rejected the Clinton "peace process" in the region, and has thrown its full backing behind the war-mongering Ariel Sharon government in Israel.

The past days have seen some unprecedented statements from Europe, particularly from the Scandinavian countries. Danish Foreign Minister Mogens Lykkesøft has called for a top-down review of Europe's favored trade relations with Israel, because of Israel's treatment of the Palestinians. When Lykkesøft came under strong Israeli attack, he received full backing from Danish Prime Minister Poul Nyrup Rasmussen, as well as qualified support from the leaders of Denmark's Jewish community. Harsh criticism of Israel's policies has also come from the Norwegian government.

In the Balkans, there has been a systematic European distancing from Anglo-American backing for the Kosovo Liberation Army, and from Anglo-American insistence, that the Yugoslav and Serbian authorities deliver toppled strongman Slobodan Milosevic, to the International War Crimes Tribunal in The Hague.

The Europeans are also angered by new Bush provocations against North Korea, and have taken the unprecedented move, of arranging for diplomatic initiatives toward the Korean Peninsula, usually regarded as "American turf."

As for the vastly publicized Kyoto issue, what the more sober elements in Europe object to, is not the repudiation of the treaty itself, which is unquestionably a monstrous and absurd construct, but the way in which Bush handled the matter. As one leading European observer commented on April 3: "All he had to say is, 'We now have an energy crisis: we need time to resolve it; this treaty as it now stands is unmanageable, and we will consult with our allies, in Europe and elsewhere, on what to do about it.' But instead of this, he just provoked everybody outside the U.S., in a completely amateurish way, creating yet another crisis, where none need have existed."

Russia Looks to Europe, Asia for Partnership

by Rachel Douglas

The main demand in Vladimir Putin's first Presidential Message to the Federal Assembly, delivered in July 2000, was to save Russia from disintegration, through the consolidation of a "strong and effective state." Less than a year later, on April 3, his second such annual report on the state of the Russian Federation (R.F.) centered on that unvarying commitment. "The strategic task of the past year, was to strengthen the state," he said. "Today, it can be said that the period of the disintegration of statehood is behind us. The disintegration of the state . . . has been halted." He was referring both to the insurgency in Chechnya, and to separatist tendencies in regional legislation and economic practice.

On the eve of presenting his Message, Putin made the first major personnel changes of his tenure, focussed on the military, security, and military industry. He brought his long-time associate, Sergei Ivanov, from the Security Council, to head the Defense Ministry, where he will oversee the long-disputed reform of the military.

In the setting of his unchanged commitment to a strong state, Putin presented a package of policies that are in flux, especially in the crucial domain of economic policy. For what *has* changed for Russia during the past nine months, is the world in which it lives. An accelerating process of global financial meltdown is now evident to all.

Inasmuch as Russian national culture's quality of possessing the sense of wielding power on a world scale—a quality unique to Russia, the United States, and the United Kingdom, among leading powers today—has been featured in the analytical writings of Lyndon LaRouche in recent issues of *EIR*, there is no better lens, through which to see the political thinking of President Putin, than the one offered by LaRouche in reply to a question from the late Prof. Taras Muranivsky last year. LaRouche urged looking not at Putin in and of himself, nor at individual utterances of his, but at the universe in which his "orbit" traverses, like the orbit of a planet moving in the Solar System. LaRouche said: "Russia is not an independent entity. It's living in an Anglo-American-dominated New World Order. . . . What is going to happen with Putin's options, on the day when what he believes will not happen, will happen? When this system disintegrates—the system to which he's adapted. . . . We would hope that the present government of Russia would reform itself, in conformity with the reality, which we know exists."

On April 3, Putin took note. The global crash was now a

strategic factor for Russia, as the President expressed "concern over the deterioration of a number of key economic indicators, especially on the backdrop of the unstable development of the world economy."

Russia and Europe

Where is the "Anglo-American" component in Russian foreign policy today? Putin's Message was striking for his omission of any mention of the United States. This silence was not merely a reaction to the puerile, often provocative postures of the Bush Administration toward China, the Middle East, and Russia itself. Russian foreign policy is less in a reactive mode, than an active search for economic and political partnerships that can yield palpable benefits.

The same goes for the Russian government's decision, announced on March 28 by Minister of Finance Aleksei Kudrin, not to sign a "Joint Declaration of the Russian Federation's Government and Central Bank on Cooperation with the International Monetary Fund" for 2001. Such annual agreements permitted line-by-line IMF inspection of Russian economic decisions throughout the 1990s. The quasi-official website Strana.ru headlined: "Sovereignty is more precious than friendship with the IMF," reading the shift as "the latest indicator of the fundamental changes in the situation around Russia, and within Russian state power." Kudrin said, "The government of the R.F. does not consider it necessary to be under mandatory IMF supervision. It is the will of the state, that we not have to be accountable for implementing every point of the coordinated program."

The IMF was offering Russia no credits, but only a stand-by commitment to extend a loan if adverse circumstances arose (like a collapse of oil prices, which would throw its debt-servicing capabilities into doubt). Yet, the Fund was demanding the same type of conditionalities and level of monitoring, as before, and even more oversight of Central Bank operations.

The IMF's trump card was that, without the IMF agreement, Russia would find no relief on its Paris Club debt—the state-to-state debt, inherited from the Soviet Union. But, Russia's major Paris Club creditors, Germany and Italy, are engaged in working out debt relief in exchange for investment opportunities. While proceeds from oil revenues make it possible for Russia to service its Paris Club and all other debts this year (albeit spending 60% of all budget revenues for February on debt service), Moscow may anticipate that a solution covering payments due in future years, can be worked out.

Shortly before the announcement of this change on collaboration with the IMF, Putin met with European Union leaders in Stockholm. At his joint press conference with Swedish Prime Minister Göran Persson, Putin stressed the debt-for-investment proposals, adding that Russia is prepared to increase supplies of natural gas and oil to Europe. Persson emphasized that this was the first time a Russian President had



Russian President Vladimir Putin (right) and IMF Managing Director Horst Köhler (inset). Putin is dealing with crucial issues—the integrity of the state, the justice system, science, getting economic growth going—like a sovereign head of state. And, that means less kowtowing to the IMF.

sat down with EU leaders at an EU summit. It was agreed that in 2003, the Union will participate in celebrations of the 300th anniversary of the founding of St. Petersburg, famous as Russia's "window to Europe," which is also Putin's home city. The EU also decided that the European Investment Bank, for the first time, will finance investments in Russia, starting with a 100 million euro wastewater purification project in St. Petersburg.

On March 27, Putin received Italian Premier Giuliano Amato for discussions, including on debt-for-investment, which had already been launched during Russian Prime Minister Mikhail Kasyanov's recent visit to Italy. On April 9-10, St. Petersburg will host a summit between Putin and German Chancellor Gerhard Schröder. Russian Deputy Minister of Trade and Economic Development Ivan Materov said on April 5, that a Russian-German investment agency is to be formed, while it was reported in *Vremya MN* that Bundesbank experts are preparing to advise Russia on switching some foreign trade transactions from dollars to euros.

In his Message, Putin summarized, "The importance of further efforts to develop relations with the EU is definitely increasing. The course of integration with Europe is becoming one of the key directions of our foreign policy." Putin promised to work on "integration processes" within the Community of Independent States, and to proceed further in the direction indicated by the signing of the Eurasian Economic Community Treaty, among Russia, Belarus, and three Central Asian Republics.

Internal Investment

The economic policy sections of Putin's Message contained elements that were missing last year, although the need for them was implicit in his July 2000 appeal to halt the economic disintegration and demographic extinction of Russia. The President echoed the language of Academician Dmitri Lvov, head of the economics section of the Russian Academy of Sciences, when he said that Russia was "still living in a rent-based economy, not a productive one," and regretted the overwhelming direction of investment into raw-materials extraction for export. The seemingly improved economic performance of Russia in 2000, he said, has a shallow basis. "Our raw-materials orientation is preserved, and even intensified, which means that our dependence on conjunctural factors [e.g., the price of oil] is also intensified."

Last year, Lvov and other experts from the Academy were essentially opposition figures, ignored during the adoption of significant economic policy decisions. But, the strengthening of the Russian state, desired by Putin, implies real economic requirements—even just as regards industrial production for the military—that are nowhere to be found in the textbook neo-liberal formulas, applied in Russia since 1992 (with the partial exception of Yevgeni Primakov's government in 1998-99). Since Putin's creation of a State Council last November and his constitution of a task force on economic policy under Khabarovsk Gov. Viktor Ishayev (see *EIR*, March 2, for the "Ishayev Report"), the Academy economists have been brought into policy deliberations.

On March 22, when Russian Minister of Trade and Economic Development German Gref presented his rewritten “Basic Long-Term Social and Economic Policy Directions for the Government of the Russian Federation”—the promised attempt at “harmonizing” his Summer 2000 neo-liberal draft with the dirigist recommendations of Ishayev’s team—the cabinet did not rubber-stamp it. Instead, the text was subjected to hours of debate, in which the chief invited critics were Academician Lvov and Corresponding Member of the Academy Sergei Glazyev, who also chairs the Economic Policy Committee in the State Duma (lower house of parliament), and co-authored the Ishayev report. The cabinet deferred a decision on a 2001-10 policy until April 5, when a pared-down 30-page document was to be submitted to Putin, while a medium-term policy for 2001-04 will be debated in May.

Lvov, Glazyev, and Ishayev all welcomed Putin’s commitment to strengthening the authority of the state. “I am sure that all members of the State Duma agree with the main idea of Putin,” Glazyev told Strana.ru, “to increase the effectiveness of the government. But, what is the goal and purpose of social and economic policy? The question of the content of the tasks which the state must solve, still remains open.” Glazyev convened hearings in the Duma, at which Lvov, Ishayev, and others elaborated these concerns, just hours after Putin spoke,

The attempts to “harmonize” Gref’s neo-liberalism with advice from industry- and technology-oriented Academy economists, were evident in Putin’s Message. Discussing social reforms, Putin gave the nod to Gref’s and Andrei Illarionov’s vision of shifting health care into the hands of private insurance companies, and of pension reforms, which are modelled on schemes that have been disastrous for the populations subjected to them in the West, Asia, and Ibero-America. While identifying the problem of capital flight, in excess of \$20 billion per annum, he suggested that further deregulation, the lifting of certain exchange controls, and guarantees for foreign investors would allegedly help to solve this problem by making Russia an equal player on the world scene. Prof. Stanislav Menshikov, in a March 30 *Moscow Tribune* column, noted one reason these constructs don’t hold water: More than 90% of the \$250 billion-some Russian flight capital, parked in banks and financial instruments abroad, originated with Russian firms.

Glazyev suggested on April 4, that the people writing the liberal program’s planks on social services reform, are at odds not only with the welfare of the Russian people and with Glazyev or Lvov, but with Putin himself. “It is amazing,” said Glazyev to Strana.ru, “how the authors of the social and economic strategy ignore the President’s many statements on the need to tax natural resources more heavily, while reducing other taxes. . . . They don’t want to pay attention to the President’s many instructions on increasing investments and structural reform on the basis of new technologies. They have totally forgotten, that the President said in his Message last year, that the main problem is for our nation to survive.”

U.S. Spy Plane Recalls Embassy Bombing in China

by Mary Burdman

Hopes among the leadership in China, that it might be possible to reach any lasting accommodation with the George W. Bush Administration in Washington, suffered a rude shock on April 1, when a U.S. EP-3 spy plane collided with a Chinese fighter off the coast of China and was forced to make an emergency landing on Hainan Island. Full details of the collision might not be known, but the event is one of many “incidents just waiting to happen” between the Bush-led United States and other nations — allies and “competitors” alike.

The “Hainan Incident” is occurring in the context of world financial collapse. East Asian nations are excessively dependent upon exports to the United States, and hold big reserves in U.S. dollars. Japan, China, and South Korea have all had to report severe collapses in their U.S.-bound exports since the beginning of 2001. In recent weeks, Japan, by many times the biggest economy in East Asia, has made repeated concessions to the demands of the Bush Administration, that it continue its hyperinflationary bailouts of the world financial bubble. There are also indications, as marked by the one-week visit of former U.S. Secretary of State Sir Henry Kissinger to Beijing on March 15-21, that arrangements were being discussed, between the United States and China.

In Beijing, Kissinger met all of China’s highest-level leaders, including senior diplomat Qian Qichen, who was about to depart for a one-week visit to the United States, where Qian was eventually received by George W. Bush. Indicative of the likely content of the discussion with Kissinger in Beijing, are statements made by President Jiang Zemin in an interview with the *Washington Post*, published March 23: “No matter who administers the government in the United States, . . . one thing is very certain: The United States has to look at U.S.-China cooperation from a strategic standpoint. . . . In terms of private friendships, I think I have more friends in the Republican Party. Nixon, my old friend, . . . Bush Senior, Scowcroft, [William] Perry, Kissinger; there were many times when we sat together. . . . We believe Bush Senior will definitely push Bush Junior to bring U.S.-China relations to a new level.”

However, it should also have been marked in Beijing, that this was the same Kissinger who, at the February Wehrkunde Meeting of defense policymakers in Munich, had warned world leaders that it is not the so-called “rogue states” which are the targets of the U.S. “missile defense” program, but the large nuclear powers, notably Russia, China, and India.



From China Daily.

Also on March 23, the *Washington Post* “leaked” the news that U.S. Defense Secretary Donald Rumsfeld had accepted the findings of a defense review, conducted by Andrew Marshall, the 79-year-old head of the Pentagon’s internal think-tank, the Office of Net Assessment, and one of the most influential figures in the U.S. defense establishment. Reportedly among the recommendations that Rumsfeld accepted, was to re-orient American policy away from Europe and toward Asia, and to regard China as America’s main strategic threat in the years to come.

It should be noted, in light of the EP-3 incident which happened so soon after Kissinger’s departure, that Jiang Zemin concluded his interview with the *Post*, saying: “The United States occupies a very different geographical position as compared with China. The United States did not suffer much from World War I or World War II . . . but the case was totally different for the Chinese people: We have suffered more than our share of catastrophe and miseries of war. Also, the . . . bombing of our Embassy in Yugoslavia . . . caused a strong shock wave in China; 1.2 billion people rose up in great anger and indignation. It has not been easy at all to channel these emotions to a rational and cool-headed track. These issues, Americans often do not understand.”

However, what has happened in the course of the “Hainan Incident” indicates that Washington still “does not understand.” On April 1, the U.S. reconnaissance plane was flying in a disputed region of the South China Sea, which China considers its “economic space.” After the U.S. crew made its emergency landing at a Chinese military airport on Hainan Island, U.S. authorities asserted it to be a “state aircraft” and U.S. “sovereign territory”—a dubious claim for a spy plane which landed itself on another nation’s territory. The Chinese side, not surprisingly, soon initiated a “series of investigations” of the EP-3.

Whoever in the U.S. military-intelligence apparatus decided to make this provocative flight, if there were an intelligent national leadership in Washington, that leadership would have immediately perceived that China would react to this

collision on the basis of the unresolved U.S. bombing of the Chinese Embassy in Belgrade, during the NATO war on Yugoslavia in May 1999. Washington has persisted in the absurd and arrogant assertion that that attack was a “mistake” due to the use of an “old map” of Belgrade.

Another ‘Old Map’

On April 3, Jiang Zemin stated, in his first reaction to the situation, that “the responsibility fully lies with the American side; we have full evidence for that,” and called on the United States to stop its surveillance flights close to Chinese airspace. U.S. officials were able to visit the crew that same day, but earlier, Foreign Ministry spokesman Zhu Bangzao responded to U.S. assertions that the plane was its “sovereign territory,” saying that “based on Chinese law, and international practice, we have the right to conduct an investigation. . . . If this plane is sovereign American territory, how did it land in China?”

Even more pungent, was the cartoon which appeared on the *China Daily* website, showing the spy plane sitting on the runway at Hainan’s Lingshui Airport, with a speech balloon from the cockpit, with the words: “It . . . might be due to another map error.” The cartoon was highly appreciated by the international press.

There are, however, efforts to keep this particular incident under control. Jiang Zemin did nevertheless decide to leave Beijing on April 4 to carry out an important 12-day trip to six Ibero-American nations. On April 4, U.S. Secretary of State Colin Powell offered his “regret [for] the loss of life of the Chinese pilot,” and called on both sides to “move on.”

However, that will be difficult, considering what the Bush Administration is letting loose in Washington.

U.S. statesman Lyndon LaRouche warned throughout the 2000 U.S. Presidential election campaign, of the clearly foreseeable consequences of the election of either Bush or Al Gore to the White House; now, even U.S. establishment figures such as journalist William Pfaff are urgently warning that Washington is being dangerously provocative. “The Hainan Incident was waiting to happen,” Pfaff wrote in a commentary in the April 5 *International Herald Tribune*. U.S. surveillance is a “permanent affront to China.”

The United States has no need to make China its enemy, but that is just what it is doing.

Check Out This Website:
www.larouchespeaks.com

Russia's Intervention Was Crucial in Balkans

by Umberto Pascali

"In the first phase of the aggression, the Kosovo Liberation Army's puppetmasters lost," a Macedonian source told *EIR* on March 30. "But here nobody has any illusion that they will not attack again." At that moment, the Macedonian Army had apparently succeeded in doing what many major think-tanks in the West had said was impossible: It had ejected the KLA gangs, not only from the hills around the city of Tetovo—where they had taken positions targeting civilians with mortar shells—but out of the country. This was achieved without a single casualty. Had the Macedonian Army not been capable, as most said it was not, of repelling the aggression, Macedonia, as a sovereign country, would have been finished.

Still on March 27, one of the most revered Balkans "experts" in Washington, former National Security Council official Ivo Daalder, now of the Brookings Institution, was able to tell an audience that "the worst that you can do is to let an ineffective Macedonian military try to take care of an insurgency through means that, almost by definition, will make matters worse rather than better." The second speaker at the Brookings press briefing on "Macedonia: The Next Balkans War?" was a military expert, Michael O'Hanlon, who claimed that "only NATO" could take care of the problem. "I don't think Macedonia's military is realistically going to be capable of a serious counterinsurgency operation," he said. "The counterinsurgency doctrine tends to say you really need five times to ten times as many troops as you have rebels if you want to win, because counterinsurgency—as we learned in Vietnam and as the Serbs learned in Kosovo, and the Soviets in Afghanistan—this is not the kind of war that you win by delivering a lot of ordnance into a forest or a countryside."

What appeared absurd in this argumentation, is the fact that the NATO that was expected to go from Kosovo to Macedonia, take over the country, and engage in counterinsurgency warfare, was the same NATO that had claimed it was unable to stop the KLA from crossing the border from Kosovo into Macedonia! There are 40,000 NATO troops in Kosovo (the KFOR), and yet the KLA was able to cross into Macedonia and then back, without being disturbed. NATO reports that hundreds of men, claiming to be members of the National Liberation Army (the name that the KLA uses in Macedonia) arrived at the Kosovo border from Macedonia, after the Macedonian Army offensive, and went through the NATO check-

point. Only 18 were momentarily detained, because they were carrying weapons.

Putin Steps In

According to Macedonian sources, the dangerous paralysis on NATO's part was broken thanks to the intervention of Russian President Vladimir Putin. When Russian Foreign Minister Igor Ivanov visited the Macedonian capital of Skopje on March 21, he brought a clear message from Putin. Macedonia could not really count on the verbal assurances coming from all the international institutions. Nobody in fact would move a finger, and Macedonia was almost certain to be de facto partitioned into two "ethnic areas." At that point, the international organizations would intervene to institutionalize the division of the country.

Ivanov brought an alternative: a Russian proposal for an agreement among the countries of the Balkans region based on respect for the existing borders, and the national sovereignty of the countries. During the same mission, Minister Ivanov delivered a letter from Putin to Yugoslav President Vojislav Kostunica, because southern Serbia had been attacked by the KLA as well. In the letter, the Russian President stated that "decisive political actions—and, if necessary, the use of force—can avert a wider Balkan war." Russia, he wrote, was ready to join Europe and the United States "in diplomatic, and possibly military efforts." If not stopped, Putin stressed, the KLA attack could easily "spill over into the rest of the Balkan Peninsula."

And in the middle of the attack, Macedonia received from Ukraine, two Russian-made MI-24 helicopter gunships. The two helicopters turned out to be invaluable in the defeat of the KLA gangs, which, dug in in the hills around Tetovo, had created a "Sarajevo siege"-type situation.

On March 23, Putin met Macedonian President Boris Trajkovski at the summit of the European Union heads of state in Stockholm. Such a meeting was considered crucial in Skopje. Putin took the microphone to explain that the KLA had to be faced "in a robust manner." He explicitly compared their attack on Macedonia with the situation in Chechnya. When, in 1996, Russia withdrew from Chechnya, he said, the terrorists attacked Dagestan. "Had we not taken adequate measures of reaction, we would have faced much wider problems these days." If unchecked, the KLA terrorism "will create the conditions for shaking Europe in its very heart."

A Macedonian source told *EIR* that the Macedonians have "grown up." They understand that they cannot expect much from the West. It is the whole international situation that has to be changed. "Can small Macedonia change the international situation? Because this is our only chance. Maybe, if Putin gets the support, even the silent support, of some European countries concerning the Balkan situation. . . . If we will be able to defend our sovereignty, then we could really have a chance; we could help trigger a major international change," he said.

New Bush 'Exit' Strategy Means New Balkans War

by Umberto Pascali

When global TV screens filled, in March, with pictures of the unexpected two-front assault—against both Macedonia and Serbia—by the Kosovo Liberation Army, few noticed an event distant from the Balkans battlefield, which held the key to it. The unexpected terrorist assaults against two sovereign countries, were performed by illegal military formations based in Kosovo, a province that is both *de facto* and *de jure* a NATO protectorate. Simultaneously, numerous “hot spots” exploded elsewhere in the Balkans, including the decision of the Croats of Bosnia to split from the Bosnian government and military institutions.

On Feb. 26-27 at Columbia University in New York City, some of the most prestigious U.S. military officials, those most attuned with the strategic intentions of the Bush Administration, gathered in a symposium organized by the U.S. Army War College under the title, “The Future of U.S. Presence in the Balkans.” They endorsed a U.S. policy that could be summarized as follows: “renegotiate” the Balkans borders along purely ethnic lines.

According to a first-hand account by the London-based Institute for War and Peace Reporting, “Scholars and U.S. military officers attending the two-day seminar appeared to be in almost unanimous agreement that current state boundaries in the Balkans should be redrawn to create ‘*smaller, more stable mono-ethnic states*.’ . . . According to the delegates, new boundaries enshrining homogeneous ethnic entities would follow the historical patterns and ‘*natural instincts*’ of Europe, as witnessed over the past 300 years.”

Frozen Instability

This idea, that there has been, not too much ethnic cleansing in the Balkans, too much genocide, but, *not enough* ethnic cleansing, is a false concept of “stability.” This is the “stability of the colonies” of the British colonial empire. “Stability” in this sense has nothing to do with the natural need for material and intellectual growth of the population of those countries, or with economic development; it is a frozen instability.

The attempt to impose this kind of “stability” is not new in the Balkans. Most recently, in 1995 the Dayton peace agreement, that stopped the violent phase of the war in Bosnia, tried to create stability by dividing Bosnia into ethnic

areas, preserving the vestige of a unitary state under the authority of a supranational authority representing the “international community.” There was no room for creating national sovereign institutions, nor the instruments through which the country could develop its population and its economic growth. The majority of the citizens, in those conditions, tended to turn to the “nationalist [i.e., ethnic] parties” for support and protection. The very concrete proposal for a “new Marshall Plan” for the Balkans, advanced by Lyndon LaRouche, and supported openly or implicitly by a majority of the region’s elites as a way to base stability on economic growth, was never given a chance. Now the vicious conclusion is being introduced into Bush Administration policy: “Redraw the maps!”

From Kissinger to Lord Owen

A few days after the War College symposium, the former British foreign minister, former European Balkan mediator, Lord David Owen, the Balkan factotum for the British oligarchy, announced his solution. “What is needed today is a Balkans-wide solution, through a present-day equivalent of the 1878 Congress of Berlin, with pre-agreed boundary changes endorsed by the major powers.” Since the Congress of Berlin, Balkan populations have been displaced by force from their lands like animal herds, with untold suffering; bloody ethnic rivalries have been created and exploited. Lord Owen stressed:

“Some will claim that any modification of the current map of the Balkans will succeed in opening a Pandora’s box. I believe this fear is exaggerated. Questions relating to the readjustment of the international borders are not new. This readjustment represents the best hope for assuring a durable peace in the region.”

“Readjusting borders” was exactly what, just ten years ago, Slobodan Milosevic started with the Greater Serbia plan. That idea of Greater Serbia and the emergence of Milosevic the dictator, was not opposed by the “West.” Quite the contrary: the group of Henry Kissinger and former U.S. ambassador to Yugoslavia, Lawrence Eagleburger, had great appreciation for the young, energetic technocrat, Milosevic. Eagleburger, the head of Kissinger Associates, became the



The new NATO “exit strategy” from the Balkans, emerging in the Bush Administration and from such as Henry Kissinger and Lord David Owen, is a disastrous return to colonialism, and already leading to new war outbreaks. Here, a NATO KFOR control post in Kosovo.

U.S. President of the Yugo Corporation, briefly the biggest and most lucrative Yugoslavian company abroad.

Five years ago, Kissinger called, in even more brutal terms, for an ethnically pure partition of Bosnia, and for the right of the big powers to redraw the maps. On Sept. 8, 1996, in a commentary in the *Washington Post*, Kissinger explained that ethnic cleansing could not be reversed, so it should be accepted as a stabilizing factor. He proposed this policy as the U.S. Republican Party alternative strategy in the Balkans. “With extensive ethnic cleansing only the most insignificant remnants of other groups are left in each area,” he wrote. Thus, ethnically pure areas have been created. “To force these now ethnically homogeneous regions into a common entity, guarantees another round of ethnic cleansing. . . . Crimes such as the slaughter of Muslim prisoners in Srebrenica are despicable, but . . . realistically a separate Muslim entity maybe the best achievable outcome. It would be a solution most conducive to long-term stability. The other ethnic groups should have the same option to join the mother countries. Once ethnic lines are given international status, the cease-fire will be much easier to enforce.”

Greater Albania as Exit Strategy?

The fact that nowhere in the world do such “natural” lines exist, and that this has been tried many times in history and has led regularly to tragedy, is not a deterrent to the doctrine. Was the Kosovo Liberation Army aggression against Macedonia and Serbia in February and March, motivated in some way by the expectation that an ethnically pure Albanian entity carved out of other countries, was welcome in the context of

this New Congress of Berlin doctrine? A doctrine that was expected not only to be proclaimed by spokesman of the British oligarchy, Lord Owen, but also then officially endorsed by the Bush Administration? And had this doctrine triggered a process in which the Croatian community in Bosnia began to split from the Bosnian federal institutions?

Not only did the major Croat party in Bosnia (the HDZ) call for creating independent institutions, but the Croats in the military and in the police conducted a mass walk-out from their barracks, answering to a call from their political leadership. Some of the most insightful observers believe that a decision of quasi-secession could not have been taken without some extra-Balkan assurances.

What happened at the New York Army War College symposium? According to reports, the main speakers were: Brig. Gen. Keith W. Dayton, Deputy Director of Politico-Military Affairs for Europe/Africa at the Joint Chiefs of Staff; and General Ivany, Commander of the U.S. Army War College, and one of the top Balkan analysts of U.S. intelligence, just retired from the Central Intelligence Agency. General Dayton was introduced by General Ivany as the “point-man on the Balkans” for the Chairman of the Joint Chiefs of Staff, Gen. Henry “Hugh” Shelton. Reportedly, Dayton stressed that the United States must have an “exit strategy” for the Balkans. He was quite critical of the system established by the Dayton peace accord in Bosnia. The military goal of the agreement had been reached, he said. The rest concerns political and economic affairs that are not the purview of the military. Thus the United States must pull out its troops and a radical downsizing will be

discussed already in early May.

Much worse, the General brought to the participants what he said was a request from Lt. Gen. Michael Dodson, the NATO Stabilization Force commander in Bosnia, to debate the viability of multi-ethnic states and of the Dayton agreement. He claimed that this meant the Dayton agreement had failed. A source familiar with this debate pointed to a radical change in foreign and military matters that has been requested by the Bush Administration. "It doesn't concern only the Balkans, even if the Balkans is the most evident point. The new policy will let the ethnic chip fall where they would naturally fall," he said.

'I See How the Ground Is Manipulated!'

On March 26, some 500 Macedonians, representing their communities in Canada and the United States, gathered in front of UN headquarters for a rally convoked by the Macedonians of the World for Peace in Macedonia. Among the main speakers were the leader of the Macedonian diaspora in North America, Nestor Oginar, and Jerry Pyenson of the Schiller Institute.

Pyenson told the delegates: "As most of you know, we are now facing the worst crisis in 500 years with the collapse of the financial system. When you have a financial collapse, there are certain nations that will push for war. The United States has only two policies that it can adopt for Macedonia and for the Balkans. One is that of Franklin Roosevelt, the other is from Adolf Hitler. Roosevelt would supply credit for water, railway, and road development. Hitler's policy you all know. People like Madeleine Albright, James Baker, Lord Robertson, Sir Michael Jackson, these people are promoting a policy of war in the Balkans. The purpose of this war is to stop economic development in Germany, Russia, and China. The policy of the U.S. must be that of Roosevelt, of economic development and support of national sovereignty and the general welfare of the population. That is what the Schiller institute supports.

"At this moment, the only solution in this area would be for the United States to junk the policies of former President Bush, of Margaret Thatcher and Madeleine Albright. Short of that, you face the worst crisis in 500 years of Western European civilization. The only solution is what we put forward massive economic development. Somebody from the outside is provoking a conflict there, using the ethnic division of Albanians and Macedonians.

Croats in Bosnia felt encouraged by these signals to pursue more autonomy. Does this mean that the new doctrine prompted a green light for the KLA? "This is a tough one, but I believe the changes will be clear soon enough."

'Politically Support the Pentagon'

A by-product of the Army War College symposium, was a polemical open letter addressed to Bosnia's International Administrator, Wolfgang Petritsch, by Frank Brozovich, the president of the Croatian-American Association. The Croatian American leader wrote: "Your Op-Ed piece in yesterday's *New York Times* expressed surprise regarding the

This has been a well-known gameplan of the British Empire for several hundred years. The British are playing it again, and they want a war in this area worse than they did in what came to be called World War I. That is what everybody here faces."

What Is the Purpose of NATO?

Two days before the rally, Nestor Oginar told *EIR*, "We feel that we are somehow being manipulated into a situation that will most certainly destabilize the country and perhaps plunge it into chaos. We are endorsing all the help we can get, from all over the world. . . . People in Macedonia, the ethnic Macedonians as well as the whole of the population, the minorities as well, are beginning to wonder what is the purpose of NATO, what is their mandate, what are they doing?"

Asked whether the Bush Administration's new Balkans strategy could be deadly, as Lyndon LaRouche is warning, Oginar replied, "I feel, frankly, that this is chauvinistic behavior by the great powers, against this poor, broken people, who are being driven into hatred, which they are trying to portray as ethnic, which it really is not.

"I personally spoke with [Schiller Institute Chairwoman] Mrs. LaRouche. I heard Mr. LaRouche. . . . I'm aware of Mr. LaRouche's proposal for a new Bretton Woods. He gave a great lecture on that. . . . Our message is peace. I see how the ground is being manipulated. I see how everything seems to be spinning out of control. I think in the next month or two or three, you will see some more serious bloodshed and I'm extremely worried."

Declaration to UN

The Macedonian delegates submitted a declaration to the UN's Assistant Secretary General for External Relations:

"1. We strongly condemn the extreme ethnic violence and terrorism against the territorial integrity of Macedonia and all of its people.

changes in Bosnia policy articulated at a U.S. Army War College seminar by Brigadier Keith Dayton, who is General Hugh Shelton's point-man on the Balkans. Although Dayton said his views were personal, the very same thoughts were repeated by Col. Greg Kaufman, Chief of the Secretary of Defense's Balkan Task Force, and by Steven Berg, formerly with the CIA Balkan Task Force. All three made the following points, which should be well known to you:

- The U.S. wants to exit Bosnia-Herzegovina as soon as possible;

- The Dayton agreement has failed to create a Democratic multi-ethnic nation in Bosnia-Herzegovina;



At a mass rally of Macedonians from the United States and Canada, outside the UN in New York, the Schiller Institute's Jerry Pyenson tells the crowd that it is the oligarchy's global financial breakdown, which is provoking new wars in the Balkans. To his right is the rally's organizer, Nestor Oginar.

"2. We support the President of the Republic of Macedonia, and the Government of the Republic of Macedonia with all of its democratic institutions.

"3. We demand that the NATO/KFOR contingent currently operating under the peacekeeping mission in the designated buffer zones between Macedonia and southern Serbia, take an incomparably more pro-active role in securing and sealing the border and cutting off terrorist supply lines from Kosovo to Macedonia.

"4. We call upon all of the international organizations and institutions to continue their unconditional support of Macedonia in the preservation of its stability, territorial integrity, and sovereignty.

"5. We demand that all those that have been recently engaged in illegal armed terrorist actions against the authorities and the population of Macedonia, immediately cease all such actions, lay down their arms, and leave the country. . . .

"10. We urge you to help secure and sustain the stability, sovereignty, and the constitutional and territorial integrity of Macedonia by providing adequate military, logistical, economic, and humanitarian aid." — *Umberto Pascali*

- All attempts to create a multi-ethnic army as the core of a multi-ethnic society have proven to be impossible;

- The U.S. will consider the creation of hard borders along ethnic lines in order to facilitate withdrawal of all U.S. forces."

Brozovich continues: "Your office has had a major role in creating potentially explosive tension between the ethnic groups that could result in renewed armed conflict. You have ensured that ethnic animosity be elevated to pre-1995 levels by using three different behavioral standards for the Muslim, Serb, and Croatian communities. . . . Seventeen of the candidates elected by an 80-90% majority of Croats in a fair election were not allowed to take their duly elected positions. They were, in your words, too nationalistic. Are you beginning to get an idea why Croats in BH [Bosnia-Herzegovina] feel very much like blacks must have felt in Alabama in 1951?"

Though many of the complaints by Dr. Brozovich have a factual basis, the end result is that many now in the Balkans feel encouraged in the idea that the Pandora's box of redrawing maps, has been opened. The 1878 Congress of Berlin redrew the map of the Balkans with the stroke of the Great Powers' pen. Chancellor Otto von Bismarck, who formally presided over the process, declared that the Balkans were "not worth the bones of a single Pomeranian grenadier," embracing the illusion that the horrible geopolitical borders-engineering would have saved the Great Powers from being involved in a Balkan war. History shows how wrong that assumption was.

The situation now is such that a simple military withdrawal could be the equivalent of lighting a fuse.

Paradoxically, Wolfgang Petritsch's commentary had a point. "Now many look to a definitive ethnic carving of the former Yugoslavia," he wrote. "Such a solution would be a disaster for both the region and the world." Bosnia's international administrator compared Lord Owen's call for a new Congress of Berlin with the U.S. War College symposium in New York, and concluded: "That mono-ethnic states don't exist anywhere else — except perhaps in Iceland — appears not to have worried the symposium participants. . . . The recipe, at least, is simple: gather together the Great Powers — now called the 'international community' — and ask them to pore over maps and fix a solution with a red pen, drowning out the cries of competing nationalist leaders with dry sherry. Then get out."

However, both sides of the debate miss the point that a sovereign nation is not a question of race, blood, and soil, but the institutionalized commitment to the development of its citizens and its economy. Otherwise, an ethnically or religiously "pure area" becomes just the starting point for a war with other such areas. The Thirty Years War has shown to the European what that means. In the midst of the collapse of their financial system, is this what the oligarchical allies of Lord Owen really want?

Nigerians Still Shun World Bank and IMF, Despite Recent Overtures

by Goddy Ikeh and Lawrence K. Freeman

Despite recent overtures and pledges of \$400 million in assistance by the World Bank to the Nigerian government, some Nigerians, especially university lecturers, labor leaders, and, recently, state governors, have demonstrated their opposition to the International Monetary Fund (IMF) and World Bank, for their “theoretical solutions to practical problems” of the developing economies of the world.

For example, the Governor of southwestern Oyo state, Chief Lam Adesina, has urged the Nigerian central government to jettison IMF conditionalities as an antidote to the dwindling economic growth of Nigeria. The Governor advised the leadership of the country to gain knowledge of how the country is governed economically, rather than relying on the IMF for survival. “Let Nigeria stop being governed by IMF rules and regulations. We need a new economic vision and mission in this country. We should break new ground to liberate the Nigerian economy,” he said. According to the Governor, the activities of the IMF have not contributed to the nation’s economic growth.

Opposition to the IMF program continues in the Parliament as well, where Deputy Whip of the House of Representatives, Mr. Sule Gandhi, attacked the auctioning of critical sectors of the Nigerian economy by the federal government in order to meet IMF and World Bank conditionalities, especially the planned deregulation of the petroleum sector. He said: “Nigerians are facing worse fuel shortages now than what we witnessed during the military era. The value of the naira [Nigeria’s currency] has nose-dived, while the condition of the average citizens is now ten times worse than what it was before May 29, 1999,” when President Olusegun Obasanjo took office.

West African Trade Unions: IMF Policies Are the Problem

The trade unions within the West African sub-region, have resolved to resist the growing trend of a wholesale capitulation to the economic paradigm of the IMF, World Bank, and the World Trade Organization (WTO) by political elites/leaders in the sub-region.

Trade unions from the sub-region, including from Nige-

ria, Ghana, and Sierra Leone, coming out of a five-day workshop on “Trade Unions and Democracy” in Freetown, Liberia, resolved, through adequate coalitions with relevant necessary civil society groups, to pressure their respective governments to “put a stop to the ugly trend of pursuing the interest of multinational organizations over and above national interest of the citizenry.” They noted that over time, the policies of these organizations toward “our governments have had devastating effect on not just the working people of our respective countries, but also on the entire citizenry, especially the poor.” The participants identified the adverse effect of the IMF, World Bank, and WTO-driven economic policies being forced down on the sub-region as: continuous and excessive currency devaluation, and massive job losses due to trade liberalization and globalization. Others include cutbacks in public services, privatization, and the commitment of a high ratio of the national budget to debt servicing.

When the Nigerian government concluded plans to take a \$1 billion standby facility from the IMF, despite clarification by the Nigerian government that it was not a loan, the government in Abuja, as well as the IMF, came under intense attack by some groups in the country over its decision to negotiate and accept the facility from an institution that is greatly disliked in Africa. For instance, the fact that the IMF has been associated with any economic failures in Africa, and its harsh and unworkable Structural Adjustment Programs forced down on many developing economies, contributed to the Fund’s poor image in Africa. Stressing the connection between the loan conditionalities of the agencies and the government’s programs of privatization of public corporations, devaluation of the naira, reduction of government expenditure on social welfare, commercialization of education, and the near takeover of the economy by transnational corporations, one group blamed Nigeria’s ever-increasing socio-economic problems on such policies. “These policies are the root causes of the collapse of many indigenous companies, growing unemployment, increases in price of essential goods and services, and a general decline in the welfare and well-being of the people,” the group said.

Battle over Deregulation of Fuel Prices

On the eve of the call by the Nigerian Labor Congress (NLC) for demonstrations against the government's intention to deregulate fuel prices, thus raising the price again, President Obasanjo, in Kaduna, declared that there was not going to be a reversal of the government's insistence upon deregulation, as the only answer to Nigeria's problem of fuel scarcity. It was last June when the first round of fuel price increases was forced through by the government, but large demonstrations, led by the labor movement with widespread support from the population, reduced the increase to just 10%.

The NLC-led nationwide demonstrations on March 20 brought out thousands of protesters in several major cities across Nigeria. Suspicions were rampant that price deregulation of petrol is being done at the behest of "unwritten" conditionalities put forward by the IMF/World Bank. While Deputy Finance Minister Jubril Martins Kuye denied that such demands were ever discussed, he did admit that the two Bretton Wood institutions felt strongly "that deregulation would enhance economic growth," even though IMF conditionalities have only increased the economic misery for the poor Nigerian population. Despite such denials, most Nigerians rightly believe there is a direct link between the IMF's pressure on the Obasanjo government, and its insistence on deregulation and other privatization schemes.

IMF: New 'Democratic Face,' Same Old Policies

Worried by the worsening image of the Bretton Woods institutions in Africa, the two leading officials of the World Bank and IMF took a trip to some African countries for an image-laundering shuttle. World Bank President James D. Wolfensohn and his IMF counterpart, Horst Köhler, who were recently on a two-day visit to Nigeria after attending a debt summit in the Mali capital of Bamako, cautioned Nigeria that the much-canvassed debt cancellation might not be in Nigeria's long-term interest. The World Bank boss told newsmen after discussions with Nigerian officials, that Nigeria's efforts to have its foreign debt forgiven might scare away foreign investors and creditors, who would want to get a return on their investments. "If you take credit, you have to pay back, yet how far debt relief can go is a matter for Nigeria to decide. But Nigeria needs the trust of investors and will still need a credit line for its economy in future," he said, in a veiled threat.

In a joint statement after talks with President Obasanjo, Wolfensohn and Köhler said that they pledged support for Nigeria's democracy, to enable it to retrace its path toward sustained economic growth and poverty reduction.

On the Nigerian visit, Wolfensohn said: "We are delighted by the progress Nigeria is making since its return to civil governance less than two years ago. We note with satisfaction that President Obasanjo and the Nigerian political and economic leaders are agreed to work together to face Nigeria's many challenges, the greater of which are restoring

economic growth and the reduction of poverty." This, of course, is belied by the worsening poverty and economic deterioration that Nigeria has suffered in the almost two years following the Presidential election.

"We are supporting much-needed reforms in education, health, the battle against HIV/AIDS, and helping to restore power supply," Wolfensohn said, adding that the World Bank portfolio in the country is still limited. "We want to deepen the Bank-Nigeria partnership. We want to give the benefit of our knowledge," he said. Wolfensohn observed that many Nigerians were unaware of the changes which the World Bank had undergone. "Today's World Bank is not the same bank of the '80s. We are now a listening and learning bank. We are learning from past experience and from our clients. We are learning to do better. Our objective to fight poverty can only succeed through a participatory process."

For the IMF boss, "the Fund remains committed to working closely with Nigerian authorities under the standby arrangement that runs through July 2001. This commitment was reaffirmed recently at an Executive Board meeting on Nigeria, and the Fund was also providing technical assistance on treasury operations and budget procedures in support of the government's economic programmers," he said. On the demand for debt relief, Köhler and Wolfensohn pointed out that the primary creditors of Nigeria were not the World Bank and IMF, but the Paris Club of official creditors. They advised that Nigeria needed to regain the trust and confidence of the Paris Club. "Nigeria needs to do its part. Resources must be well managed, Nigeria must show that the additional funds provided through debt relief will be used for productive ventures and the reduction of poverty," a Club spokesman said.

Wolfensohn and Köhler explained that their current joint visit to Africa was a follow-up to their promise at last year's Bank-Fund annual meeting in Prague, that they intended to place Africa on the forefront of the development efforts of their two institutions.

During talks with members of the country's National Assembly, the World Bank and IMF officials promised to ensure that Nigerians reap the dividends of democracy.

As the global financial economic system is racing to its inevitable disintegration, the Nigeria leadership should realize before it's too late, that no matter what the IMF says about future "dividends" to Nigeria for its return to democracy, these institutions will never concede any real relief to Nigeria's almost \$30 billion of debt. Nigerians may ask, "Why?" The answer is simple: They don't want to see Nigeria develop as a strong, economically viable nation-state, for the same reason that the Anglo-American elite want to overthrow the Khartoum government of Sudan. They desire to prevent sovereign nations from existing in Africa, so that there is no resistance to the theft of their natural wealth. The fact that the people running these institutions are also racists, should also not be overlooked.

'Invisible Empire' of Kate Graham Targets D.C. for 'Negro Removal'

by Edward Spannaus

The planned shutdown of D.C. General Hospital is but one facet of an overall plan for the District of Columbia, aimed at eliminating as much as possible of the poorer, black population of the city, in order to promote hundreds of billions of dollars of speculative real estate development. This scheme, sometimes simply dubbed "The Plan" by black activists in the District, is run from behind the scenes by the *Washington Post's* Katharine Graham and a secret empire operating first and foremost through her "Critter Company," the elite Federal City Council, a private organization composed of 150 of the Washington metropolitan area's largest real estate developers, banks, law firms, and corporations.

This scheme is fairly described by 2004 Presidential pre-candidate Lyndon H. LaRouche, Jr., as an operation conducted by "Kkkatie Graham and Her Critter Company, whose included intention is Negro Removal." Poor Mayor Anthony Williams and Congressional Delegate Eleanor Holmes Norton are mere terror-stricken lackeys of Graham's "Invisible Empire."

The **Federal City Council** (FCC) operates through a myriad of private institutions and government agencies; it is the dominant force behind the District of Columbia **Office of Planning**, and the recently created—and very powerful—**National Capital Revitalization Corporation** (NCRC), which is aiming to promote billions of dollars of "public-private" development in targetted areas of the city. The FCC is also a powerful influence behind the **National Capital Planning Commission** (NCPC), the federal planning agency which has promoted its long-range "Legacy Plan" for Washington. The NCPC's plan puts most of its emphasis on the East Capitol area around D.C. General Hospital and the South Capitol area, which is the primary, immediate target of "redevelopment" plans coming out of the NCRC.

The Federal City Council was founded in 1954 by the *Washington Post's* Philip Graham, to combat "blight" and to foster "renewal and development," as they delicately put it. It was modelled on Pittsburgh's "Allegheny Conference," financed by Richard Mellon, which had spearheaded "slum clearance" in Pittsburgh for the previous decade. Its first staff director had led the "slum clearance" program in Baltimore which had displaced thousands of black families in that city.

The Results

The Federal City Council's first project was the infamous "urban renewal" of Southwest D.C.—which drove the black population out that area in favor of the construction of offices and expensive apartment buildings.

Since 1970, the black component of the District's population has declined from 71% to about 60%. At the same time, the black population of Prince George's County—which borders D.C. on the east, rose from 25% to 55%. Those leaving included poor people who could no longer live in the District because of the shortage of affordable housing, as well as upwardly mobile blacks leaving the slums to find better living conditions.

Recently released census figures show that the District's black population was reduced by over 56,000 just during the past ten years. The *Washington Post*, barely able to restrain its glee, reported this in a front-page story on March 31, noting that the city's black population dropped at an even faster rate during the 1990s, than in previous decades.

Overall the city's population has actually increased over the past few years, with whites, Hispanics and Asians accounting for the increase. (The current population of the District is about 572,000.)

The population loss has taken place in the five majority-

black wards in the eastern half of the city, with the greatest loss of population in Anacostia's Ward 8 (92% black), located south and east of the Anacostia River, whose population dropped by nearly 15%. The *Post* noted dryly that some attribute this decline "to an exodus of low-income families driven out when public housing complexes were demolished."

Last August, in a story headlined "More Whites Are Making D.C. Home," the *Washington Post* had reported on preliminary census data, showing that the city's white population was on the rise for the first time in many years. Dwight Cropp, a former city official and member of the FCC's Board of Trustees, was quoted by the *Post* as saying that the city was going through "a transitional period." He described it as "a movement away from government programs addressing the needs of certain sectors of the community (it is clear, which sectors), to an emphasis on economic development and an overall strategy for reviving the city."

The *Post* slyly asserted: "It was pressure for fiscal stability from whites and other new D.C. residents that was behind the recent upheavals and layoffs at D.C. General Hospital, Cropp said."

Indeed, the deliberate reduction of city services — including fire and police services — which intensified under the rule of the Congressionally imposed Financial Control Board, plays a central role in driving the population out of certain neighborhoods, which can then be targeted for "redevelopment" and "gentrification." The closure of D.C. General Hospital would leave the eastern and southeast part of D.C. without its primary health care provider, handing over the poor, and, in large part, uninsured population to the tender mercies of a private hospital corporation, one already being investigated and sued for racketeering in a number of jurisdictions.

The Waterfront Initiative

The public face of the city government's efforts is the **Anacostia Waterfront Initiative**, a joint federal-city planning project which encompasses the seven-mile strip along the Anacostia River in Southeast Washington, up to the area surrounding RFK Stadium and D.C. General Hospital. The Initiative's concentration is the southern part, the area around the Navy Yard and the Southeast Federal Center. The Navy is transferring 5,000 jobs from Crystal City in neighboring Arlington County, to the Navy Yard, and with it, naturally, come defense contractors, which are building and renting new commercial office space.

Adjacent to the Navy Yard on the west is the Southeast Federal Center, a 55-acre federal site which will be built up with both federal office buildings and private commercial development. How can private developers build on federal land? Courtesy of a special bill sponsored by D.C.'s Congressional Delegate Eleanor Holmes Norton, and passed by Congress last year, which allows the federal General Services Administration to enter into joint ventures with private developers.

The real estate in this area has an estimated current value of several billions of dollars, limited by the fact that much of it is now inhabited by the city's poorest residents, mostly black. If those residents can be removed, then the potential value of this land skyrockets, opening up a massive speculative potential, which knowledgeable sources have estimated at up to a trillion dollars. While a huge amount of development is now under way or planned for the north and west side of the Anacostia, specific plans for the southeast side are proceeding much more slowly, because of the current run-down condition of the area.

For example, it has been publicly reported that America Online (AOL) founder Jim Kimsey has been in discussions with D.C. officials, including Mayor Williams, about moving part of AOL's operation into the Anacostia area which is targeted for redevelopment. Kimsey assigned the then-head of the Republican National Committee, Jim Nicholson, to work with the city government on details. The problem right now, is that Anacostia has the highest rates of unemployment, poverty and crime in the District. According to knowledgeable sources, the deal fell apart at the AOL/Time-Warner board level, when the board balked at the idea of sending their yuppies to work in the area; board members said that they couldn't expect their employees to work in such a place. "Get the poor people out of the area, and we and other big players are back in" — was the message that was delivered to the city government.

The Real Estate Scam

The case-study of AOL shows precisely what is the "dilemma" faced by those who are greedily eyeing the D.C. real estate market. These include not only the financial and real estate interests comprising Katharine Graham's FCC, and related institutions such as the Greater Washington Board of Trade, but also New York financial and banking interests. The District is now said to be swarming with national mortgage lenders, led by Citicorp, which are positioned to take advantage of the easing of restrictions on interstate banking, which they helped push through Congress.

Mortgage brokers are targeting properties in, or adjacent to the areas slated for "redevelopment," especially Southeast and Anacostia. In a pattern seen across the country, mortgages and properties are bought up cheap. In D.C., they are then purchased by the **Redevelopment Land Agency**, a federal-city agency which is authorized to purchase, assemble, and offer such properties, at discounted prices and tax breaks, to developers — backed by the same mortgage companies and banks that targeted the neighborhood in the first place. Once the projects get going, the developers and construction companies get their cuts — and additional tax breaks for employing District residents in low-wage laborer jobs, etc. Over the next few months, the Redevelopment Land Agency's functions are scheduled to be taken over by the National Capital Revitalization Corporation.

Fight the Epidemic Of Pessimism

At a town meeting of the Coalition to Save D.C. General Hospital on April 4, Schiller Institute leader Dennis Speed spoke in memory of Dr. Martin Luther King. The place was Union Temple Baptist Church in Washington.

Thirty-three years ago today, Robert Kennedy, a candidate for President and the brother of the assassinated John Kennedy, informed a shocked audience in Ohio, that Martin Luther King had been assassinated. On that occasion, he quoted from memory a passage from the Greek poet Aeschylus, "Even in our sleep, the pain that will not forget falls drop by drop upon the heart, until at last, against our will, comes wisdom through the awful grace of God." Two months later Robert Kennedy was also assassinated. . . .

Now, in Washington, a resurrection of that sacred fight for the general welfare of all the people, promises to reawaken the living dead of our cities and of our society to that mission. The D.C. General Hospital fight is a war against a disease far more debilitating and deadly than any physical malady. It is the epidemic of pessimism that has raged and reigned since 1968 which can be eradicated by this action.

On March 31, 1968, Dr. King, speaking to an audience at the Washington National Cathedral, drew out the universal implications for America of his, and the nation's fight for the general welfare. [Speed played the following selection from King's speech.]

"One day we will have to stand before the God of history and we will talk in terms of things we've done. Yes, we will be able to say we built gargantuan bridges to span the seas, we built gigantic buildings to kiss the skies. Yes, we made our submarines to penetrate the ocean depths. We brought into being many other things with our scientific and technological power.

"It seems that I can hear the God of history saying, 'That was not enough! But I was hungry and ye fed me not. I was naked and ye clothed me not. I was devoid of a decent sanitary house to live in, and ye provided no shelter for me. And consequently, you cannot enter the kingdom of greatness. If ye do it unto the least of these, my brethren, ye do it unto me.' That's the question facing America today."

Suppose We Build, Instead

The case of D.C. General Hospital illustrates precisely the global implications of successfully winning that battle in

the nation's capital.

What if, instead of the proposal to shut the hospital, we proceeded to save it, build a new hospital immediately adjacent to it, and established, instead of condominiums, a university dedicated to developing a national and international cadre of infrastructure-builders and nation-builders? Suppose that university were a public institution that gave preferential enrollment to the citizens of D.C.

The countries of Asia, South and Central America, and Africa, not only require, but would be happy to accept American engineers, physicists, scientists, language teachers; and that university would also, if asked, provide teachers and assistant personnel to explain the most advanced research and development technologies required to build great railroads across Asia and Africa, power and water systems, and national public health care systems for the globe.

The university students would pay part of their tuitions, by teaching for two years in high schools throughout the U.S. and the globe. Priority would be given to deploying these young people into the poorest areas, in conjunction with infrastructure projects. This is not a Peace Corps proposal. It is a proposal to teach and to reproduce the most advanced inventions in science and technology, and to create machine tools that can give these technologies to these nations, and to the poorest parts of our own nation. The university should be named "The Frederick Douglass Institute of Higher Learning," in honor of D.C.'s most positive role model for the self-transformation and the high intellectual standard required of all its students and teachers.

Clearly the university must feature a medical school, and D.C. General must expand its role as a teaching hospital. Suppose we contrast with an artist's design, our vision of this area, with that of the National Capital Planning Commission? Would not this vision properly respond to that challenge made by Dr. King to the political and financial elite of America, in his March 31, 1968 speech?

A Battle for the General Welfare

Nothing of this vision can possibly occur without an all-out fight and victory to save D.C. General, not for its own sake, but for the general welfare of all the people of the United States, and all the people of the world.

. . . Sometimes in history, people find themselves capable of winning victories that create what we will call a simultaneity of historical time. In these moments, words such as those from the lips of Dr. King will sound for the living with as much energy and clarity as they did at the time they were first spoken. The intervening years melt away. The dead rise again to speak, and even to walk in the form of people that they have never met. True ideas and truth are eternal, and there are times when a transparency occurs in history, which allows each individual, acting as a citizen, to speak and walk in the paths of that truth. That, and nothing less is the meaning of winning the battle of D.C. General.

LaRouche Points To Leads in Hanssen Case

Lyndon H. LaRouche, Jr., an officially registered pre-candidate for the Year 2004 U.S. Presidential election, issued the following statement April 5, 2001, on certain implications of the case of accused FBI agent Robert Philip Hanssen.

There are implications of the circumstances under which charges have been placed against FBI agent Robert Hanssen, on which I must not be silent. However, since the allegations against him are matters before the courts, I limit my remarks to the circumstances of the charges, rather than purporting to speak to the merit of the specific charges themselves. Even if some of those circumstances, as credibly reported, may not prove to be true, there are unignorable implications of those reports which have a certain persisting significance for the United States, even if some among them prove not to have been valid in particular features.

That said, the points to which I must speak, are the following.

Senior FBI Special Agent Hanssen is alleged to have become a youthful convert to Catholicism, recently a member of the St. Catherine of Siena parish, in Great Falls, Virginia. There, he is associated with elements of a faction within an institution known as Christendom College, which are known to me to be not strictly Christian: but, rather, a circle associated with the figure Paul Weyrich, associated with wildly gnostic views overlapping the traditions of the notorious, neo-Manichean bogomil cult, spread from Bulgaria into northern Italy and southern France, where they were known, variously, as Cathars, or, in English popular slang, “the buggers.” Their efforts to syncretize nominally Catholic affiliations with Bogomil pagan theological traditions, are typified by advocacy of a theory of society consistent with the “globalizing” aims of the British Mont Pelerin Society cult and its assets, such as the Heritage Foundation and American Enterprise Institute.

On this account, pseudo-Christian sects of that nominally Catholic pedigree represent a parallel to certain wildly gnostic, low-church varieties of Protestant persuasions, such as those so-called “Temple Mount” fanatics, working to bring on the “Battle of Armageddon” in the Middle East today. They share a fanatical devotion to a global agenda beyond accountability to any government, and are thus inclined to abuse their positions within high and other government office in intended service of their gnostic varieties of global agendas.

Against Sovereign Nations

Several things of this type are to be considered as of relevance to the Hanssen case as presented by the U.S. Depart-

ment of Justice.

First, the notion that Hanssen was running anything other than a penetration operation into Soviet and later Russian intelligence services, does not wash among circles of those with decades of experience in intelligence and counterintelligence matters, as I have. However, the association with Weyrich’s circles does point to an important investigative lead into this matter.

Second, we must recognize the evidence that this quasi-bogomil current operating under the cover of Christendom College, has been conducting penetration operations against leading honest circles of Opus Dei, in both Europe and the Americas. Its operations in these nations are consistent with the Thatcherite Mont Pelerin Society and related efforts to undermine the sovereignty of each of the nation-states in which this penetration is known to have occurred.

Thirdly, we must take into account a certain inherent corruption built into entire sections of the U.S. official intelligence organizations, including the FBI and Criminal Division of the Department of Justice, since the virtual coup d’etat conducted by President Theodore Roosevelt and his Attorney-General Charles Bonaparte. These contaminated sections of the U.S. intelligence community function today as agencies, planted within government, of the combination of certain financial houses and law firms of Wall Street vintage, usually leaning today toward a pro-Southern Strategy ideological outlook.

This creates a situation in which networks of highly placed “American Tory” interests are able to misuse the capabilities of the U.S. intelligence community to set up powerful global intelligence-type special operations, operations marching to a “different drummer” of the type of gnosticism associated with the indicated nest within the Christendom College circles.

The fact that Christendom College was taken over in a virtual coup by circles associated with Weyrich, shows a character-trait in the latter circles consistent with the indicated pattern. When we include the way in which the same sections of the U.S. intelligence community have been conducting penetration operations against Opus Dei in various nations, we have a pattern of behavior which requires a corresponding U.S. counterintelligence investigation of these connections and operations.

We should not believe anything on the Hanssen case itself, until these investigative leads are competently explored.

***To reach us on the Web:
www.larouchepub.com***

California Democrats Meet, in Disneyland

by Harley Schlanger

As California Democrats gathered March 30-April 1 for their 2001 state convention at the Anaheim Convention Center, next to the newly opened Disneyland theme park, their fantasies that the energy crisis created by deregulation would soon be solved came crashing down around them.

On March 19 and 20, when the temperature edged above 80°F for the first time this year, the Independent System Operator declared a Stage 3 alert, triggering rolling electricity blackouts from the Silicon Valley to Beverly Hills. One week later, on March 27, consumers were stunned when the Public Utilities Commission (PUC) imposed a 29 to 46% rate hike on consumers. And on March 31, shortly after Gov. Gray Davis (D) addressed convention delegates, defending his administration's policy of bailing out the utilities, by footing the bill for super-expensive electricity bought at auctions from the extortionists at Enron, Reliant, et al., a Stage 2 alert was declared.

Even the most optimistic supporters of the Governor have acknowledged that blackouts are inevitable for late April, May, and June, as electricity available to the state will be priced at high, speculative levels, and will still be far short of demand.

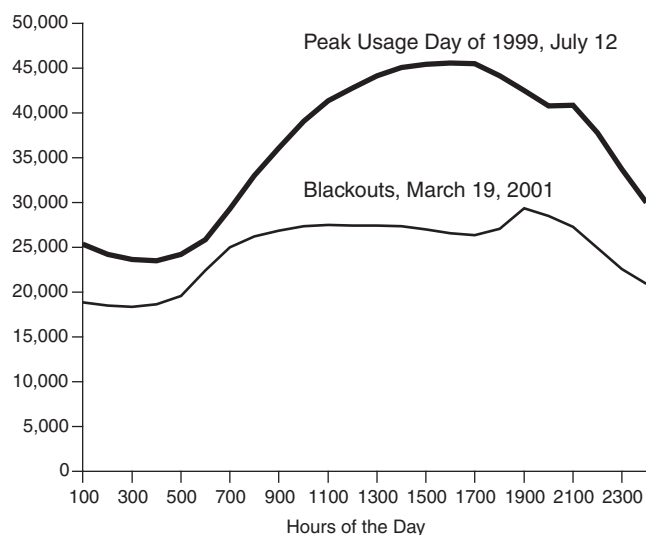
Anxious in Anaheim

With this background, it was not surprising that there was palpable unease among the Democrats who gathered in Anaheim. A note of discord was sounded from the podium at the convention by State Comptroller Kathleen Connell, who is running for Mayor of Los Angeles. Connell criticized Governor Davis's actions—the state's purchase of electricity, signing long-term contracts with natural gas companies to lock in what are historically high prices, and bidding to purchase transmission lines from the two major utilities, Southern California Edison and Pacific Gas & Electric (PG&E), as they are plunging toward bankruptcy—as an “incremental approach . . . [which] is going to rob this state of any financial flexibility and all the budgetary resources that we have put in the bank.”

In other words, the much-touted state budget surplus has been drained, in a net transfer of a huge amount of funds to Enron, et al., which Lyndon LaRouche characterized as a robbery made legal by deregulation. Though official figures for what has been paid out so far, and what has been contracted

Where Did California's Power Go?

Demand for Electricity (Megawatts)



Source: California Independent System Operator.

California's power grid handled more than 45,000 megawatts of demand on a peak day two years ago, without blackouts or brownouts. But on March 19 and 20 of this year, California's grid could not manage to supply a demand which was only 30,000 megawatts: Blackouts ensued. Deregulation, and Texas power barons, seem to have stolen a third of California's power. So much for supply and demand.

in future payments, have not been made public by the Governor, estimates range as high as \$20 billion, with tens of billions more locked in for purchases of electricity over the next five to seven years.

In an additional blow to the Governor's so-called plan, State Treasurer Phil Angelides announced on April 4 that he cannot sell the record \$10 billion bond offering requested by Davis unless the price the state is paying for power is revealed, which Davis has thus far refused to do. This comes on top of an April 3 order, by the PUC, of an investigation into the transfer of billions of dollars from the three utilities (Southern California Edison, PG&E, and San Diego Gas & Electric) to their parent companies. Commissioners expressed concern that the transfer of funds took place immediately prior to the utilities' request for aid from the state because of the spike in costs caused by the deregulated, speculative markets, at which point they asked for—and received—state funds to cover their shortfall.

Despite the upbeat “talking points” of party leaders, delegates were clearly concerned about the immediate future. They are worried not just about blackouts, but about the deeper damage occurring. A modern industrial state cannot function without reliable, abundant energy. The state has lost more than 400,000 skilled jobs in recent years in aerospace,

defense, and auto production, and the “new economy/information technology” sector which was supposed to replace jobs lost in the “old economy” is now crashing. The uncertain energy future will mean more plant closings and fewer new industries opening or relocating in California.

LaRouche Democrats Offer Alternative

While Democrats in caucuses representing labor, seniors, and minorities expressed deep concern about the party’s failure to address these problems, the only grouping offering a real alternative was the LaRouche Democrats, who were highly visible at the convention. Most delegates received a copy of the LaRouche in 2004 campaign’s pamphlet, “LaRouche on the California Energy Crisis,” as well as a special call from LaRouche to re-regulate electricity.

This call identified the fight for re-regulation as one between those identified by LaRouche as the Conservative Revolution fascists, such as former U.S. House Speaker Newt Gingrich (R-Ga.) and Sen. Phil Gramm (R-Tex.), who are imposing deregulation on behalf of Wall Street and the energy pirates, such as the Bush-linked Enron, and those Democrats committed to the fight for the General Welfare. It called on Democrats to show the courage to join with LaRouche to revive the precedent of Franklin D. Roosevelt’s battle for regulation against the bankers and utility pirates of his day.

In private discussions, many delegates expressed their support for this outlook, agreeing that efforts by the Governor and Democratic Party leaders to rescue deregulation has been a catastrophic mistake. LaRouche representatives addressed several caucuses, and the Resolution Committee backed a resolution drafted by LaRouche supporters and passed by the Los Angeles County Democratic Central Committee, which calls for re-regulation.

However, a foolish bureaucratic maneuver removed this resolution from the approved list, and it never made it to the floor of the convention.

LaRouche recently commented that the most serious problem facing Governor Davis in his efforts to solve this crisis, is that he would have little support from the present leadership of the Democratic Party were he decide to adopt the only real solution, re-regulation and Chapter 11 bankruptcy reorganization for the utilities. The convention in Disneyland demonstrated just how true this is.

Profile: The NSC Staff

A Bush-League Crisis Provocation Team

by Scott Thompson

The Bush Administration national security team is increasingly populated by hard-line neo-conservative and Zionist lobby hatchet-men, who will press for disastrous hot-spot provocations, sure to isolate the United States from the rest of the world. As part of *EIR*’s profiles of the Bush Administration, we provide the following brief sketches of the key members of the National Security Council staff, the White House-based team responsible for advising the President on a day-by-day basis on crisis spots and major national security challenges.

‘Vulcan Princess’

Condoleezza Rice: One of President Bush’s first appointees, on Dec. 16, 2000, former Stanford University Provost and Political Science Prof. Condoleezza “Condi” Rice is the Presidential Adviser for National Security. But unlike her immediate predecessor at the National Security Council (NSC), Samuel Berger, she will be kept out of the limelight as a foreign and security policy spokesman for the Bush Administration.

Rice had been “tipped” for this job from the moment Bush began his campaign. Thanks to George Shultz, who had been the Reagan/Bush Administration Secretary of State and was chairman of the Bush 2000 Exploratory Committee, Condi Rice was recommended to be what she described as the “quarterback” for a group dubbed by her as the “Vulcans,” which would handle foreign and security issues for the Bush 2000 campaign. Shultz had known Rice through her position as a Senior Fellow at the Stanford University-based Hoover Institution, where he is now based.

In reality, Rice was little more than a “school marm,” assigned to get Dubya up to speed on international policy issues. Her control over the President’s national security policy is said to have already declined, with the rise in prominence of Richard Clarke.

“Condoleezza” is a misspelling of the Italian *con dolcezza*, “with sweetness,” but there is little that is sweet about her foreign and national security policy. As *EIR* has reported, Rice believes that: 1) Russia should be cut off from any funding whatsoever unless it goes through “shock therapy” austerity reform and becomes less corrupt, despite the

LAROUCHE IN 2004

www.larouchein2004.com

Paid for by LaRouche in 2004.



National Coordinator for Security, Infrastructure Protection, and Counter-Terrorism Richard Clarke (at podium), with Commerce Secretary William Daley and John Podesta, White House Chief of Staff.

fact that this might cause a further fractioning of Russia, which is something that she has publicly stated, she believes will occur; 2) Rice is a genocidalist, who would reverse President Clinton's May 10, 2000 Executive Order barring U.S. sanctions against AIDS-devastated countries that produce generic anti-AIDS medications, on the basis that such pandemic diseases constitute a national security threat; 3) recognizing that millions of North Koreans are starving to death, she would withhold aid, and has sought to put the brakes on South Korean President Kim Dae-jung's "Sunshine Policy" for North-South rapprochement; 4) Rice stresses that President Clinton was wrong in calling for a "strategic partnership" with China, and claims that conflict between the United States and China is almost inevitable; and, 5) Rice is a outspoken advocate of all things British, including its Hobbesian policy of "balance of power," to ensure Anglo-American hegemony by pitting each against all.

The Rising Star?

Richard A. Clarke: According to well-informed U.S. intelligence sources, Dick Clarke, who has held major positions within the U.S. government since the Reagan/Bush Administration, has been granted new powers in his present position as Special Assistant to the President and "Terrorism Tsar" on the Bush NSC. These sources report that many suspect that Clarke is "another Jonathan Pollard," operating at a much higher level than Pollard, a Naval Intelligence expert who

was convicted in 1985 of spying for Israel.

On Jan. 31, 1999, *New York Times* chief intelligence correspondent Tim Weiner all but accused Clarke of being an Israeli spy. In 1992, Clarke was fired from his post as Assistant Secretary of State for Political and Military Affairs in the Bush Sr. Administration, because he wittingly covered up Israel's transfer of U.S. weapons without U.S. permission (as required by treaty) to China and other nations. Clarke defended his actions by claiming that the United States was trying to interfere in an Israeli election. "I wasn't going to go along with an Administration strategy to pressure the Israeli government," Clarke told Weiner.

The Inspector General of the State Department at the time, Sherman Funk, told a different story to the *Times*: "He's wrong. He's being very disingenuous. Dick Clarke was unilaterally adopting a policy that was counter to the law and counter to the avowed policy of the government. It was not up to him to make that determination. Almost all the people in his office disagreed with him. In the end, he had to leave the State Department."

But, later, thanks to Vice President Al Gore's National Security Adviser, Leon Fuerth (who had once been named by the *Washington Post* as the most effective Israeli agent of influence in the United States, and was codenamed "Mega"), Clarke landed in the Clinton Administration with a position at the National Security Council. With the backing of Fuerth and Gore, President Clinton in May 1998 appointed Clarke

as the first National Coordinator for Security, Infrastructure Protection, and Counter-Terrorism. As National Coordinator for everything from counter-terrorism to cyber-attack, whenever the NSC Principals Committee met on security issues, Clarke served as a full member of that Cabinet-level body. Now, U.S. intelligence sources state that he holds even greater power within the NSC.

In the Reagan Administration, Clarke was Deputy Assistant Secretary of State for Intelligence, working under Morton Abramowitz. In the Bush Administration, as Assistant Secretary of State for Political Military Affairs, his tasks included coordinating State Department support for Operation Desert Storm. And, at the NSC during the Clinton Administration, it was Clarke, based upon fraudulent Israeli intelligence, who pushed the Aug. 20, 1998, bombing of the Al-Shifa pharmaceutical plant in Khartoum, Sudan, claiming, falsely, that this major producer of medications for Africa, was a chemical weapons plant for the international terrorist Osama bin Laden, whom they blamed for the Aug. 8 terrorist bombings of U.S. embassies in Kenya and Tanzania.

The Staff

Jendayi Frazer: On Feb. 22, Rice announced the appointment of Dr. Jendayi Frazer as a Special Assistant to the President and Senior Director for African Affairs. Dr. Frazer comes to the NSC from Harvard University, where she had been serving as an Assistant Professor of Public Policy at the Kennedy School of Government.

Dr. Frazer is believed to have some bite to her bark. As a New York Council on Foreign Relations International Affairs Fellow, she served as a political-military planner with the Joint Chiefs of Staff in the Department of Defense, and as Director for African Affairs at the NSC during the Bush Sr. Administration. She also worked on African security issues with the State Department's International Military Education Training programs.

Like Rice, she was at Stanford University, where she served both as a Visiting Fellow and also received her bachelor's degree, two masters, and a doctorate in political science-related areas. She has written little and said less for public consumption.

Daniel Fried: On Feb. 22, Rice announced the appointment of Ambassador Daniel Fried as Special Assistant to the President and Senior Director for European and Eurasian Affairs. Fried, who began his career with the State Department's Foreign Service in 1977, has served in various positions in Russia, Yugoslavia, and Poland. He served as Principal Deputy Adviser to the Secretary of State for the Newly Independent States during the Bush Sr. Administration.

Ambassador Fried served in the Clinton Administration's NSC (1993-97), first as a Director and then as Special Assistant to the President and Senior Director for Central and Eastern Europe. During that time, he was active in designing U.S. policy on Euro-Atlantic security, including NATO enlarge-

ment and the Russia-NATO relationship.

In his last major position (1997 to May 2000), he was Ambassador to Poland, where he helped prepare Poland to join NATO.

During his confirmation hearing for Ambassador to NATO on Oct. 23, 1997 before the Senate Foreign Relations Committee, Fried said: "NATO's enlargement is one essential element of that security, and I am a strong exponent of NATO enlargement. We did not fight and win the Cold War only to replace the Iron Curtain with a crystal curtain — transparent but impenetrable. It is, I believe, central to American interests for the coming century to bring Europe's new democracies fully into our democratic family — that means into NATO when they are willing and able to share the burdens and responsibilities for alliance membership."

During a June 4, 2000 tour of Ukraine, he raised the specter of Ukraine eventually joining the NATO alliance. And, Fried strongly supported Ukrainian President Leonid Kuchma's call for the imposition of International Monetary Fund shock therapy, a policy that has been strongly opposed because of its genocidal effect by Kuchma's leading adversary, Natalia Vitrenko.

The Perle Gang

Robert G. Joseph: On Feb. 22, Rice announced the appointment of Dr. Robert G. Joseph as Special Assistant to the President and Senior Director of the newly created post of Proliferation, Counterproliferation, and Homeland Defense.

Sources report that Joseph is one of two "plants" on the Bush NSC, who are protégés of former "Vulcan" Richard Perle (a.k.a. "The Prince of Darkness"). As *EIR* has reported, Perle is suspected of being a member of the "X Committee" that oversaw the espionage activity of Pollard. Moreover, Perle is a member of the International Advisory Board of the Hollinger Corp. International (along with Sir Henry Kissinger and Lady Margaret Thatcher), which is part of a global media cartel run by Conrad Black. The origins of Hollinger and of Black's father are to be found with the World War II firm known as Argus Corp., which was part of the espionage and weapons-trafficking wing of British Security Coordinator Sir William Stephenson's British-American-Canadian (BAC) operation. Perle also makes a fortune running one of Hollinger's digital subsidiaries, which may be one reason why he did not wish to join another Bush Administration.

During the Bush Sr. Administration, Dr. Joseph served on the NSC staff. Also during that Administration, he held the positions of U.S. Commissioner to the Standing Consultative Commission (Anti-Ballistic Missile Treaty) and Ambassador to the U.S.-Russian Consultative Commission on Nuclear Testing. Earlier, during the Reagan Administration, Dr. Joseph had held significant posts, including Principal Deputy Assistant Secretary of Defense for International Security Policy, working under Perle.

After voters rejected a second term for President Bush,

Dr. Joseph went to the National Defense University, and gave frequent testimony before Congress on the need for National Missile Defense, stating that the United States should build such a system no matter what Russia and China might say. He has also written several articles for defense magazines on nuclear, biological, and chemical weapons (NBC) and the need to use ballistic missile defense, among other means, to stop “rogue states.”

Franklin C. Miller: On Feb. 22, Rice announced the appointment of Franklin C. Miller as Special Assistant to the President and Senior Director for Defense Policy and Arms Control.

Miller is the second of two “plants” on the Bush NSC associated with Perle.

A career civil servant, Miller has held several senior positions within the Defense Department for over a decade. Immediately prior to joining the Bush NSC staff, he had served for three months as Acting Assistant Secretary of Defense for Strategy and Threat Reduction. For the previous 34 months, he served as Principal Deputy Assistant Secretary in that office. Throughout the Bush Sr. Administration, he was Deputy Assistant Secretary of Defense for Nuclear Forces and Arms Control Policy.

Perhaps most significantly, Miller has been named by Kenneth Timmerman of *Insight* magazine as having been credited by Bush Administration officials as initiating the U.S. targeting of China with nuclear weapons.

The ‘Coup Meister’

John F. Maisto: On Feb. 22, Rice announced the appointment of Ambassador John F. Maisto as Special Assistant to the President and Senior Director for Western Hemisphere Affairs.

In previous incarnations as a Foreign Service officer, Maisto has been a walking “People’s Power” coup machine against governments deemed undesirable by the Project Democracy intelligence grouping.

As Director of the State Department’s Office of Philippines Affairs, during 1985-86, Maisto played a crucial role in orchestrating the “People’s Power” overthrow of President Ferdinand Marcos.

Maisto was Deputy U.S. Representative to the Organization of American States throughout the Bush Sr. Administration. Having served in Panama as Deputy Chief of Mission, it was Maisto who organized the drug-traffickers-linked civil unrest against Panamanian leader Gen. Manuel Noriega, as a cover for the December 1989 U.S. invasion of that sovereign state, to “arrest” Noriega, an invasion which murdered several thousand Panamanian civilians in the process. While stationed in Panama, Maisto marched in the streets with the Project Democracy-led “opposition”; however, he left the country, after it became clear that a repeat of the Philippines operation was impossible, and only an invasion would work.

Maisto went on from these two coups d’état to whip up

the “democracy movement” in Haiti, which brought to power the bipolar murderer, Jean-Bertrand Aristide.

Maisto served as Ambassador to Venezuela during 1997-2000, where he became a close friend of the populist demagogue Hugo Chávez (now that country’s President), after holding a series of Foreign Service posts under Secretary of State Madeleine Albright.

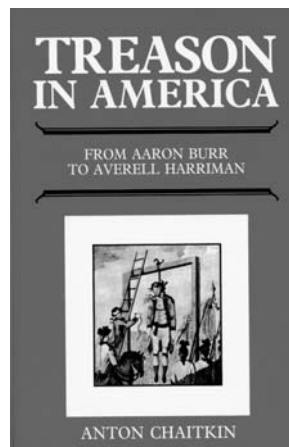
According to well-informed Washington, D.C. circles, until “Dubya” appoints a drug policy adviser, Maisto’s section of the NSC will be in charge of this area.

Torkel Patterson: On Feb. 22, Rice announced the appointment of Torkel Patterson as Special Assistant to the President and Senior Director for Asian and Pacific Affairs. After leaving the Navy, Patterson became a Department of Defense official and then a member of the NSC during the Bush Sr. Administration.

Immediately before his latest appointment to the NSC, Patterson was the president of Raytheon Japan. He was also a Senior Associate of the Honolulu-based Pacific Forum of the Center for Strategic and International Studies (CSIS), the Asia/Pacific arm of CSIS whose Board of Governors is chaired by Gen. Sir Brent Scowcroft — i.e., Patterson’s former boss in the first Bush NSC. According to the CSIS, Patterson had also been a member of the CSIS-affiliated Council for Security Cooperation in the Asia/Pacific.

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.

'Peace Now' Hits Sharon Settlement Policy

by Michele Steinberg

On March 30, at the Rayburn House Office Building in Washington, D.C., leaders of Americans for Peace Now (APN) and Americans for Middle East Peace (AMEP) called for the government of Israel to pull back the Israeli settlements in the West Bank and other Palestinian areas, and to return to the agenda of the January peace talks at Taba, Egypt, where "there were grounds for compromise." The Israeli settlements are "an obstacle to peace," said Philip Wilcox, president of AMEP. Wilcox demonstrated how Prime Minister Ariel Sharon—using his own words—has *always* used the settlements to block the finalization of the Oslo peace accords.

The Peace Now event was one among several at which a growing number of Israeli and American Zionist lobby voices are beginning to speak out against the policies of Sharon and the worsening crisis that he created.

On April 4 in Tel Aviv, former Labor Party Justice Minister Yossi Beilin blasted the Sharon government at a meeting of the "21st Truth" group at Labor Party headquarters. Beilin focussed intense criticism on Foreign Minister Shimon Peres, who is the keystone of the "national unity government." Beilin took Peres to task for turning the Labor Party into "errand boys."

Beilin told the 21st Truth group that the Labor ministers in Sharon's "unity" government with his Likud party, had gone along with a rejection of a "bridging proposal" made by Egypt and Jordan to mediate renewing peace talks. Beilin said, "It is unacceptable to me that the Labor Party did not discuss this proposal. There is nothing in it which we could not live with. Who decided on our behalf that we must reject this proposal? Have we turned into his errand-boys? . . . No one who represents us has the right to reject such a proposal without first holding a debate."

Peres's inaction has demeaned the Labor Party in the eyes of the world, said Beilin. "In the last few weeks, we have turned into part of the hard-liners, and no one can tell the difference any more between some Laborites and the Likud." He particularly criticized David Ivri, Israeli Ambassador in Washington, who boycotted a Jewish-American event that had invited Egyptian President Hosni Mubarak to address them on April 4. He called the action "stupid." "Our ambassador to Washington boycotts a meeting with Mubarak? Who is his superior? Not the foreign minister? Is boycotting Mubarak now policy?"

Sharon the Madman

Sharon's lethal force policy is so insane, that on April 5, members of the Palestinian Authority security delegation were fired on and nearly assassinated by the Israeli Defense Forces (IDF) as they were returning from an official meeting with the Israeli intelligence service, Shin Bet! The talks had taken place at an undisclosed location outside of Tel Aviv, and included representatives of the CIA, which had been designated by President Bill Clinton to serve as mediator between the Israelis and Palestinians on security issues. The meeting was arranged by U.S. Secretary of State Colin Powell, despite an earlier order by President George W. Bush to end the CIA liaison function that Clinton had set up. According to one Israeli source, the shooting at the Palestinian officials as they left the meeting was a "message" from Sharon, that he will not be pressured to restart the Israeli-Palestinian talks.

Sharon's use of the settlements as a pawn in his efforts to block a peace agreement was brought out at a March 30 forum in Washington featuring Dr. Amiram Goldblum, the founder and head of the Israeli Peace Now's "Settlement Watch," and Geoffrey Aronson, editor of AMEP's newsletter, *Report on Israeli Settlement in the Occupied Territories*.

The forum stressed that without the Jewish settlements, which are often tiny, heavily armed military outposts of about 100 citizens, the IDF would be seen as what Sharon intended it to be—nothing more than an "occupying army." With the settlements present, the IDF can then take the role of policing Palestinian citizens in the name of security for Israeli citizens. Speakers stressed that there is nothing "vital" to Israeli security or to U.S. interests in allowing the settlements to continue—except as an excuse for more violence.

The newsletter quoted Sharon from 1995, saying, "Were there not Jewish settlements today on the Golan Heights in Judea and Samaria, Israel would long ago have returned across the Green Line. The Jewish settlements are the only factor that has prevented the agreement of this [Yitzhak Rabin] government to withdraw and [has] created difficulties for it in the negotiations." The Labor Party's Prime Minister Rabin was assassinated later that year by one of the brainwashed fanatics of Sharon's settlement movement.

The newsletter's March-April 2001 issue recalled that Rabin derided the "political settlements . . . running in a north-south line between Jenin and Jerusalem." It said, "These settlements, which Rabin numbers at around 60, were conceived by Sharon to explicitly forestall the creation of a territorially viable" Palestinian state. These outposts provide a cover to justify the presence of troops for security aims.

Unfortunately, the Jewish opposition groups have not attacked Sharon's policy of assassinating what his government calls "known terrorists." Often the opposition repeats the Sharon-Bush formulation that Palestinian Authority President "Yasser Arafat must make the violence cease." It is this phrase, coined by the right-wing Zionists in the United States, which is giving Sharon cover for his assassination policy.

Bush Budget Faces Uncertain Fate in Senate

On March 28, the House passed the budget resolution for fiscal year 2001 by a party-line vote of 222-205. The resolution provides a blueprint for the Bush Administration's \$1.95 trillion budget, which includes \$1.6 trillion in tax cuts over ten years and a \$324.6 billion defense budget. Budget Committee Chairman Jim Nussle (R-Iowa) claimed that the resolution provides for \$2.3 trillion in debt reduction, Medicare modernization to include a prescription drug benefit, and "saving" Social Security.

Democrats disputed GOP claims. John Spratt (D-S.C.), the ranking Member on the Budget panel, said that there is nothing in the GOP plan that deals with Medicare, and that the proposed \$153 billion drug benefit is paid for out of the Medicare trust fund. What this does, he said, is "it shortens the solvent life" of the trust fund.

The GOP budget also provides a \$526 billion reserve fund, although it is unclear where this money will come from. The fund is to be available primarily for defense, agriculture, Medicare, and Social Security. The defense budget, for example, will not include any increases this year, except for a military pay raise and other quality-of-life issues, until the strategic review currently under way is completed later this Spring. The anticipated increases in defense spending are then supposed to come out of this fund, as is funding for emergency aid for farmers.

Democrats were no more impressed with the reserve fund than with any other part of the budget. Jim Davis (D-Fla.) said that what the reserve fund indicates, is that "there is universal acknowledgment that in this upcoming fiscal year, there will be a spending increase for agriculture and, more significantly, in defense, but we are not

going to confront those facts in terms of how much it is going to cost."

While the GOP easily turned back Democratic alternatives in the House, the budget faces an uncertain future in the Senate. There, Lincoln Chaffee (R-R.I.) has indicated that he will vote against it, while Zell Miller (D-Ga.) has said he will vote for it. During a April 1 appearance on CBS News' "Face the Nation," Senate Minority Leader Tom Daschle (D-S.D.) indicated that he thought there might be two or three other Republicans considering voting against the bill. James Jeffords (R-Vt.) and Arlen Specter (R-Pa.) are said to be wavering. Republicans are counting on at least one more defection from the Democrats, Ben Nelson (D-Neb.), though he has yet to indicate which way he will vote. A defeat of the resolution in the Senate would give Democrats a strong negotiating position with respect to the size and distribution of the tax cuts.

Another Piece of Bush's Tax Package Clears House

On March 29, the House passed the repeal of the so-called marriage penalty tax by a vote of 282-144. The bill's major provisions include changing the standard deduction for married couples to 200% of that for single filers, a six-year schedule for making the maximum taxable income for a married couple double that of a single filer, and increasing the child tax credit to \$1,000 by 2006.

Democrats accused Republicans of devoting most of their tax cuts to the richest 1% of Americans, and questioned the wisdom of a tax cut based on ten-year projections. Bob Matsui (D-Calif.) warned that if the marriage penalty bill and the estate tax repeal are both signed into law, "you

are going to see a reduction in Social Security benefits over the next three or four years." Lloyd Doggett (D-Tex.) said that the bill discriminates against single people, especially those who have lost a spouse or become divorced.

Democrats proposed an alternative that would provide an immediate \$300 rebate to all taxpayers (\$600 to married couples), lower the 15% tax bracket to 12% for the first \$20,000 of income, and increase the earned income tax credit. Minority Leader Richard Gephardt (D-Mo.) said that the Democratic bill "recognizes that we are in a period of economic uncertainty, so we give people immediate tax relief."

Secret Evidence Repeal Bill Introduced in House

On March 28, House Minority Whip David Bonior (D-Mich.) and Bob Barr (R-Ga.) introduced a bill to repeal the provision of the 1996 Anti-Terrorism and Effective Death Penalty Act that allows the use of secret evidence in immigration proceedings. Bonior and Barr, joined by John Dingell (D-Mich.) and Sheila Jackson-Lee (D-Tex.), appeared at a press conference flanked by representatives of about a dozen Arab-American and civil liberties organizations to announce the bill.

The bill requires that in cases involving classified material, an unclassified summary of secret evidence be made available to the defendant and be used as the basis for a trial. The bill also makes the Classified Information Procedures Act applicable to immigration, as well as criminal, cases.

The bill was prompted by numerous cases of Arab immigrants being detained for as long as four years without ever being informed of what the evidence or charges against them

were. Bonior said that this practice “violates our deepest trust in the right to due process, and violates our democracy’s most sacred document, the United States Constitution.” Barr said, “Secret evidence will no longer be allowable in immigration proceedings such as has had held individuals in jails for years.”

Barr and Bonior indicated that, as a candidate, George W. Bush endorsed last year’s bill to repeal secret evidence. Barr said that the Congress’ job is to get a bill to the President’s desk that reflects “the principles as annunciated by George W. Bush” during the election campaign.

However, no one could say with certainty that President Bush still supports the bill. Bonior said that he raised this issue during the first meeting with the Congressional leadership at the White House, and that Bush “acknowledged” the efforts of the backers of the bill. Barr added, “With the backing we hope we will have from the Administration, we have laid the groundwork for very swift passage.”

Campaign Finance Reform Clears First Hurdle

For the first time in almost two decades of efforts, the Senate voted 59-41 on April 3 in favor of campaign finance reform. The vote followed three weeks of debate, in which compromises by supporters boosted backing for the bill, especially among Republicans. Twelve Republicans voted for the bill, whereas it was never able to get more than seven GOP votes previously. The growing support for the bill led its opponents to give up any filibuster attempt and seek other ways to defeat the bill.

The bill now heads to the House, where a version co-sponsored by

Marty Meehan (D-Mass.) and Chris Shays (R-Conn.) awaits a date with the House floor. The Shays-Meehan bill has been passed in each of the last two Congresses, and even its opponents, led by House Majority Whip Tom DeLay (R-Tex.), concede that it would pass the House again, if given a chance. But, DeLay has vowed to do everything he can to kill the bill.

President Bush has indicated that he will likely sign the bill, but opponents see two opportunities to kill it. One, would be in conference committee, where a “poison pill” amendment could be added to the bill. The second, is in the courts once the bill is signed into law. Sen. Mitch McConnell (R-Ky.) has already announced that he will be the plaintiff in a court challenge to the bill as unconstitutional. McConnell is especially concerned about the provision banning so-called “issue ads” within 60 days of an election, by groups not expressly advocating a specific candidate, but targeting one on the basis of a particular issue. Past U.S. Supreme Court rulings have held such ads to be unregulated. A provision added to the bill to provide for expedited court review would likely allow for the issue to be decided before the 2002 Congressional elections.

Gramm Vows To Repeal Utility Law This Year

At a March 29 hearing of the Senate Banking Committee, committee chairman Phil Gramm (R-Tex.) said that he believes that the time has finally come to repeal the 1935 Public Utility Holding Company Act (PUHCA), a dream, he said, he has been “cherishing” since 1979. The PUHCA was key in protecting Americans from looting during the Depression.

Gramm said that he intends to get this through Congress this year, and has already scheduled a markup on a repeal bill. He was supported by panelists representing the Federal Energy Regulatory Commission, the Securities and Exchange Commission, and two energy holding companies, Mid-American Energy, owned by Warren Buffett’s Berkshire Hathaway, and Xcel Energy, Inc.

Panelists and several Senators on the Committee, including bill sponsor Richard Shelby (R-Ala.), used the California energy crisis to hype the repeal. Everyone acknowledged that repeal would lead to greater concentration, but, they said, this does not necessarily mean greater market power. The representative of Iowa-based MidAmerican claimed that his company cannot currently invest above a certain level in out-of-state utilities unless they dissolve their ties to Berkshire Hathaway.

Witnesses downplayed the concerns, which had led to the creation of the PUHCA in the 1930s, saying that it would be impossible today for a holding company to use its energy customers to bail out losses in another financial entity that it controlled. They said their books would be open at all times to state regulators. However, one witness, Charles Acquard, Executive Director of the National Association of State Utility Consumer Advocates, was skeptical that state utilities regulators, who have no staff or resources, could control international holding companies.

Pressure from the energy cartel to set up regional transmission organizations (RTOs) is also behind the drive to repeal the PUHCA. Under the PUHCA, certain holding companies cannot invest in the transmission systems under the control of regulated utilities. FERC is promoting the RTOs.

Putin's Silent Offer to the U.S.A.

Statement by EIR Founding Editor Lyndon H. LaRouche, Jr., on Russian President Vladimir Putin's state-of-the-union address.

April 6, 2001

Russian President Vladimir Vladimirovich Putin's April 3 "state of the union" address to Russia's parliament, the Federal Assembly, is, by far, the most significant public statement, in importance and in respect of real substance of its content, by any of the world's heads of state or government, since the 1991 break-up of the Soviet Union. Although President Putin conspicuously excluded even a breath of mention of the name of the United States in his address, the references to the U.S.A. were clearly implied, although only as gestures in the direction of something behind an unmarked door.

Any competent assessment of that official address by Russia's head of state, will adopt and feature the following leading points.

First, as I emphasized in my March 21 public address to an international audience, Russia is one of only three nations, including the British monarchy and the U.S.A., presently, whose national culture impels it to play a leading role in world affairs. President Putin's April 3 address meets that standard.

At the present moment of crisis, only initiatives from among those three nations could spark the quality of agreements needed to save the world from the presently imminent, worst economic and demographic collapse in recent centuries. President Putin's address has opened the door for such a needed process of global reform.

Second, it is a clear statement of a set of policies, which represent, in fact, a competent commitment to bring a chaos-stricken world back into order, by

development of relevant nation-building and related security partnership throughout the Eurasian continent.

Third, this policy declaration appears at the moment the world's presently reigning international financial system is gripped by a fatal collapse threatening the real economies and populations of every part of this planet. This occurs as the manifest incompetence and bungling of the new U.S. government is horrifying the leading circles of nations which have been the closest, most long-standing adherents of a world dominated by Anglo-American leadership.

Fourth, U.S. partnership with Eurasia, in implementing the kinds of economic-recovery and other partnerships implicit in President Putin's April 3 address, represents the greatest opportunity for building new forms of international cooperation now urgently needed for the economic recovery of that rust belt which used to be known, several decades ago, as the powerful and growing U.S. economy.

It is urgent that the plain implications of President Putin's proffer of a combination of international development and internal Russian economic and political stabilization, find early, positive response among both leading nations of Eurasia, and also the U.S.A. The movement of some combination of leading nations in that direction, would provide the indispensable context in which to introduce the indispensable context in which to introduce the sweeping and profound general monetary and related reforms urgently needed to supersede the presently doomed architecture of the IMF system in its present form.

The government of the U.S.A. should be regarded as a self-doomed pack of fools, if it fails to come soon to the point of recognizing these implications of that address.

Jerusalem in Flames

The Middle East Engulfed In War

EXPOSED! In their own words: the secret plans of Israel's cabalistic crazies and America's 'Christian Fundamentalists' to blow up Islamic holy sites on the Al-Haram Al-Sharif (Temple Mount) in Jerusalem—lighting the fuse on war, and world war.

- Major piece by Lyndon LaRouche: 'The Bestiality of the Fundies'
- First publication of explosive interviews with the 'Temple Mount Plotters,' insiders, and intelligence sources
- Detailed mapping of the networks

As Ariel Sharon, the Butcher of Lebanon, takes the helm as Israel's Prime Minister, the prospects for peace in the Middle East have never looked bleaker.



And no EIR Special Report has ever been timelier. Read it and use it, to avert a Mideast bloodbath!

EIR SPECIAL REPORT

Who Is Sparking a Religious War in the Middle East? —And How To Stop It

Price: **\$150**

EIRSP 2000-2 Call/Toll-Free **1-888-EIR-3258**

Or Write

EIR News Service, Inc.

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

Or Send e-mail with Visa or MasterCard number and expiration date to: eirns@larouchepub.com

Visa, MasterCard Accepted