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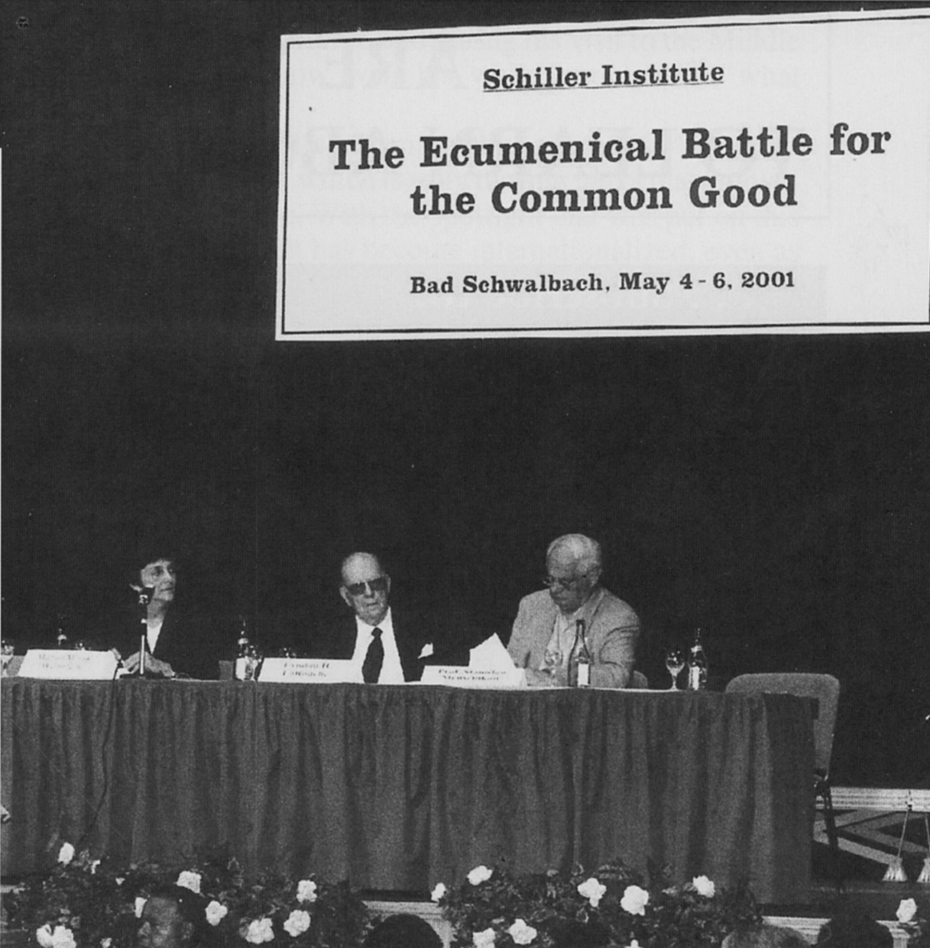
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Death Toll Hits Already, in D.C. Hospital Closing

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From the Associate Editor

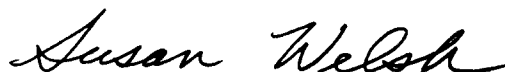
From cover to cover, this week's issue is a lesson in statecraft, of history-in-the-making.

Start with the conference of the Schiller Institute in Bad Schwalbach, Germany, in our *Feature*. I can best present it to you, by quoting a memorandum by the man who crafted the three-day event, Lyndon H. LaRouche, Jr.: "The significance of our proceedings is brought most clearly into focus, by emphasizing that, on condition we take into account the counterpoint of the Pope's ongoing ecumenical mission, there exists no tolerable alternative, anywhere on this planet, to what was being proposed in those sessions. There exists no practicable, feasible alternative to the principled approach represented in those sessions. Every alternative proposed from other locations, is either as evil as what is radiating from President Bush et al., or so foolish as to amount to remedies with the same kind of effect as the disease being addressed."

We publish the keynote speech by Mr. LaRouche, on "Winning the Ecumenical Battle For the Common Good," along with the presentations that followed it, by two distinguished Russian guests, Dr. Sergei Glazyev and Prof. Stanislav Menshikov. In future issues, we shall have more of the speeches, on history, science, and statecraft.

In *International*, see Marianna Wertz's report on the interventions by Pope John Paul II, prior to and during his visit to the Middle East. You will see, just how well his work complements what LaRouche is doing.

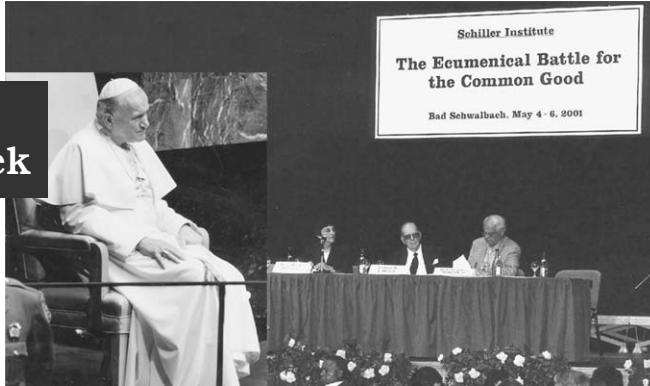
Then, we have the unfolding drama of the fight to save Washington's D.C. General Hospital, which is truly turning into a mass movement for the general welfare. With the spotlight that was put on this at Bad Schwalbach, the fight has become internationalized, even as constituency leaders in D.C. close ranks, with bolstered courage, against KKK-Katie Graham and the oligarchy behind the shutdown of the hospital. Read the challenge by D.C. City Councilman Kevin Chavous, who rode the city's ambulances the weekend of May 5-6, to see for himself the murderous toll being taken by the closure of this top-rated hospital. The pressure must now be placed on Congress to act, both here, and in the related fight for the reregulation of energy. Otherwise, George Bush's United States will plunge into Hell, in the weeks immediately ahead.



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International Usury Cannibalizes Argentina

by Gerardo Teñan Canal and Gonzalo Huertas

On April 28, Domingo Cavallo, the newly appointed Economics Minister of Argentina and favorite of mega-speculator George Soros, and International Monetary Fund (IMF) Managing Director Horst Köhler announced the signing of a new letter of intent, for the purpose of putting an end to the uncertainty that has been generated on the international markets by the threat of a default in payments on the Argentine foreign debt. Argentina has more than \$125 billion issued in debt bonds, which constitutes one-fourth of the total of the so-called emerging market debt, such that the mere hint of non-payment of any part of that debt endangers the entire world financial bubble.

Cavallo, who was named Economics Minister as the final card that President Fernando de la Rúa's government could play to deal with the crisis, upon taking the post attempted to articulate an economic policy variant that would not produce another national revolt like the one that overthrew his predecessor, Ricardo López Murphy, just two short weeks after his nomination, when he tried to impose a \$2 billion cut in the public budget. On the day of his own nomination, Cavallo announced a new plan, which he dubbed "Competitiveness," which he presented as a new, improved version of the "Convertibility Plan" he himself had imposed in 1991.

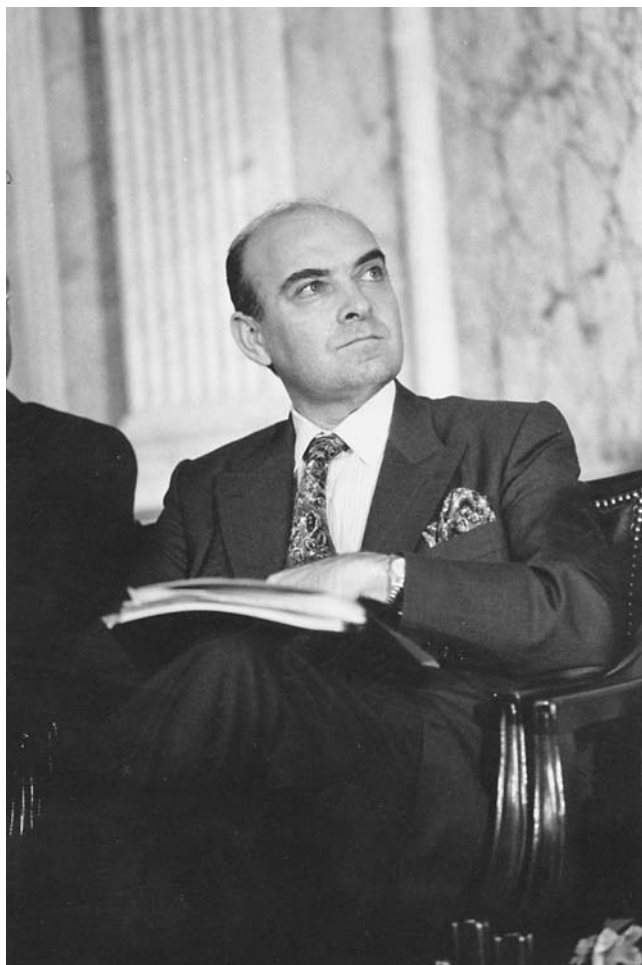
Further, alleging that he wanted to promote a reactivation of exports, Cavallo announced that he would broaden the convertibility of the peso-dollar, to become a peso-euro-dollar, which many specialists have already identified as a covert devaluation of the Argentine peso. Cavallo's presentation of the "new" plan apparently put the importance of the fiscal deficit on the back burner, as it assumes that, over time, the

reactivation he is promising will take care of balancing the fiscal accounts.

Instead of the positive response that the Argentine government expected with Cavallo's nomination, the international markets reacted to the contrary. Argentina was subjected to an unprecedented war of financial pressures, reaching its worst point on April 25, when the government had to pay 15.38% interest on a bond issue worth \$380 million. Further, between February and April of this year, the Central Bank (BCRA) lost a total of nearly \$5 billion of its reserves. Between Feb. 28, when the crisis began, and April 23, the country-risk rating issued by the usurious rating agencies, rose from 720 to 1,303 points.

In the end, the signing of the agreement with the IMF demonstrates pure and simple, that Cavallo's intentions were rejected, and that he had to submit to the instructions he was given by the international financial community: This year's fiscal deficit must be kept to \$6.5 billion, and the Argentine population will have to submit to yet another looting phase in order to meet that goal *and* punctual debt payments. Between January and April alone, the fiscal deficit has reached \$4.16 billion, 64% of that anticipated for the entire year. This means that between May and December, the deficit cannot surpass \$2.34 billion if Argentina is to meet the IMF's dictates, something which will be very difficult to achieve without unleashing similar, or worse, crises.

This was confirmed by U.S. Treasury Secretary Paul O'Neill, who revealed to the Bloomberg agency: "I have told the prime ministers and finance ministers of those countries [Argentina and Turkey] . . . that I am not going to promise



The IMF has put Argentine Finance Minister Domingo Cavallo to work doing what he does best: imposing harsher austerity.

that we will send money to countries that have major financial problems, because their political leaders have not wanted to take the steps that were clearly indicated to them. . . . These steps had been ratified last March 12 by IMF spokesman Thomas Dawson, when he warned that Argentina had to make adjustments, to get back on track the economic program that gave it access to a \$39.7 billion bailout in late 2000. Non-compliance with the agreement, whose essential aspect is the fiscal deficit goal, unleashed the storm that lasted two months.”

The Bankers Arrive

Parallel to the negotiation with the IMF, Cavallo and his team received the “advice” of a delegation of international usurers. The delegation to Buenos Aires was headed by the director of Crédit Suisse-First Boston, David Mulford, who offered the Argentine government a new plan to exchange public paper (which comes due between 2001 and 2005) worth approximately \$20 billion, for new public paper with a

due date of six years or longer. Obviously, Mulford made the bankers’ “help” conditional on adherence to the new agreement with the IMF. This exchange is guaranteed by the recent hyperinflationary emission that the U.S. Federal Reserve System will lend to the banks at low interest, to avoid a global financial explosion.

Ultimately, Cavallo had to beg the pardon of his bosses for his daring. On May 6, speaking to David Rockefeller’s Council of the Americas in New York, he assured the *crème de la crème* of Anglo-American finance that he is the same Cavallo as in 1991, and that he will not devalue the currency.

Thus, the IMF and Mulford’s gang have put Cavallo to work doing what he does best, which is unleashing a new “tax package,” to be imposed “at all cost,” as he himself said. Last April 27, Cavallo explained in a hurried press conference, that the package includes: 1) an extension of the 21% Value Added Tax to every sector of the economy (leaving exempt only education and transportation over distances less than 100 kilometers); 2) an increase to 0.4% of the tax on current accounts transactions greater than 1,000 pesos, a measure which had already been inaugurated in early April, with a rate of 0.25%; and 3) cutbacks in public administration on the order of \$900 million, falling primarily on Social Security.

An example of this last “adjustment” will be the payment in 12 separate outlays of money overdue to 130,000 new retirees, and elimination of the special family wage rates of the so-called Pymes, small and medium-sized companies (affecting some 23,000 workers), which was initiated during President Carlos Menem’s Administration as part of a policy of support for the Pymes.

With this tax package, Cavallo hopes to collect “double the \$2 billion” anticipated by his predecessor, the ultra-liberal Ricardo López Murphy, and “much more than the \$890 million” of former Economics Minister José Luis Machinea.

The ‘Alliance’ Steals \$10 Billion

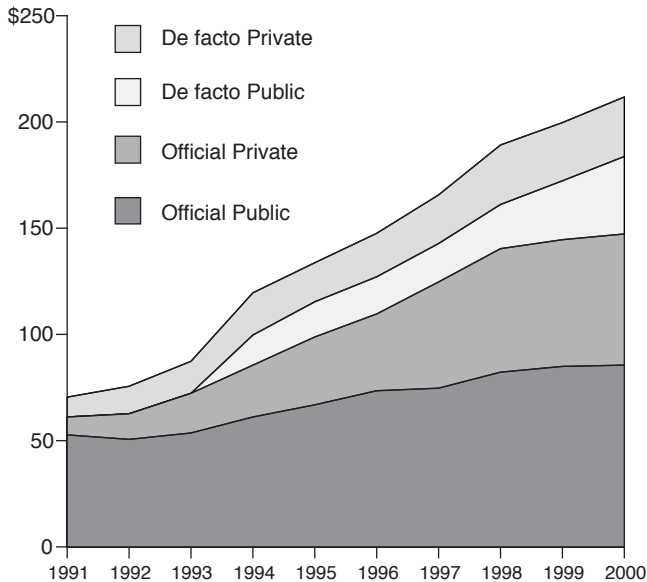
With this new assault by Cavallo and the governing coalition, the Alliance (comprised of De la Rúa’s Radical Party and the São Paulo Forum’s Frepaso), what the government has stolen from the population on IMF orders since coming to power in December 1999, has already reached \$9.1 billion. Using the same argument that “fiscal balance must be achieved to escape economic recession”: 1) the Alliance in December 1999 inaugurated its government with a shock package of tax hikes, designed to increase tax revenues by some \$3.7 billion; 2) in May 2000, they cut the salaries of the public sector by 12-15%, to add another \$600 million to the coffers; 3) in December 2000, a new public sector austerity drive yielded \$700 million; and 4) now, with the latest tax package, the government hopes to collect \$4 billion more.

Despite having left the population exhausted at the end of

FIGURE 10

Argentina: Real Foreign Debt

(Billions \$)



last year, the government has not yet met its fiscal goals for 2001, and surely never will. In April, notwithstanding the 2.5% transactions tax, revenues collapsed by 9.1%. One accountant commented to Radio 10 that “all his clients” this year have decided “not to pay their taxes,” because they don’t even have enough to eat.

This growing tax pressure has driven a general increase in prices, which has only intensified the recession under way. For the automobile sector, a study by the Association of Automobile Dealers published on April 16, reveals that 47.2% of an automobile’s final retail price in Argentina, is now taxes!

According to statistics prepared by the National Institute of Statistics and Census (INDEC), industrial activity with respect to the same month last year, fell in January 2001 by 0.8%; in February, 3.8%; and in March, 6%. Construction fell in January by 1.8%; in February, 7.3%; and in March, 13.9%. An INDEC forecast, made public on April 17, specified that in March 2001, compared to March 2000, textile products manufacturing fell 31%, automobile parts 27.7%, and machine products 21.6%. A recent report by the Association of Automobile Factories reveals that in April, car sales fell 37.3% compared to the same month last year.

Usury: The Main Problem

There is no doubt that Argentina’s main problem is its real foreign debt, which in December 2000 reached \$211.757 billion (see **Figure 1**), which this year will cost \$36.356 billion in service charges, from both the public and private sec-

tors, according to the Economics Ministry. Further, payments due on the Argentine public debt between 2001 and 2005 will cost \$81 billion, without counting short-term debt amounting to another \$5.108 billion: in 2001, \$19.676 billion will come due; in 2002, \$16.547 billion; in 2003, \$17.278; in 2004, \$15.121 billion; and in 2005, \$12.347 billion.

During the first four months of the year, according to an Economics Ministry report, Argentina had already issued new public debt paper for \$13.332 billion: in short-term Treasury Letters (Letes), \$4.053 billion; in medium-term Treasury Bonds (Bontes), \$2.208 billion; in long-term dollar-denominated bonds of various sorts, another \$3.013 billion; and in Global Bonds in both dollars and euros, \$3.239 billion.

But to meet the demands of Mulford and the IMF, Cavallo’s package doesn’t stop here. It also includes mechanisms that will allow the government to appropriate liquidity from local bank deposits and from pension funds (AFJP). On April 17, by means of special powers granted by Congress, Presidential Decree #439 was issued, authorizing the use of public paper as part of the guarantee of bank deposits. According to Javier Blanco, of the newspaper *La Nación*, “the key to this, is that the decree will produce a monetary expansion of some \$3 billion.” Also on April 17, Cavallo authorized the Argentine Banco de la Nación to allow its small investors to “save” in public debt paper, instead of in cash.

At the same time, local private financial entities and the AFJP have had to sell some of their stock positions, to be able to buy the new public debt paper to help the government. As the investment head of the AFJP *Origenes*, Ricardo Obludgen, explained to *La Nación* on April 20, “we had to liquidate a part of our bond positions, in order to make room for the [Global Bond] 2031, because, just like the vast majority of the AFJP, we are at the upper limit of what we are permitted to hold in government paper.”

Even the Central Bank itself was forced to finance the government with \$500 million, to acquire a new Treasury Bond. The head of the Central Bank, Pedro Pou, was sacked because of his opposition to this measure.

Col. Mohamed Alí Seineldín, unjustly imprisoned in the Campo de Mayo military prison, forecast in a November 2000 interview with the magazine *Hablar* that “the military coups ended [in Argentina] because the Armed Forces no longer exist. . . . However, the country will continue to march, hand in hand, with the globalized economy that is controlled by the United States. . . . Therefore, at any moment, De la Rúa is going to hit the wall and, if nothing changes, he will have to go. This suggests that Argentina is inaugurating the economic coup. . . . From here on out, there will only be financial coups, until the President himself becomes a corporation man. In the final analysis, Cavallo will join the Alliance government because he is Wall Street and Washington’s man in Argentina, virtually the principal U.S. ambassador to the country.”

Agenda for National Energy Emergency Action

I. New Political Showdown

■ **California blackouts and soaring gasoline prices** around the nation define a new, intense political showdown, and worsening economic breakdown. As of mid-May, there are more calls on the state level, and in Congress, for action to stop energy price hyperinflation. But only the FDR-PAC, a multicandidate political action committee, and Democratic Presidential pre-candidate Lyndon LaRouche's drive for re-regulation, are organizing the public to force the issue. More than 600,000 copies are in circulation of the January "California Energy Crisis" policy document put out by LaRouche. In Los Angeles on May 5, and in other locations around the country, emergency town meetings are taking place on the theme: "The Energy Crisis: Emergency Rule, or the General Welfare!"

Fuelling public outrage are the daily announcements of mega-profits by the oil, gas, and electric marketer firms—firms interconnected with the Bush Administration and key Congressmen. Yet the hallmark of Washington policy remains: Hands off prices, let the "markets" rule. Their position is: We will only focus on "long-term supply."

Vice President Dick Cheney, chairman of the Energy Task Force that is to release its report on May 17, reportedly told House Republicans at a private briefing on May 1, that the Administration will aggressively oppose anything resembling price caps. Cheney is putting out that policy line in many interviews, including on April 30 in Toronto with Associated Press, and on May 9 with Cable Network News.

In an interview with the May 5 *Los*

Angeles Times, Cheney told writer Doyle McManus that he opposes any action to bring price relief to California. "I'm a skeptic," he said. "I've never seen price regulations that I've felt very good about. . . . The way you address these issues, is you either have to reduce demand or increase supply. And anything that doesn't do that is counterproductive. Ultimately, I think we're going to be better off if we have a deregulated energy market in this country."

When asked if he would "soften his opposition to price controls if the energy crisis began to produce significant damage to the national economy," Cheney shook his head ruefully. "I start with a strong view, based on prior experience, that gov-

ernment should intervene in the marketplace with great reluctance."

'Carter Factor' Hits Bush

Less ideological Republican Congressmen are having visions of getting slammed at the polls in 2002, because of today's energy crisis. The President himself has been slammed by the "Carter factor."

In order to appear to be doing something on the energy crisis, on May 3 President Bush staged a bad imitation of Jimmy Carter's 1970s "moral equivalent of war" conservation speech. At a White House press conference, Bush ordered managers of Federal buildings, including military bases in California, to turn up their thermostats to 78°F, to "do their share." He was flanked by Assistant Defense Secretary Paul Wolfowitz and Energy Secretary Spencer Abraham. Bush committed to cutting Federal energy use in California by 10% this Summer; Wolfowitz commented that "mil-



A gas station in Chicago in May. The energy-price crisis is a major point of vulnerability in the United States, as hyperinflation sets in.

itary readiness” would not be compromised. Bush said he has called on the Federal Emergency Management Agency (FEMA) to be ready for California.

Within hours, came a wave of comparisons of Bush to loser Jimmy Carter, who, as President, told people to wear sweaters in the Winter to cut energy use. “Between Carter and Bush, I don’t know who should be more insulted by the comparison,” LaRouche commented. LaRouche is leading the policy drive in the country to reverse the energy de-regulation policy begun under Carter and continued to the present, and to restore the FDR-launched, regulated energy system that worked for more than 40 years.

■ **Capitol Hill: Energy prices are the issue.** The dividing-line issue on Capitol Hill as of May, is *prices*: Will there, or won’t there be, Congressional action to curb out-of-control energy prices?

On May 10, a Federal electricity price-control amendment was defeated by a vote of 20-12, in the House Energy Subcommittee, at the mark-up for the Republican bill, H.R. 1647, the Electricity Emergency Relief Act. This bill, the so-called “Barton Bill” introduced on May 1 by principal sponsor Rep. Joe Barton (R-Tex.), chairman of the Energy Subcommittee, conspicuously avoids the issue of prices, as well as other obvious emergencies—e.g., 7 million households facing energy cutoffs as of May, because of arrearages from six months of Winter bills.

H.R. 1647 is expected to go to full committee in mid-May, and perhaps to the House floor within weeks. It is best called the “Emergency Rule Act,” because its major thrust is to authorize FEMA to make stand-by arrangements for disasters when states have power crises. Although committee members complained that the Bush Administration refused to send Cabinet members or others to testify, the bill is in line with Bush policy in every detail.

The Barton Bill also calls for users of electricity (factories, irrigation districts, farms, schools, etc.) to forgo use, and for a “clearinghouse” to be set up to re-sell this liberated electricity to someone else. A third section of the bill grants sweeping new powers for Federal override of environmental and state laws, and to grant permission for new routes for electricity and natural gas. These are blatant giveaways to the demands of the energy car-

tel companies.

■ **Congressional demands for price controls.** At Energy Subcommittee hearings on May 1, 3, and 10, Congressmen, and certain witnesses, testified on the economic breakdown caused by energy hyperinflation, and the need for stopping runaway prices. An amendment proposed on May 10 was modelled on bipartisan legislation proposed by Sens. Dianne Feinstein (D-Calif.) and Gordon Smith (R-Ore.).

- On May 1, Rep. Anna Eshoo (D-Calif.) insisted on the need for “Federal relief from excessive wholesale electricity price crisis.” She reported that California spent \$7 billion on electricity in 1999, \$27 billion in 2000, and is expected to spend \$70 billion this year. She and others demanded “cost-plus pricing” (cost-of-production-based pricing, plus a reasonable profit).

- On May 1, Federal Energy Regulatory Commission (FERC) member William Massey, a dissenter from the Bush policy of hands-off prices, testified that Congress should enact “generator-specific cost-based pricing, plus a fair profit,” for electricity, and do it fast. He said that the FERC has “failed to impose effective price mitigation.” He described the “economic dislocation” taking place now, and gave specifics, e.g., in Bellingham, Washington, where Georgia Pacific paper company has shut down, putting 406 people out of work. The Bonneville Power Administration expects to raise electricity rates 250% in October, because it is being forced to buy on the wholesale market at hyperinflated rates now.

- On May 10, Rep. Thomas Sawyer (D-Ohio) said, “Cost-based” energy pricing worked for 84 years; why not restore it now?

- On May 10, Rep. John Dingell (D-Mich.) reiterated that the 1935 Federal Power Act is the law of the land, and specified that “just and reasonable” energy prices should be maintained; that is the role of the FERC. Moreover, under that mandate, the FERC’s decision to approve the 1996 California deregulation law, should be re-assessed.

- On May 3, former Ambassador Richard Sklar, the newly appointed Senior Energy Adviser on California Gov. Gray Davis’s (D) Energy Generation Task Force, testified on the blatant gaming of the electricity markets in California, and the creation of artificial shortages. (Sklar was

Clinton’s appointment for Reform and Reconstruction in the Balkans.)

Sklar attacked the idea that California has a “supply-and-demand” problem. He said that a major portion of the supply, up to 12,000 megawatts, disappeared this past year, as opposed to 4,000 MW in normal years, where generation is taken out of operation for various reasons. He attributed the enormous increase in “forced outages” to the hand of those profiteering from supposed shortages, through scalping and gouging. He said that once the prices were brought down, this additional generation would be quickly brought back online, increasing the supplies available.

Sklar demonstrated that demand is also not the problem. He used a chart to show that California peak demand has been flat since 1997, and is 9% below last year. He said that it is necessary for Congress to act to get the FERC to bring down the prices to a just and reasonable level. He scoffed at the idea that it would take decades, as the Republicans say, to determine the cost of production, saying that prices could be set in an hour and a half. The response of several committee Republicans was to adamantly assert, “It’s a supply problem.”

- California Governor Davis sent letters to the House Energy Subcommittee on May 3 and 10, addressed to Rep. Henry Waxman (D-Calif.), calling for Congressional action to force Federal price controls. The May 3 letter stated, “It is a travesty that on the one issue over which the Federal government has exclusive jurisdiction—wholesale energy prices—it has utterly failed to discharge its responsibility.” He said, “You should require the FERC to impose meaningful cost-plus pricing on a 24-hour basis for all states whose demand exceeds supply for the next 24 months. . . . The legislation [without a price-control provision] before you falls short in virtually every way to address issues that should be addressed on the Federal level, like wholesale price controls.”

■ **The California Crisis:** On May 7, occurred the fifth day of rolling blackouts this year, cutting electricity for 225,000 people for an hour; the next day, two rounds of blackouts affected more than 300,000. Demand the first week in May, in the range of 34,450 MW, is at a level far below previous Summer peaks of more than 44,000 MW, but an estimated 12,000 MW

of power generation, including four nuclear plants, was offline for various reasons (repairs, refueling, gaming the markets).

Financial disaster worsens by the hour. On May 7, the same day as the blackouts, the state assembly authorized issuing a record \$13.4 billion in bonds. Spot prices in the wholesale electricity market are running currently at \$510 per megawatt hour, tenfold the level a year ago.

More actions have been taken this month in California. Governor Davis flatly refused an offer from Duke Power, for the

state to get lower electricity prices in exchange for dropping the right to investigate Duke's having bilked the state through price manipulation. On May 7, certain individual California state legislators, and the Lieutenant Governor, filed a lawsuit against the FERC, to compel it to restore "just and reasonable prices" for energy.

■ **Gasoline Prices Topping \$2 per Gallon** were reported as of mid-May in many locations, including New York City, Chicago and downstate Illinois, and San Francisco. The Lundberg Survey of prices

at 8,000 service stations reached an all-time unadjusted high over the two weeks ending on May 4: The average price was \$1.76 per gallon, up 5% from April 20. The highest in the country was Chicago, where regular was found at \$2.02 per gallon. There is a nationwide effort over the Internet to organize a consumer boycott of Exxon Mobil. In Stamford, Connecticut, one gas station owner has shut his business for two days, with a big sign saying, "I Refuse To Sell Gas at These Prices."

II. Energy Cartel Companies

■ **Energy company profits continue to rise:** Table 1 shows the percentage increase in net income, excluding extraordinary items such as merger costs, at some of the nation's largest energy firms in the first quarter of 2001, compared to the first quarter of 2000. Leading the pack once again is EOG Resources, the oil and gas spinoff of Enron Corp. EOG's profits increased 431% in the fourth quarter of 2000, and 570% for the year.

■ **Consolidation in natural gas and**

oil refining: Williams Companies, the Tulsa-based natural gas pipeline and production company, announced on May 7 that it will acquire Denver-based Barrett Resources for \$2.5 billion. Williams beat out Shell Oil, the U.S. arm of Royal Dutch/Shell, which had attempted a \$2 billion hostile takeover of Barrett, which has extensive natural gas holdings in the Rocky Mountain area.

Valero Energy announced the same day, that it is buying Ultramar Diamond

Shamrock for \$4 billion, in a union of two San Antonio-based companies which will make Valero the second-largest oil refiner in the nation, after Exxon Mobil. This is the second big oil-refining merger this year. In February, Bartlesville, Oklahoma-based Phillips Petroleum reached an agreement to buy refiner Tosco, based in Greenwich, Connecticut, for \$7 billion.

Table 2 shows the nation's largest oil refiners as of January 2001, ranked by refining capacity, and including announced mergers.

TABLE 1
Profit Increases at Selected Energy Companies
(First Quarter 2001 Compared to First Quarter 2000)

Company	Increase	Company	Increase
EOG Resources*	448%	Chevron	53%
Calpine	424%	BP plc**	52%
Williams	172%	Duke Energy	51%
Apache	158%	El Paso	46%
Unocal	122%	Exxon Mobil	44%
Reliant Energy	104%	Texaco	39%
Occidental	93%	Southern	35%
Phillips	86%	Dominion	28%
Mirant	84%	Enron	26%
Kerr McGee	81%	Shell	23%
Dynegy	73%	AES	19%
Conoco	58%		

Source: Company financial reports

*EOG Resources, formerly Enron Oil & Gas, is a spin-off of Enron Corp.

**BP has dropped the Amoco from its name, reverting to BP plc.

TABLE 2
Top U.S. Refiners, as of Jan. 2001, Including Pending Mergers

(Millions of Barrels a Day of Refining Capacity)

Company	Capacity
Exxon Mobil	1955
Valero Energy/Ultramar Diamond Shamrock*	1865
Phillips/Tosco*	1710
BP	1670
Chevron/Texaco	1520
Marathon Ashland Petroleum	935
Shell Oil	825
Sunoco	730
El Paso	540
Conoco	530
Premoor	480
Tesoro	275

Source: Valero Energy

*Merger pending

Unemployment Explosion Signals Bottom Falling Out of U.S. Economy

by Richard Freeman

The official number of unemployed American workers jumped from 6.088 million in March to 6.402 million in April, an increase of 314,000, the largest monthly increase in a decade, according to figures released by the U.S. Department of Labor's Bureau of Labor Statistics (BLS) on May 4. During March, the official number of unemployed had increased by 152,000, swelling the number of unemployed for the two months by nearly one-half million workers (466,000). The job losses hit the manufacturing sector particularly hard.

The BLS also reported that employment on non-agricultural payrolls fell by 223,000 workers during April, the steepest monthly decrease since the economy lost 259,000 payroll jobs in February 1991. During March, payroll employment declined by 53,000 workers.

(There are three expressions to describe job loss: layoffs, increase in unemployment, and payroll employment decline. Because the BLS employs all three, it is necessary to distinguish them. *Layoffs*: During a month, assume that institutions fire 250,000 workers; that constitutes 250,000 layoffs. *Increase in unemployment*: This is a "net" concept; if, during a month, 250,000 workers are laid off, but 50,000 workers who had been previously unemployed, find jobs, then the net increase in unemployment is 200,000. *Payroll employment decline*: This is also a "net" concept. Assume, that during a month, 250,000 workers are laid off, and that companies and governments create 100,000 new payroll jobs. Then, for that month, the net decline in payroll employment will be 150,000. All three categories sharply expanded during April, although by different amounts.)

The last two months' unemployment explosion indicates with far greater accuracy than most so-called "economic measures" and "indices," that the U.S. economy has shifted from its previous phase of accelerating downturn, into a new phase of free-fall. This is given away by the fact that the unemployment is heavily concentrated in manufacturing, far more so than during previous periods of growth in unemployment.

The manufacturing sector's breakdown has far-reaching implications for the rest of the world. For the past decade, but especially during the last five years, the United States has functioned as the world's "importer of last resort." An increasingly collapsed U.S. economy, unable to produce the physical goods for its own physical existence, and as well,

shipping many of its factories and industrial jobs to low-wage virtual slave-labor concentration camps in the Third World, has gotten by, by sucking in physical goods imports from the rest of the world. At the same time, many countries have become heavily dependent on the U.S. market, to which they ship a huge amount of their physical goods. As the U.S. physical economy collapses, it shuts off physical goods exports from other nations to the United States. This sets off a world trade collapse, and in turn, a further collapse of production in the United States and elsewhere.

Yet, as bad as the official BLS unemployment figures look, they pale by comparison to the real level of unemployment, as constructed by *EIR*.

Soaring Manufacturing Unemployment

A highly disproportionate amount of the growth in unemployment is concentrated in manufacturing. This is especially threatening, because of the role manufacturing plays in the economy. The manufacturing workforce is a critical element in the productive labor force, which also includes workers in agriculture, transportation, construction, mining, and power generation.

All economic wealth starts from the developable power of cognition of the sovereign individual mind, through which the individual generates or re-creates valid discoveries of principle. The productive labor force assimilates and transmits these revolutionary discoveries, transforming the entire economy. The productive labor force effects the transmission of these discoveries through the machine-tool-design sector and the building of infrastructure, which themselves have been upgraded by these revolutionary scientific discoveries.

There are two types of jobs in the manufacturing sector: white collar, including engineers, supervisors, clerks, etc.; and non-supervisory or production, that is, those who do the actual production. Total manufacturing employment includes both white collar and production workers. **Table 1** shows both "Total Manufacturing Employment," and its subsector, "Manufacturing Production Workers."

Table 1 shows that between July 2000 and April 2001, total manufacturing payroll employment fell by 609,000 workers. Between July 2000 and April 2001, production worker manufacturing payroll employment fell by 518,000

TABLE 1

Cumulative Manufacturing Employment Job Losses Since July 2000

	Total Manufacturing Employment	Production Worker Manufacturing Employment
July 2000	—	—
August	116,000	111,000
September	168,000	159,000
October	170,000	158,000
November	188,000	177,000
December	236,000	226,000
January 2001	328,000	299,000
February	424,000	374,000
March	505,000	441,000
April	609,000	518,000

Sources: Bureau of Labor Statistics of the U.S. Department of Labor; *EIR*.

workers. Thus, the overwhelming loss of manufacturing jobs was concentrated among the critical production manufacturing workers. The fact that unemployment in both of these categories has steadily built up since July of last year, with much of it occurring in 2001, and with a heavy job loss in just the last two months, accurately shows the trajectory of the U.S. economy over this period.

To depict just how much of total U.S. job loss is concentrated in manufacturing production, compare two slightly different categories. Since October 2000, total U.S. unemployment has increased by 866,000 workers, and total job loss among manufacturing production workers has been 360,000. So, manufacturing production workers' job loss represents 42% of all growth in unemployment in the United States since October. Manufacturing production workers represent only 9% of the U.S. workforce, yet they accounted for more than two-fifths of those thrown into unemployment.

The Industrial Shutdown

The shutdown of the U.S. industrial sector is driving the increase in unemployment.

The outplacement firm Challenger, Gray & Christmas keeps track of layoffs, which it calls "job cuts." Although its series on layoffs is not as comprehensive as that of the BLS, it gives a focussed picture.

On May 4, Challenger Gray & Christmas announced that in April, "The record for the highest monthly job-cut total [had been] broken for the fourth time in five months." In April, U.S. companies had announced 165,564 new layoffs/job cuts. According to Challenger et al., "it was the fifth consecutive month in which more than 100,000 job cuts were announced, a survey record." So, through April of this year, U.S. companies have announced 572,370 new layoffs, compared to just 179,144 for the same period last year. So far, the job cuts have been mostly concentrated in the manufacturing sector. Through April, telecommunications companies have an-

TABLE 2

EIR's Estimate of Real Unemployment, April 2001

Official BLS Unemployment	6.40 million
Want a Job Now, But Not in Labor Force	4.45 million
Part-Time for Economic Reasons	3.20 million
Total Real Unemployed	14.05 million
Real Unemployment Rate	9.6%

Sources: Bureau of Labor Statistics of the U.S. Department of Labor; *EIR*.

nounced 91,799 layoffs; automakers, 81,903 layoffs; and electronics firms, 46,668 layoffs.

Real Unemployment vs. BLS Fraud

The BLS report claimed that the official unemployment rate rose to 4.5% in April, up from 4.2% in February. As dramatic as the increase of the last two months has been, the BLS figure is a fraud, which vastly understates the real level of unemployment, in order to assuage the fear that would be generated if the reality were known. By counting the numbers of workers that the BLS official report conveniently excludes, *EIR* shows that real unemployment is more than twice the official level. *EIR* used one of two methods developed in coordination with Lyndon LaRouche, for measuring real unemployment.

The BLS excludes two groups which are, in reality, unemployed or, in one case, seriously underemployed. First, the BLS excludes a category of workers called "Want a Job Now," who want work but do not have it. But, the BLS "cleverly" has put this category in the "Not in the Labor Force." The trick is this: To be counted as unemployed, one has to be "in the labor force," and if one is categorized as "not in the labor force," then one does not qualify to be unemployed. It is as if the BLS has placed a worker on a path which leads straight out of the labor force and into oblivion.

The BLS also excludes from its count of unemployment, workers who are in the category of "part-time for economic reasons." These are workers who want to work a full-time job, but for "economic reasons"—e.g., the full-time jobs aren't there—are forced to work part-time. Part-time work is 19 hours or less per week, but in reality, many of the workers in "part-time for economic reasons" only work one to ten hours per week. They are really unemployed, or close to it. **Table 2** shows *EIR*'s measurement of the real level of unemployment.

Thus, the BLS claims that in April, 6.40 million American workers were unemployed, but the true level of unemployed was 14.05 million workers, more than double the official level. The actual unemployment rate is 9.6%.

If the out-of-control economic policy of George W. Bush and Alan Greenspan continues, this will intensify the underlying physical economic collapse, which will cause unemployment to explode even further.

Brazil Slams U.S. on AIDS Program, Declares Health Care a Universal Right

by Our Special Correspondent

Following an April 30 report issued by U.S. Trade Representative (USTR) Robert Zoellick, in which Brazil's patent law is attacked, Brazil's Health Minister called Zoellick a frontman for international pharmaceutical companies, and said that Brazil's successful anti-AIDS program will not be stopped. The Cardoso government made clear that it is preparing for a showdown with the Bush Administration over this issue.

Brazilian Health Minister José Serra issued a statement on May 1, which says that the Brazilian AIDS program, acknowledged as one of the best in the world, exists "thanks to the determination of the Fernando Henrique Cardoso government to reduce the costs of medicines. And this determination will be maintained. There is no thought of any retreat by the government in this area. The U.S.A. is not accustomed to having Latin American countries, also, defend their interests." Serra said, "It is necessary to make clear that if any country in the Americas deserves to be called protectionist, it is the U.S.A." The USTR is not defending free trade, but the pharmaceutical industry, "which has a disproportionate weight in the Bush Administration," he said.

Brazil's patent law permits compulsory licensing (allowing others to produce a patented product without the patent owner's permission) if patent holders either fail to produce those products within three years, or if they engage in abusive pricing policies.

The head of Brazil's AIDS program, Dr. Paulo Teixeira, in New York City to prepare for a June UN Special Assembly on AIDS, called a press conference to slam Zoellick for the April 30 report. The implied threat of trade action against Brazil "is a clear change in the attitude and the position of the American government," Dr. Teixeira said. "They say that there are some good AIDS program in the world, and they exclude Brazil from that, and we know why."

Dr. Teixeira has been leading an international campaign on behalf of the principle that all people and countries, no matter how poor, have a *right* to access to medical treatment and affordable medicines. At an April 8-11 World Health Organization and World Trade Organization "Workshop on Differential Pricing and Financing of Drugs," Teixeira proposed an international agreement to protect national legisla-

tion allowing local production of strategic drugs in specific situations, such as the HIV/AIDS pandemic.

The United States opposes Brazil's policy of producing generic drugs to contain the cost of medicines; yet, Serra noted, the United States itself produces generics. "Brazil is not doing anything which the U.S. is not doing," he said.

'Full Power of U.S. Law'

"This administration will not hesitate to use the full power of U.S. and international law" to enforce Brazil's adherence to free trade, Zoellick had threatened in releasing the so-called "301" report. The section on "Intellectual Property and Health Policy" is a frontal attack on Brazil's anti-AIDS program. The USTR is "informing countries" facing serious health emergencies, such as AIDS, that they need a "comprehensive approach. . . . Countries need to stress education and prevention. The cost of drugs is but one of many important issues that must be addressed," the report states. "Some interested parties blame only the pharmaceutical companies" for the lack of access to medicines, but the USTR declares that the United States is committed to a policy of assuring "financial incentives" for the pharmaceutical companies, and that it will actively defend their "intellectual property rights."

The USTR's suit wants Article 68 of Brazil's patent law abolished, or else, because it "is discriminating against all imported products in favor of locally produced products. In short, Article 68 is a protectionist measure intended to create jobs for Brazilian nationals."

But, the fact that the United States is pushing prevention rather than treatment of AIDS cases for Third World countries, is used by the World Bank et al. to justify killing by cost-cutting. Dr. Teixeira reported recently, that when Brazil began its program of free distribution of anti-retroviral drugs, it was told that it "could not afford to spend so much on infected people. It should concentrate its small resources on prevention of AIDS. . . . The poor countries, in the name of economic rationality, must consider their infected as lost causes." Brazil's program proved the best prevention around. Distributing the anti-retroviral medicines reduced the transmission rate of the virus; the number of people in Brazil with

HIV/AIDS is half, in 2001, of what had been projected earlier in the 1990s; the death rate has fallen by about 50%; hospitalizations are down 75%.

UN: Health Care Is a Human Right

A resolution presented by Brazil, entitled “Access to Medication in the Context of Pandemics Such As HIV/AIDS,” declaring that there is a universal human right to the highest attainable standard of physical and mental health, was voted up by all the members of the UN Human Rights Commission, except the United States, on April 12. Not coincidentally, the United States was subsequently removed from the Commission for the first time since its formation in 1947, by a vote of its members on May 1.

To ensure the enjoyment of that human right, says the resolution, all states should foster “public health policies which promote broad access to safe, efficient, and affordable preventive, curative, or palliative pharmaceuticals and medical technologies.” The resolution speaks to the issue of principle on which the battle over D.C. General Hospital in America’s capital city, is being fought.

The resolution notes that the HIV/AIDS pandemic had claimed 21.8 million lives by the end of 2000, with more than 36 million others infected. Then, it says, “Emphasizing, in view of the increasing challenges presented by pandemics such as HIV/AIDS, the need for intensified efforts to ensure universal respect for and observance of human rights and fundamental freedoms for all, including by reducing vulnerability to pandemics such as HIV/AIDS,” the signers “recognize that access to medication . . . is one fundamental element to achieve progressively the full realization of the right of everyone to the enjoyment of the highest attainable standard of physical and mental health.”

The resolution calls upon states to pursue policies which promote the “availability in sufficient quantities of pharmaceuticals and medical technologies used to treat pandemics such as HIV/AIDS,” and ensure their “accessibility” and “affordability” for “all without discrimination, including the most vulnerable sectors of the population . . . [such as] socially disadvantaged groups.”

Furthermore, states should “refrain from taking measures which would deny or limit equal access for all persons” to these medicines and technologies, including in other countries, and should “adopt all appropriate positive measures to the maximum of the resources allocated for this purpose so as to promote effective access to such preventive, curative, or palliative pharmaceuticals or medical technologies.”

By contrast, the contract signed by the District of Columbia Financial Control Board, handing over the capital city’s public health system to a corrupt, private contractor, takes the exact opposite approach. The fifth “Whereas” clause, on the very first page of the contract, declares that “this Agreement does not create an entitlement to health care in the recipients of health care services hereunder.”

Alexander Hamilton’s Specter Stalks Brazil

by Silvia Palacios and Lorenzo Carrasco

The keynote speech given by Brazilian President Fernando Henrique Cardoso, at the Third Summit of the Americas held on April 20 in Quebec City, Canada, hit the entire Anglo-American establishment like a bath of ice water, by attacking the premise that a Free Trade Area of the Americas (FTAA) is the only direction for nations to go. The speech was stunning, not merely because it opposed the establishment’s neo-colonialist intentions, but because it came from Professor Cardoso, until now considered — as a founding member of the Inter-American Dialogue — the establishment’s most important and respected interlocutor in South America.

This turn in Brazilian foreign policy, as manifested in Quebec City, is a reflection of the new wave of economic nationalism that has surfaced in Brazil in response to Anglo-American zeal in establishing, at all cost, a system for economic looting in the hemisphere, that can save the elites from inevitable financial disaster.

Cardoso was clear in his opposition to the idea of domination: “Neither hemispheric integration nor the globalization process can mean an inexorable descent into cultural homogeneity. In this plan, diversity is a value in itself. But if we wish to move toward effective hemispheric integration, then we must undertake the task of eliminating that diversity which is unjust: the profound inequality of income and of living conditions, both within and among countries. Our objective should be that of a Community of the Americas. And ‘community’ presupposes an awareness of a common destiny and, therefore, the elimination of inequality and the guarantee of equal opportunities for all. It also presupposes recognition that the historic pathways taken by each people in molding their economic institutions may vary. There is no single way of thinking that can dictate the direction of nations.”

In openly questioning the FTAA, Cardoso declared that “we have successfully built Mercosur [the South American Common Market], which for Brazil is an absolute priority, a conquest that is here to stay, and will not cease to exist with participation in integration schemes of a broader geographic reach. The FTAA will be welcome if its creation is a step toward providing access to more dynamic markets; if it is effectively the path to shared anti-dumping regulations and reduced non-tariff barriers; if it avoids the protectionist misuse of good sanitation regulations; if, in protecting intellectual property, it simultaneously promotes the technological capabilities of our peoples. And further, if it goes beyond the

Uruguay Round [which established the World Trade Organization (WTO)] and corrects the imbalances crystallized there, above all in agriculture. Unless it is all this, it will be irrelevant or, in the worst case, undesirable.”

Hamilton and the ‘American System’

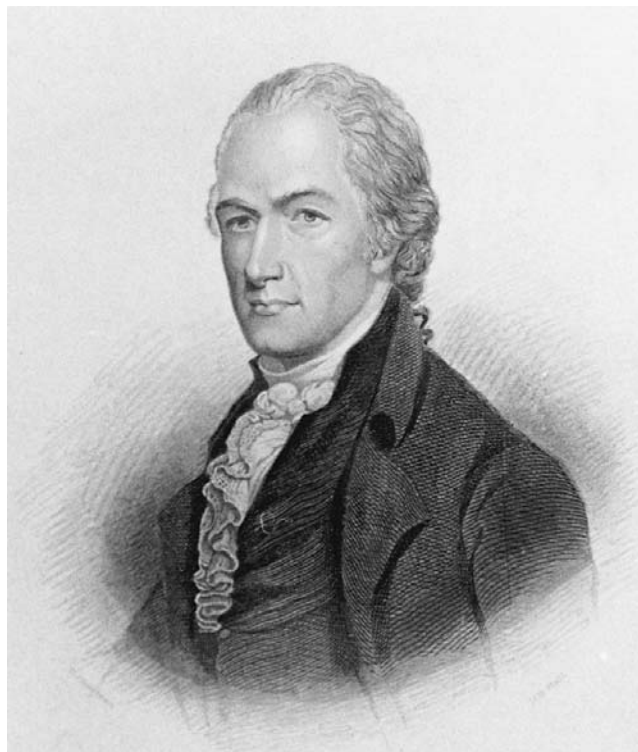
At the conclusion of his speech, President Cardoso surprised his listeners with an unexpected reference: “At the dawn of the 19th Century, men like Thomas Jefferson and the Luso-Brazilian diplomat Correa Serra already dreamed of an ‘American System.’ Since then, we have followed a path not always free of mistakes, but which left a legacy: the vision of an American continent defined, not by asymmetry of power, but by a community of values. It will depend on us, on our work and our decisions, to make this vision a reality. It will depend on political leaders—heads of state, of government, legislators, and leaders of civil movements—to realize the greatness of our hemisphere.”

The reference to the “American System” is not fortuitous, or merely a rhetorical turn of phrase, but rather, reflects the intense discussion ongoing about the protectionist policies associated with Alexander Hamilton in the early industrialization of the United States. For example, sociologist Helio Jaguaribe, known as the only Brazilian member of the Club of Rome, a personal friend of both the President and Foreign Minister Celso Lafer, as well as an intimate of the Anglo-American establishment, stated in an April 21 television interview with journalist Roberto Davila, that the FTAA constituted national “suicide,” and acknowledged the nationalist resurgence which he, like President Cardoso in the past, had mocked. To the surprise of many, Jaguaribe went back in history to state that the industrial power of the United States derived from “the tariff model of Hamilton and McKinley.”

Another example of this debate over the need to return to a protectionist system, is seen in an article by Nelson Brasil de Oliveira, vice-president of the Brazilian Association of Chemical Industries (ABIFINA), which was published in the Feb. 16 issue of *O Globo* newspaper. In his article entitled “Cairu and Hamilton,” he polemicizes against the liberal ideas championed by Cairu Viscount José da Silva Lisboa, an apologist for Adam Smith. Cairu was responsible for the free trade agreements and the opening up of Brazil’s ports to England in 1808, which made Brazil at its birth, a colony and slave plantation. De Oliveira contrasts Viscount Cairu to his contemporary, U.S. Treasury Secretary Alexander Hamilton, “responsible for the explosive economic growth achieved by the United States in the 19th Century, starting from the same economic level at which Brazil found itself at that time.”

Delfim Netto’s Hamilton Polemic

The De Oliveira article is part of a debate in which influential former Finance Minister Antonio Delfim Netto is also participating. In a signed article published Feb. 28 in the



Brazil is fighting for its national survival, and leaders are looking to the “American System” protectionist policies of Alexander Hamilton.

newspaper *Valor Econômico*, and also titled “Cairu and Hamilton,” Delfim Netto looks at the lives of Hamilton and Cairu, and refers to Hamilton’s “immortal *Report on Manufactures*, presented to the U.S. Congress on Dec. 5, 1791. It is a small jewel of political cunning and economic knowledge, which dialogues with, and combats, Adam Smith.”

The polemic continued with an interview with Delfim Netto, published in the April 2001 monthly bulletin of ABIFINA, in which he asserts that the “elegant position among the great Brazilian economists, is to believe that the market is capable of miracles, that the market cannot suffer interference, any government action. The ‘market god,’ by itself, will produce economic development. . . . This is not economic theory, this is pure ideology. . . . In Brazil, we are experiencing a highly curious situation. We train our professionals with American texts, which ‘teach’ a supposed economic theory to be applied in underdeveloped countries, but which has very little to do with reality in those countries. If we observe the U.S.A. once again, we will verify that, until the Second World War, the bulk of the income of the American Treasury came from customs tariffs. And further: the United States practiced a strongly protectionist policy against England. . . . The United States was created with the clear awareness that it would have to realize its own development, and that free trade did not exist in reality.”

Delfim concludes that “with regard to Brazil, instead of simply accepting the ideology they sell us, what we should do is copy the example that they give us in defense of their national interest.”

However, the person who has truly catalyzed the debate against Brazil’s entrance into FTAA is Ambassador Samuel Pinheiro Guimarães, until recently the director of the Foreign Ministry’s Foreign Policy Research Institute. Pinheiro Guimarães was dumped by Foreign Minister Celso Lafer, in a failed attempt to try to discipline the ongoing diplomatic revolt. His ouster turned Pinheiro Guimarães into a sort of spokesman for national discontent, especially among the country’s business layers. In one of his most recent articles, published April 20 in *Journal do Brasil* under the title “FTAA, Neo-Colonial Control,” Pinheiro Guimarães writes: “The corollary of the process of negotiated loss of sovereignty will be, naturally, the diminishing of Brazil’s ability to promote and defend its interests across the board. . . . After the FTAA, there will no longer be—for all practical purposes—a Brazil with the possibility or vision to build a more democratic, more just, and more prosperous society.”

Inter-American Dialogue Agenda in Crisis

Although there can be no consolidated change in Brazilian foreign policy as long as the financial agreements guaranteed by Finance Minister Pedro Malan and, above all, by Central Bank President Arminio Fraga, are maintained, Brazil’s efforts to rescue its national purpose has already created a split in the Inter-American Dialogue’s agenda, Minister Celso Lafer’s dumping of Ambassador Pinheiro Guimaraes notwithstanding.

When the Dialogue was founded in 1982, following the deliberate rupture in the order of hemispheric security provoked by the Malvinas War, the Anglo-American Establishment undertook to forge a new Pan Americanism, in which the nation-states of the continent would be subjected to a sort of hemispheric commonwealth, without their own national projects. From this stemmed the need to eliminate the continent’s armed forces, and any nuclei of institutional power that could oppose this neo-colonial project of world government.

This project, which was hegemonic through November 1999, suffered its first serious setback with the failure of the WTO Millennium Round in Seattle, where liberal fantasies that Brazil would benefit from such “economic opening,” especially its agricultural products, were quickly deflated. From that moment onward, the Brazilian diplomatic establishment undertook to strengthen South American unity, as the only means to defend itself from the now-evident Anglo-American neo-colonialism.

This realization led to the organization of the South American Presidents summit held last Aug. 31-Sept. 1, in Brasilia. There, then-Peruvian President Alberto Fujimori put out the idea of building a United States of South America, as a means

of defending the principle of national sovereignty in the region, an idea the U.S. State Department considered intolerable to the intrinsic plans of the Inter-American Dialogue. Brazilian diplomacy which, until then, had collaborated in overturning the Paraguayan regime of Raúl Cubas, run by the U.S. Embassy in Asunción as a way of destroying the popularity of Gen. Lino Oviedo, would now turn, if hesitantly, against Anglo-American interests.

Brazilian resistance to the Anglo-Americans’ agenda has by no means been absolute. When Wall Street and the U.S. State Department, in September 2000, decided to overthrow Fujimori (for, among other reasons, what he said at the Brasilia summit), Brazilian diplomacy offered no resistance. The result can be seen today in Lima.

But the nationalist insurgency in Brazil is flourishing in 2001, in part the result of U.S. attempts to isolate the country by trying to break the Mercosur regional bloc, and of Canada’s absurd accusations that Brazil was risking a “Mad Cow” epidemic—all part of dirty warfare designed to hurt its trade interests, especially those of Brazilian livestock and agriculture. The violent reaction of all of Brazilian society, which understood these attacks as attempts to break the pride of the country, truly frightened the Anglo-American elites.

These are the developments that help explain Brazil’s position at the Quebec City meeting. The clumsiness of the Bush Administration’s diplomacy, which produced friction during the meeting with President Cardoso in March, was expressed another way by the commentaries of U.S. Trade Representative Robert Zoellick. When questioned by the Brazilian newspaper *Gazeta Mercantil* the day after Cardoso’s keynote speech in Quebec City, Zoellick limited himself to saying, “I wasn’t at the opening ceremony.” Later, in a collective interview, he attacked “the business community of São Paulo, which benefits from protection,” unleashing a flood of attacks from São Paulo business leaders, who are growing increasingly opposed to the FTAA by the day. The president of the powerful São Paulo Industrial Federation (FIESP), Horacio Lafer Piva, wrote an article entitled “Provocation and Rhetoric,” published April 24 in *Folha de São Paulo*, which begins by saying that Zoellick’s statement “is so simplistic that it doesn’t do justice to his pedigree as a negotiator.”

Brazil’s vulnerability to the pressures that the U.S. State Department will bring to bear in coordination with the Wall Street crowd, lies in the enormous flow of capital necessary to cover its growing balance of payments deficit, a flow which late last year began to decline significantly, and which is likely to cause an insolvency crisis in the short term. This dynamic will define the direction of Brazilian diplomacy in the period immediately ahead. Clearly, if the policy is to financially asphyxiate Brazil, the only response is that of a domestic Hamiltonian solution, while trying to bring all of South America along with it, and, at the same time, seeking political allies and trade partners in Asia and other regions of the world.

Business Briefs

Health Care

Colombia's Public Hospitals Are Closing

Eleven of Colombia's 26 main public hospitals are on the chopping block, due to a crisis of the public sector's finances, *El Tiempo* newspaper of Bogotá reported on April 26. If these hospitals close, an estimated 10 million people will be left without health care. The situation has become dramatically worse since Social Security Law 100 was enacted in 1993, which obliged the public hospitals to become "competitive" with private health centers. Since then, the country's public hospitals have accumulated a 500 billion peso debt.

At the specialized Ramón González Hospital, which serves 3 million people in northern Colombia, patients have been dying from peritonitis, because of the lack of anaesthetics and antibiotics prevents emergency surgeries. The Antonio Roldon Betancur Hospital in Antioquia, a center which services some 600,000 people from three northwestern states, has lost six of its seven telephone lines, without which there is no ambulance service, and emergencies are impossible to treat adequately. In other hospitals, equipment in disrepair, lack of medicines and chemicals to run diagnostic laboratories, and strikes are taking a major toll.

Financial Crisis

G-7 Plans a 'Drill' For Global Meltdown

Japanese government sources revealed on May 5 that the Group of Seven industrialized nations, and "other major economies" and international financial institutions, have agreed to conduct the "first joint field test of coordinated measures aimed at minimizing panic and preventing a domino effect when megabanks and huge hedge funds collapse," the *Japan Times* reported on May 7.

Details of the exercise will be fixed by next Spring, a Japanese source said. But the G-7 and related institutions have not indicated what they would do, were such a fi-

ancial meltdown to occur before that date.

The "joint drill" was planned at the Financial Stability Forum, which was held in Washington, D.C. on March 22-23. This would be the "first international attempt to establish a policy coordination framework to deal with the risk of cross-border economic crises," the *Japan Times* reported.

The drill was proposed by New York Federal Reserve head William McDonough and others. Central banks, government financial and monetary supervisory and regulatory authorities, and the International Monetary Fund, the Bank for International Settlements, and other institutions will participate. The participants will test how they can coordinate measures to deal with a crisis involving U.S. hedge funds or other big financial institutions. The participants will facilitate communications, supply emergency funds to curb "contagious failures," and "coordinate disclosure methods" to the public. The participants will also practice using public funds to bail out collapsed financial institutions.

The Financial Stability Forum was founded in the wake of the 1997-98 financial crisis in East Asia and the bankruptcy of the Long Term Capital Management (LTCM) hedge-fund.

Nuclear Energy

IAEA Reports On Plans for Expansion

The International Atomic Energy Agency (IAEA) has issued a report on the state of nuclear energy worldwide, which says that although South Asia, the Middle East, and the Far East account for only 94 nuclear reactors at present, "there are clear plans for expanding nuclear power, particularly in India, China, South Korea, and Japan."

In Western Europe, with 150 reactors, overall capacity is likely to remain at or near existing levels in coming years. In North America, where 118 reactors supply 20% of electricity in the United States and 12% in Canada, the number of operating reactors has declined slightly.

In Central and Eastern Europe and the newly independent states, a few partially

built plants are likely to be completed, and aging units will be closed down.

Debt

UN University Slams IMF, Urges Chapter 11

The Tokyo-based United Nations University, a semi-autonomous UN body, released a report on May 2 on taming globalism's devastating effects, which urges an overhaul of the International Monetary Fund (IMF), the World Bank, and the United Nations itself. Salient points in the report would seem to reflect concepts and formulations of Lyndon LaRouche.

The report was organized and edited by Deepak Nayyar, who is close to the government of India, Vice Chancellor of Delhi University, and a professor at Jawaharlal Nehru University. The most pointed chapter, on the needed reform of the financial system, was written by S.P. Shukla, former Financial Secretary of the government of India. Thus, both Japan and India seem to be directly involved in the issuance of this report.

Here are excerpts:

- The present "ideology of the Bretton Woods institutions . . . does not recognize the importance of public action in coping with market failure. It would seem that the logic of international collective action, which was an integral part of their original design, is forgotten."

- "The accountability of the IMF is limited, at best, to finance ministries and central banks, which, in turn, have close connections with the financial community."

- The original Bretton Woods system was designed with respect mainly to "international trade in goods and services," but we now see volumes of capital flows which are "staggering."

- The IMF Agreement, Article VI, "permits recourse to capital controls."

- "Chapter 11 of the United States Bankruptcy Code . . . procedures are especially relevant to international debt crises . . . because they address financial restructuring rather than liquidation. They are based on the premise that the value of the firm as a going concern exceeds the value of its assets in the event of a liquidation. Debtors are usually

left in possession of their property . . . Chapter 9 of the Code deals with public debtors (municipalities).”

- The present policy is “designed to impose discipline on debtor countries and keep them on a short leash. . . . [But] developing countries . . . [need the] preservation of the principle of national control over capital flows together with international arrangements for debt standstills [moratoria] and lending into arrears.”

- “The need for this autonomy is an argument against international agreements on capital account convertibility . . . or wholesale liberalization of financial services . . . [and] caution [against giving] additional powers to . . . global financial institutions . . . owing to domination by countries with strong vested interest in further financial liberalization.”

- The chapter on the World Trade Organization calls for the “solidarity of the South,” i.e., developing countries, and a majority vote principle because “the majority members . . . bear the costs of integration [i.e., globalization], which far exceeds the gains.”

- The report calls for repeal of the United Nations Security Council veto given to the five major World War II victors, and the addition of other countries as permanent members of that body. At present, the UN’s moral authority is “seriously undermined because its laws or principles are enforced selectively when it suits the interests of the rich and the powerful.”

Forestry

Export Crash Hits British Columbia

British Columbia’s forest products industry is shutting down, as exports evaporate, Vancouver sources tell *EIR*. The major market has been Japan, which has collapsed. The second-largest market is the United States. With the expiration of the U.S.-Canada free trade agreement, the United States may impose up to a 70% tariff on forest products.

The following companies recently announced shutdowns of various lengths: The Alberni Valley Weyerhaeuser operation on Vancouver Island shut down both logging

and milling for one month, throwing 1,600 workers out on the street; the Weyerhaeuser sawmill in New Westminster shut down for one week starting on May 7, with 400 workers affected; the White Pine mill in Vancouver is running only two weeks a month, with 400 workers affected; the Fraser Mill is permanently shutting down in August, throwing 600 onto unemployment (this mill used to be the largest in the world, employing 1,500).

Energy Crisis

U.S. Aluminum Workers Protest Shutdowns

Hundreds of aluminum workers rallied outside the headquarters of the Bonneville Power Administration (BPA) on May 4, protesting the proposed shutdown of their energy-intensive industry because of the shortage of power in the Pacific Northwest. BPA has asked the ten regional aluminum producers to close down for up to two years to lower electricity demand, because drought has left Bonneville short of supply. The Northwest produces 38% of U.S. aluminum output and 5% of world output.

The workers also want the aluminum companies to stop reselling cheap BPA power at exorbitant wholesale prices, thereby making a handy profit from the practice. That practice is what prompted BPA to ask them to shut down in the first place. Bonneville ended up buying back the cheap power that it had produced, at profiteer prices, when it was forced onto the spot market.

Also for financial reasons, Russia’s biggest aluminum producer, Krasnoyarsk Aluminum Plant, in Siberia, had its power cut off by the local utility, which is owned by the national UES, because of the equivalent of millions of dollars in unpaid bills. UES is threatening to shut off power permanently on May 10, if no payment agreement is reached.

A U.S. company, Alutech, has offered to build an aluminum plant 100 kilometers southwest of St. Petersburg, but it would first have to spend \$70 million to upgrade one of the reactors at the Leningrad Nuclear Power Station to provide the energy needed to run the plant.

THREE RAIL LINKS between Europe and Asia were discussed at “Eurasia TransKazakstan 2001,” an international conference in Almaty, Kazakstan, on April 25-27. Steady progress is being made on the northern, Trans-Siberian main route, with links to the Chinese rail grid, and the central, China-Kyrgyzstan route, linked to Europe via the Russian rail grid. Work on the southern route from China to Kazakstan, Iran, and Turkey has been delayed.

INDIA has nipped in the bud the World Bank’s proposal to have direct negotiations with India’s state governments for funding projects. The proposal, made during the International Monetary Fund-World Bank meeting in Washington in April, was turned down by Indian Finance Minister Yashwant Sinha. “Our Constitution is very clear on this and there is no way states can directly participate in the negotiations with the World Bank,” Sinha said, according to *Asia Pulse* from New Delhi.

THE URUGUAYAN government decided to vaccinate all of the country’s cattle herd, given the rapid spread of hoof-and-mouth disease, *El Observador* reported on May 4. There have been 130 outbreaks reported nationwide, which forced the government to abandon its policy of slaughtering all infected cattle, and go for total vaccination.

ONE IN FIVE NURSES in the United States is planning to leave the profession, due to intolerable work conditions that threaten patients’ lives and safety, such as understaffing, mandatory overtime (one to two 8-16 hour shifts in a 24-hour period), according to a survey by the Federation of American Teachers, which represents some 55,000 nurses.

WARREN BUFFETT, the manager of the Berkshire Hathaway fund, warned his shareholders that America’s investors are living in a “dream world,” if they are still counting on returns of 15% or more on their stock market investments.

Eurasian Conference Gives the Alternative To Bush's Insanity

by Nancy Spannaus

Leading representatives from Europe, Asia, Africa, and the Americas, came together under the auspices of the Schiller Institute in Germany over the first weekend in May, to discuss a remedy for the presently ongoing, Bush Administration-led plunge of the entire planet into a new Dark Age. The central feature of the remedy presented, and discussed, was the proposal by U.S. statesman and economist Lyndon H. LaRouche, Jr., for a great, ecumenical Eurasian development project, as the pivot of an intended global economic and moral recovery. The discussion, which featured contributions by prominent thinkers from Russia, China, and India, in addition to leaders of Sudan, Nigeria, Burundi, and Rwanda, occurred under the theme "The Ecumenical Battle for the Common Good," which is the same as the U.S. Constitutional principle of the General Welfare.

What was clear from this event, is the fact that, in the face of the madness and drive toward war of the Bush Administration, an increasing number of nations are openly looking to the vindicated ideas of LaRouche, as the only alternative to disaster.

The extraordinary richness, and unity of direction, expressed by this array of participants, when considered in the context of the simultaneous ecumenical mission being undertaken by Pope John Paul II in explicit pursuit of the common good, against globalization, made this conference a potentially decisive turning point for all mankind.

As presented by LaRouche in his keynote speech (published in this *Feature*), the moral intention of his policy proposal is defined as the relationship of a Eurasian renaissance, to the issues of genocide being perpetrated intentionally against all of Sub-Saharan Africa by the Anglo-American directors and supporters of the Hitler-like Christian Solidarity Worldwide of Britain's Baroness Caroline Cox. The Eurasian economic renaissance will give Eurasia the means to support justice for Africa; but that intention for Africa must be an embedded, integral feature of the Eurasian economic development efforts.



Speakers in panels of the Bad Schwalbach conference represented Africa, Ibero-America, Russia, India, China, Europe and the U.S. Lyndon LaRouche is at the center.

Dominating the three days of the conference, beginning with LaRouche's keynote speech, was the figure of the great Russia-Ukraine scientist Vladimir Vernadsky, a pioneer in nuclear technology, and the founder of the branch of physical economy known as biogeochemistry. As LaRouche stated, the possibility of successful development of cooperation among the nations of continental Eurasia, including Japan, depends upon a commitment to the greatest work of infrastructural development in all human history, a work he described as the "Conquest of Inner Space": the transformation of Central and North Asia, through development corridors, into an area of vast economic development. This would require "crash programs" in the development of the combined science of physical economy and biogeochemistry, for which the work of Vernadsky is critical.

Extraordinary Russian Response

Following LaRouche's keynote, given on the evening of May 4, were contributions by two distinguished Russians, Dr. Sergei Glazyev, chairman of the Committee on Economic Policy and Business of the State Duma of the Russian Federation, and Prof. Stanislav Menshikov of the Central Mathematical Economics Institute of the Russian Academy of Sciences. (Both speeches are published in this issue.)

Dr. Glazyev expressed, in strong language, his support for the strategic concepts presented by LaRouche. He called the conference "an important event," taking place just in time for the international financial and economic crisis, when there

is still a margin of time in which to think about shaping the future. He stated, "I fully support the ideas of LaRouche and the Schiller Institute," respecting the development of transport, communications, and other hard infrastructure, as well as "social infrastructure," worldwide. As for Russia, Glazyev said, the choice is either to continue to implement the so-called Washington Consensus policy, and thereby to collapse, or to go in the direction indicated by LaRouche with his concept of the Eurasian development corridors.

Professor Menshikov stressed reasons for optimism that Russia would go the way of Eurasian development, and added his own view that not just the Russia-India-China triangle, but a five-sided configuration, is required, one which adds Japan and Europe. He was pleased with the renewed diplomacy with Europe, as well as elsewhere, being shown by President Vladimir Putin.

Development Corridors and Africa

The second day of proceedings began with a panel discussion devoted to the theme "A 25-Year Development Perspective for Eurasia: Russia, China, and India." Following a review of the shocking process of financial collapse in the West, especially the United States, by *EIR* economics writer Lothar Komp, the conference heard from Prof. Yuri Gromyko of the Moscow Academy for Culture and Educational Development; Dr. Wen Tiejun of Beijing, Deputy Secretary General of the China Society for Restructuring Economic Systems; Prof. Sujit Dutta, of the Institute for Defense Studies and

Analysis, New Delhi; and Prof. Selim Mohammad of Egypt.

Each Eurasian speaker developed the significance, and challenge, for his own country, of LaRouche's Eurasian development corridor idea, with emphasis upon the physical-economic concepts he had learned from LaRouche.

Dr. Wen, for example, reported on how China was developing a stock market and a "bubble economy" during 1992-95. In 1994, he discussed this bubble economy with LaRouche, whose suggestions for China were "very important," with regards to infrastructure and local development. LaRouche's recommendations were published in November 1994 in China, and this was the earliest publication to warn China of the world's financial crisis. LaRouche's forecasts have proven true year by year, Dr. Wen said. He also discussed with LaRouche China's land-bridge to Southeast and South Asia. This land-bridge has become still more practicable today, owing to the fact that China has come up with a new economic strategy for the century, focussed on western China. China is now into its Tenth Five-Year Plan, 2001-2005, he said, which will speed up the development of western China through water management projects, and railroad and highway construction.

The afternoon panel featured contributions from African leaders Prof. Abdalla A. Abdalla of Sudan, a former Minister of Agriculture in that nation; Prof. Sam Aluko of Nigeria; Jean Gahururu of Rwanda; and a representative of the Committee for the Defense of Democracy in Burundi, Leonce Ndarubagiye. The African leaders concentrated particularly on the devastation which the International Monetary Fund and World Bank have wrought on their continent, a devastation which can only be understood as a deliberate policy by the financial oligarchy, and expressed their appreciation of the work of the Schiller Institute.

This discussion was followed, as if in counterpoint, by a presentation about the crucial fight to save D.C. General Hospital in Washington, D.C., given by two leading participants, D.C. Nurses Association representative Charlene Gordon, and Dr. Abdul Alim Muhammad, Minister of Health for the Nation of Islam. The short speeches produced an electric response, as the audience could see how the LaRouche movement is in the process of shifting policies on the general welfare, in the United States.

The second day of the conference concluded with a musical "crucial experiment," which involved the chorus, orchestra, and soloists of the Schiller Institute, as well as the audience, demonstrating the principles of Classical thorough-composition through works by Bach, Mozart, and Brahms.

Scientific-Cultural Renaissance

The final day of the conference further developed the ecumenical and scientific principles required to carry out the ambitious reconstruction plans which had been laid out. Helga Zepp-LaRouche, founder of the Schiller Institute, presented the crucial role of Cardinal Nicholas of Cusa in developing

the principles of the modern nation-state, and his concept of a dialogue of cultures, in the context of celebrating the great thinker's 600th birthday. Cusa's ideas must be studied carefully today to overcome the dark age of our own day, Zepp-LaRouche began. They will help us clarify the principles which should define the relations of the international community of peoples. She described how Cusa used the ideas of Plato to develop for the first time the idea of representative government, in which the individual would have the opportunity, and obligation, to speak out for the common good.

Cusa's approach to natural freedom and equality, as the basis for participation in government, was a completely new idea, she said. This is where the idea of political rights of all people begins. Every person is born free, is free by nature, so governance can only derive from the agreement of the governed. Men are by nature equal and equally free; the power of a ruler can only be constituted by the election and consent of the others. All legitimate authority arises from elective concordance and free submission. The source of legitimate power is care for the common good. As the ruler is a creature, equal to all other men by birth, he has to act as their father, which presupposes love.

Cusa defined a representative system of government, in which the ruler chooses the best qualified among his subjects and holds a daily council with him. The councillors' task is to uphold the common good, to give advice, and to serve as the means through which the king can govern and influence his subjects. The subjects can also influence the king in return. The councillors should be agreed upon by a general meeting of the kingdom, and should be bound by oath to speak out for the public good.

Before Zepp-LaRouche's speech, a special message to the conference from the Apostolic Nuncio His Excellency Msgr. Karl Josef Rauber, from Budapest, Hungary, was read.

Marivilia Carrasco, leader of the LaRouche movement in Mexico, discussed the "Africanization of Ibero-America," and the role which Miguel Cervantes' *Don Quixote* can play in teaching the "art of governing" in the face of such an assault on nation-states.

The conference concluded with a summary of the case for a science of life, as opposed to the reductionist abomination known as "molecular biology," a discussion pivoted on the role of Vernadsky's fundamental contributions. Speaking to this subject were Dr. Jonathan Tennenbaum of the German Fusion Energy Forum (FEF); Laurence Hecht of the U.S.-based *21st Century Science & Technology* magazine; Dino de Paoli, and Dr. Wolfgang Lillge, also of the FEF. Extensive discussion followed, as well as a contribution from Ukraine's Prof. Volodymyr Shevchuk, a representative of the Podolinsky Society, which represents a school of physical economy similar to that of Vernadsky.

Proceedings and speeches of this historic conference will be published in future issues of *EIR*, and will also appear on *EIR*'s website, www.larouchepub.com.

Winning the Ecumenical Battle For the Common Good

The following is Lyndon H. LaRouche, Jr.'s keynote address to the International Caucus of Labor Committees-Schiller Institute conference in Bad Schwalbach, Germany, on May 4. Subheads have been added.

We face at this point a turning point in history. The story is, that the Secret Service of the United States wanted to get a dummy to use for security purposes, as a duplicate for President George Bush. To get the dummy with the exterior appearances was not too difficult; but to get a dummy who would function with a certain amount of verisimilitude was more difficult. But, fortunately, Hewlett-Packard stepped in, and, together with Texas Instruments, they found some scrap, discard, from their production line, and by inserting these non-functioning components into the dummy, they made one that would sound and talk exactly like President George Bush.

Now, this is actually quite a serious business, because he is a dummy. He's obviously a mental case, and this was not a secret prior to the time he was elected. The question you have to ask is, when you look at the way the election was rigged—between two dummies, one a psychotic, and another, stupid and psychotic: Gore and Bush, both equally evil, one would have been as bad as the other. But, the fact that the election campaign, in the press, and by the leading parties, was limited to these two dummies, who said nothing about anything of importance that they were going to do, or that was going to happen to the United States or the world, they were put in the front position, and by an unconstitutional act by a bunch of fascists on the Supreme Court, one of them was selected—George Bush.

Did they know they were doing that? Did the group of wealthy financial powers, and the law firms associated with them in New York, Boston, Washington, D.C., Chicago, and Houston, know that these were a pair of dummies? Did the leading news media, which are controlled by this establishment, know this was a pair of dummies? Of course they did. Thus, therefore, you have to say, that George Bush is not the issue—he's the afterbirth. George was someone who was selected with malice aforethought, to become the President of the United States, under the worst condition of world financial collapse in all modern history—the biggest financial collapse

of all human history, including pre-history, because they didn't have such big finances back then.

Therefore this was done. Why would this crowd put a cheap imitation Adolf Hitler into the White House at this time? Because they wanted the effect of having this kind of vicious, mad-dog dummy in the White House at this time. They did not wish to have a President who could think, because he might start thinking, and that might cause problems for them.

A Fascist Movement

What is at stake at present, is the attempt by an international oligarchy—which is largely centered among the five thieves, that is, the four kingdoms controlled, major kingdoms, controlled by the British monarchy, the United Kingdom, Canada, Australia, New Zealand; and the associate member of the British Commonwealth, the United States—to have the oligarchical powers of these combined powers, establish a de facto world dictatorship by methods of terrorism, by methods of intimidation. By using the threat of what remains of military power in the world, to try to intimidate the world into capitulating to this kind of dictatorship. It was very much like the Hitler in the bunker, where George Bush went into the White House as Hitler in the bunker from the beginning; he didn't have to wait all those years to get in the bunker.

So, what you face, is an attempt to intimidate the world into submission to something that the world doesn't like, out of pure fear. And to understand what is going to happen in the United States, all those fools that thought that maybe they could deal with Bush, that maybe Bush was just a change for a different flavor from a Clinton Administration, were fools. And many parts of the world thought, we can work with Bush. Many people in Europe said, we can work with Bush. "Oh, we know Rumsfeld. We know Cheney, from the old days. We can reach them. We can influence them. Yes, Bush is crazy, but we'll work together with these people we know. They'll come around, they'll help us deal with this situation. Don't worry, it's going to be under control."

It's not going to be under control.

Bush is a perfect fascist. We don't have a fascist regime yet in the United States. But we have a fascist party in power,



President George W. Bush is a Nietzschean personality, whose characteristic mental state, like Adolf Hitler at a Nuremberg rally, is “the triumph of the will.” Left: Bush tries to get his lines straight. Right: his mentor, Friedrich Nietzsche.

within the Republican Party, represented by a President who’s an integral part of that. This man is a Nietzschean personality, and if you’ve watched some of the things that he’s done, and his administration has done, they do not consider the consequences of their actions. What they have done, as financial emergency actions, were stupid. Absolutely stupid. What they have done will make everything worse. They will not control anything. They will make nothing better. They will control nothing. They’re going to go from crisis to crisis, as you see the case of this Sharon phenomenon.

We are on the edge of what could become a nuclear war in the Middle East. This war—Sharon is deployed totally with the backing, personally, of President George Bush. The intention is to have a war in the Middle East. It’s not a question of, somebody might provoke the Israelis into launching; they don’t need to be provoked. They are already provoked to launch the war. It’s like Hitler invading Poland; it was not something the Poles did that provoked Hitler into invading Poland. He intended to do it. It was not something the Soviet Union did that provoked Hitler into launching Barbarossa; he intended to do it when he wrote *Mein Kampf!* And his bosses intended it should happen.

We’re in the period where this Nietzschean triumph of the will, like an Adolf Hitler Nuremberg rally, is the characteristic, the mental state, of the President of the United States, to the extent he has a mental state, and is the mental state of his Attorney General, or the Falwells, or the Robertsons—you know, these religious fanatics, who are not Christians or anything else, they’re just fanatics.

This is a fascist movement. The theory of government, in the United States, as typified by the decision of the Supreme Court majority, is fascist. It is the mentality of the Carl Schmitt in Germany, whose influence on law designed the *Notverordnungen* [emergency decrees] that made Hitler a dictator in Germany. This is their mentality. Their mentality is that of Hegel, who was the first philosopher of fascism in modern Europe, who used the case of the Napoleon model, to write a theory of the state, which was then copied by Carl Schmitt, for Schmitt’s doctrine.

Now, in the United States, as a friend of ours, now deceased, Professor von der Heydte, pointed out, the danger of fascism from the types like Bush and his father, in the United

States, is worse than the danger of fascism from Hitler in Germany. Because, in the case of Germany, the Nazis were constrained by the powerful influence of a cultural restraint; they did not dare attack the German culture openly. And that imposed a limitation on Hitler’s freedom for action. In the end, it didn’t make much difference, but it was different. In the United States, the dominant ideology is radical positivism, which is the perfect ideal for fascism. Fascism in the United States would be worse than we have seen in any part of the world, unless we stop it. Because there are no constraints. There is no cultural constraint, no limit. And this group was put in to establish a Roman Empire of a new type: a globalized empire.

You see what they did in Peru, even before Bush was in there. You see what they’re doing today, and have done, in the Philippines. You see what they’re doing in various parts of the world. They’re toppling governments! According to the law of Schmitt. We have a fascist government already in Venezuela, the Chávez government. The Chávez government is based on the philosophy of the same Carl Schmitt whose design of law was used to bring Hitler into power in Germany. And we have the Chávèzes, and people that are alike through-

out Ibero-America, among the followers of the influence of Savigny and Schmitt in law.

Worst Financial Crisis in History

So, this is what we face. We have the worst financial crisis in world history. We have a crisis in which the ruling financial powers of this world are doomed. There's nothing that can save them. There's nothing that can save this system—it's finished, it's over. But nonetheless, they're determined that if they die, everybody else will die first. And therefore, they will do what they can to enslave the world, into meeting their conditions, their financial and economic and other conditionalities, and to overthrow every government that they don't like. To manage the world by causing wars, and threat of wars, and incidents. Their policy is one of global crisis management, including the deliberate provocation and launching of wars.

Now, as you may have observed, most of the countries of the world, including those in which many people were foolish enough to believe they could work with George Bush, or work with the new administration, or that it won't be so bad, or that the collapse won't actually come, that somebody will control it—they were fools, and that illusion is essentially over.

You saw what happened at the United Nations, the repudiation of the United States on several issues in the Human Rights Commission and several other things this past weekend. There's a revolt, even among the traditional slaves of the United States and Britain in continental Europe, against this danger. They just don't quite know what to do about it. There's a sense of this in China. There's a sense of this in Russia. There's a sense of this in other parts of the world, that this is not an administration with which one can hope to live. You cannot marry this administration and expect to survive. This is the worst case of a bipolar personality, without much sweetness in it, that you can imagine. It's not the kind of person to marry, if you want to live. The axe may come down at night, instead of the loving.

So, that's the situation we face. And there's no way in which this is going to be worked out neatly. What this is going to do, is lead not only to an accelerated financial crisis. For example: During the past approximately one year, the U.S. financial market, in terms of indexes of market values, has actually lost, openly, \$5 trillion, and has actually lost more than \$10 trillion. That is, when the accounting is done, it will be seen retrospectively, that in the past approximate year, the United States financial markets have lost over \$10 trillion.

Now, to see what \$10 trillion means, is this. The total GDP of the United States, before this collapse came on, was estimated at \$11 trillion a year. So, the amount of collapse, the financial collapse, of the U.S. markets, in the past year, approximates the total annual GDP income of the United States. The total GDP income of all nations of the world combined, is estimated at \$42 trillion, which means that the collapse of the United States financial values in the past year,

approximates 25% of the total GDP of the entire world. The amount of debt outstanding, if you include the off-balance-sheet debt, including derivatives debt, is in excess of \$400 trillion—more than ten times the annual estimated GDP of the entire world. These debts are based largely on leverage. These are not simple debt. They're not debts at simple interest. They're debts based on value, which depend upon a compounded gain in financial values.

The United States Is Bankrupt

You look at the employment in the United States. Most people don't work any more, especially people that are employed. They're employed in services which contribute essentially nothing to the economy. They're make-work. Instead of cooking hamburger in your kitchen, if you still eat one these days, you go to a McDonalds or someplace like that, and you have somebody working at cheap slave labor, processing that for you. This is typical of everything in the United States. The great majority of people are employed in professions which, from a strict economic standpoint, in terms of priorities, are useless. The number of people who actually produce anything of value is diminishing constantly.

What has happened is a number of things. The social program, since 1963, but especially since 1972, has been a social program of trying to buy off the population, by creating service employment, unskilled personal services, financial services and so forth, as a way of keeping the population reasonably unemployed, in terms of income, by increasing the number of jobs they work in order to get this income, and reducing constantly the number of people who are actually producing wealth.

Now, most of the wealth of the United States in the recent period comes from several sources, which are interesting. First of all, the United States has shipped its employment out of the United States, into cheap-labor markets around the world. Of which China is an example, South America—Mexico, in particular. So, the United States no longer produces its consumer goods. Many of its other goods are no longer produced in the United States. The industries which used to produce these categories of production, have been largely shut down. People kicked out of these employments, have gone into services, as gas station attendants, or whatever, just to give them something to keep them going. They've been offered the chance to invest in markets which have been boosted with financial speculation, with mutual funds, in stock markets, and other forms. They put their pensions, and their savings, into those forms. As long as the stock markets and other financial markets were inflating, they thought their savings were increasing. They were given the opportunity to borrow on credit, with credit cards or other devices. They were given the opportunity to take the equity they had in a house, which was already mortgaged, and to go to a second and third mortgage, in order to pay their bills, and to finance new purchases, as part of their essential income. And this



A rally to save D.C. General Hospital in Washington, D.C. The attempt of the Bush Administration to keep an unsustainable system together, by dictatorial methods, is running into a headlong collision with other nations, and with those in the United States who still believe in the general welfare clause of the Constitution.

comes in the order of 15%, at 23%, borrowing costs, for this kind of thing.

People have been living on income they didn't earn. The United States as a whole, in terms of its income, the current-account deficit rate, toward the end of last year, was reaching levels as high as \$600 billion annually. That is, the United States was spending, from the world, \$600 billion more than it was earning, and that was being leveraged.

On top of that, through this speculation, nations of the world have been relying on the U.S. market, to dump their goods—China, and other nations, which are all going to suddenly take a depression; they're going to collapse. Because the imports into the United States have been collapsing, and will continue to collapse, at an accelerating rate, which means that countries which have depended for a large part of their national income on the margin of exports to the United States, are going to lose the greater part of that income.

At the same time, the world has been investing in the United States, both in direct investments and markets, and into other forms of flows of capital into the United States. For example: One of the biggest sources of subsidy for the United States, is Japan. Japan loans money overnight, at virtually zero percent interest. The people borrow from Japan at zero percent interest, or relatively near that. The yen they borrow, they then use to buy dollars, or euros, or other currencies. They then invest those other currencies, chiefly in the U.S. market, or the London market. This amounts to trillions of dollars a year flowing into the United States in the form of financial inflows, which is part of the leveraged effort to support the U.S. dollar, and the U.S. financial markets.

The United States is bankrupt. Without going into other

details, I can tell you that every leading bank of the United States is hopelessly bankrupt. The Federal Reserve System as a system, is hopelessly bankrupt. So you've come to the point, that to try to preserve this system, you could no longer do it by management methods. It can be done only with bayonets, or similar devices, and terrorism. And that is what is happening.

For example, as you'll note, in another panel in this conference, there'll be a large reference to a fight around D.C. General Hospital, the effort to save it. What is happening throughout the United States, especially since 1997, is a shutting down of essential health-care facilities, such as hospitals throughout the United States. Whole categories of people are being triaged, will no longer receive medical care, while diseases, infectious diseases, are spreading around the world. The death rates among vulnerable sections of the population, those over 50 and so forth, will increase. Those who are impoverished, at higher rates. So what we face here, is a social crisis, both within nations, and among nations, where the attempt of the Bush Administration to keep a system which is unsustainable together, by dictatorial methods, runs into headlong collision, in the form of social crises, with nations, other nations, with other parts of the world, and inside the United States itself.

We have two major points of vulnerability in the United States, and social crisis. One is the energy crisis. There is now scheduled, at minimum, about 120 to 150% increase in average energy costs, for all U.S. families, in the coming year. There will be a global hyperinflation in energy costs, under present conditions, throughout the world, including here in Germany. Hyperinflation in energy prices is part of the pack-

age. Collapse of essential services — health care, other forms, pensions, these things — are about to be looted, and to be collapsed, throughout the world, at differential rates in different parts of the world.

The most vulnerable parts of the world, will be the ones most looted.

Where Do We Find a Solution?

So, therefore, we come to a point of crisis. What is the alternative to sitting back, and either pretending this isn't happening, or to simply complain about it's happening, and protest wildly?

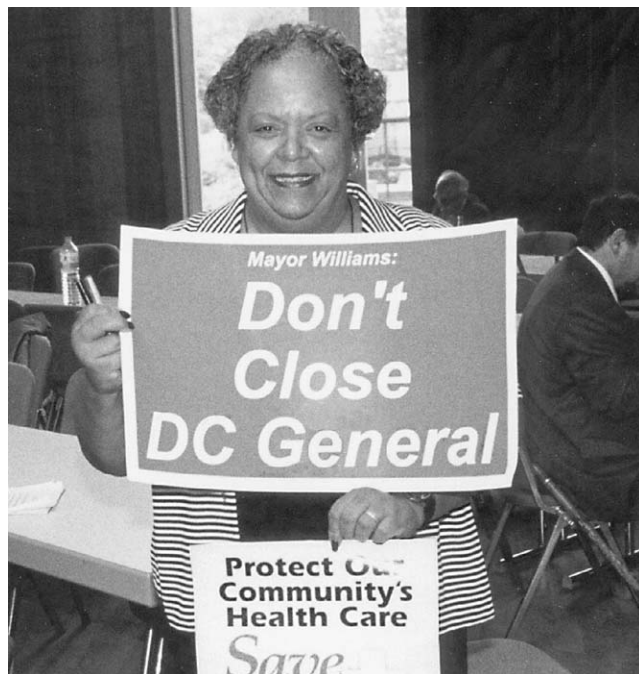
Now, humanity is different than animals. Animals, under these conditions, would simply go crazy. But, except for some of my opponents, human beings are not animals.

Human beings are cognitive, and the characteristic of history is that, when mankind uses his brain, his mind, and exchanges concepts with others, which define an alternative to an impossible situation, mankind will adopt an *intention*, a governing intention of action, to make some innovation in institutions, to try to solve the problem. Therefore, the most essential thing at this point, is *ideas*. Ideas are the distinction between man and beast in any case. The cognitive powers of mind are the distinction between man and beast. And it's by addressing, in times of crisis especially, confronting mankind with the crisis, encouraging it to face the reality that the impossible is about to descend upon them, making it clear. But that's not enough. You also have to provide a clear image of the feasible alternative. What do we do instead?

Once we have a population whose leadership, organic leadership, has a clear idea of what to do about the crisis, then the fact that the majority of the human race has an interest in those ideas, gives leaders who represent those ideas, the ability to transform institutions, especially institutions which are controlled by a tyrannical minority, whose actions are contrary to the vital interests of the human species.

And therefore, the most important concept at this point, is not exactly a new concept, but a fresh vision of an old one. This is a concept which Helga will address in her address tomorrow, on the source of the idea of the modern nation-state. And the characteristic feature of the modern sovereign nation-state, for which there was a long struggle in Europe, and which came into being for the first time in the Fifteenth Century, was the notion that there is no legitimate government, except government which is efficiently committed to what is called the common good, or the general welfare. This is the principle on which the United States Constitution is based, the principle of the general welfare. It's a concept which is reflected in the leading three paragraphs of the U.S. Declaration of Independence. It is a concept for which man has fought. It is the concept which His Holiness Pope John Paul II, has affirmed in the past two weeks, in a new statement on the anniversary of an old papal decree.

The concept of the general welfare, that man is a special creature, unlike the animals, given a cognitive power, a cre-



Among those listening to LaRouche's presentation, and later briefing the conference, was nurse Charlene Gordon of Washington, a leader of the Coalition to Save D.C. General Hospital.

ative power, and that man must be defended, in principle, because man is of this quality.

And there is no alternative to defending that kind of human nature. It is the only basis of law on which we can be governed. It's the only basis in law, in concept, by which you can lead this aching, imperilled world out of the tragedy it's now embroiled in, and lead it to a place of safety.

Eurasian Development and World Recovery

There are some practical considerations in this, strategic ones. And you'll see that the two focal points of this conference, will turn out to be, at the end, as they are at the beginning, the issue of Eurasian recovery, Eurasian development, as the pivot for world recovery, including the role of Russia as a very special part of any such recovery effort, and the relationship of this Eurasian commitment, to the contrasting situation of Africa. In other words, to understand the world as a whole, in the simplest terms of reference, look at the possibility of what we can do in Eurasia, and then look at the needs of Africa, in order to see humanity in its wholeness. Those who have the means to lift themselves up, and those on whose behalf, in the larger term, they must act, to lift them up too. Because the idea of the general welfare, while it's a notion of government of each nation, also must be a notion of the relationships among nations of the world. We must find a community of principle in the notion of the general welfare, to unite nations for a common good. The common good is the general welfare of the nations, of the people in each, and of the community of nations as a group. It's the only chance for this planet.

Now, to go to the question of what is the role of Russia. I addressed this yesterday in a forum we had, a seminar yesterday. And I shall restate it again here.

Germany, like the rest of Western Europe, and Central Europe, is also bankrupt. This is a condition which was installed immediately in 1989 through 1991, when the Soviet system collapsed—and was collapsed. At that point, since there was no credible adversary, the Anglo-American powers, led by Margaret Thatcher, who was made Prime Minister out of the wreckage of a green-grocer's daughter; George Bush, a mental case, the old George Bush (the young George Bush came by his mental infirmities honestly; it's only their money that they got dishonestly); and François Mitterrand. And these people set up a plan, to prevent Germany from surviving the reunification of Germany, and set up a plan to destroy Eastern Europe, especially Russia. That was their plan. And if you look at the history since 1989-1990, you'll see the result. That's exactly what happened; it was intentional.

The plan was that they launched globalization, to destroy the last vestige of the sovereign nation-state on this planet, through globalization. To set up a modern financier oligarchical form of the Roman Empire, this time on a world scale, in which there would be one world government, run out of London and Washington, in concert with Canada, Australia, and New Zealand. That's what has been happening.

NATO is a joke, nobody takes it seriously. NATO is nothing but an appendage of the Anglo-American facility, sometimes with French cooperation, sometimes not. There is no NATO, there is no sovereignty in Europe. A world empire is emerging, with pagan Roman characteristics and fascism to boot. After all, fascism is nothing but Caesarism revived in the modern age. That is the intention.

Under these conditions, Germany is being ruined, and you see it with the Chancellor, or Eichel: Every time they turn around, they're cutting more and more. The situation is desperate, the budget is unbalanced. The French budget is unbalanced. In Italy, they're used to it, it's always unbalanced, so they put up with it better. Other countries' budgets are unbalanced, they're cutting and cutting, but already they're long below breakeven. These nations cannot survive on their present budgets; physically, they are headed towards Hell, with no way out, no exit in sight.

Germany used to be the pivot of the European economy. Since they got rid of de Gaulle in France and so forth, and crushed Italy, most of Western Europe couldn't earn its own living. The way it survived was through the margin contributed from Germany, a Germany able to contribute to support the rest of the poor nations of Europe. They were all living on the German dole, from Germany's high-technology export capabilities. And as long as those capabilities were maintained, and they were up until about 1989 and the assassination of Herrhausen, then Germany could sustain Western continental Europe. But what was done to Germany, in the process of reunification, the way the process was handled in the assimilation of the former East Germany, destroyed

Germany from within too. And thus, Germany is at a point that it cannot survive, and Western Europe cannot survive, the way things are going.

So, there is an obvious solution. There is a great potential market under the proper conditions in Asia: in China, in India, other countries, which represent the largest portion of the human population. In a great area of particularly Central and North Asia, which is one of the great frontiers of growth of all humanity, an area of tundras and deserts and general underdevelopment. Through the mediation of Russia, which has the peculiarity, historically, of being a Eurasian nation per se, as a result of the aftermath of the Mongol occupation—through that mediation, it is possible for Europe to unite with Russia and nations in Asia to set up a long-term system under which, instead of consumer goods markets and investments for these countries, you set up long-term development of the productive powers of labor in these nations.

So, you're talking about a generation or more. That means a system of long-term credit issued by those nations which are producing the greater part of the technology, to the nations which need that supplement in order to get out of the mess they're in. This means a system of long-term credit, interest rates of the order of 1% per annum, simple interest, no compound interest, long-term agreements under which the great markets in South Asia, Southeast Asia, East Asia, now come into a partnership with Europe, with Russia, with Japan, in order to create a great economic boom with some of the same features used to rebuild Western Europe in the immediate postwar period, through the Marshall Plan and other plans.

A program for a generation of recovery, a generation of progress, a generation of development. In order to make this work, as has been understood for more than a century, almost a century and a half, the only way this could work, was to develop a system of infrastructural development which would effectively link the Atlantic Ocean to the Pacific Ocean across Eurasia. This is not railroads, this is not Silk Roads, these are corridors of development, which run a range of, let's say, up to 100 kilometers in width, from the Atlantic to the Pacific, going in various directions. Along these routes, as we did in the United States with the transcontinental railroad, the area on either side of the transportation axis becomes immediately, in and of itself, a sustainable area of economic development. By that means, you can branch out from the main corridors into subsidiary corridors of development and capture the area. If we can make that kind of link, one interesting kind of change occurs immediately.

How Mankind Developed

For as long as we know, mankind's economy has been dominated by the oceans. Contrary to all these theories that the British Biblical archeologists tell you, civilization did not come from England and march down the rivers and the seas, it went the other way. What we know from especially information on the internal characteristics of ancient astronomical calendars, shows that they were predominantly calendars



German doctors demonstrate against health budget cuts, March 2001. "Germany is at a point that it cannot survive, and Western Europe cannot survive, the way things are going."

used by a trans-oceanic maritime culture, functioning over a long period of time when most of North Eurasia was under a giant glacier, for about 100,000 years. During that period, most of what later became civilization, was running around the oceans. From the time that these maritime cultures came back into Eurasia following the melting of the glacier about 20,000 years ago, when that began, they began to move inland. The first direction was to move along the great riverways inland, to move along the coastways, close to the seas and to maritime traffic. If you look at the map of the world, you find the characteristic of long development is the lack of the ability to utilize the inland areas, the land-locked areas, of the world, with the same degree of efficiency and productivity that was used in the coastal areas and chief riverways.

Look at Asia today. In China, you have the coastal areas which reflect this, they are more highly developed, relatively speaking, and the inland is poorly developed, the population has a poorer standard of living and poorer opportunities for development. This extends then into Central and North Asia as a whole. Therefore, if we conquer this area, what happens? Take transportation alone. People who don't think, think that ocean freight is the cheapest way to move freight. That is not true. The cheapest way is across land, but not by truck; trucks running up and down the highway tell you that the economy is being dismantled. It costs too much, it's intrinsically bad. Railways are much better. Integrated transport systems, featuring railways, especially magnetic levitation systems, are excellent. Magnetic levitation systems move passengers more rapidly, but those same systems for moving freight, that is really a wonder. That's where the payoff comes. If you can move freight from Rotterdam to Tokyo at an average rate of

300 kilometers per hour, without much stopping along the way, and if for every 100 km of motion across that route, you are generating the creation of wealth through production as a result of the existence of that corridor, then the cost of moving freight from Rotterdam to Tokyo is less than zero. What ocean freight can do that? Did you ever see a large supercargo ship producing wealth while travelling across the ocean? And at what speed?

A Turning Point in Technology

Therefore, we have come to a turning point in technology, where the development of the internal land-mass of the world and the great typical frontier is Central and North Asia. That is the greatest single opportunity before all mankind for development. This requires some revolutionary changes in the way we think about things. This means that we would be engaged in the greatest change in the environment in the history of mankind. This single project, say a 25-year or more development of Central and North Asia in this direction, including the conquest of the tundra. (The Arctic tundra is one of the great frontiers to be mastered, and it can be done.) That would be a great change in the environment. How are we going to decide what is good or bad about changing the environment? What people think today about the environment is pretty stupid. It doesn't make any sense, people don't know what they're talking about, and when you see the kind of education they get, it's no wonder they believe that nonsense. Especially those with physics degrees.

The great theory of the environment was established by a Russian of Ukrainian credentials, Vladimir Vernadsky, with his concept of geobiochemistry. The problem is that what



The work of scientist Vladimir I. Vernadsky laid the foundations for Eurasian development projects, to develop what he termed the “noösphere”: the domain of human cognitive activity, as a process that shapes non-living processes, including the geology of the Earth itself. Left: construction of a pipeline in the former Soviet Union.

you’re taught in most universities about science is nonsense — it’s a damn lie, to put it frankly. What you’re taught as basic physics is mostly a lie. Because, as Vernadsky demonstrated this in his own way, and as others have shown, there are actually three principles involved in man’s physical relationship to the Earth and the universe. Three categories. One is what we call non-living processes, what most call physical processes. The second, which those in molecular biology refuse to understand, is the principle of life; you will never get life out of a non-living process. Life is, as Pasteur insisted, a principle unto itself, a universal physical principle which, as Vernadsky demonstrated with his biogeochemistry, the oceans and the atmosphere were produced by living processes, down several kilometers below the Earth’s surface. Most of the Earth that we are in touch with as humanity was created was a by-product of living processes, with what Vernadsky calls the “natural products of the biosphere.” We can measure the power of the biosphere over the non-living processes, we can measure it!

Living processes are superior to non-living processes; they are more powerful, they are apparently weak, but their long-term effects are more powerful than the short-term effects of non-living processes.

The Need for Revolutionary Discoveries

There is a third thing, which Kant won’t let you know — that’s why they call him Kant, because he can’t do anything. The essential nature of man is that we are capable of making discoveries of universal physical principle, discoveries we can validate in known experimental ways. By applying these principles, we increase our power in the universe, in ways

that can be measured physically, per capita and per square kilometer. We can measure this in terms of the demographic effect of this kind of action. That is, does the human species improve its life expectancy, its power to exist in the universe, as a result of this? If it does, that is good. Mankind’s primary mastery of nature has occurred in terms of his mastery and development of the biosphere. So actually, the biosphere, including what we call basic economic infrastructure such as waterways, power systems, transportation systems, the development of good cities — these are natural products of cognition which are reflected as improvements in the biosphere. The biosphere is weak, it is stupid, it does not know how to deal with the deserts it has, or the tundras, or other problems, but we, as human beings, can come to our poor, stupid slave, the biosphere, and say, “We will educate you and we will make you stronger and better.”

So, mankind intervenes in the biosphere to make it better. So the principle of discovery applied to the environment creates natural products of cognition in the biosphere which improves the biosphere, which increases the potential for human life. This is not a mysterious, arbitrary area, it is an area of science, of scientific precision. Which means the job to do is not to ask whether it is good or bad to tamper with the environment: It’s very good to do so if you know what you’re doing. But you have to develop the science of water management, the science of transportation, the science of reforestation, the science of how to change and control the atmosphere and the climate. You can’t make big mistakes, they will live with you for a quarter of a century or more; therefore, you have to have competent groups of people determining how to do this. But by changing the biosphere of Central and North

Asia, and changing the biosphere in the arid regions of China, and so forth, we will create the greatest boom for humanity on any part of this planet.

What we need is a mission-oriented task force to undertake the policy planning for precisely this. And it must be international.

The Pivotal Role of Russia

Now, the peculiar part of this is the case of Russia. Russia has gone from communism to liberalism, without passing "Go," and certainly without getting \$200. It got nothing, it lost money on the deal. The problem in Russia is to define itself—once again, intention: This will work, if Russia adopts the intention of playing that role for itself in a Eurasian development program. That means, leading Russians must adopt such a perspective, and the Russian people must increasingly participate in that vision of the role of Russia in changing the situation in Eurasia and in Russia itself.

Under those conditions, the role of Russia as a pivot, with other parts of Eurasia, is crucial. How? First of all, there are conflicts of an historical and cultural nature along most of the nations of Asia. China and India, for example. China and Japan, Korea with China and Japan, and so forth. So that, on a bilateral basis, long-term agreements among these nations are very difficult to manage. However, if you have a common mission, with a common interest, which involves a number of these nations together, then you can bring them together in a system of cooperation. This is the natural role in which Russia can play a mediating part throughout Eurasia.

This is what came up when Primakov was Prime Minister, on the triangular cooperation, which we boosted very much, and pushed for, between China, Russia, and India. That is a viable idea. It has to be given more legs to walk on and a mind to direct it, in that sense. In Western Europe, where we could potentially revive the kind of high-technology export potential which once existed here. But Western Europe has to adopt a mission, and Central Europe has to adopt a mission, of participating in this development of Eurasia, as a group of sovereign nation-states, through instrumentalities which they create among themselves, to facilitate this cooperation.

The object would be to bring the United States in to cooperate with that great venture.

And if you look at Africa, as we shall discuss here, it has no chance, it has been too looted, unless it has help. The help it requires is of the same nature. The primary needs from the outside for Africa are in the area of basic economic infrastructure, particularly large-scale extensible systems of infrastructure: transportation links, power grids, water management, the redistribution of water in Africa, could make a revolutionary difference. Africa needs assistance on *this*.

If Africa is allowed to have the room to undertake its own development, with that kind of assistance, Africa can develop. This assistance must come from viable other parts of the world. A prime case is Eurasia: If Eurasia is developing pros-

perously, then it will help Africa. But, if the Americas and Eurasia are not developing, there will be no help for Africa. And the penalty of what has been done to Africa, like an infectious disease, will continue to destroy Africa, internally and otherwise.

Therefore, we should see this connection in this world: Eurasia is the great center of human population. The conquest of the inner space of Eurasia is a great focal point for a mission out of this process. When we then turn to Eurasian development to look to Africa, and see the misery there, then we see a larger mission which exemplifies humanity as a whole. That is our chance.

FDR Fought for the General Welfare Principle

In the United States, we find, as around the D.C. General fight, which we have not won, but which we are fighting as nobody thought we could, or in the fight against deregulation of energy supplies, we are finding a great response from within sections of the American population that have been disregarded and cast aside, the lower 80% of family-income brackets, who have been out of politics, essentially, for much of the past quarter of a century or longer. They are responding. Why? Because my friends and I are intervening with people in the Democratic Party, all kinds of people, to bring them together around the idea of establishing the general welfare as a general principle. The reference to that is easy. The general welfare principle, as Helga will indicate on Sunday, is an old principle in European civilization. It is one of the characteristic benefits of European civilization to all of humanity. The idea of the sovereign nation-state as the alternative to empire. That is the great contribution.

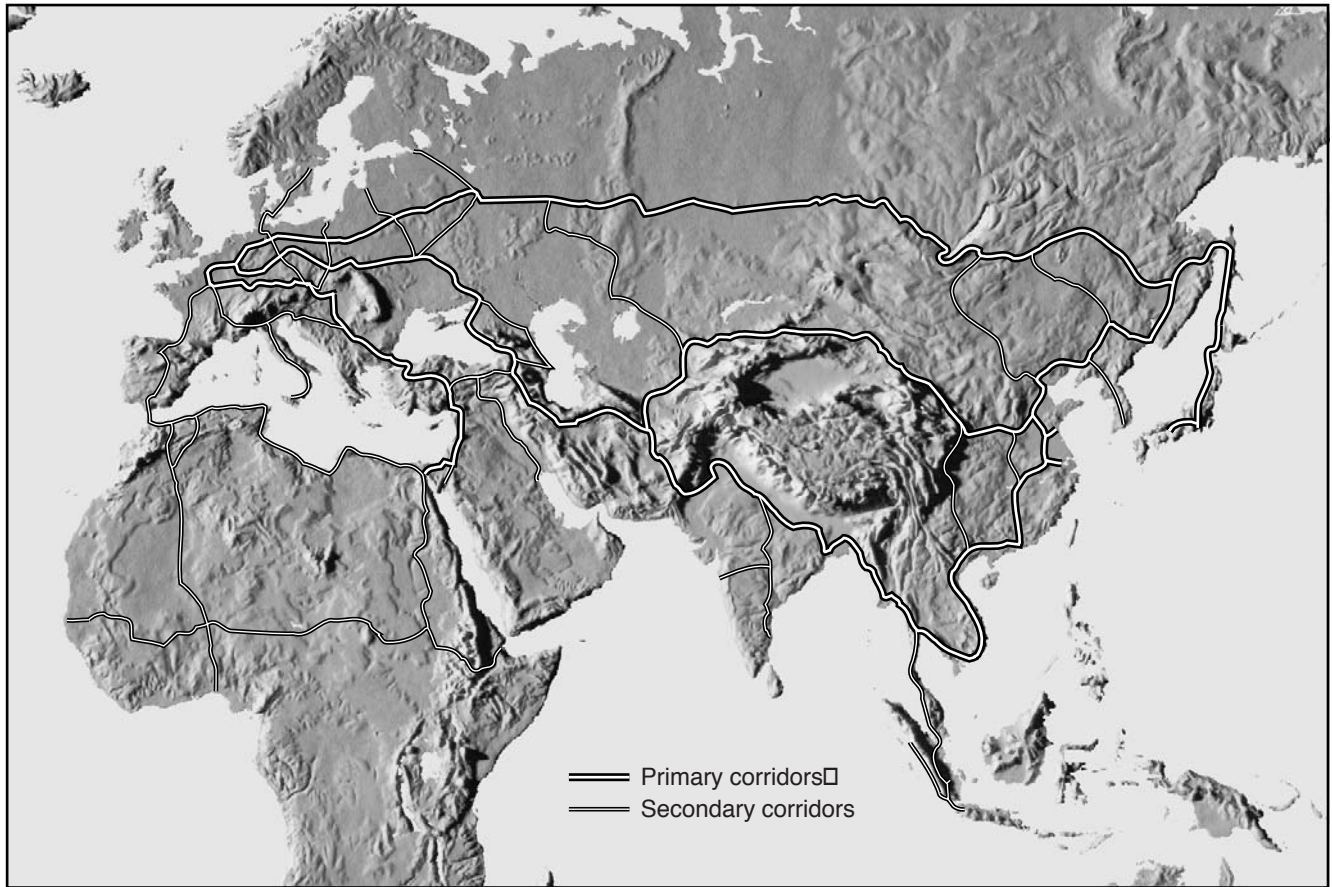
But in a recent period, which is most comparable, in immediate recollection, to that of now, in the Great Depression of the 1930s, when stupidity similar to that which rules the United States today, the stupidity of Theodore Roosevelt, that fascist, of Woodrow Wilson, that Ku Klux Klan racist, the stupidity of Coolidge, who got himself into trouble every time he opened his mouth, so he didn't talk, at least not in public, these people, along with Mellon, destroyed the United States and destroyed a good part of the world.

Then Franklin Roosevelt came in. He had poliomyelitis, he was crippled, he fought against the crippling effects of polio. During this period, he restudied his own roots. He was the descendant of a collaborator of Alexander Hamilton some centuries before. He found again his roots in the American Revolution. And he brought forth, as governor of New York and as candidate for President of the United States, a conception which transformed that traditionally ultra-racist party, called the Democratic Party.

Remember, the Democratic Party was conceived as a racist, treasonous party, and remained so until Roosevelt became President, even though there were some decent people in it from time to time. Roosevelt changed that. He changed that party from the party of racism and treason into a party commit-

FIGURE 10

Some Main Development Corridors of the Eurasian Land-Bridge



Europe has to adopt a mission of participating in the development of Eurasia, as a group of sovereign nation-states, through instrumentalities which they create among themselves, to facilitate this cooperation. The object would be to bring the United States in as well.

ted to the promotion of the general welfare. Not that he was able to enforce, with a sweep of the hand, the general welfare, but he fought to establish the principle. Most important, he fought to establish the principle in the minds of the American citizens.

See, we are not emperors; we can not, with a wave of the hand, declare a principle and then impose it by our will, on people. The way we convey a principle is as philosophers, philosophers in action, who convince people that that principle is the way in which they ought to live and act. When a people is aroused to act for that principle, then the great good comes. No man is a god, no man can decree by a wave of the hand and give the world something according to principle. What a man can do, an individual human being, is to transmit ideas, utilize ideas, convey them to others. The function of leadership is essentially that of a philosopher, which few politicians seem to understand. It is the philosopher who conveys and implants ideas in people, ideas of principle, like a scientist

who conveys discoveries. It is the implanting of those ideas in the social process, the creation of political and other institutions around ideas, which mobilize humanity to do a great work.

How We Can Win

That is the lesson for today. We are in the worst crisis of world history, and the good side of it is, there is no way you can cheat. You either do it my way or you're doomed. The other good side is that we can win. But to win you have to think of philosophers in action, not as agitators, but as philosophers in action who take people who are living in a depraved mental state, who are being selfish—

Let me give you an example of the principle involved. It may have occurred to you that we have each been born. And it has occurred to most of you that all of us are going to die, even George Bush, who may already be dead. So when somebody talks about *my* self-interest, what is that? If you're

going to die, what becomes of your self-interest the minute you die? Your self-interest in pleasure, in gluttony, in riches—What happens to them? They go! Your self-interest is in having lived, and having your life mean something to humanity. You live for your self-interest. Now, most people are not capable of doing that, not yet. Given the education system, that is not surprising. But, when people are inspired to rise to that sense of their personal self-interest, that what they can do for mankind while they are alive is their self-interest, then they are capable of exerting leadership. If they can do that, they can arouse in people, who all have this potential, at least for a moment, the ability to see that in themselves.

In the old times, when people used to believe in having babies, people would express that in a very simple way. They would say, “Okay, I’m living, I’m sacrificing for our children and grandchildren.” And children and grandchildren gave a way of focussing concretely on what your life meant. And you would joyfully sacrifice for the sake of the future of these children and grandchildren. You would *vote*, and support actions by society; soldiers were ready to die to save it, not because they wanted to die, but because they were ready to take the risk, because they had a sense there was something more important than their mortal life itself. It’s what they do with it that’s important. Like a scientist. How do you measure a scientist? By what they contribute to humanity. People whose names we know from thousands of years ago, what was their self-interest? To be what they were: great discoverers who benefitted all humanity after them, great artists who uplifted all humanity after them. A few of us have that developed commitment. In former times, more people had that kind of commitment, which they expressed in terms of their obligations to improve society, their family, and so forth. Those values have more or less passed away, during this decadent cultural period in which we have lived. We have come to a time when people suddenly realize that “My money, my money, my money!” is not the essence of humanity or life. the essence of the ability to *buy* is not the essence of life. It is being *human* that is the essence of life.

When people have taken away from them, some of the false values to which they have clung too ardently, sometimes they are forced to look and say, “What is really valuable?” Sometimes, for that reason, it is the poor who are the best fighters for freedom. Because they have the least to lose, and freedom means everything to them, because they have nothing else, except freedom. So, when we come to a time of great peril and depravity, the secret is leadership. The secret is the development and spread of ideas, sound ideas, which enable people to mobilize themselves about actions which will address the problem. In such a moment, when that occurs, suddenly the majority of people are able to decide on how to run this planet. And those few tyrants who dominate us, become pitiful wrecks running into places of refuge, or hiding or changing their identity. Thank you.

Dr. Sergei Glazyev

Reconstruction After The Financial Crash

Dr. Glazyev is chairman of the Economic Policy Committee of the State Duma of the Russian Federation, Corresponding Member of the Russian Academy of Sciences. Subheads have been added.

First of all, I would like to greet Mr. and Mrs. LaRouche and the Schiller Institute, and thank them for such an interesting and productive conference. I think that it is a very important event, which is taking place just in time, before the financial system collapses, when we still have maybe some months or so, to think about the future, and about what could be done in order to overcome those bottlenecks and dangers, which might appear in the nearest future. For me, it is a great pleasure and honor to participate in this conference and to share some ideas on the subjects, which Mr. LaRouche raised in his brilliant presentation.

I will concentrate on the lawful processes which determine modern economic development, and which we must take into consideration, when thinking about the nearest future and about the actions, which could be implemented to overcome a worldwide catastrophe, and to find the way out of the crises, which Mr. LaRouche described.

Mr. LaRouche showed that we are facing a crisis of the global financial system and the present global economic order. But how does this crisis change the global system? Whether the process of globalization stops, or if will it find new forms; or, perhaps the world economy will collapse into some regions, which will try to discover their own way out of the chaos; or, the world oligarchy will find new opportunities to create a new global order, based on war, terrorism, or worldwide dictatorship—what could happen? In order to answer all these questions, I think we should take into account certain important features of the present globalization process.

Looting Through Globalization

Usually, globalization is considered to be the process of creating a world market, which will afford more opportunities for each country to develop its own competitive advantages, to improve its efficiency, and to find new ways to cooperate with each other. And, according to mainstream economic theory, this creation of worldwide markets is also the creation of new opportunities and increased efficiency, not only of the world economy, but the efficiency of the economy of each country, participating in the globalization process. But this is,

in fact, not the real truth.

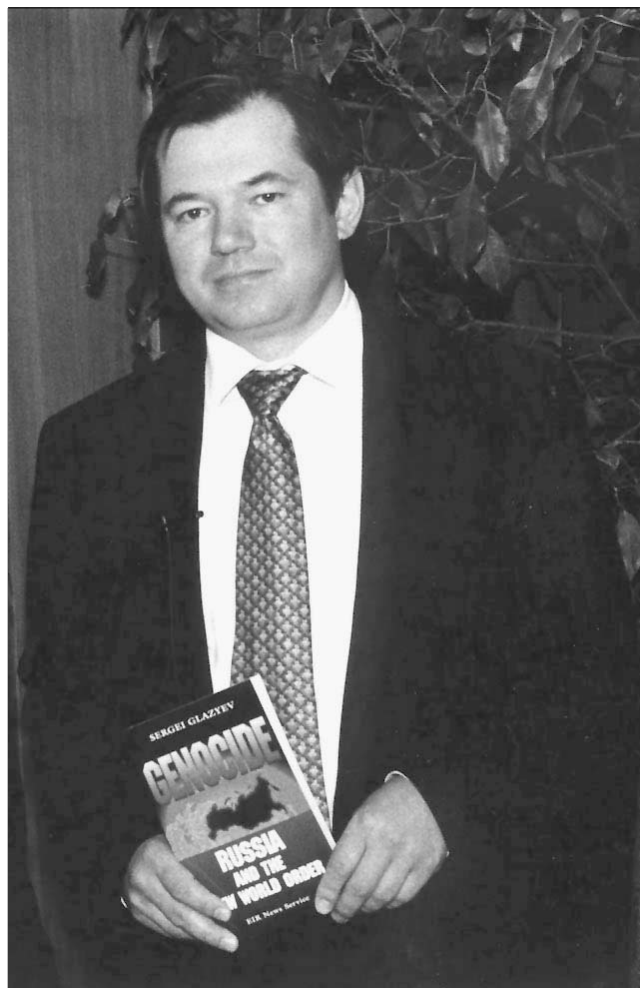
These are some features which we see on the surface, where governments of even the most powerful countries diminish themselves, destroy themselves, in order to provide new opportunities for free trade, for free flows of capital, labor, and information, thinking that, in this worldwide free market, they will create new opportunities for their companies and their people. We must bear in mind the other side of the coin of the globalization process. In fact, it is not only the integration of the different countries into one world market; it is also the disintegration of the world, where we can see a very small number of highly developed countries, which concentrate wealth, concentrate power, and concentrate capital, information, and knowledge. And, the large periphery of this core of the world economy, where we see growing inequality, poverty, huge capital flight, huge brain drains, and so forth. And, finally, we see also the emerging set of so-called dead states and even dead countries, about which nobody cares what happens there.

So, the present globalization process includes lawful processes which lead to the polarization of countries by means of an unequal exchange of goods, capital, and information.

The core of the global system, which includes the North American and Western European countries, and Japan, as well as some newly industrialized countries, in fact concentrates the possibilities to extract *rent* from the rest of the world. These possibilities emerged from two main sources. The first is the leading role of technological change in worldwide development. The share of science and technological progress in economic growth accounts, in the leading countries at this time, for three-fourths—or even 95%, according to some calculations—of the growth of GDP.

This means that those countries and those companies, those structures in the world market, which concentrate the intellectual potential and are able to produce new technologies and new opportunities for production and for taking profits, in fact have the opportunity to obtain intellectual rent, through unequal trade with the rest of the world—with their partners. Those countries which are unable to be at the frontier of technological change, have to give in exchange, cheap labor and natural resources, so they have to finance the economic growth and further development of the core of the world economic system. And this creates huge inequality in economic exchange. If you look at present markets, you can see that intellectual rent comprises about 50%, or even more, of the price of science-intensive products. These are superprofits, which are derived from exchange on the market. This is the first source of inequality.

The second source is the privatization of the world monetary system, by at least part of those countries which constitute the core of the world economic order. In fact, it is not even countries, but we should speak about the American Federal Reserve System, which in fact has privatized the global currency. And those financial speculators, about whom Mr.



Dr. Glazyev, with a copy of his book, Genocide. "I fully support those ideas which Mr. LaRouche has laid out in his speech about the necessity to develop world infrastructures based on new technologies."

LaRouche spoke, are lucky to have access to cheap capital and to a cheap source of the world currency, through the privatized money-creation center for the whole world.

This financial system leads to inevitable collapse, because of the lawful processes it embodies.

The financial speculators, who have access to—and even have the opportunity to create—money for nothing, and have opportunities to concentrate financial wealth on a worldwide scale, can easily undermine the financial stability of any country in the world, and obtain superprofits in this artificially created situation of disequilibrium. For instance, taking present Russian history as an example: We can see that from 1993 (when Russia opened its financial markets and gave financial speculators the opportunity to organize financial bubbles in the Russian economy) to 1998 (when we had a crash of the whole system), for each dollar invested in these financial pyramids in the Russian market, financial speculators made profits of about \$30 in those five years. This is the scale, on

which the national wealth of the whole country was caught and distributed by the financial oligarchy, using their unlimited financial wealth, due to their access to the privatized money-creation center.

After the Crash

So, as Mr. LaRouche has shown in his speech and in his papers, an economic order of this kind inevitably should collapse, for the obvious reasons which lead to the collapse of any financial pyramid. We see this not only in the Russian experience, but also in the financial crisis in Asia recently, the financial crisis in Mexico before, and so forth.

The question is: What will disappear, together with this financial bubble, and what will remain for the further economic development process?

In fact, we should consider two scenarios. The first, which Mr. LaRouche mentioned, is the scenario of worldwide, global financial collapse; and then, immediately, some kind of new order should replace it, or otherwise the world economy will go into chaos, and nobody knows what will be the way out of this chaos.

But there is another possibility. Perhaps, this collapse will not take place in one night. Perhaps, the present financial system will go onto a new trajectory of permanent financial crisis in different parts of the world, and we shall face some kind of turbulent, chaotic period of instability of the worldwide financial system. We should think, also, about how to deal with this instability, even if some mechanisms of the globalization process still continue to work.

If we think about what will disappear and what will survive this financial crisis, I think, first, that the financial system which is based on the privatization of the worldwide money-creation center—which is now the Federal Reserve System of the United States, which creates unlimited dollars for the whole world—this will go, for sure. Insofar as we are speaking about a new world economic order, we should also think about a new world financial system, which will either be based on a worldwide currency, not a private currency (which is the dollar, at the moment), or it will be based on something like a payments union—on some kind of mixture. In any case, to my mind, the present stage of globalization comes into strong conflict with the privatized global currency, which creates all these opportunities for the financial oligarchy to create such global instability, which inevitably leads to financial crisis.

But, at the same time, the other institutions which now play an important role in the globalization process and in worldwide development, will continue to work, and at least some of them will survive. I think a large number of transnational corporations, especially those working in the real sector, will continue to operate. We should think about how they will develop in the new macroeconomic environment. The global infrastructure and information network will continue to work also. Science and technology as the main engine of economic growth will also be in place, and we couldn't imag-

ine further economic development without the growth of research and development, without innovation, without technological change, which, as I mentioned, is the main factor of modern economic growth.

What will happen with the world organizations, not only the IMF [International Monetary Fund] and the World Bank, but also the WTO [World Trade Organization] and other international organizations? This is the question. In order to find our own answer, or our vision of how to answer this question, we must first think about what could be done in order to maintain global development after the financial crisis takes place, both at the national level and at the world level.

National Development Policy

At the national level, we have the good experience of how some nations were able to adjust to the turbulence of the world financial situation. Let's take the Malaysian example. The Malaysian government showed an example of how to introduce filters, which help the national economy to prevent shocks coming from attacks by financial oligarchs. Important filters of this kind, which help to prevent the attacks by financial speculators from disturbing and undermining the the national financial system, work. It works in Malaysia and in some other countries, which have introduced this or that kind of currency control, and which prevent financial speculators from taking money out of the country whenever they want.

A very important part of a successful national-level economic policy, is seeking one's own development perspectives. The point is, that if you look at world economic development, you can see that it is unequal, not only in space, but also in time. From time to time, worldwide technological paradigms, or technological modes, change. From time to time, the world economy switches to a new technological basis. This mechanism was described by Professor Kondratieff in the 1920s, and now we have a whole school of the long waves, or so-called economic paradigms, which describes how long-term economic development proceeds as an unequal process, an uneven process of changing technological modes or technological paradigms.

What does this vision mean for national development policy? It is quite obvious that, considering the scarcity of resources that each nation has, it is important to concentrate resources on those industries and those types of production that are on the upward part of their trajectory. It is senseless to invest in obsolete industries. Those countries and those companies, which can forecast where the new opportunities are and which of the emerging new technologies are the new locomotives for economic growth; those nations, which are able to concentrate resources on the development of these new opportunities—are fortunate to be able to use the new long wave of economic development, to improve their economic situation.

This was the story of Japan's development, for instance. The American administration in Japan tried to establish their

own economic policy. They thought that Japan would, at least for several decades to come, specialize in labor-intensive textile industries. But the Japanese government was clever enough to understand where the new possibilities of growth lay, and to invest exactly in those industries which started to grow at a speed four or five times greater than average economic development.

Now, even in a situation of financial chaos, we could find those new opportunities and those industries, which will grow not at 3 or 4% [per annum], which is the average rate of world economic growth, but at rates of 20%, 30%, 50%, or even 100%, as we see in the case of biotechnological industries and information infrastructure.

So, it is obvious that for successful national policies in a turbulent financial environment, we need clever and active government policies, which use not only their good forecasts of the further development of the world economy, but also find a comparative advantage in the national economy for further economic growth, and which could create development institutions which can attract capital from the West into these new opportunities. I do not have time to speak about the experience of various countries that are trying to find their way in this difficult situation, but I am sure that each country could contribute to this.

In Russia, too, we are discussing what future economic

policy will be. Either we shall continue the policy which caused the crash of the Russian economy—the Washington Consensus policy, without any active role for the government, which is a policy of self-destruction of the government, and in this case the Russian economy will collapse, together with the financial crisis—or, we shall find a way out, by trying to find our own alternatives and to propose to other nations to participate in mutually beneficial programs, including those Mr. LaRouche mentioned in his very interesting description of the Eurasian corridor developments, and so forth.

A New World Economic Order

Finally, coming to worldwide issues: If we speak about the new world economic order after the financial crisis, we should think of how to overcome those injustices and inequalities, which were created under the previous economic order. Here, the key question is the question of the distribution of rent. First of all, financial rent, which at the moment is controlled by the Federal Reserve System, together with speculators. Then intellectual rent, which at the moment is concentrated in the leading nations—actually, in transnational corporations; then natural rent and monopoly rent, in various branches of the world economy.

To overcome polarization and growth of tensions in the world social and economic system, we should find new ways to distribute this rent. I already mentioned the necessity to switch to a new financial order. This could be done in various forms: in the form of a payments union, where each country collects its own financial rent and uses the national currencies for trading with one another; or, the establishment of a new worldwide currency, which would be the core of at least part of the world economy. In this case, countries participating in the creation of the new world currency, should share national sovereignty with this financial community. For sure, they will have to limit the possibilities to create their own money, or they will have to switch to a currency board system. I'm sure that very few countries are ready to do this. So, we should think about some kind of mixture of various kinds of international financial mechanisms to promote world trade, world investment, and world development.

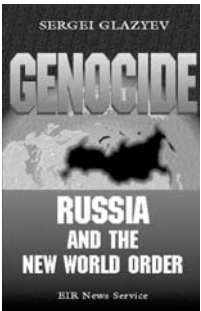
In terms of intellectual rent, we should think about more just mechanisms of technology transfer. The transnational corporations, which, at the moment, take intellectual rent from other countries and distribute it according to their own private interests, should understand the necessity for more just economic development. Each country has the right to establish its own barriers against capital flight. Let transnational corporations develop production in countries all over the world, but I think we should insist that the intellectual rent they collect should be reinvested in these countries, in order to overcome the inequalities and to create new technological opportunities.

Of course, it goes without saying that various kinds of offshore zones, which provide opportunities for illegal mone-

GENOCIDE


RUSSIA AND THE NEW WORLD ORDER

Russia in the 1990s: "The rate of annual population loss has been more than double the rate of loss during the period of Stalinist repression and mass famine in the first half of the 1930s . . . There has been nothing like this in the thousand-year history of Russia." —Sergei Glazyev



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Economist Dr. Sergei Glazyev was Minister of Foreign Economic Relations in Boris Yeltsin's first cabinet, and was the only member of the government to resign in protest of the abolition of Parliament in 1993.

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tary transactions and undermine the whole world economic order, must be eliminated.

As for natural rent, according to the constitutions of most countries and, I think, according to worldwide moral principles, it should belong to those countries which have those natural resource deposits. Here, we must think, maybe, about some kind of international cartels among nations, which will try to keep the natural rent, and to prevent unequal distribution of rents between developed and underdeveloped countries, through transnational corporations or other mechanisms of world trade.

Concerning infrastructure development, I fully support those ideas which Mr. LaRouche has laid out in his speech about the necessity to develop worldwide infrastructure, based on new technologies. It should include not only new transport infrastructure, but also information infrastructure—telecommunications, research and development institutions active on a world level, and world social infrastructure as well. I think the leading nations should bear common responsibility for the supply of basic food, water, heat, and so forth, to the population of the whole world. It doesn't matter where people live.

A New Financial Architecture

The final question, is what will happen to the world organizations? At present, the majority of the world organizations, excepting maybe scientific organizations and some social non-commercial organizations, use obsolete technology to plan and develop their activities. They are based mainly on contributions from countries participating in these organizations; and that obviously means, especially for the main financial organizations, that their policies are determined by the countries that are the main contributors of capital and opportunities. It is not a secret, that the IMF, in fact, is a branch of the American Treasury Department, or the Federal Reserve. The situation is the same with the World Bank. The WTO also is not an organization of independent countries; we know who plays the key role in it. And this is the common picture.

When we speak of a new economic order, we should think about a new architecture of world organizations, which must have opportunities to work at a worldwide level, as a task force. If a worldwide money-creation center appears, it means that world trade facilities will appear together with it. It is very difficult to speak about cheap credits for the whole world, in different countries, if you do not have a world financial system. So, when a world currency is established, it means that the world organization in charge of this currency, should be under the control of the nations which organize this mechanism, and also have the opportunity to create and organize cheap credit, all over the world.

Of course, such ideas could not be implemented immediately; I think it is a step-by-step process. But in any case, we should think about creation of international investment

opportunities which will be controlled by the nations, but will be based on their own economic activity. For instance, we could think about a worldwide tax on transnational corporations. Or a worldwide tax on currency speculation. And this taxation, at least on speculative operations, could be used to finance the infrastructure projects, necessary for all of mankind.

In order not only to think about all these opportunities, but to implement them, we need political will, and I hope that this conference will contribute to it. I totally agree with Mr. LaRouche that Russia could play—and perhaps will play—a very important role in establishing this new world architecture, but unfortunately the Russian President is not among the participants in our conference. So, we have a lot of problems in all countries. I hope this conference will help us to solve these problems and to find the way out of the financial catastrophe. Thank you.

Prof. Stanislav Menshikov

Russia Prepares for The Financial Crash

Professor Menshikov is from the Central Mathematical Economics Institute of the Russian Academy of Sciences. He resides in the Netherlands. Subheads have been added.

Thank you very much. It's a pleasure to be here again. I have been here a few times. I don't even remember how many, exactly. Starting with Bonn, Bad Schwalbach, now for the second time. Then there was another conference around here. I think it's the fifth or sixth time, and I hope there will be many more occasions. As I noticed, the substance and the effect of this conference is increasing. It's not decreasing, not going downhill; you are going uphill.

After all the discussions about these global problems, let me say a few words on what I think might happen to Russia when the great crash comes. I think that the situation—as far as it concerns Russia—is dangerous, but not fatal. Why?

Number one: Two years ago, we still had an evil dummy in the Kremlin, Mr. Yeltsin. This was our Bush, in a certain way. Because a lot of things he did, led to the destruction of the Russian economy. If he were still around, I would say there wouldn't be any hope. If a crash came, Russia would certainly crash, together with the whole world. Nothing would help it. But, he is not there anymore.

And Putin is not a dummy. He has his weaknesses, but he also has a vision of reviving Russia, which is very important.

And he is supported by the people. Remember, when Yeltsin was running for his second election in 1996, he started with an 8% popularity rating, and it was only the “free” press and the “free” television that boosted his popularity to the point of winning. Putin has now a popularity of 70%, and he is keeping that popularity, in spite of all the difficulties and problems that the Russian people encounter.

Yesterday, one of our African colleagues was complaining that, in his country, people are living on \$1 a day, I think he said. Well, \$1 a day is \$30 a month. That’s the average pension in Russia. That is, 30% of the Russian population are living on \$1 a day. That is the result of that dummy that was in the Kremlin for a long time. But it also shows, that our problem is a common problem with some of the poorest nations in the world, including Africa. We understand those problems, yes. We have a lot of poverty in our country, and we understand that. So when we say, “Eurasian”—and I shall come back to that—we also always think, yes, of course, also of Africa, and also the other countries of the Third World. So, we can’t have a dummy anymore, and have to prepare now.

Putin is open to advice from various sources, including the right sources. He is also open to the wrong sources, unfortunately, but he is also open to advice from the right sources.

Number two: We don’t have any bubble anymore inside our country. See, when you have a bubble, the bubble is bound to burst. You have the Nasdaq bubble that bursts. We had a double-bubble, I would say: the government domestic debt bubble and the foreign speculation bubble, which Dr. Glazyev referred to. Both bubbles burst in 1998. It created a lot of trouble for the economy. We are fortunate to have this in the past.

Number three: After a long crisis under Yeltsin, Russia has now started to recover and grow economically. Starting with the Primakov government, and then with the Putin government. Growth in 1999 was 3.2%—not very much. In 2000, it was around 8% Gross Domestic Product growth—a very respectable growth rate. And this year, it will be probably about 4%. So, Russia is growing. And the answer to the great crash, is continued domestic economic growth in all countries. Countries should concentrate on their own possibilities for domestic growth. Domestic growth, that’s the answer.

Some people believe—and this is spread through the media, particularly the international media—that the Russian boom last year was based exclusively on oil money, i.e., the petrodollars coming into Russia. Yes, the prices for oil and gas were high, that is right. We also were exporting a lot of aluminum last year, and various other metals, and it is true that Russia had a very substantial surplus in its balance of payments, in its trade balance and balance of payments. And this surplus still continues this year. But this factor is overblown, as a factor of growth.

Why? Because the money that was earned, the petrodollars that were earned, were not spent in the domestic economy.

They were not spent to promote the domestic economy. They were not used for capital investment in the domestic economy. They were used for repaying debts to the IMF [International Monetary Fund] and the Paris Club of the leading Western nations. They were also used for stashing money away in other countries, by our oligarchs. Capital flight in our country last year was estimated at \$28 billion. And this is a very large amount of money, particularly for Russia. This is about 40% of all capital resources, created in the country. Out of 100% of all capital resources created in the country, 40% leave the country. They are not spent in the country, but stashed abroad. By whom? By the large oil companies, which belong to the oligarchs, by Gazprom, which only nominally is controlled by the state, but really is controlled by another of the private oligarchical groups. This money didn’t really go into investment. It should go into capital investment. It should be used in the country. But it was not used. So, this factor is overblown. And it is an important point, because people say: If the crash comes, oil prices will fall, and Russia will fall into a new crisis, because there would not be any source of growth.

That, of course, is not a correct assumption. Why?

Russia Is Not Capital Deficient

First of all, I want to repeat what I just said, that Russia is not a capital-deficient country. It is not a country that really needs very much foreign investment. It is not a country that couldn’t provide sufficient resources for capital investment of its own.

And, providing that capital investment, it can use it to support economic growth. In fact, that idea is the key element of Mr. Putin’s economic plan that he announced in his speech to the Parliament about a month ago. He pointed to the super-profits, earned in the export industries. He said that this money was spent not for economic development, but for the purposes I just mentioned. It should be spent inside the country.

How to do it? He asked the government to prepare new legislation, that would tax the super-profits and introduce other measures, that would channel that money, through taxes and otherwise, into manufactures, into developing the high-technology industries which are, in Russia, mainly associated with the military-industrial complex. But, that should be turned into a highly developed, high-technology complex with a big export potential. We shouldn’t be exporting so much raw materials and oil. We should be exporting high tech. Russia is in a perfect position to do that, if it develops these industries on the basis of capital investment. That is the key issue in Mr. Putin’s economic program. Now where did he get that idea? He is no economist. Although, isn’t Mr. Putin also a Ph.D. in economics?

[Sergei Glazyev: “Yes, he has his Ph.D. from the well-known Petersburg Mining Institute.”]

This is the mining institute, right. So, he is a kind of economist. But, of course, he has not got the macroeconomic vision.



Prof. Stanislav Menshikov: "The situation is dangerous, but not fatal."

He got this idea from Academician [Dmitri S.] Lvov. Academician Lvov is co-chair, with me, of the organization Economists Against the Arms Race (ECAAR), i.e., for the reduction of armaments. But he is also head of economic department of the Russian Academy of Sciences. This idea was developed in the Russian Academy of Sciences. And, despite the liberal advisers that surround Mr. Putin, the idea got into this crucial speech [Putin's Presidential Message, delivered April 4]. So, this is understood, and Russia is trying to do that.

Budget Based on Pessimistic Assumptions

Now, the government and Mr. Putin are fully aware, of course, that some kind of crisis, or some kind of crash, is coming in the world. Look at the way the Russians draft their budget for the years 2001 and 2002. They proceed from the assumption of a pessimistic forecast of the world economy. They don't actually proceed from a crash, from a downturn in the GDP of the U.S.A. But they proceed from the basically pessimistic assumption of a substantial slowdown in growth in the American and probably the world economy. They also proceed from the assumption of falling oil prices. The oil price that is used in calculating revenues in the Russian federal budget, is \$21 per barrel for the year 2001, compared to \$25-30 per barrel last year. So, it is a substantial reduction. Why is this so?

The philosophy is, that we should base our basic budget on a pessimistic assumption. If things turn out to be better,

fine. We can earn more that way. We can receive more revenue. But we will not spend that revenue immediately. We will put it in a stabilization fund—this is a new idea, again promoted by Mr. Putin—which will be used partly to repay debts, and partly to finance the country in the bad years. Whether this will be enough to overcome the coming LaRouche crash, I don't know. But, at least, the government is thinking in that way, and that is very important. They are very cautious.

The Main Domestic Danger

What is the main domestic danger? It is political. I pointed to it a few times. The main domestic danger is the liberal advisers and liberal economists, the liberal political figures who are surrounding Mr. Putin and giving him wrong advice. Why are they so dangerous? Because, number one, their basic philosophy is the do-nothing philosophy. Contrary to what Lyndon LaRouche has been suggesting: You don't wait for the crash to come, you prepare for the coming crash, to fight it if you can, with the means that are in your possession.

What the liberals suggest, is: Wait for the investment environment to improve automatically, more or less, without using any special measures to promote that environment. The tax issue that I just described, is not their idea, as I said. It got into the Putin program in spite of them; they tried to cross it out. What they are doing now, is trying to sabotage it by pretending that they are introducing new taxes on the oil industries, when in fact they are introducing very low taxes, which are not much higher than they were before. And they refused to put a tax on the super-profits of that industry.

Now, I don't know what Mr. Glazyev is going to do about those people, because he is sitting in the Parliament, and he should castigate them. I am writing about this twice a week in the Russian journals, but he is in the Duma, he has all the power, he is chairman of the Economic Committee. And I know he is doing a lot. I could even quote him. The word "sabotaging" is probably a thing that he is saying all around.

As he said, these people came to the point, that they are ignoring Mr. Putin's direct orders. Mr. Putin says, do this and that. They pretend that they are all for it, but actually are against. That is what is happening. When will he get rid of all these people? This is a tricky political issue. We can't predict that very much, but that's the problem. And these people are also looking, of course, with an open mouth to the IMF, they are looking with an open mouth to the Paris Club, and they are looking also and saying every minute: "Our best hope is foreign investment, the investment from the West." They know perfectly well that the West is not investing anything.

Last year, the West invested \$3 billion in Russia, while they are investing \$48 billion in China this same year. They invested more in Hungary; in the Czech Republic, they invested \$5 billion last year, if I am not mistaken. This is much

more than what is being invested into Russia. With those figures, you can't expect the West suddenly to turn around. Now, if the crash comes, does anybody think the West will start to invest in Russia? On the contrary, there will be even less opportunity for investments coming from the West.

On all counts, the liberal approach is extremely dangerous. We take Russia alone, so to say. If we assume that Putin manages to overcome the liberal opposition, then Russia will not look so bad in the coming crash.

Russia Thinks in Terms of Eurasia

But, we are not alone, and so we have to think about what happens in the world in general. Here I agree generally with what Mr. LaRouche said about Russia being the natural bridge. But, I don't understand why he said that Russia should start thinking in a Eurasian way. Russia *always* was thinking the Eurasian way. Russia is a Eurasian nation. Look, what is the Russian Federation? It is a federation of maybe a hundred different nations, living in the northern part of Eurasia. That's what modern Russia is. It's a conglomerate of all those peoples, and they do not necessarily live far away from Moscow. Some of the ethnic republics are very close to Moscow, just a few hundred kilometers away. So, they are very close. That is an accident of history. You can't change that accident.

So, the mentality of the people is Eurasian, for all practical purposes. These people are not all Russians; it is a mixture, not a melting pot. Because every ethnic group preserves its culture, more or less. It's not a colonial empire. You can't call them stupid. The Russian majority created all those elites, who finally destroyed the Soviet Union, because they wanted to be independent. Instead of melting them all, the Russian majority promoted their development. That's the way Russian mentality is. They are thinking of themselves as being a part of that conglomerate. Maybe that's not the right word, but still it's true.

Yesterday I was sitting next to a lady who is the head of the Diplomatic Academy in Tbilisi, Georgia. I never thought of her as a foreigner. Not because I am a Great Russian and am looking down at these former colonies. No—we were brought together with the Georgians and the Armenians and all the others. My first wife, deceased, was an Armenian of Jewish extraction. We are all international. That's the way we are born, that's the way we developed in the country.

It's not easy, of course. Everybody knows, ethnic relations are not easy at times.

So, the thinking is Eurasian, and we have a number of organizations which call themselves Eurasian, and they have their controversies among themselves, because there are different ways of Eurasian thinking, as it turns out. It's not just one way.

And there is a strong opposition to Eurasian thinking, coming from those same liberals who say: "No, no, no, we should really shed the Eurasian tradition, we should look to the West, that is our natural ally." Starting with Mr. Kozyrev,

who was the first minister of foreign affairs [of independent Russia], before Primakov. He said China was our foremost possible enemy. "The danger is coming from there. We should look to West for help." That's the idea.

The 'Survivors Club'

The Eurasian spirit is developing in Russia. The triangle you are talking about, Russia-China-India—unfortunately, it is being developed more as two-way relationships: between Russia and China, on the one hand. This is progressing, especially under Putin. They found a common language with the Chinese leadership, very nicely. Just now, they are preparing a visit of the President of China. It turns out, that for the first time we will conclude a treaty of—it's kind of an alliance; it's not called an alliance, but it's a treaty that will constitute a very close relationship between the two countries.

Our relations with India are also developing very productively under Putin. But the relations between China and India are not developing very well. That part of the triangle is not developing. The Chinese foreign minister, in the Kremlin the other day, underlined this. He said that our relations with Russia are improving, but they are not aimed at any other country. Which means they are not aimed at the United States, not aimed at somebody else, and we are not thinking of it as a strategic military alliance. And I know that relations between China and India are not that easy.

But I would prefer not to speak of this triangle. Of course, it is a very good idea. Primakov revived it. Actually, the first man who talked about this triangle was Vladimir Lenin, far back in the early 1920s. Anyhow, I would rather think of creating—I don't know what you call this geometrical figure with five points; I don't want to use the word "Pentagon." What do you call it—or pentagram, pentangle? In any case, Russia-China-India, but let us not forget Europe, and Japan. This is all one big mass of a continent, a supercontinent.

A New Approach Toward Russia

Why are they important? I think LaRouche said why they are important; it's obvious why they are important. I slightly differ with him, in thinking that Germany is that hopeless. I don't think he even meant that. Just the way it acted, up to now, it's a hopeless policy. I agree with that. But, recently, I am seeing signs of revival in Europe. There's a new approach towards Russia. [German Chancellor] Herr Schröder showed it, coming to St. Petersburg. This was his second visit. He and Putin speak the same language; Mr. Putin, accidentally, by being an agent in East Germany, came to know German very well. It helps, they understand; they have a lot of common mentality. It doesn't mean that he is making Schröder a Russian agent, I hope. That would be a disaster. You know how it is. What happened to one of your former chancellors, whose adviser turned out to be a Russian agent? It was Willy Brandt—a nice fellow, but it turned out that one of his advisers

[Gunther Guillaume] was a Russian agent. So, I hope Putin doesn't entice him. Of course, that's just a joke!

What I mean is, of course, there is a strong party inside Germany that doesn't like that, including in the German government. There is the second man in the [German] Finance Ministry, [Cajo] Koch-Weser, the man who said that Russia should be thrown out of the G-7. Schröder never said such a thing. Schröder's approach is, he said: Russia has to pay its debts, but let's be realistic; if there are difficulties, we will help restructure these debts. Because the debt to Germany is quite large. It includes also the debt to the G.D.R. [former East Germany]. (Somehow or other, Gorbachov couldn't go without eliminating that debt, and that debt is with us, as well.)

In any case, there is a new approach to Russia. Schröder says that he welcomes Russia's new European, as he said, orientation. I think that's a good sign. But there are other signs, that European policies are becoming a little bit more independent from America. You [Mr. LaRouche] are, of course, the most un-American American that I have seen. You are *very* American, of course, because you are traditionally American. You are from the best part of America, and the best roots of America. But you are a singular person. As my wife said, "Where do you see an American who knows so much?" For example, who knows that the Renaissance in Italy came at the same time when the Mongols were thrown out of power in Russia?

Who in America knows that? They hardly know that you can go west or east to [get to] Russia, and you will get there. This is a fact. I have been in a family, an intelligent family, where the ladies were really surprised when I said, you don't have to go across the Atlantic, you can go by way of the Bering Strait. That kind of thing. You are an exception, of course. You are not provincial. And you know your history, your philosophy. You are a great man. As I said in one of my articles about you, in Russian, a story about when you were running for President, I said: Well, they will not let him in, because he is too large for the Presidency of the United States. He is like an elephant in a china shop, who breaks all the American china.

Where are other signs of this? Look at what is happening. From Holland we see very much, because we know that the president of the European Central Bank is a Dutchman, Mr. [Wim] Duisenberg. The pressure on him from America, all the time: "Change the interest rates, lower the interest rates, why don't you follow America, why don't you follow the Federal Reserve, why don't you look at what the guy in the Federal Reserve is doing?" It is a continuous chorus. But this guy says, "Well, I don't see that this is necessary, I don't see that the European economy is falling right now, this is not the time. We know better what is good for the European economy." He may be mistaken, but he doesn't follow orders from the Federal Reserve. That is an important sign. Because if the consensus in Europe were different, he would have to follow a different policy. But, the consensus obviously supports him.

Then you mentioned this exclusion. I was shocked. Going down the street in Wiesbaden today, I said, let's look at the papers. *International Herald Tribune*, front page: The United States has been excluded from the UN commission on what? Human Rights! What do you mean? The beacon of human rights has been excluded, by whom? And the European nations have joined this resolution. It was a kind of an honest article, because it said: This is the backlash to Mr. Bush's appearance in the White House and his attitude towards Europe, in part. So there was this backlash. We talked about it yesterday. The dummy is doing something wrong for the United States, even for Lazard Frères, because they are very close to Europe. These are all international groups. But these are all signs of differences.

Talking about Eurasia, we shouldn't forget the other continents, of course. That is true, and our colleagues yesterday rightly corrected us on that. They said, "You are talking about Eurasia. What about us? What about Africa, what about Latin America?" It is important to realize that we have an international problem. We have a global problem, and all continents are involved. Look at what Putin is doing. Just the other day, he was receiving one of the Presidents of a black African republic. Another day he was receiving the President of Egypt, [Hosni] Mubarak. He is doing something Yeltsin never did: He is reviving the internationalist approach of Russia to world issues. I think that's very important. Also concerning Latin America, he made a point of going to Cuba—which didn't create any friends for him in Washington, you know. They said, "This guy is spitting in our eye by going to Fidel." Now, I don't understand: How can they write such things, what is their business? Fidel has been there for ages. They haven't been able to throw him out. The Bay of Pigs, everybody knows. They have agreed to keep him for a while, or at least as long as he lives. Why can't a President of a sovereign nation visit another President of another sovereign nation, without Washington being concerned about this? When Mr. Bush goes to Budapest, will we say, that he is spitting in Russia's eye? Stupid kind of imperialist ideology. Not internationalist, but imperialist ideology. I can't say it differently.

Anyhow, the gist of what I am saying is that the coming crash, if it comes, is not fatal to humanity. I think of what Mr. Glazyev said—that there are many ways of fighting it, many projects to be pushed, without waiting for the crash to happen. It may happen, in spite of the fact that we prepare for it. But we don't have to wait for it.

We also are in a need of wise and concerted action for the common good. And here I agree, it's not just the common good inside the countries—a new variation of the old theories of a common good, inside the country, i.e., help the poor, and so on. The common good is common, concerted actions of nations in the world, aimed at creating a just order. Not the kind of order that we have now, but a just kind of order. By that action—and I agree with LaRouche here—we shall overcome, we shall win. And that's it.

Pope Brings 'The Common Good' To Judge Globalization and War

by Marianna Wertz

In a world-historic mission, Pope John Paul II launched, in May, a global fight in defense of what he calls "the common good," in opposition to globalization, which he branded a "new colonialism." In statements made prior to and during his ecumenical Middle East mission in mid-May, the Pope used the principle of the "General Welfare," as enunciated in the Preamble to the U.S. Constitution, and as developed by Lyndon LaRouche, as the basis for a monumental effort to pull the world back from the brink of war and from a new dark age.

LaRouche, on May 2, noted the striking fact, that "contrary to some nominal Catholics, what the Pope has said consistently on this issue, from *Centesimus Annus* on, has been exactly what I've been saying. [John Paul II's 1991 Encyclical Letter *Centesimus Annus*, celebrated the 100th anniversary of Pope Leo XIII's famous 1891 *Rerum Novarum* (On the Condition of the Working Classes)]. Not because we're copying each other . . . but because this is a common principle of natural law; all persons who believe in natural law, in the real sense, will agree with this."

In a May 7 statement, LaRouche likened what he called the "great ecumenical mission of Pope John Paul II"—"he of weakened body but triumphantly loving spirit"—to the mission of the just-concluded conference of LaRouche's movement in Bad Schwalbach, Germany: "Future history, looking back to these days, will recognize, that the only development of world importance to be compared with our sessions here, is the closely related, continuing ecumenical mission of Pope John Paul II, beginning with his recent, strongly repeated attack, in defense of the universal principle of the general welfare, on the issues of globalization."

Globalization Is New Colonialism

The Pope's statements on globalization, issued on April 27 and 28, were clearly timed to coincide with the then-ongoing meetings of the G-7 finance ministers and central bankers, the International Monetary Fund, and World Bank.

According to the Vatican Information Service, on April 27, in a speech delivered in English to the Pontifical Academy of Social Sciences, and again on April 28, in a statement, also delivered in English, to the new Iraqi Ambassador to the Holy See, the Pope identified the "common good," the "universal common good," and the "inalienable rights" of all human beings, as the standards by which the economic system, and social practice, and specifically "globalization," should be judged.

In his speech to the Pontifical Academy, the Pope attacked all forms of "ethics" based on utilitarianism, and denounced globalization, which, he said, goes in the direction of "a new version of colonialism." Referring to his Encyclical Letter *Centesimus Annus*, the Pope noted that "the market economy is a way of adequately responding to people's economic needs while respecting their free initiative, but that it had to be controlled by the community, the social body with its common good. Now that commerce and communications are no longer bound by borders, it is the universal common good which demands that control mechanisms should accompany the inherent logic of the market. This is essential in order to avoid reducing all social relations to economic factors, and in order to protect those caught in new forms of exclusion or marginalization."

Just as Lyndon LaRouche has insisted that it is only the nation-state, as opposed to some "global" entity, that can de-

defend the interests of human beings, Pope John Paul II said that “globalization, like any other system, must be at the service of the human person; it must serve solidarity and the common good. . . . Social, legal and cultural safeguards—the result of people’s efforts to defend the common good—are vitally necessary if individuals and intermediary groups are to maintain their centrality. But globalization often risks destroying these carefully built-up structures, by enforcing the adoption of new styles of working, living and organizing communities. . . . All societies recognize the need to control these occurrences and to make sure that new practices respect fundamental human values and the common good.”

The Pope also warned of the “emergence of patterns of ethical thinking which are by-products of globalization itself and which bear the stamp of utilitarianism. Ethics cannot be the justification or legitimization of a system, but rather the safeguard of all that is human in any system. Ethics demands that systems be attuned to the needs of man, and not that man be sacrificed for the sake of the system.”

End Iraqi Embargo

Anticipating his Mideast trip “in the footsteps of the Apostle Paul,” on April 28 John Paul II met Iraq’s new Ambassador to the Holy See, Abdul-Amir Al-Anbari, and renewed his “appeal to the international community that innocent people should not be made to pay the consequences of a destructive war whose effects are still being felt by those who are weakest and most vulnerable.”

“Today’s world,” the Pope continued, “although sadly afflicted in many regions by tension, violence and armed conflict, is seeking greater equity and stability, so that the whole human family can live in true justice and everlasting peace. These are not abstract concepts or remote ideals, rather they are values which dwell in the heart of every individual and nation, to which all peoples have a right.”

John Paul II affirmed that “it is precisely the pursuit of this justice and this peace which is the driving force behind every activity of the Holy See in the area of international diplomacy.”

“The Holy See therefore sees as one of its principal duties that of reminding public opinion that ‘no authority, no political program and no ideology is entitled to reduce human beings to what they can do or produce.’ The inalienable rights and personal dignity of every human being must be upheld, the transcendent dimension of the human person must be defended,” as must be “the religious dimension of human beings and human history . . . [which] is a vital element in shaping the person and the society to which people belong.”

“In this context,” the Pope said in conclusion, “my thoughts turn naturally to the members of the Iraqi Catholic community. Together with their Muslim countrymen, Iraqi Christians wish to work for unity and harmony. Their Christian faith and values inspire them to cultivate a spirit of

mutual respect, with pride in their national identity and concern for the progress of their country.”

Making History

While the Pope’s Middle East trip made history in many respects, two aspects of that trip deserve special mention here, as they mirror the long-standing ecumenical work of the LaRouche political movement, to win a “Peace of Westphalia” solution to the Middle East crisis, based on economic development of the region and a mutual forgiving of past injustices.

Both in Athens and Damascus — where John Paul II was the first Pope in history to enter an Islamic mosque — the Pope called on the Orthodox and Muslim communities to put aside all conflicts of the past, and concentrate on what Catholics, Orthodox, and Muslims have in common, to build on the future. At the same time, he oriented the dialogue to the concrete task of elevating the condition of man on Earth, and called on political leaders to pursue the common good.

In order to lead by example, the Pope, in Athens, went so far as to “humble” himself in calling for pardon for the 1204 crusade, backed by the Catholic Church at the time, in which Constantinople was sacked.

Greek Basis of Christianity

Then, during the official welcoming ceremony for him at the Presidential Palace in Athens, on May 4, the Pope delivered a profoundly important address on the Platonic Greek basis of Christianity, a theme which LaRouche has repeatedly called crucial to a renaissance of Western Civilization.

“My wish is in some way to recognize the great debt which we all owe to Greece,” the Pope said. “In fact, no one can be unaware of the enduring influence that her unique history and culture have had on European civilization and indeed on that of the entire world. . . . The world that Jesus himself entered and knew was already deeply imbued with Greek culture. The New Testament was written in Greek, with the result that it spread rapidly. But it was much more than a simple matter of language, for the early Christians also drew upon Greek culture in order to transmit the Gospel message.”

He referenced Raphael’s painting, “The School of Athens,” in the Vatican Palace, which, he said, “makes clear the contribution of the school of Athens to the art and culture of the Renaissance, a period which led to a great exchange between Classical Athens and the culture of Christian Rome.”

All of this, the Pope concluded, “calls us to engage in respectful and honest dialogue, and requires a new solidarity which evangelical love is capable of inspiring. . . . We are in a decisive period of European history, and I hope most fervently that the Europe now emerging will rediscover this long tradition of encounter between Greek culture and Christianity in fresh and imaginative ways, not as the vestige of a vanished world but as the true basis for the genuinely human progress that our world seeks.”

Mubarak Organizes Against Bush-Sharon 'Green Light for War' in Mideast

by Muriel Mirak-Weissbach

No one is more acutely aware of the danger of general war sparked by the Middle East conflict, than Hosni Mubarak, and it is for this reason that the Egyptian President has personally launched a desperate effort to prevent it. Mubarak visited Washington at the beginning of April, followed by Jordanian King Abdallah II, and presented a joint Egyptian-Jordanian peace initiative. President Bush did not take it up, and instead made clear he would continue backing Israeli Prime Minister Ariel Sharon, and his drive for war.

The plan calls for implementation of the Sharm el Sheikh agreements of October 2000, and the restoration of the status quo as of September 2000. This means Israel must lift the military, financial, and economic blockade as well as the blockade of trade and food supply to the West Bank, Jerusalem, and Gaza. It specifies that the "use of internationally forbidden weapons must be excluded," and that Israel must withdraw, "troops, tanks, armored vehicles, and weapons from the positions in Palestinians' cities, villages, and refugee camps," to return to their September 2000 positions. It calls for confidence-building measures already in treaties signed by both sides to be implemented: for example, freezing settlements, protecting Islamic and Christian holy sites, and implementing security duties on both sides. Finally, the plan foresees a revival of negotiations, to address all the agenda items not yet solved. The joint proposal calls on the European Union (EU) and the General Secretariat of the UN, to join Egypt and Jordan in promoting the initiative.

Who is going to force it through? On April 23, Mubarak decided to travel personally to Europe and Russia, instead of sending his foreign minister as planned: This was a direct reaction to the Egyptian President's deep disappointment, with his talks in Washington. In remarks to *Der Spiegel* magazine of Germany prior to his departure, Mubarak appealed to the U.S.: "America has huge self-interests in the Middle East and the Arab world to protect. If Washington gave Sharon a free hand, then Bush would damage his own interests and his friends. In the end, Israel would be damaged." The Egyptian leader added, "I have the impression that [Sharon] is counting only on violence. He wants to force the Palestinians to bend to his demands."

As to the possibility that Israel might assassinate Arafat, "That would be a crime with unforeseeable consequences—far more than a political error. Yasser Arafat is still the most

popular Palestinian. His assassination would lead to bloody chaos and push the entire region into catastrophe."

To Europe and Russia

In Berlin, Mubarak was received by current and former foreign ministers, Joschka Fischer and Hans-Dietrich Genscher (now head of the German-Egyptian Society), and had lengthy, private talks with Chancellor Gerhard Schröder. As he had indicated in his interview, there were no bilateral problems to discuss, but "I consider it necessary, to discuss with him the burning situation in the Middle East. For, were it to come to an explosion, we would all be affected—Israelis and Arabs as well as Germans, other Europeans, and Americans." His demand was unequivocal: Germany, which has a special relationship to Israel, and represents a motor force in Europe, should use its influence to return the Middle East to a peace perspective. Mubarak asked Schröder to mediate in the Palestinian-Israeli conflict. The German response, predictably, was "*Nein, danke*." As Fischer told the press following the talks, "the powers of the Federal Republic should not be overestimated." He added, routinely, that Germany would be prepared, however, to contribute in the context of the EU.

But the EU then began to give signals of growing irritation with Sharon's "excessive force" against the Palestinians. Reports indicate that, at a May 21 meeting, the EU could decide to respond, by cancelling various trade agreements with Israel, and suspending the Association Agreement. Belgian Foreign Minister Louis Michel, part of the EU troika, travelled to the region in an attempt to break some ground, and, after viewing the destruction wrought at the Palestinian refugee camp at Han Yunis, expressed his view that such Israeli actions were utterly unacceptable, especially considering that they were perpetrated by the same people who had been victims of such violence 50 years ago. Michel was virtually saying, that the Sharon regime was acting like the Nazis.

Mubarak's next stop was Bucharest, where he met Romanian President Ion Iliescu. Romania enjoys good relations with Israel. Iliescu told a press conference following the talks, that the two countries "have good relations with both sides involved in the conflict and expressed his determination to convince them to find a negotiated solution."

Finally, on April 26, the Egyptian President arrived in Moscow, for three days of extensive talks with several gov-



Former Sen. George Mitchell's Commission, formed by Israeli and Palestinian agreement last year, has made recommendations that the Sharon government refuses to accept.

ernment representatives, beginning with President Vladimir Putin. The talks concentrated on the Middle East conflict, and how Russia can intervene to unblock the crisis. It was not only the Palestinian-Israeli conflict that was discussed, but also Iraq; Russia is leading initiatives to lift the sanctions against the country. Furthermore, the agenda included the signing of a Declaration of Friendship and Cooperation, involving “big projects,” in trade, economy, and scientific research and technology. Furthermore, they were to discuss that Russia would upgrade arms and military hardware used by the Egyptian army, since the times of the Soviet Union.

Following his meeting with Mubarak, Putin signalled approval of the Jordanian-Egyptian peace initiative, and Foreign Minister Igor Ivanov reiterated, that Moscow supported the initiative fully. Most significant was the fact that the two sides signed a memorandum of understanding on economic and technological cooperation, at the center of which, was a Russian commitment to help Egypt develop nuclear energy for peaceful purposes.

Peres's Fancy Footwork

The significant momentum achieved through Mubarak's travels, signalled also to Israel, that it risked being isolated internationally, if Russia and the EU consolidated support for the Cairo-Amman initiative. The Sharon government dispatched Foreign Minister Shimon Peres to Cairo, ostensibly to discuss Israeli “suggested amendments” to the initiative. Peres was then to go on to the United States. Peres's mission

was to play the “soft cop” to Sharon's “hard cop”: reiterating Israel's willingness to seek peace, but, in fact, dictating such conditions as to ensure that no progress would be made.

Sharon had immediately responded to the Jordanian-Egyptian peace initiative, negatively. Israel does not want the Jewish settlements in Gaza and the West Bank to be part of any cease-fire agreement or part of the diplomatic negotiation, and they do not want to engage in any final status talks. Tel Aviv's desire is to deflect mounting international pressure, and place the onus on the Palestinians, with the mantra: no negotiations until the violence ceases.

Even the Israeli press admitted that this was the tactic behind the “diplomacy” of Peres. In a commentary in Israel's major daily, *Ha'aretz*, on May 1, Akiva Eldar wrote sarcastically, “Prime Minister Sharon has sent his Nobel Peace prize-winning side-kick to Egypt to inform Mubarak that Israel is adopting the Egyptian President's initiative. Only a few minor—negligible, in fact—details remain to be ironed out, such as, for instance, the perpetuation of Israel's colonial rule in the territories. Another insignificant adjustment in the initiative calls for the Palestinians to adopt the principle that peace talks cannot be conducted while shots are being fired. At the same time, of course, the Israelis have every right to ignite the flames fueled by the presence of the Jewish settlements while peace talks are being conducted.”

The Israeli press reported on May 1 that Peres had lied to Mubarak, that an agreement had been struck between the Palestinian and Israeli sides, for a cease-fire. An angry Mubarak said that Peres “begged” him to make an announcement that a cease-fire had been agreed on. Mubarak later delivered a televised speech, in which he said, “The Israelis told us that they met with two Palestinian officials and agreed on the principles to halt all kinds of violence. I was surprised to hear from Arafat that there had been no agreement. . . . They [the Israelis] begged me to make a statement saying they reached an agreement.”

While Peres then travelled to Washington, Sharon added further fuel to the fire, indirectly referencing Israel's “preemptive” assassination policy: “There are things we will tell the public about, there are things we will deny, and there are things that will remain hidden forever.” On the settlements, he said he would never evacuate any of them. Concerning the Jordan Valley settlements, in the middle of the West Bank, near the Jordanian border, and farthest from the actual Israeli border, he said they would remain under Israeli sovereignty forever, and defined the highway that goes to the settlements as the main traffic artery between Jerusalem and Tiberias (which lies inside Israel), thus defining a highway that goes through the occupied territories as a principal Israel transportation route.

Peres, in Washington, spoke at the American-Israeli Public Affairs Committee (AIPAC), and made several provocative statements, including comments on the Syrian presence in Lebanon. Peres said, that the U.S. needs “to help Lebanon

regain its independence . . . retain its territorial integrity.” He then said, “Today, Lebanon does not exist” because of Syrian occupation. According to the *Jerusalem Post*, the statement contradicted the long-standing policy of the Israeli Foreign Ministry not to take a position on Syrian troops in Lebanon. But it faithfully reflected Sharon’s policy of targetting Syria, in the context of a regional war.

Meanwhile, on the ground, Israeli tanks were entering a refugee camp in Gaza, in the first of a series of illegal interventions, into areas officially under Palestinian Authority sovereignty. Their May 2 “military engineering operation” left 150 people homeless, one 17-year-old Palestinian dead, and 16 wounded. Such events continued through May 10, with the death toll rising on both sides.

Mitchell’s Report a Factor

Another important international initiative was shaping up, simultaneous with Mubarak’s peace mission, which increased the political pressure on Israel. On May 4, the Commission on Mideast Violence, headed by former U.S. Senator and Northern Ireland peacemaker George Mitchell, gave its report to the Israeli government and the Palestinian Authority for their comments. It has certain similarities to the Egyptian-Jordanian initiative.

According to initial reports in the London *Independent* on May 5, the report stated that all building of new settlements should be halted; Israel should stop firing rubber bullets at unarmed demonstrators, as they have contributed to the toll of *Intifada* deaths—510 to date, many of them “avoidable.” Israel should “refrain from the destruction of homes, roads, trees, and farmland,” and “lift closures, transfer to the PA all revenues owed, and permit Palestinians who have been employed in Israel to return to their jobs.” At the same time, the report called on the Palestinian Authority to exert greater control, to prevent violence, including through preventive arrests.

Regarding the causes of the violence, since Sharon’s visit to the Islamic holy sites on the Temple Mount/Al Haram Al Sharif in East Jerusalem on Sept. 28, the report said that both the Palestinians and the U.S. officials urged then-Israeli Prime Minister Ehud Barak to stop Sharon’s visit to the Haram al-Sharif, but Barak allowed Sharon to go forward. Although the Mitchell Commission report did not explicitly blame Sharon’s visit as the cause for the *Intifada*, it did state that the visit “was poorly timed and the provocative effect should have been foreseen; indeed, it was foreseen by those who urged that the visit be prohibited. More significant were the events that followed: the decision of the Israeli police on Sept. 29 to use lethal means against the Palestinian demonstrators; and the subsequent failure . . . of either party to exercise restraint.”

The report was highly critical of the Israeli settlement activity, closures, and use of excessive force, while criticizing the Palestinians for not effectively restraining violence from

their side. It underscored the necessity for final status negotiations to begin as soon as possible if any cease-fire is to be effective.

In an interview with the U.S. Public Broadcasting System television network on May 7, Mitchell countered the assertion that the report is viewed by “a large part in the Israeli community, as unfairly harsh on Israel,” and told the interviewer, “Well, I don’t know where you get your figure, ‘large part of the Israeli community.’ I don’t believe that to be the case. . . . The fact is, that according to the polls published just this week, two-thirds of the people of Israel, by a margin of 62% to 36%, support the recommendations we’ve made. So, I think it’s just the opposite. I think a large part of the people of Israel agree with the recommendations that we’ve made.”

Mitchell implied it is Sharon who is out of step on freezing the settlements, since even “*Ha’aretz*, has editorially urged that there be a freeze on settlement construction.” He said there are doubts that expansion of settlements is really due to “so-called natural growth.”

Of great importance is Mitchell’s clarification on why the report doesn’t recommend the International Observer Force. He revealed indirectly that Sharon’s government had basically warned that any international force could be attacked. He said this issue was “the principal point of dispute,” in the commission’s discussions in Israel, but “in the end,” the commission “accepted” Israel’s stand that it would not support such a force, leaving a danger that the force would “become too deeply embroiled . . . and create a new point of friction.”

Underestimating the Problem of Bush

Both the Israelis and the Palestinians had agreed to the formation of the Mitchell Commission during the summit in Sharm el-Sheikh, Egypt, in October 2000.

Further support for the Mitchell Commission, and for the Jordanian-Egyptian initiative, has come from the EU. Most outspoken has been the French government. Following talks in Paris between Jordanian King Abdallah and French President Jacques Chirac on May 9, Foreign Minister Hubert Védrine stated full support for the Mitchell Commission report. “Regarding the Settlements,” he said, “the report is right,” and added that he had raised the issue repeatedly: Israeli settlements policy “is a major element of the crisis, and the total exasperation of the Palestinians.” Védrine went on to say, “I find that the commission, which was totally balanced, composed of many personalities, rather closer in sympathy to Israel, came to conclusions with which one can only agree.”

Védrine stressed in his remarks, that the main problem blocking peace in the Middle East is the Bush Administration. Although not stated in those terms, he lamented the fact that “the Americans have withdrawn from the process,” and reiterated the need for reversing this. Pressure from a united Europe is required, in Védrine’s view, to force the U.S. back into the arena.

Védrine does not openly face the fact, that the Bush Administration and its fanatical “religious fundamentalist” base is fully committed to war, and thus totally supports Sharon’s policy. Both Mubarak and King Abdallah were confronted with this frightening reality in Washington. Nothing short of a fully coordinated initiative, of the Europeans and Russia, to force through a change, by totally exposing both Sharon and Bush, and putting the Jordanian-Egyptian initiative on the negotiating table, will yield any results.

The recent votes in the United Nations, divesting the United States of its seats on the Human Rights Commission and the Narcotics Commission, indicate the increasing rage building up internationally at the Bush Administration’s arrogant attempt to play the world dictator; now, the power behind those votes must be wielded, through political action, to avert war in the Middle East, while there may still be time.

President Bush Takes Aim at Sudan, Africa

by Lawrence K. Freeman

If Africans have had illusions about what America’s attitude towards Africa will be, under the administration of President George W. Bush, one only has to look carefully at his speech to the American Jewish Committee (AJC) on May 3, in Washington, D.C. The President’s belligerent, threatening remarks against Sudan do not bode well for the entire African continent. After reaffirming full support to the government of Israel in “Biblical” terms, President Bush launched into a vicious attack on Sudan, in a manner reminiscent of his father’s rhetorical venom toward Iraq, before he initiated the bombing of that nation over a decade ago.

Immediately after citing Teddy Roosevelt’s 1903 denunciation of Russia’s pogroms against the Jews, President Bush lied that “such crimes are being committed today by the government of Sudan.” He accused the Sudanese government of waging war against its own “Christian and traditionalist” populations. Referring to the Biblical Exodus of the Jewish people, he said, “no society in all of history can be justly built on the back of slaves. Sudan is a disaster area for human rights. We must turn the eyes of the world upon the atrocities in the Sudan.” With that, Bush announced the appointment of a special “humanitarian coordinator” for aid to Sudanese rebel groups, Agency for International Development (AID) Administrator Andrew Natios, and proclaimed, “This is the first step. More will follow.”

These remarks, delivered in this context, represented a propaganda escalation, in preparation for a potential military intervention. This is no mere veiled threat, but culminates

months of activity in the United States by Baroness Caroline Cox and her Christian Solidarity Worldwide (CSW), to whip up support for the overthrow of the government of Sudan.

Reading from the Same Script

On April 30, only days prior to President Bush’s provocative Sudan-bashing, Elliott Abrams, Chairman of the U.S. Commission on International Religious Freedom (USCIRF), released its second Annual Report, which virulently condemns Sudan. The USCIRF report specifically recommended against appointing a new ambassador for Sudan; but instead, urged the appointment of someone trusted by the President and Secretary of State Colin Powell, who would carry out—precisely the duties assigned to Andrew Natios. Other recommendations include: increased assistance to those forces trying to overthrow the government of Sudan in the South, and in the North, the National Democratic Alliance; the strengthening of economic sanctions; and pressuring oil companies not based in the United States which are developing Sudan’s oil industry.

African-American personalities Joe Madison and Walter Fauntroy have returned from territories militarily controlled by John Garang’s Sudanese People’s Liberation Army (SPLA), reporting on a mass “slave redemption” organized by Cox’s CSW. There are many unanswered questions regarding how thousands of alleged slaves are rounded up and sold in a matter of hours to witting, or unwitting African-Americans for hundreds of thousands of dollars. Where do these alleged slaves come from?—how do they all arrive at the same destination, at the same time of day in the desert?—who gets all the money?—where do they go after they are “freed,” and where is the proof of the involvement of the government of Sudan?

Sudan’s small but growing oil industry has also come under heavy assault: Diane de Guzman, who worked for UNICEF and Operation Lifeline Sudan, gave a briefing at the Washington headquarters of U.S. Committee on Refugees in early May, alleging that the government of Sudan is wiping out dozens of villages and carrying out a “scorched earth policy” against its own people in order to build new “oil roads.” While Guzman passionately painted a picture of gross human rights abuses by the government in the construction of these new roads, she admitted that she, personally had *not a shred of concrete evidence* of the existence of these villages before the roads were built. The U.S. Refugee Committee is headed up by Roger Winter, who in 1997 publicly supported violently bringing down the Sudanese government, no matter what the terrible consequences would be for the population.

Of course the great irony is that, at precisely the point the U.S. government is beating the drums for war against Sudan, it was voted off the United Nations Human Rights Commission, and Sudan voted on. No doubt, this move reflects a growing awareness by the rest of the world, of the danger represented by this new American administration.

'Operation Black Cat' Busts The FARC's South American Cartel

by Gretchen Small

Are you one of those who swallowed the myth that the drug trade is so lucrative, so powerful, that civilized society must bow to it, and legalize the dope trade? Did you buy into the proposition that the leading narcoterrorist force in South America, the Revolutionary Armed Forces of Colombia (FARC) are ideologically-motivated, if nasty, "rebels"? That "peace" will only be restored to Colombia, if the FARC are brought into the government, through negotiations?

If so, consider what has just been accomplished in South America. In an operation dubbed 'Black Cat,' in a brief three months, the Colombian military — vilified internationally and persecuted domestically, underequipped and with scandalously limited transport capabilities—aided by U.S. intelligence support, succeeded in blowing a gigantic hole in the largest cocaine trafficking ring in South America.

On February 11, some 3,000 Colombian troops, transported by 13 helicopters, descended on Barranco Minas, a small town in the eastern department of Guainía. The military set out to retake control of the region around the Guaviare River which divides the departments (states) of Vichada and Guainía, which border on Venezuela and Brazil (see map). Covered by jungle and sparsely populated, the region is only accessible by air or river; there are no roads in. It had been taken over by the FARC's 16th Front, whose head, Tomás Medina Caracas, nicknamed *El Negro Acacio*, or *Black Acacio*, was identified by multiple national intelligence services in the Americas as a major trafficker.

Within days, the military had found 10,000 hectares planted with coca, and 12 cocaine laboratories capable of producing two tons of cocaine weekly. After U.S. Southern Command chief Gen. Pace and U.S. Drug Enforcement Administration head Donnie Marshall got a first-hand look at Operation Black Cat's operations on Feb. 19, Pace told journalists: "The FARC and narco-trafficking were one and the same in this region."

On April 21, as the Summit of the Americas was taking place in Canada, Black Cat led to the capture of the man who controls 60% of Brazil's enormous drug trade, the "Pablo Escobar of Brazil," Luiz Fernando da Costa, known by his mafia nickname, Fernandinho Beira Mar. Beira Mar is said to

be one of the largest suppliers of cocaine to the U.S. market; he has been identified at the center of dope-for-weapons trafficking running through Venezuela, Paraguay, and Surinam; his organization ships cocaine to Holland, to the Republic of Ghana, and was looking to Asia.

Supplying him with cocaine, and providing him protection, not only in Colombia, but when he traveled in South America, Beira Mar had lived with the FARC's 16th Front for the past year; his networks supplied the FARC with weapons and medicines. An estimated 80% of the FARC's income is said to have come from the Beira Mar operation. And it was no small thing, either: 200 tons of cocaine a year, 38% of Colombia's estimated annual output of 520 tons, went out through the FARC-Beira Mar cartel. Colombia supplies some 80% of the cocaine produced globally—and nearly 40% of that supply has just been knocked out.

Do the arithmetic: an underequipped and politically vilified effort has just knocked out 32%, *one third*, of the world's cocaine supply. And you say the war on drugs cannot be won?

The Policy's the Problem

As important as the numbers are, Operation Black Cat dealt an even harsher blow to the global drug trade, by blowing apart the lie that drugs are undefeatable. Such lies include the line that the break-up of the Medellín and Cali cartels merely forced the drug trade in Colombia to regroup into a bunch of decentralized, disperse, smaller groups, and thus made it only harder to defeat.

As Lyndon LaRouche has insisted for more than two decades, the only reason the drug trade has not been wiped out yet, is because it is *the policy of the international financiers profiting off the trade, to legalize dope*. As the City of London's *Economist* magazine regularly repeats, they intend to extend free trade to dope, and return the world to the good old days when the British Crown and its Boston spinoffs ran the opium trade, in their own name and on their own ships.

Key to the operation is the media. Newspapers such as Katherine Graham's *Washington Post*, of the Lazard finan-

cial interests, and the *New York Times*, voicepiece for the alliance of Southern slave interests and Wall Street's House of Morgan, organize the witchhunts against those fighting drugs, and run cover for drug legalization.

Another Big Lie they are fond of promoting is that the FARC is supposedly not a drug cartel, but "only" finances its "ideological" war by "taxing" the traffickers, and that the world must support "peace" negotiations with the FARC, because that's what Colombians want. The "peace" process is no more desired by Colombians, than the FARC are idealistic "rebels." This is a policy imposed on Colombia by foreign financial forces, who selected Colombia to be shattered, as a necessary step towards imposing global drug legalization.

Black Cat did not "discover" that the FARC is a cartel. Under the leadership of then-Army Commander Gen. Harold Bedoya, in 1996 the Army published a book titled *The FARC Cartel*, in both Spanish and English, documenting the FARC's role as the third, and greatest, cocaine cartel. Gen. Bedoya came to Washington, D.C. in 1999, and in meetings set up by Lyndon LaRouche's people with a score of Congressional offices, private briefings and a packed press conference, he laid out the facts, and what should be done about it.

Nor is Beira Mar the FARC's sole trafficking partner. In August 2000, the Mexican government arrested a Colombian medical doctor, and established the FARC's ties to one of Mexico's greatest cartels, the Tijuana Cartel. Even as the material seized in Black Cat was being sifted through, Mexican prosecutors arrested a second member of the Tijuana-FARC cartel.

The documents seized by the Colombian military in Operation Black Cat, however, provide, court-quality evidence "demonstrating the participation of the FARC in the cultivation, production, and marketing of cocaine with the international cartels," Colombian Army Commander Gen. Jorge Mora reported April 4. The FARC is involved in every aspect of the drug trade "except perhaps selling dope on the streets of New York. . . and the drug business is led and managed by that guerrilla group under the leadership of its secretariat."

Look again at the photograph of New York Stock Exchange president Richard Grasso smiling as he embraces the chief of FARC finances, "Raúl Reyes," following their jungle tete-a-tete in June 1999. Grasso called a press conference upon his return to New York, to announce that he had invited Reyes and the FARC's "Supreme Commander," Manuel Marulanda, to come walk the halls of the New York Stock Exchange with him. He praised Reyes's sophisticated understanding of international capital markets, and welcomed their business. Indeed! According to press reports, Reyes's name is duly recorded in the FARC-Beira Mar financial computer diskettes seized in the raids.

Andean Hell

It is popular today to repeat the lie, as a justification for surrender, that if the dope trade is hit in one place, it merely moves onto another: the so-called "balloon effect." How silly. As any child knows, balloons are eminently "poppable."

Three years ago, the cocaine "balloon" in the Andes could have been "popped" for good. Governments in two of the three big coca producing nations, Peru and Bolivia, had set out to drive the drug trade out of their countries, and, with help from U.S. military and intelligence networks committed to the same goal, they were racking up successes. Watching the dramatic disintegration of their nation under President Andrés Pastrana's contrary policy of negotiating with the FARC cartel, political and military layers in Colombia discussed the possibility of saving Colombian democracy, as President Alberto Fujimori had saved Peru's democracy and State: by mobilizing the Nation to defeat the narcoterrorists in an all-out but efficient war.

Had the bankers and their agents in the U.S. State Department not intervened, *the war could have been won by now*. The drug trade was saved, not by its military might, but by *political* intervention. The British-tied financial interests gathered in the Inter-American Dialogue and Rockefeller's Americas Society, mobilized Wall Street's permanent bureaucracy within the U.S. government to overthrow the Fujimori government in Peru. The transitional government they then installed to run the country until a new government be elected, is led by well-known dope legalizers. One of those, Justice Minister Diego Garcí Sayán, is systematically jailing anyone who fought narcoterrorism and the dope trade.

Less well-known, Bolivia's success was recognized by U.S. Southern Command chief Gen. Peter Pace during a Senate Armed Services Committee hearing March 27. "Bolivia, with perhaps fewer resources than any other country in the region," he said, "has achieved unprecedented success in eradicating illegal coca cultivation and aggressively interdicting Drug Trafficking Organizations' movement of precursor chemicals." The Bánzer government has not wavered in its drive to eliminate *all* illegal coca cultivation in the country by when it leaves office in 2002. The government, however, does not have the resources to provide significant alternative development opportunities for those dependent on the drug trade income, nor has it received economic assistance of any significance from abroad. The result is that thousands of coca growers have been left economically at the mercy of the traffickers, and a narcoterrorist insurgency—trained and advised, according to several accounts, by the FARC—is being created. Like the FARC, the Bolivian insurgency is promoted by the *New York Times*, et al, as a justified "rebellion" by poor peasants against the "militarist" Bánzer government.

As for Colombia: the "peace process" championed by

the same U.S. State Department crew which overthrew the Fujimori government, has driven the country into hell. The three years of negotiations with the FARC cartel have served primarily to destroy the Colombian State. Colombia's military, not the narcoterrorists, has been made into the "enemy image" around the world. Look at **map 1**. Where once there was only one DMZ area, the size of Switzerland, handed over to the narcoterrorists, now there is a second zone being created, over the opposition of those living in the area, for the FARC's ELN allies, and the AUC paramilitaries and other armed criminals are demanding their "own" concentration camp to run. Colombia's 40 million citizens are, de facto, hostages of the terrorists. 800,000 people have fled Colombia, while well over one million live in refugee camps inside their own country.

Hitting on the Flank

Black Cat is a demonstration of efficiency in warfare. Their hands tied politically and economically, the Army marshalled its limited resources for a strike which would deliver the maximum damage to the greatest strength of the narcoterrorists: not its finances, but its *political* international support apparatus.

In late March, a special U.S. Justice Department prosecutor flew to Colombia, to review the documents seized under Black Cat. Gen. Mora pointed out in an explosive April 5 press conference, that the information in hand is sufficient to merit the U.S. requesting the extradition of various FARC leaders: as drug-traffickers.

Will not at least some of the 25 governments, the United Nations, the European Union and the Vatican, which, with the encouragement of the Bush administration, sent representatives to hold talks with the FARC in the "FARC zone" on March 8, reconsider their participation with the FARC, in light of the court-quality evidence documenting its role as a major drug cartel? After Black Cat, no person or government can claim "they didn't know."

Which makes the April 30 interview of the U.S. Ambassador to Colombia, Anne Patterson, with *El Espectador*, very revealing indeed. Patterson admitted: (1) that coca cultivation in the FARC-controlled zone had risen from 6,000 to 9,000 hectares, or more; (2) that anti-drug operations in the southern department of Putumayo had uncovered proof that the FARC was involved in every aspect of the drug trade in that department; and (3) that Colombia had shared the information gathered in Black Cat with the U.S., and it is sufficient to prepare U.S. trials against some of the FARC. Yet, asked if the U.S. will be participating directly in "peace" talks with the FARC, she replied: "Yes, I do think we will participate in this process also some day."

Will the Drug Airbridge Now Be Restored?

The London/Wall Street dope lobby is on the counterattack, demanding all U.S. anti-drug cooperation programs with

its Ibero-American neighbors be shut down. The immediate target is one of the most successful international anti-drug operations ever run: U.S. cooperation in the aerial interdiction programs of Peru and Colombia. After the Peruvian Air Force mistakenly shot down a U.S. missionary plane flying near or over the Peru-Brazil border in the prime drug corridor near Iquitos on April 20, leading to the tragic death of two aboard, the drug lobby launched a gigantic mobilization for the interdiction program to be ended, permanently. Leading the pack are the *Washington Post* and the *New York Times*.

The airbridge denial program, as it is known, is exemplary of the kind of measures which LaRouche laid out in 1985 as necessary to run the drug trade out of the Americas: providing the benefits of U.S. technological capabilities to national military forces in the region, which act, sovereignly, in response to the intelligence provided. In the air interdiction program, the U.S. provides real-time intelligence on suspicious aircraft entering and leaving Peru and Colombia, to those countries' national Air Force planes, which take care of enforcement, forcing the planes to identify themselves, land, or be shot down.

When the U.S.-Peruvian program restarted in 1995, after a one year hiatus, over 60% of the world's coca was grown in Peru. The coca leaves were converted into coca paste, and then flown out by light aircraft from Peru to Colombia, where it was processed into refined cocaine. An average of 600 drug trafficking flights were flying each year between Peru and Colombia at the time.

When the Peruvian Air Force, using U.S.-provided surveillance intelligence, began forcing the planes to land, and had shot down but a few, the illegal air traffic from Peru to Colombia dropped precipitously. Its efficiency drove the drug legalization crowd wild: because traffickers couldn't get the coca paste out, the price paid for coca in Peru fell dramatically, and it became possible to free peasants enslaved to coca production, without major military battles. By 1996, coca farmers began flocking to government programs to help them find alternative crops. By the end of 2000, coca cultivation in Peru had been reduced by 70% over its 1995 levels.

The "single [largest] contributing factor to the dramatic drop" in Peru's cultivation, was the U.S.-Peruvian air interdiction program, John Crow, who heads the State Department Bureau of International Narcotics and Law Enforcement Affairs's Latin American program, told a May 1 U.S. Congressional hearing. No U.S. government official would contest his assessment.

These dramatic results were achieved with minimal military action: over the course of six years, the Peruvian Air Force shot down a total of 30 traffickers' planes. The April 20 tragedy, was the first loss of innocent life.

The program, also existing with Colombia, became the model for similar U.S.-regional cooperation to shut down river and sea routes in the Andean region. The Joint Peruvian Riverine Training Center established in Iquitos, Peru, where

FIGURE 10

Colombia: The Narco-Terrorist War Theater



the U.S. helps train Colombian and Peruvian Navy forces for counter-drug operations, is “the finest facility of its kind” in the Ibero-American area, Gen. Pace told the Senate March 27.

Fujimori’s Peru, Revisited

All such anti-drug efforts, and the individuals who carry them out, are targeted for elimination by the legalization crowd. The Peruvian patriots who defeated the narcoterrorist mob are today sitting in jail; and their U.S. counterparts are slated for the same treatment.

This intent was spelled out by Katie Graham’s *Washington Post*, in a lead front page article May 9, filed under the byline of *Post* scribbler Anthony Faiola. The *Post* painted the Fujimori-military team which defeated narcoterrorism and gutted the drug trade in Peru, as “a network of corruption,” a bunch of drug-traffickers themselves “involved in massive criminal activity.” It celebrated how 18 Peruvian generals, including former Armed Forces Commander Gen. Nicolás Hermoza, who led the anti-terror war, are locked up in prisons with common criminals, with more than 50 other high ranking military and intelligence officials slated to join them there.

Through the ruse of quoting anti-Fujimori Peruvians, the *Post* calls for investigations to be opened into those U.S. members of the CIA, DEA, and U.S. Armed Forces, who worked with these Peruvians against the drug trade—and then threatens that U.S. officials working on U.S.-Colombian anti-drug efforts, may, likewise, find themselves charged with “cooperating with a corrupt military establishment.”

Across the Americas, the witchhunt being carried out against Fujimori, Hermoza, the former head of Peru’s National Intelligence Service, Vladimiro Montesinos, and the rest, is understood for what it is: the drug mob’s revenge. Fujimori’s Peru is paying for only one crime: that of demonstrating that even poor nations, if sufficient will is mobilized, can defend themselves.

This is even admitted in a remark from an unnamed U.S. official, which the *Post* buries at the end of its May 9 piece: “The problem with the so-called proof about Montesinos and the generals is that they always seem to come from drug traffickers.” The charge, for example, that Hermoza was on the drug mob’s payroll all the while, is based on the testimony of *El Vaticano*, one of the biggest drug traffickers he sent to jail.

The enormously successful Operation Black Cat, clearly involving regional intelligence capabilities and meticulously prepared in advance, raises questions, also, about the centerpiece of the drug lobby’s campaign against Montesinos: the charge that Montesinos arranged for 10,000 Kalashnikov assault rifles, bought from Jordanian military networks, to be air-dropped to the FARC’s 16th Front: precisely the FARC operation which Black Cat just mopped up. **Map 2** Montesinos and Fujimori revealed the air-drop operation in August 2000, and took credit for breaking it up. Within

FIGURE 2□

The FARC Weapons Air-Drop Route□



weeks, it was asserted, however, that Montesinos—who, with Hermoza and Fujimori, fought the narcoterrorists for 10 years—was also on the take from the drug mob, and trafficked with the FARC.

In a Feb. 23, 2000 videoconference with Lima’s Society of Public Accountants, LaRouche raised questions about this charge against Montesinos. “This area is a very dark area,” LaRouche said. “I’ve been dealing with spooks for a long period of time, and had them coming at me. . . . Anti-drug operations, in every part of the world, are very dirty. . . . In drug intelligence operations, what the anti-drug operative tries to do, is to penetrate the drug networks. Now, how do you penetrate the drug networks? . . . Usually they penetrate the inside of the networks they are investigating. They use dirty money. They sometimes—in drug traffic, often—they will process drugs, as a way of getting to the top level. . . .”

“Therefore, the mere fact of a U.S. intelligence anti-drug operation, being involved in passing drugs and money, in Peru, as part of the anti-drug operation, does not really surprise me. . . . I, therefore, don’t pass judgment on the issue: to me, it’s still an open question.”

Drug Mob Escalates Drive for Legalization

by Valerie Rush

There was a time when proposing the legalization of narcotics could get you politically lynched in Ibero-America. But when former Colombian President Alfonso López Michelsen insisted, in an April 16 interview, that the nations of the world either legalize drugs “or we’ll go to the devil,” no one was scandalized.

Indeed, López Michelsen is but the latest in a string of Ibero-American “personalities” to embrace drug legalization. Last year, Uruguayan President Jorge Batlle publicly called for drug legalization, and revealed that he had discussed this proposal in a number of forums, and privately with former U.S. President George Bush. Diego García Sayán, currently Peruvian Justice Minister under the caretaker Valentín Paniagua government, is an avid defender of drug legalization. Then, too, Peruvian Presidential frontrunner Alejandro Toledo, whose campaign was advised by García Sayán until the latter entered the Paniagua government, leans in that direction, which helps explain recent revelations that Toledo’s activities, have been financed to the tune of at least \$1 million, by the moneybags behind the global campaign for drug legalization, mega-speculator George Soros.

And in a March 18 interview in the Mexican daily *Unomásuno*, that country’s President, the free-marketeer Vicente Fox, proposed that worldwide drug legalization is the only way to “end the criminality generated by the illegal drug trade.” Fox was echoing a call, issued days earlier, by the director of Tactical Support of the Mexican Federal Police, Miguel Angel de la Torre, who insisted that legalized drug consumption is “the most efficient weapon for combatting the drug trade.” Fox’s Foreign Minister, Jorge Castañeda, has put his name to Soros’s published appeals for drug legalization, along with Peru’s García Sayán and others.

Far from being scandalized by the Mexican President’s call for legalizing drugs, President George W. Bush has granted Fox the honor of being the first head of state invited to visit Washington under the new government. All of which brings to mind the loud whispers coming out of the British and U.S. pro-drug lobby, that it will be a “pragmatic conservative” rather than a “liberal Democrat” in the White House, who will eventually embrace drug legalization and abandon the “failed” war on drugs.

In his interview with *El Tiempo* editor Enrique Santos Calderón, the octogenarian López Michelsen is convinced that drug legalization is just around the corner: “The profit-

ability of the trade is due to the fact that it is prohibited, and the day it is decriminalized and there is a free market in drugs, the price will fall through the floor. I believe the United States itself is paving the way. . . . I don’t know what form it will take, whether gradual decriminalization or what, but I believe that in a few years we will see drug regulation other than by repression.”

No one should be fooled by López’s venerable image. The former President and banker’s son is known among political insiders in Colombia as “The Godfather,” for his pivotal role in turning Colombia into a drug-trafficker’s paradise. It was under his 1974-78 administration, that the Central Bank mechanisms known as *financieras* and the *ventanilla siniestra* (literally, “left window”), were created to launder the dirty money that would fuel the drug cartels’ speculative ventures and create a “cocaine boom”—the quintessential “free market.”

López was also the mentor of “economist” Ernesto Samper Pizano, who started his career as a drug legalization lobbyist and ended up as Colombian President (1994-98), bought and paid for by the drug cartels. López’s own bid for the Presidency in 1982 proved a dismal failure, but not for lack of support from the Medellín and Cali drug cartels, whose interests he served.

The Godfather Echoes the Drug Cartel

It comes as no surprise, then, that López’s pro-legalization arguments are identical to those held by Colombia’s largest drug cartel, the narco-terrorist Revolutionary Armed Forces of Colombia (FARC). Last June—precisely one year after New York Stock Exchange President Richard Grasso visited Colombia to discuss “mutual investment opportunities” with the FARC—the Andrés Pastrana government and the FARC co-sponsored an international conference, held deep in the protected cocaine zone in Colombia’s south known as FARC-landia, where delegates from more than a score of nations were harangued for two days on why “peace” in Colombia could not be won through a war on drugs.

The FARC conference was nominally dedicated to discussing how the war on drugs violated the rights of the “peasantry” (read, coca and poppy growers) and ruining the “environment” (read, coca and poppy plantations). However, the real agenda of the conference was global drug legalization, as confirmed by an open letter sent to the Clinton Administration by the FARC several months earlier urging a global initiative for drug legalization, and again just before the FARC-landia event, at a legalization conference in Spain featuring FARC leader “Raúl Reyes.”

Another outspoken legalization advocate is Bolivia’s Evo Morales, who has taken a page from the FARC handbook, and is currently heading an uprising of Bolivian coca farmers, who are threatening acts of violence, unless the Bánzer government agrees to their demand to end its highly effective coca eradication program.

Anglo-Americans Target South Africa's Mbeki

by Dean Andromidas

The Anglo-American establishment has levelled its sights on President Thabo Mbeki of South Africa, putting him on its list of targetted African leaders, a list that includes President Robert Mugabe of Zimbabwe. On April 25, Steve Tshwete, South Africa's Minister for Safety and Security, announced the opening of an investigation into a plot to oust and possibly endanger the life of President Mbeki. The plotters included three of the top contenders for the leadership of the ruling African National Congress (ANC): Cyril Ramaphosa, Tokyo Sexwale, and Mathews Phosa.

The dramatic announcement brought an immediate national and international reaction, in which President Mbeki was denounced as a paranoid manipulator, and was accused of deploying the state security services to attack three potential rivals in his bid for reelection to the Presidency.

However, *EIR's* investigation has revealed that this plot has nothing to do with internal ANC political rivalries. Rather, it is an operation targetting Mbeki by the same group of powerful London and Wall Street mining companies and financial interests that have been responsible for a policy of war and destabilization throughout Africa, and whose bloody goal has been to gain unfettered control of the region's natural resources. This faction is represented in Africa by mining giants Anglo American Corp., De Beers, and by Standard Bank, Old Mutual Insurance (the corporate empire of the Rupert family), and a handful of other companies which, through interlocking shareholdings and directorships, continue to control South Africa's economy. Using South Africa as its base, this faction has dominated the African continent since the time of Cecil Rhodes. The claim that South Africa is an "economic powerhouse" is based on the profiteering of this corporate empire, which is premised on keeping the vast majority of the population of Africa in wretched impoverishment.

President Mbeki has tried to walk a fine line between the nationalist aspirations of the ANC, on the one side, and this powerful cabal, on the other, but he has stepped out of line more often than the latter forces deem permissible. This "stepping out of line" began with Mbeki's outspoken position on the AIDS crisis, in which he has declared that the principal cause of the AIDS epidemic that now threatens the very existence of black Africa, is poverty and lack of economic development, not the "loose sexual culture" of black Africans.

Mbeki's second sin has been his refusal to fully support the Anglo-American effort to overthrow the government of

President Mugabe of Zimbabwe. *EIR* has documented how Mugabe earned the hatred of these forces by daring to stop the military conquest of the Democratic Republic of the Congo by the Anglo-American marcher-lords, the Presidents Yoweri Museveni of Uganda and Paul Kagame of Rwanda. Like Mugabe, Mbeki is becoming an impediment to Anglo-American schemes.

Plotters or Front-Men

In describing the alleged plot against Mbeki, Safety and Security Minister Tshwete said that the state holds documents and statements from government informants, indicating that Ramaphosa, Sexwale, and Phosa were conspiring to launch an operation to discredit Mbeki in the eyes of the country and expose him to possible assassination. The three are accused of attempting to falsify evidence to link Mbeki to the murder of Chris Hani, who had been among the top four or five ANC leaders. Hani was killed by a white, ultra-right-wing assassin in 1993.

It is for the law enforcement institutions of South Africa to verify these charges. Nonetheless, *EIR's* investigation into the relationship of these three plotters to the corporate empire ravaging Africa offers more than circumstantial evidence of who stands behind this plot.

Various senior African intelligence sources have confirmed that this cabal is working to replace Mbeki, even before the end of his Presidential term (he is in the second year of his five-year term), with Ramaphosa or one of the others, who together are considered to be the "Anglo-American" faction in the ANC.

The three alleged conspirators share several common features. All three had led the negotiations for the ANC beginning in 1990, which culminated in the eventual dismantlement of the apartheid regime. At the same table were not only the representatives of the apartheid regime, but also the American and British governments, represented by former Assistant Secretary of State Dr. Chester Crocker and former British Ambassador to South Africa Lord Renwick of Clifton. The latter assured that the interests of the "international community," including their massive economic interests in South Africa, would be protected.

Many new personal relationships were established at that table between the leaders of the potentially politically powerful (yet impoverished) ANC, and their economically powerful counterparts. These three ANC leaders were seen as acceptable to both the ANC constituents and the international community led by the British and U.S. representatives.

More than a decade after these negotiations, one finds these same ANC negotiators and their British and American counterparts again sitting at the same tables, but this time in the boardrooms of Anglo American Corp. and the other corporate members of the cabal.

Crocker, after he retired as Assistant Secretary of State for African Affairs under the Reagan and Bush Administrations,

joined the board of directors of Minorco SA, the Luxembourg-based holding company of Anglo American Corp. He is also a patron of the London-based Zimbabwe Democracy Trust, which is currently one of the principal centers for the operation to overthrow President Mugabe, where the cabal has vast interests.

Lord Renwick, after leaving his post as Ambassador to South Africa, became chairman of the elite British merchant bank, Robert Fleming. He is also an adviser to the Hakluyt Foundation, the British equivalent of Kissinger Associates. In South Africa, he is a patron of the Helen Suzman Foundation, which functions as the South African base of operations against President Mugabe. The Suzman Foundation's director, R.W. Johnson, has penned commentaries in both the London *Times* and *Daily Telegraph* calling for the recolonization of Africa. Lord Renwick also is a member of the board of Compagnie Financière Richemont, part of the corporate empire of the Rupert family.

Ramaphosa, who in the 1980s was the chief organizer of the National Union of Mineworkers, resigned as ANC Secretary General in 1996, after it became clear that Mbeki would become the successor to President Nelson Mandela. Ramaphosa decided to sit at the same table as his old adversary, Harry Oppenheimer, chairman and majority shareholder of Anglo American Corp., as a member of its board of directors.

Ramaphosa became a pioneer member of the black bourgeoisie, in the fraud that has become known as "black empowerment" in the South African economy. In reality, this process was fully controlled by Anglo American and the rest. Ramaphosa and others formed the National Empowerment Consortium, with the pension funds of black African trade unions and funds from Old Mutual Insurance and other companies in the cabal. With these funds, would-be members of the black capitalist class were able to buy into selected companies which the cabal had already planned to divest themselves of.

In this process, Ramaphosa took the pension funds of the National Union of Mineworkers and bought a 50% holding in Johnnic Holdings Ltd., one of the many non-mining companies Anglo American Corp. was selling off as part of its reorganization into becoming exclusively a mining firm with its global headquarters in London. The rest of Johnnic Holdings is held by Old Mutual Insurance and Standard Bank.

Ramaphosa also gained controlling interest in the Times Media Group, which became part-owners of the South African *Financial Mail*. Another part-owner is Pearsons, the British media conglomerate which owns the London *Financial Times*.

Ramaphosa's ANC comrade, Sexwale, also joined this exercise. In 1997, when it became clear that he, too, would not succeed President Mandela, Sexwale resigned as Premier of Gauteng Province and left politics for the world of business. This brought him onto the board of directors of JCI Gold, which was formerly part of Anglo American Corp.'s Johan-

nesburg Consolidated Investments. In 1996, JCI Gold took part in a mining concession in the Democratic Republic of the Congo, shortly after the overthrow of President Mobutu Sese Seko. Sexwale soon founded his own "black empowered" company, Mvelaphanda Holdings. Ramaphosa also joined the board as non-executive chairman.

Through cross-holdings in several mining companies, Sexwale became partners with the corporate empire of Rupert, the same empire which Lord Renwick joined. Thus, Sexwale sits as the only black South African on the board of directors of such Rupert-controlled companies as Gold Fields of South Africa and the Trans Hex Group diamond-mining company. Trans Hex has mining concessions in such war zones as Angola. Through a large shareholding in Northam Planium Ltd., Sexwale is also partners with Anglo American.

Don't Forget the Queen and Thatcher

The third plotter, Phosa, another former rising star in the ANC, had been Premier of Mpumalanga Province until he resigned in 1999 following several embarrassing financial scandals which hit his administration. Forming his own consultant company, Vuka Investment & Management, he entered into a "strategic alliance" with the KPMG Peat Marwick, one of the world's largest and oldest international chartered accounting and management consultant firms. KPMG is the official auditor of Anglo American Corp. and all the other major companies in South Africa. Members of the Peat family are still senior partners in the firm, and Sir Gerrard Peat is the Auditor to the Queen's Privy Purse. His son, Michael, is director of Finance and Property Services of Her Majesty's Household.

Phosa, meanwhile, has been cashing in on the contacts he made in Mozambique during the 1980s as an ANC exile. He has been busy setting up casinos in what is considered the poorest country in Africa. One of these projects is the Quatro Hotel Estate and casino. His partners in the project include Jean Mopotu, formerly of Zaire, and David Mhwanazi, who were both implicated in one of the financial scandals that led to Phosa's decision to resign as Premier of Mpumalanga.

This particular trail leads to the Kenyan-Indian businessman and arms dealer Ketan Somaia, whose company, the Dolphin Group, was directly involved in one of the scandals. In fact, Phosa, as Premier of Mpumalanga, wined and dined Somaia as a potential investor in a scheme to give Somaia exclusive rights to establish hotels, casinos, and other tourist activities in the province's game parks. The deal collapsed following allegations of fraud and corruption. Somaia was also cited in the documents presented by Safety and Security Minister Tshwete as being linked to the three plotters, and their plot, through arranging certain arms deals.

The chairman of the Dubai-based Dolphin Group of Companies is former British Conservative Party Chairman Cecil Parkinson. Parkinson was one of the closest confidants of former British Prime Minister Margaret Thatcher.

President Bush's Rearmament Scam: Goebbels in Bush's Bunker

On May 2, 2001, LaRouche in 2004, the political campaign committee for Lyndon LaRouche's candidacy for the Democratic nomination for President in 2004, released this statement. It was written by candidate LaRouche in immediate response to President George W. Bush's May 1 rearmament speech, which included announcement of White House intent to scrap the 1972 ABM treaty and build a national missile defense.

Today's survey of reactions to President Bush's announcement of his rearmament drive, taken together with the "Hitler in the Bunker" mentality which has dominated the new administration, increasingly, from the start, leads me to the following crucial points of strategic assessment of yesterday's May 1, "wonder weapons" proclamation.

As I had warned of this likely Bush policy earlier, the only significant military feature of the package announced yesterday, is the elements which bear on missions typified by boost-phase interception of vehicles carrying EMP-effect warheads, from such locations as near to U.S. or NATO nations' shores. Otherwise, to adduce the essential, overall military-technological characteristics of President Bush's package, we must examine Bush's "miracle weapons" rearmament package on two leading points.

First, it is, primarily, an economics hoax, the desperation-drive effort to attempt to cover over a general physical, as well as financial collapse of the U.S. economy for even the very short-term period of a few weeks or months immediately ahead.

Second, apart from the boost-phase intercept feature, the entire package, considered as a military conception, is a pathetic imitation of the Josef Goebbels "miracle weapons" side-show of the "Hitler-in-the-bunker" period.

From a military-strategic standpoint, the package is, overall, a farce, a feature of the policies of the greatly "undermises-

timated" President Bush which should no longer surprise us. In this light, it serves as a carnival side-show faker's sort of diversion, distracting the credulous members of the public from the really dangerous globally strategic military conflict immediately before us. That is the danger of a general war, featuring Israeli "weapons of mass destruction," even perhaps nuclear detonations, in the area of the Middle East in general.

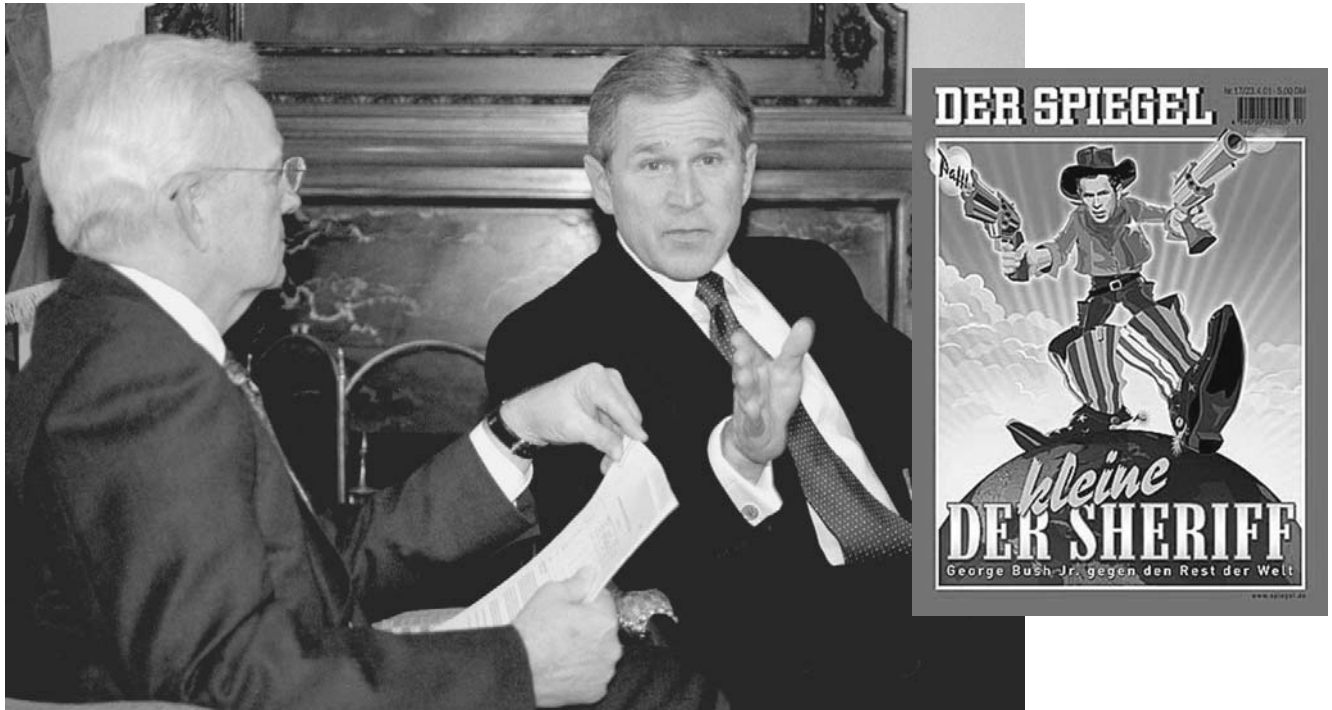
In respect to the central feature of the weapons-systems packages preferred by Bush's proclamation, the most efficient approach, is to compare a recent, extremely significant *Aviation Week* warning, concerning Boeing aircraft's technological performance with the cupidity and incompetence of the Heritage Foundation's "High Frontier" boondoggle of the early through middle 1980s.

In making that comparison, review the highlights of my fight, back then, against the lies, cupidity, and scientific incompetence of the Mont Pelerin Society's (read: Heritage Foundation's) Lt.-Gen. (ret.) Daniel Graham. The point to be stressed, is that the same crew of thieving Mont Pelerin Society-directed magpies, which were behind the deployment of Graham and his "High Frontier" kookery then, are in control of the institutions behind the present Bush rearmament drive.

First, look at the Bush proclamation as an economic shell-game packaged in rearmament wrappings. Then, examine the systemic technological incompetence of any package which could be put together by the current Bush Administration's teams.

Bush in the Bunker

To understand U.S. policy today, you have to ask yourself why that pack of Wall Street-centered financial houses and their law firms, which control the major U.S. news and entertainment media, the Boston-Wall Street-Houston-Washington cabal known affectionately as "the establishment," im-



Bush's "miracle weapons" rearmament package is primarily an economics hoax, a desperate attempt to cover over the collapse of the U.S. economy. Here, Bush with Treasury Secretary Paul O'Neill, and (inset) a view of Dubya Bush from Germany.

posed George W. Bush and Al Gore as the only Presidential candidates allowed to be actually presented as serious choices, to the general electorate.

To understand that question, you must take into account, that virtually none of the top circles of that establishment believed, that the oncoming world financial collapse could be postponed much beyond the November 7, 2000 election-date. Forget the "excessively exuberant," mindless loonies trading shares in the financial pits; why would the upper strata of the establishment wish to put as obvious and notorious a dummy as George "Mortimer Snerd" Bush in the White House, under the worldwide conditions of the oncoming worst, world-wide financial collapse in history?

Obviously, George Bush and Al Gore were the establishment's preferred choices, for some reason. Why not one of any number of far more capable candidates, candidates capable of showing the intelligence the presently onrushing crisis requires of our incumbent head of state? Why did neither of those candidates address, even once, an onrushing, world-wide financial collapse which had become obvious to all leading financial centers and others since the crises of 1997-1998? What was that reason?

For anyone whose brain is not drugged with an overdose of "popular opinion," otherwise to be known as "vox pox," the answer should be obvious from the given facts.

The short answer to that crucial question is, the establishment was determined to prevent any qualified candidate from becoming President at this time. In short, fragmentation gre-

nades are not chosen for their intelligence. Think of President Bush in the White House, as a political, strategic human bomb. His lack of powers of comprehension, is the virtue which recommended him for the probably brief period of the role he is intended to play.

Bush has been playing in a parody of "Hitler in the Bunker" since the moment the Carl Schmitt look-a-likes, Associate Justice Antonin Scalia et al., chose to rip up the U.S. Constitution, to make Bush the President-elect. Now, with yesterday's proclamation, we have the Josef Goebbels-type promise of "miracle weapons" to match the "Hitler in the Bunker" image.

The physical meaning of the term "reality" is not in the vocabulary of President Bush's mental life. His qualifications for the role he plays lie in his proudly exhibited, awesome lack of both knowledge and cognitive capacity, as typified by his tendency to speak proudly in fractured synapses, sometimes like an escaped factory-reject from the robot production-line. Somewhere between his eyes and his teleprompter, one hears his mind scraping its bearings and rattling: "Me like!" "Me not like!!!"

Bush was selected for his present "human bomb"-like role as President, because his lack of intellectual or moral intelligence fitted him for the role of a trustworthy fool, too dumb, too immoral to shirk the role his sponsors had selected for him. He now dwells within a parody of Hitler's bunker; now come the Goebbels-style packages of "miracle weapons." Whether any of those weapons actually perform as pro-



The late Lt. Gen. Daniel Graham's babbling about the SDI is fairly summed up as, "Forget the scientists, we need to limit ourselves to the kinetic-energy-weapons potentials sitting presently on the shelves of financially needy weapons manufacturers." On the right, a recent U.S. Army test of an experimental rocket interceptor: exactly the kind of off-the-shelf technology that we don't need.

posed, or not, is not the question. The questions are: will this rearmament swindle buy a little time, and create some opportunities for creating crisis-management diversions, before the inevitable general financial collapse occurs? Will it make some Bush appointees and their corporate associates rich in the meantime?

Graham Crackers

The Heritage Foundation's Lt.-Gen. (ret.) Daniel Graham is dead, and in due course will be judged accordingly in the appropriate court, but, the evil he did during the last years before his final sickness gripped him, lives with us still. As I knew him by his actions from the 1977-1984 interval, he was not an honorable man, nor a notably sane one. His role as a double-dipping cat's-paw of the Mont Pelerin Society's Heritage Foundation, in his direct personal attacks on me, and upon Dr. Edward Teller, during 1982-1983, was a crucial factor in wrecking the SDI proposal which President Ronald Reagan delivered publicly to the Soviet government in a famous March 23, 1983 address.

Thus, the specter of the evil done by Graham, haunts Defense Secretary Donald Rumsfeld, and Rumsfeld's rearmament package, today. Combine *Aviation Week's* well-paced case on the subject of recent changes in Boeing's capabilities, with the ruin done to the U.S. military-science capabilities by the policies of the Heritage Foundation's Graham. This puts the finger exactly on the spot which defines President Bush's proclaimed rearmament policy as a Goebbels "miracle weapons" diversion, repeated as farce.

Like the Wall Street-centered establishment cabal of financial houses and their law firms, where those persons used to have a brain, there resides a hyperventilated slogan, instead, a threnody of "My money! My money! My money!" The worst dupes of John Law's early-Eighteenth-Century financial bubble, were paragons of sanity, when compared with the psychotic, homicidal frenzy of "My money!" — "Read my lips! It is spelled m-o-n-e-y, 'money'!" — which reigns around neo-Nietzschean Chairman of the Federal Reserve System, Alan Greenspan, in the exuberant orbit of the Wall Street-centered establishment today.

In fact, the Bush Administration, from the top down, is all-Nietzschean as a celebration of the "Triumph of the Will" at a Nazi Nuremberg rally. They have no regard for the consequences of what they are doing; they think only of holding on to an increasingly dictatorial quality of power to command for the next few moments, regardless of what might actually come after that.

As the *Aviation Week* review reflects this, the adaptation of the management of Boeing to the lunatic "My money!" pressures from the Wall Street-centered financier oligarchy, has transformed one of the world's leading performers in that industry into an organization stripped, increasingly, of those programs and highly skilled specialist personnel which had made the firm's achievements possible.

In an earlier time, this was already General Graham's "High Frontier," anti-science psychobabble program. It is the characteristic of the cabal of executives assuming leading responsibility for Donald Rumsfeld's rearmament tasking of

today. Graham's babble is fairly summed up as, "Forget the scientists, we need to limit ourselves to the kinetic-energy-weapons potentials sitting presently on the shelves of financially needy weapons manufacturers." That is the essence of President Bush's rearmament proclamation of yesterday.

Technology and Strategy

To make a fair comparison of Goebbels' "miracle weapon" program to that of President Bush's rearmament proclamation, take the case of Peenemünde, for example.

At the time the civilian-created German space program was launched, during the late 1920s, the ever-omniscient pro-Confederate belles of the *New York Times* had proclaimed it to be scientifically absurd of Harvard's Professor Goddard to say that his rockets could ever reach beyond the Earth's atmosphere. Usually, the *New York Times* has been shown to have been wrong on science every time, since it denounced the invention of the electric light bulb and denounced the Wright brothers as crazy for believing their planes could fly.

Considering the decisive role the initial German development has played in world history since that time, the development of space-exploration technology is one of the science-drivers for scientific progress in every field. Its importance, back during the 1930s, in Germany, could not be overestimated. Yet, Hitler et al., essentially put the program on ice until the time for brandishing threats of "miracle weapons" came around.

Like Hitler of the pre-bunker phase, General Graham of 1976-1984 was the kind of "practical," money-minded man who, out of repeated statements from his own mouth, placed science itself in the category of a hated thing, somewhere proximate to the John Birch Society's worries about Communism.

It is conjecturable, on the record of his 1976-1984 performance, that the General Graham of that period would have supported the *Times* on each and all of those anti-science booboos, every time. (One wonders what his attitude might have been, at relevant times, on the proposal for breech-loaded cannon, or perhaps even the invention of the wheel?)

In a sense, knowing Donald Rumsfeld from decades ago in Chicago, I am startled by the suggestion that he might have forgotten those ABCs of industrial technology he seemed to know so well as a younger executive. I can see how he might consider it important to get some funding into research and development among the firms which might become capable of producing more advanced technologies; otherwise, I find it difficult to believe that he actually thinks the program he is assigned to carry out would actually work as proposed.

There is a common psychological, or should we say psychopathological root of the 1980s sabotage of the SDI proposal by Heritage's Daniel Graham, and the root of the intrinsic technological incompetence of the Bush rearmament swindle today. To make it simple, the fools rallied around Bush's rearmament boondoggle, like fools such as General

Graham earlier, substitute their superstitious belief in the magic of money for the reality of physical science.

The increase of mankind's power in and over nature, is always a direct reflection of progress in those fundamental scientific discoveries from which experimental methods spill out improved technologies. Thus, it is the experimental physicists, and the engineers and highly skilled machine-tool workers and related technicians who work with them, who, as they used to do at Boeing, produce the miracles of progress in both design and performance of products, and in productivity. A relatively high ratio of employment of these categories in universities, government, and industries, is the most important factor of employment and training policy in upgrading the productive power of labor, and effectiveness of products, including weapons-systems.

This Policy Must Fail

This also requires a significant increase in the percentile of the total labor-force employed in industries reflecting those science-driven high-technology programs. This also requires a cultural standard in the households and communities of persons employed in those industries, which means a reversal of the pattern of increasing the number of employments required to maintain a household income, and an increase in the effective content of the wage-packet of the household from which the technologically progressive labor-force is drawn.

Any policy which does not incorporate those leading features, must fail.

Notable in the defense and related industries today, is the substitution of the lunacy of so-called computerized benchmarking for traditional forms of design engineering and related testing programs. The trend for increase in technological performance failures, often causing fatalities to users of products relying on benchmarking design, typifies the increasing performance failures of not only products of military production, but also of the teams of military personnel employed in using those products.

A closer look at the problems faced by the German aerospace-program of the 1930s and early 1940s, shows us that the problems which Hitler's notorious anti-science bias imposed upon Germany's science and related programs, are echoed in what should be seen in the U.S. today, as the nation's most embarrassing reasons for increasing rates of failures in the military procurement and related programs of our nation today.

True, the U.S. today does require high-powered, highly concentrated science-driver programs, to resuscitate our ruined physical economy and general standard of living. However, on precisely that account, not only is President Bush's rearmament campaign a tragic farce from the outset, in scientific and technical terms it compares poorly in relative technological performance, with Nazi propaganda minister Josef Goebbels' last-ditch "miracle weapons" program of the concluding war years.

Death Toll Hits Already, in D.C. Public Hospital Closing

by Paul Gallagher

Within the first days after the fascist-like D.C. Financial Control Board ordered the “privatization” and shutdown of the only public hospital in the nation’s capital, unnecessary deaths are already occurring; they are on the hands of members of Congress until it reverses the closing, and funds the hospital.

The toll, already at least two outright deaths within the first week of the shutdown, is resulting from “medical rolling blackouts” spreading through the capital area, as overloaded hospital emergency rooms become closed to ambulances.

At the same time, Lyndon LaRouche’s movement and leaders of the Coalition to Save D.C. General Hospital have dramatically increased, and internationalized, the pressure on individual members of Congress to act. Congress can reverse the deadly privatization plan imposed by the Control Board, with a vote this month on the capital’s budget.

Doctors and Emergency Medical Service (EMS) personnel said the situation will get much more chaotic and much worse, unless Congress takes action. That action must come during May, to reverse the move the Control Board rammed through on April 30, on behalf of Wall Street and *Washington Post* owner Katharine Graham’s private financiers’ group, the Federal City Council of Washington.

The closing was temporarily, illegally imposed on the elected Washing-

ton City Council, by emergency laws privatizing the city’s entire public health system: a Control Board fiat opposed unanimously by the Council and by the great majority of medical societies and ordinary citizens. The Control Board usurped the Council’s authority, and signed a contract with a private consortium of “health-care providers,” led by a firm—Doctors Community Healthcare Corp. (DCHC)—which is already subject to racketeering lawsuits in three states.

The Control Board did its April 30 contract-signing at a card-table in the basement of a public library, whence they



Her foot broken by police who slammed the doors on hundreds trying to enter the D.C. Financial Control Board’s “public meeting,” this woman demonstrates the whole movement’s refusal to stop fighting.

had fled from hundreds of protesting citizens who were being excluded from this “public meeting” by phalanxes of police and SWAT teams.

Medical ‘Rolling Blackouts’

City Councilman Kevin Chavous, speaking to the Coalition to Save D.C. General’s 14th town meeting on May 9, graphically described how the situation appears from inside EMS ambulances in the city, in which he had been overnight during May 8-9. During one 15-hour period of the previous weekend of May 5-6, Chavous reported, *every hospital in the city* was turning away ambulances and patients from its emergency room. Ambulances with seriously ill patients were being put in “holding patterns” like aircraft, and sent to Prince Georges County, Maryland, and as far away as Baltimore. Chavous issued a challenge to all officials—members of Congress, the Control Board, and Mayor An-

thony Williams—to “ride the ambulances before you vote, before you make any statements about how this is supposed to be working.”

Mayor Williams, who discredited himself by promoting and lying about the privatization scheme on behalf of KKK-Katie Graham and her privateer cronies, made a shocking admission on May 8: The ambulance response time in the Southeast quadrant and suburbs of the capital, which usually averages four minutes, had increased to an average of 22 minutes. Chavous reported that 125 patients were turned away from D.C. General Hospital’s emergency room that weekend: Under the control of the privatizer-firm DCHC, the hospital’s first-rank trauma center was closed, and its emergency room stopped accepting patients without insurance.

The emergency room of Greater Southeast Hospital, which was supposedly taking over D.C. General’s operations, was overwhelmed, and had a severe shortage of doctors: Half-

Bishop Gumbleton: ‘Set Congress on Damascus Road’

This call to Congress by the Most Rev. Thomas J. Gumbleton, Roman Catholic Auxiliary Bishop of Detroit, was read to the 14th Town Meeting of the Coalition to Save D.C. General Hospital, on May 8.

Since I cannot be with you tonight at your meeting at Union Temple Baptist Church, I wish to send this message of solidarity to you. Your fight to save D.C. General Hospital has become a symbol of the struggle for the dignity of all of God’s children, and especially for the poor. For, after all, didn’t Jesus come to bring Good News to the poor?

When Pope John Paul II visited our country, he said, “Is present-day America becoming less sensitive, less caring toward the poor, the weak, the stranger, the needy? It must not!” And as a pilgrim in the footsteps of St. Paul this last week, he said, “It is our task to say ‘yes’ to God’s saving will and accept his mysterious plan with our whole being.” Well, God has certainly given The Coalition to Save D.C. General a big plan! Is the fight to save D.C. General Hospital over? I would say, along with you: No, it has just begun! It has just begun, because, now, all of us must take up the cross which you have been so far carrying alone.

On the Golan Heights on Monday, the Pope prayed, “for civil leaders of this region, that they might strive to satisfy their people’s rightful aspirations,” and “inspire them to work generously for the common good.” If the

Pope can pray for these leaders to act for the common good in their war-torn land, surely we can believe that our Members of Congress, including those from my own state of Michigan, will act on their Constitutional mandate to “promote the General Welfare,” to which they swore, “So help me God.”

This past Sunday, in his homily in Damascus, the Pope spoke of the conversion of St. Paul. Can the same Congress who set up the Financial Control Board act to rebuke the Financial Control Board, and restore this public hospital, this hospital of the poor, to those it has served so faithfully for two centuries? Your fight to save D.C. General is a fight for life, and through it, you have set the members of Congress on their own road to Damascus. We must all pray that they will obey God’s will, for didn’t Jesus call on us to care for the sick and the afflicted?

The Pope preached in Damascus, on Sunday, that the Lord called on the disciple Ananias to go to Saul, the persecutor of the church. When Ananias met him on the Damascus Road, Saul, who would become Paul, the Apostle of the Nations, was praying. “He was preparing to receive the mission which would bind him ever after to the cross,” the Pope said, and he quoted *Acts 9:16*, “I will show him how much he must suffer for the sake of my name.” In this spirit, we must remember the death of Robert Walker, who, in the throes of a fatal asthma attack in a D.C. courtroom, called out to the judge, “Get me to D.C. General! I need air!” The judge, who saw in front of him a homeless man, an exaggerating drunk, did not heed his call, and so, our brother Robert died. We, who see Christ in the image of the poor, the captive and the oppressed, send our blessings to you in your fight for life. We say with you, “Save D.C. General!”



Ambulance re-routing, starting when the D.C. General shutdown began May 1 and overwhelming other hospitals' emergency and trauma centers, led to chaos—and to at least two needless deaths by May 8.

a-dozen ambulances stood waiting in a line outside Greater Southeast at one point on the night of May 6. In fact, it has been learned that Greater Southeast signed bankruptcy papers on April 30, the same day it “took over” D.C. General. Many patients had to wait hours in ambulances for some emergency room to open up. At one point at George Washington University Hospital, elsewhere in the city, Chavous saw an elderly woman in a wheelchair, banging on the window of the ambulance which had brought her, trying to get back into the vehicle for treatment from the medics which she couldn’t get from the hospital.

The city’s ambulances were travelling further and further in search of a hospital assignment for their patients; therefore, taking longer to respond to their next call. Dr. Alyce Gullatee of Washington’s Anacostia district told the Coalition meeting that in recent periods, there has not been a single ambulance anywhere in this district of nearly 100,000 people; previously, it was normal for an ambulance to be stationed in every firehouse.

The Death Toll

Dr. Gullatee called the privatization “selective euthanasia;” LaRouche spokesman and Coalition leader Dennis Speed called it “a death-camp policy, marching ahead step by step.” The first two deaths were laid at Katharine Graham’s door that same weekend of May 5-6. A 19-year-old resident of A Street Southeast, suffering a gunshot wound only a few blocks from D.C. General, was taken to Prince Georges County Hospital in Maryland, where he was dead on arrival. A second gunshot victim, diverted from D.C. General and finally taken to Howard University Hospital, died on the way.

A tourist from New Jersey, not picked up by any ambulance for 45 minutes after suffering a heart attack at the FDR Memorial, was narrowly saved only by a Park Service Medi-vac helicopter.

And the Southeast district has the city’s highest incidence of low birth-weight babies: because D.C. General’s unique facility for caring for babies born before the eighth month of pregnancy will *not* be replaced elsewhere, more newborn infants will die.

LaRouche associates are investigating other reports of deaths said to have occurred—and nearly occurred—as a result of this direct denial of medical care. Causing deaths on a large scale, by denial of medical care, is a form of genocide, as defined by the Nuremberg Tribunal. City Council members Chavous, David Catania, Sandy Allen, and others are asking doctors and other medical professionals to keep careful diaries

and notes as the incidents multiply. In effect, the strategy is to “mobilize the citizenry to *get* the death count, in order to force Congress to *stop* the death count,” as Speed put it. Chavous said that any member of Congress, even a member of the Control Board, can be made accountable to their own conscience, if they directly observe the human suffering and loss of life the “privatization” is causing.

An International Fight

In the face of widespread media claims that “the fight was over” as of the Control Board action on April 30, the LaRouche movement, and other Coalition leaders, escalated, realizing that Graham, her *Post*, and the Control Board had taken openly corrupt actions which stank, before the whole country. The fight to save D.C. General has become the leading edge of the battle for the General Welfare in the United States, and intersects the battle for leadership of the widespread ranks of the Democratic Party nationally. Congressional offices have been bombarded with calls and resolutions from around the country (see box, for one of the most prominent of these). Local elected officials are notifying Congressmen that they want them to meet with Coalition leaders and D.C. City Council members; and scores of such meetings are taking place.

The question for members of Congress is a simple one: Are you in favor of killing people, or will you reverse the shutdown of public health in the capital?

In Washington, weekly town meetings, rallies, and marches have continued; one rally at the hospital, on May 9, was held to “re-instate” CEO Michael Barch and the other hospital directors fired for opposing the shutdown. Mean-

while, Coalition leaders Dennis Speed, Dr. Abdul Alim Muhammad, and nurse Charlene Gordon travelled to Germany to a Schiller Institute Eurasia-wide conference, to address a panel on the D.C. General fight.

Returning on the afternoon of May 9 to speak at the Coalition town meeting that night, Dr. Muhammad told a crowd of 200 that he had spoken in Germany to representatives of 40 nations; he had heard German doctors' descriptions of the shutdown of Berlin's famous Moabit Hospital, and recognized all the same "privateers' " techniques of deception and withholding of public funds, as with D.C. General. "Now that the Control Board have played their hand, and it is a weak hand," he said. "They will go down to ignoble defeat. . . . We are making history. . . . As Christ said, 'Even as you have done to the least of these my children, you have done unto me.' "

The Pressure Grows

At the town meeting, Chavous described two types of pressure he had received from the business community, to drop his and Catania's lawsuit and make peace with the

Mayor. But, Chavous said, he is also getting another kind of pressure—from his constituents: several calls every day, telling him of desperate medical situations, urging him to fight to reopen D.C. General. He described a call from an 82-year-old woman, who has heart problems and lives alone, and doesn't have a car. She asked what would happen, if she had heart problems and went to D.C. General. The Councilman could not give her a satisfactory answer.

Chavous also reported an anonymous call from an EMS technician, who wanted to tell him about the first weekend under the new system. "It's not going to work," the technician said. Chavous called the Mayor's office and told them about this, and the Mayor thereupon had the Health Department issue a statement saying that everything was going fine with the "transition," and that Greater Southeast Community Hospital was absorbing the load.

That was when Chavous made his decision to ride the ambulances himself. Even though the EMS technicians on duty weren't supposed to talk to him, he picked up from their conversation what was going on. "There's no way this is going

Largest Dem Organization Backs D.C. General

On May 8 the Los Angeles County Democratic Central Committee, leadership of the largest county Democratic organization in the nation, unanimously passed a resolution calling on California's members of Congress, and on D.C. Appropriations Committee Chairman Joseph Knollenberg (R) of Michigan, to intervene to re-open D.C. General Hospital and fully fund it.

Although 3,000 miles from Washington, D.C., the Los Angeles Democrats joined the Alabama House, and Democratic leaderships in Michigan, Missouri, and other states in recognizing the overriding importance of the General Welfare principle in the D.C. General fight. The Los Angeles County chairman, who himself had been hit by a car while in Washington and whose life was saved at D.C. General, told the May 8 meeting that D.C. is the city with the largest density of a black population in the nation; and as the capital, it is therefore under the control of Congress, and therefore "our city," is the responsibility of all Americans. "If they are allowed to ship away their health care, this is not only obnoxious and an abomination, but genocidal! . . . It behooves us not only to pass this resolution, but to pass it unanimously!"

The Resolution:

Whereas, Washington D.C. General Hospital is noted for providing life-saving services to the city's poor and stands as a symbol of the struggles and commitment of America's urban hospitals; and

Whereas, concerns over the possible closing of D.C. General Hospital have been expressed across the country by many city officials and policymakers who see this venerable institution as representing the nation's commitment to providing appropriate health care services to population groups that include many patients who are minorities, and many who are poor and uninsured, serving as a safety net for thousands with nowhere else to turn; and

Whereas, since every medical official in the Washington, D.C. area has testified that any current plans proposed by the Congressional House Appropriations Subcommittee and the D.C. Financial Control Board are not sufficient in providing necessary health care to the District's needy; and since the Washington, D.C. City Council, in a unanimous 13-0 vote, moved to provide \$21,000,000 to keep D.C. General Hospital open; this is a test-case by which a majority of the population will judge the Congress;

Therefore be it resolved, that the Los Angeles County Democratic Central Committee urges that Congress ensure the necessary resources to keep D.C. General Hospital publicly funded and open; and

Therefore be it resolved, that copies be sent to the California Congressional Delegation, Congressman Knollenberg who heads the House Appropriations Subcommittee, and the Washington, D.C. City Council.

to work,” they said. “Wait until Summer. People are going to be dying in the streets.” The technicians were spending a great deal of their time figuring out where they could take patients so they would be admitted for treatment.

He said that he and his colleagues are agreed on three things. First, that they are going to keep fighting. “If we stop fighting, our people are going to suffer.” Second, that Congress has to stand up and be counted, and every member must feel the pressure. Third, “We are not dismissing our lawsuit,” and have issued subpoenas to take depositions from all the members of the Control Board, including Chairman Alice Rivlin. Chavous called for a turnout of hundreds at the next court hearing, on June 8.

D.C. Control Board’s Illegal ‘Emergency Laws’

by Edward Spannaus

The District of Columbia Financial Control Board acted in true Nazi fashion on April 30, when it unilaterally decreed the privatization of the Washington’s public health system and the closing of D.C. General Hospital.

Not only did the Control Board sign the contract and enact its measures under the protection of police SWAT squad storm troopers, who were keeping the public at bay, but the Control Board literally declared the existence of an “emergency,” in order to justify its enactment of an emergency law.

Even though Congress has given the Control Board sweeping, dictatorial authority over the financial management of the District of Columbia, the Board managed to exceed its lawful authority in two crucial respects: 1) by executing a contract of a magnitude and duration which only the elected District of Columbia City Council can do, and 2) by enacting *legislation*, which only the Council can do.

The Control Board’s illegal, emergency dictates can and should be overturned by both Congress and by the courts, on the grounds that we show here.

The Contract

The five-year, \$500 million contract for the privatization of the District’s health-care system, was signed by an official of the Control Board, not by the Mayor or any official of the District’s elected government.

But, as Council members Kevin Chavous (D) and David Catania (R) have shown in a lawsuit filed April 30 in U.S. District Court, the Control Board lacks the statutory authority to enter into a contract of this duration and magnitude; the powers to enter into such a contract are reserved to the Council under both Federal and District law.

The only types of “contracts” in which the Control Board can enter, are for services related to carrying out its own duties, i.e., hiring accountants, hiring a cleaning service, etc. But any contract over \$1 million, or over one year in duration, must be approved by the Council—and the Board has no authority under its authorizing legislation, to act in the stead of the Council.

The Chavous-Catania lawsuit also shows that:

- The Control Board has no authority to issue orders to the Council—such as ordering it to enact specific legislation (the privatization plan), or to repeal legislation (that which created the Public Benefit Corp., which has been operating D.C. General Hospital). Furthermore, while Congress has given the Control Board the authority to issue an order or regulation within the authority of the Mayor or an agency head (i.e., to stand in their shoes), Congress did *not* give the Control Board the power to stand in the shoes of the Council.

- By overriding the actions of the elected Council, the Control Board has violated the rights and duty of the Council “to protect the health and welfare of the citizens of the District of Columbia.”

- Doctors Community Healthcare Corporation (DCHC), the parent company of the prime contractor in the privatization scheme, “has well-documented and substantial financial difficulty . . . has posted large annual losses for the last three years,” and has a poor reputation in the business community. The Control Board has refused to make its “due diligence” investigation of DCHC available to the Council.

The Control Board Enacts ‘Law’

While media coverage has focussed on the contract signed by the Control Board, what is not generally recognized, is that the Control Board actually “enacted” laws on April 30.

The Board enacted three almost-identical versions of its “Health Care Privatization Amendment Act of 2001.” These three versions are styled as “emergency,” “temporary,” and an intended permanent version.

The Control Board claimed to be acting in the stead of the D.C. Council—which had unanimously rejected the privatization plan presented by the Control Board and the Mayor.

But when the Council enacts legislation, it cannot take immediate effect. Under the 1973 D.C. Home Rule Act, legislation can only take effect after a 30-day period (legislative days, not calendar days) after the proposed law has been sent to the Speaker of the House and the President of the Senate, and “unless during such 30-day period, there has been enacted into law a joint resolution disapproving such act.” In other words, Congress has 30 days to override any District law.

From their standpoint, the Control Board could not afford to wait 30 days. The popular movement against the privatization scheme and the corrupt DCHC contract was growing, and the Council had just held a day-long public hearing on

Friday, April 27, which thoroughly discredited the proposed contract. Moreover, hospital employees were continuing to meet and mobilize within the hospital against the privatization scheme.

(Moreover, there are persistent reports that Greater Southeast Community Hospital, owned by DCHC and the prime contractor, was on the verge of bankruptcy and needed an immediate bailout, which the contract and takeover of D.C. General would provide.)

So, the Control Board declared an “emergency” — which provided the pretext for the Board to utilize the special powers reserved to the Council for emergency situations. Under emergency conditions, the Council is empowered to enact emergency measures. Such measures are only in effect for 90 days, but that would be enough for the Control Board to carry out its dirty work: to ram the contract through over the opposition of the elected Council, and to begin the takeover and dismantling of D.C. General. This allowed them to also shut down the employee organizing and meetings which were taking place, and to summarily fire the CEO and other top officials who were actively and publicly opposing the privatization scam.

And so, declare an “emergency” is what the Control Board did. One of the resolutions adopted by the Control Board states as its purpose: “To declare the existence of an emergency with respect to the need to privatize comprehensive community-based health care for uninsured residents of the District and to abolish the Public Benefit Corporation.” (The PBC was created by the Council in 1996, and it operates D.C. General Hospital and six community health centers.)

The justification for the declaration of an emergency, was that the Control Board had recommended that the Council repeal the PBC law, and that it adopt laws for the privatization of health care. Because the Council failed to adopt the Control Board’s recommendations, which therefore supposedly triggered Congressional restrictions which would cut off funds for D.C. General, the Board declared that these circumstances “constitute emergency circumstances making it necessary that the Health Care Privatization Emergency Amendment Act of 2001 be adopted immediately.”

The Council’s offense was to do their duty as elected officials, by representing the best interests of their constituents and the District as a whole. Democratically elected officials, carrying out their duties, were declared to be the cause of the “emergency.”

Last December and January, *EIR*’s Founding Editor Lyndon LaRouche warned that, with the George W. Bush Administration taking office during onrushing financial and economic collapse, the nation would soon likely head into a period of “crisis management” and “rule by decree.” What has just happened in Washington, D.C., is just a foretaste of what is to come, unless the Congress and the courts return to their constitutional commitment to establish justice and to promote the general welfare.

Michael Barch

We Are Committed To Staying This Battle

On April 30, the D.C. Control Board ousted Michael Barch as chief executive officer of the Public Benefit Corp., along with other officers of the PBC, which had been established to operate D.C. General Hospital. Barch had been an outspoken opponent of the Control Board’s illegal efforts to shut down the hospital. Here are his remarks to the weekly town meeting called by the Coalition to Save D.C. General Hospital on April 4, held at the Union Temple Baptist Church in Washington, D.C.

Barch was introduced by the meeting’s moderator, Dr. Abdul Alim Muhammad.

What we are hearing today, about the Mayor’s plan, or [the Mayor’s health-care adviser] Ivan Walks’ plan—and we don’t know what the plan is, because the truth of the matter is, it isn’t a plan: It is an evolving contract, arrived at through negotiations; has very little substance to it, going in, and I suspect it’ll have a lot of complications to it coming out.

But, let me tell you about PBC II, a little bit, and about D.C. General. And I must admit, when I came to D.C. General, I came with a lot of Northwest Washington prejudice [referring to the wealthier quadrant of the city]. And those prejudices were formed, largely, from the *Washington Post*, from Av Goldstein’s articles. And, I thought I was coming into a hospital, where I had massive chaos, with labor unions, I had a medical staff that was sub-optimal, and had a wonderful history, but was in a nose-dive.

The truth of the matter was, it was anything but that. We had labor unions that needed to have a sense of leadership, and needed to have a sense of faith in that leadership, in order to enter into sensible talks. Labor is not a problem at D.C. General; quite the opposite: It’s one of its strengths. The medical staff, as we learned *very* quickly, after my presence, is actually outstanding. And the joint commission saw it that way. And, it’s not just the medical staff—it’s the entire staff.

To think of what these people have lived through over the last four or five years, and *intensified* over the last five or six months—just to stick it out, and hang in there, it’s a commitment to this community, unlike any other hospital I’ve ever been in.

Taking Down a Comprehensive Health System

But, the PBC is so much more than just a hospital (and then, I’ll get to comparing the plans, a little bit): It is really a



The Coalition to Save D.C. General Hospital did not give up when the Control Board moved to shut the hospital and fire its officers. Here, demonstrators on May 9 prepare for popular “reinstatement” of CEO Michael Barch and two other directors sacked by the Control Board.

health system. And, it’s a health system that consists of a large number of school health programs, taking care of all of our kids in the schools out there; it’s the public health clinics, delivering primary care; it’s the specialty clinics, with all the specialty physicians there. I first learned about those specialty physicians way back when I was working for health care for the homeless, and we had no place, after we took care of their primary care problems, to refer the patients. And, so, when we needed specialty care, we referred to D.C. General. And, that’s *every* free clinic, every not-for-profit clinic all over this city, depends on D.C. General specialty care.

And, the hospital. The hospital is a wonderful place, where you have a dedicated staff taking care of problems in a very culturally sensitive way. They’ve been dealing with the population for 200 years. They know it. It’s not learning it: They know it. They know it instinctively. They know the problems of the family; they know the problems on transportation, and communication. They deal with the language problems. It is something to behold, to watch the dedication of that staff to the patient care.

Now, they’re talking about disassembling all of this, and it is a system. It is one where, now, we’re installing the information systems that allow the communications and the immediate referral into the specialty clinics and stuff, from our primary care clinics into the specialty, and right straight into the hospital, if you need to. What they’re talking about, is putting into place, what they say is a higher quality operation. Well, I’m telling you: It isn’t. What we see that they’re talking

about is, contracting out to a mess of different services—to physicians in the community, to a hospital here, to a group of clinics to manage our clinics and some other clinics; and knit together a mess of contracts, which then the Health Department will keep track of. Anyone that’s ever run a system knows, once you try to do it in that fashion, it’s going to be so fragmented and so hard to keep track, that the patients are going to get lost in the cracks—that it doesn’t take an expert in health care to tell you that.

So, it’s not the quality. Greater Southeast [Community Hospital], by the way, by outside values, got an 84% [accreditation rating] and we got a 94, in the joint commission survey, so it puts it in perspective in terms of quality.

It’s not about cost. Let me tell you about the cost, because you’re going to hear a lot about cost in this argument. And, the truth of the matter is, this whole thing supposedly started over cost. It started over the overruns that D.C. General experienced year after year after year. Now why do you think they experienced overruns in the budget? Because they were underbudgeted. They have been given \$45 million, basically, in subsidy every year, to take care of every uninsured, every person regardless of ability to pay, that would walk through their doors, whether it be the hospital, the ER, the clinics, wherever in the system that they landed.

And, we knew that, year after year after year, that \$45 million wouldn’t get it. That we spent, virtually every year, about \$75 million. And, guess what? Given \$45, we overspent by \$30 million every year. And, you’ve read in the paper that

we've overspent the last three years by \$109 million? That was a guesstimate by Av Goldstein, back about six months ago, which has stuck. The actual overage was about \$92.7 million.

And, we can run the system that they're now going to contract out—in a *totally comprehensive* fashion, that is: taking care of all the correctional care, all the prisoners in the jail; take care of MPD arrests, take care of youth services; take care of all the patients who walk in; take care of every agency we've always taken care of in the District; supply the people that need drugs with drugs; and do everything we have done and continue to work at *improving* doing it, for \$75 million. And, what you're going to hear coming out of the evolving contract, is something well in excess of \$100 million to do it.

Now, they're going to probably get fairly tricky about how that's presented. I'm sure it'll come out in a bifurcated or split-up fashion, where there'll be one main contract for \$66, and then they'll take all the correctional care and put it in another one for about another \$40; and then, they'll give a supplemental for the trauma care. (And, by the way, they're going to build a whole new trauma system, which every expert says can't be done in three months, which everyone says would minimally take a year, *if they could do it at all!*)

And our trauma service is as good as any! Probably better than most in the country. And it is definitely outstanding at dealing with penetrating wounds—as demonstrated when we had the shooting up on Capitol Hill a couple of years ago, and one of the victims, one of the guards shot, unfortunately, went to G.W. [George Washington Hospital] and another to the [Washington] Hospital Center, and the shooter—with nine bullets in him—came to D.C. General; and guess who's alive today? And this is the trauma service that they're going to replace! Good luck!

Provider-Patient Relationship Is Primary

It's not about the quality; it's not about the cost; it's not about access. Because the truth of the matter is—and I am 100% supportive of universal coverage. I think health care is a right, and we should all have a right to it, and have a right to go where we want to go. But the truth of the matter, the insurance card does not guarantee access. No matter, if we have universal coverage, I would still keep the systems that we're putting in place at D.C. General, flowing in the direction that we're heading it, and head it by *providers*—doctors and nurses—on the point to give the care, and keep the relationship between the patient and the provider, not between an insurance company and the provider.

I think we all have listened to the media long enough to learn about HMOs. How HMOs make money, is, they take in a premium, and they pay out less on that premium than they take in. And, the way they do it, is by limiting access to emergency rooms, to specialty care, and to hospitals. And,

yet, we're hearing talk about, "Our real concern here is to improve access, so that we can increase the health status of the District of Columbia." It ain't gonna work that way. The best way to do it, is the way that we're talking about doing it, and that's through a provider-driven system, that constantly builds bridges to the patients, and works, starting with the kids in the school health programs, to educate them as to the importance, and works decades to change behavior. It's *nothing* we're going to do overnight. And, we're *certainly* not going to do it through an insurance card; we're going to do it through personal relationships of providers to patients.

Anyway, that's a little insight into the two health questions we're looking at: the Mayor's and the Public Benefit Corp. II, or the Urban Health Campus on Capitol Hill—whatever you want to call it. We at D.C. General and at the PBC—and I'm not speaking for my board, I've got to make sure I say that, every time I speak; but I am speaking for the staff, and for the committed professionals in that organization, we are *committed* to staying this battle, to seeing it out, and to not losing sight of the community and the patients we serve, and our responsibilities.

And I agree with Dr. Muhammad: Truth and the right *will* prevail here.

Thank you.

Save D.C. General Hospital!



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Ashcroft's Pay-Per-View Snuff Film

by Lyndon H. LaRouche, Jr.

April 30, 2001

On the subject of the disgusting public behavior of Attorney General John Ashcroft, in his staging of the execution of Timothy McVeigh as a pay-per-view, government-produced, live snuff entertainment.

I, like most nations within globally extended modern European civilization today, continue to be morally opposed to the use of the death penalty. However, there are other issues involved, issues which should trouble the consciences of anyone, whether or not they support the idea of a death-penalty, who examines the relevant record of death-sentence convictions and executions in the U.S. today.

First, the pattern of exoneration of death-row inmates through DNA evidence, suffices to show all sane and literate adults, that we can not ignore the evidence that many innocent persons have been condemned to death, and even executed, under widespread judicial practices which are often corrupted and highly fallible.

A morally qualified majority of the U.S. Supreme Court, acting under the provisions of the Preamble of our Federal Constitution, would strike down as violations of our moral law, all of those laws and procedures which deny an unfairly convicted person the right to exoneration by due process, in all cases pertinent evidence on the facts of the case, or the conduct of the prosecution, court, or jury, or denial of a competent representation in defense, indicate a morally mandatory review of the matter before any decision could be judged as final for purpose of practice.

Worse than the proposed execution as such, are the arguments which have been made publicly, either by Attorney General Ashcroft, or on his behalf, in the case of the execution of McVeigh. There is no difference between the posture of Ashcroft and the mob howling for a pay-per-view execution, and the role of Nero and the Roman mob of "public opinion" in the ancient Colosseum's barbarous, homicidal entertainments.

Ironically, since, by all accounts in sight, McVeigh has expressed his pleasure in being placed on display in his execution, by what sado-masochistic logic does anyone construe his execution as being an edifying act of punishment?

Sometimes, as in this instance, the threatened doom of a society is pre-announced, ironically, by expressions of general moral depravity no worse than what has been shown by the Bush Administration in the handling of the McVeigh case so far. It is time that a foolish so-called "popular opinion" wake up to recognize that there is a difference of some importance between "human rights" and the human rites presided over by this Attorney General and others.



"Public opinion" in the Roman Colosseum was no different than the current posture of John Ashcroft and the mob howling for a pay-per-view execution of Timothy McVeigh.

Writing on the Wall For Gore Democrat

by Stuart Rosenblatt

On April 16, Detroit Mayor Dennis Archer stunned the political pundits in the Midwest metropolis, by announcing that he is not seeking reelection as Mayor of the nation's tenth-largest city. While "the experts" were startled, the denizens of Detroit politics were not.

Archer, a former Republican, had burned his bridges to the neighborhood community and the labor movement over the course of the last several years. As the poster boy of the New Democrats, and the prototypical "black urbane Harvard-trained" politician, Archer symbolized the worst transformation of Democratic politics, away from the FDR labor-based urban machine into the pro-privatization, anti-industry Democrats of the last decade.

Archer replaced the popular previous Mayor, Coleman Young, a traditional constituency-based politician who would not have tolerated the machinations of Archer. Unlike Young, Carl Stokes, or even Washington, D.C.'s former Mayor Marion Barry, Archer prides himself on destroying the interests of local neighborhoods. In place of industry and growing neighborhoods, Archer has overseen the transformation of Detroit into a haven for garish gambling casinos and Major League ball parks. The latest stadium is capped by a wild collection of oversized concrete "Detroit Tigers," leering hungrily at the incoming sports fans.

Archer's defeat was even bigger. He is the leading Democrat in Michigan, the co-chair of the Democratic National Committee (DNC), and the former national co-chair of Al Gore's disastrous Presidential campaign. As political insiders in Michigan have said, Archer's fortunes were sealed when Gore's campaign went down to its dismal defeat.

The loss of Archer has immediate implications for the likes of Washington, D.C. Mayor Anthony Williams and other New Democrats. Williams, like the equally disagreeable former Mayor of Baltimore, Kurt Schmoke, is a public follower of Archer. As in the Biblical warning, "*Mene Mene Tekel Upharsin*," the handwriting is on the wall.

Destroying Constituency Politics

Archer was the leading proponent of privatization and deregulation in the Midwest, although others, such as Cleveland Mayor Michael White, were in the same mold. Archer's most egregious act was the privatization of the Detroit public



Detroit's Mayor Dennis Archer, co-chairman of Gore's election campaign a year ago, now can't win re-election, as the Michigan state party shifts away from Gore's "Republicans in Democratic clothing" policy.

schools, carried out in conjunction with Bush clone, Gov. John Engler (R).

The schools takeover centered around the \$1.5 billion school bond issue that had been passed by citizens for the explicit purpose of renovating primarily inner-city schools, using mostly minority contractors. Engler and Archer seized control of the schools against the wishes of the citizenry and earned their growing ire, both for abrogating their right to vote and for stealing the money.

The state stole not only the bond issue money, but also grabbed the \$1 million annual operating budget, and the system was not even in the red! Additionally, instead of hiring minority contractors, the new superintendent (now called the CEO) handed out the contracts to his cronies from outside the city. All new, very highly paid school administrators were also hired from outside.

Popular anger has grown, not subsided.

Beyond that, Archer immediately abolished the principals' union in the city and began dismantling other unions, as part of the privatization frenzy. This was popular with Wall Street and the Republican state government, but it has thoroughly alienated the citizenry, and especially, the city unions.

Archer refused to sign a contract with the American Federation of State, County, and Municipal Employees, the largest union in the city, and has alienated the United Auto Workers, easily the most powerful union in Detroit. He had promised UAW International President Stephen Yokich that the school takeover would not have a negative impact on job

security, but when the opposite occurred, Yokich circulated a letter attacking the Mayor. This letter was made public a year ago by local Democratic Party officials, and served to crystallize the growing opposition to Archer.

The Gore Fiasco

Archer was a national leader in the disaster called the Gore campaign. He promoted Gore's entire "Southern Strategy," from privatization to free trade. He earned the enmity of many of the core constituencies as a result.

Archer had hitched his wagon to a Gore victory. He was promised the post of either Attorney General or Secretary of Commerce in an incoming Gore Administration. When that scenario evaporated on Nov. 7, 2000, Archer was hung out to dry.

The defections from his mayoral campaign began to snowball. The labor movement quickly began to distance itself from his effort. Teamsters who were adamantly opposed to his promotion of free trade did not support him, city unions opposed him, and the Detroit Teachers Union, which had initially signed onto the privatization of the schools, reversed its position, and publicly disavowed its support.

Yokich himself, Archer's fellow DNC member, refused to endorse Archer, and when the Mayor sent out a plea for

prominent Democrats to support his reelection, the silence was deafening. Few, if any, state representatives endorsed his campaign, and Archer had no options but to capitulate.

Ironically, he had amassed a \$1.3 million campaign war-chest and was far-and-away the leading candidate, in terms of money. That is now history. It just shows that even a nationally backed and promoted politician like Archer can't buy himself the votes necessary to win, not after thoroughly disgusting the city.

Resistance to Archer's thug tactics mounted over the past year. A large coalition, to restore the vote of citizens in the school elections, has emerged to vehemently oppose the Mayor. Citizens who were threatened and intimidated by Archer following a petition campaign last year, have been aggressively agitating for his removal, and prominent school officials and local politicians have been leading the charge for his ouster.

The only opinion poll that Archer scored well in, occurred two days after his announcement that he would not seek reelection. A *Detroit News* poll reported that 63% of the citizens in the city overwhelmingly supported his withdrawal. For increasingly despised "New Democrats," like D.C.'s Anthony Williams, let this be a warning: The handwriting is on the wall.

'New Democrats' Grow Stale in Wisconsin

In a move described as a "sea change" in state politics, the Democratic Party Caucus in the Wisconsin State Legislature went behind closed doors in early May and removed the party leadership. In the shake-up, Reps. Shirley Krug (Milwaukee) and Antonio Riley (Milwaukee) were replaced by Spencer Black (Madison) and Spencer Coggs (Milwaukee).

According to observers in Madison, the ouster of Krug represented a blow against the centrist New Democrats, who have taken the Democratic Party down the road to destruction over the last several years, engineering massive defeats of Democratic majorities in statehouses all across the nation.

The other major casualty of the change in leadership, Riley, a leader of the school privatization policy called Milwaukee's Parental School Choice Program, had been a likely candidate for Mayor of Milwaukee. Riley was replaced on the budget-writing Joint Finance Committee by Coggs.

Coggs is a well-known legislator who has been outspo-

ken nationally on issues that pertain to defense of the General Welfare, as enunciated in the U.S. Constitution. Coggs is a leader in the fight against privatization, especially prison privatization, and has also played a national role in the fight to save D.C. General Hospital in Washington, D.C. In March, Coggs initiated a letter from the leadership of the Wisconsin Legislative Black Caucus to U.S. Sen. Herb Kohl (D), demanding that D.C. General, as the District's only public hospital, remain open. Coggs's letter sparked similar letters from around the nation that catapulted the fight to save D.C. General into the national arena.

The shake-up also put in Black as Minority Leader in the House. Together with Senate Minority Leader Chuck Chvala (D-Madison), the State Democratic Party has new spokesmen.

The changes in Madison come amid the growing strength of an emergent "FDR" reflex in the party, in defense of the General Welfare, centered around 2004 Democrat Presidential pre-candidate Lyndon LaRouche.

As Riley told the *Milwaukee Journal Sentinel*, "This is politics. This is a sea change. When your team is out of there, they have a right to put their own folks in who reflect their political philosophy. That's what's taken place, and that's why I was removed from the Joint Finance Committee." — *Stuart Rosenblatt*

Army Transformation: Built on Feet of Clay?

by Carl Osgood

From April 23 to 27, the Army War College, in Carlisle, Pennsylvania, played host to the second annual Army Transformation War Game. Its purpose was to test concepts of a future fighting force, that are being developed under a process begun by Army Chief of Staff Gen. Eric Shinseki, when he came into his current post in 1999. As explained by Col. Neal Anderson of the Strategic Plans, Concepts, and Doctrine Division, at the Pentagon on April 25, Army transformation considers what the Army should look like at some point in the future, and how to get to that future force, which the Army calls the objective force. The Army's goal is to field the first objective force units around 2010, with the Army being completely transformed into the objective force by about 2032.

As explained by Colonel Anderson, transformation takes into account operating experience of the past ten years, and ideas as to where the world itself is heading, such as what Anderson referred to as "points of stress," such as in the Taiwan Strait or North Korea. This second point was amplified by Lt. Gen. Mike Steele, the commanding general of the Combined Arms Center at Fort Leavenworth, Kansas, when describing the Red Force concept employed in the war game. That concept is described as "how adversaries might oppose us" in the future. The Army expects that future adversaries will be unpredictable and have access to technology. They will use urban and complex terrain and be able to blend in with the local population, in order to confuse our targeting. They will have mobile, mounted reserves that will be able to come together from dispersed locations. Weapons that generate mass effects will be part of their strategy, as will the denial of ports of debarkation for U.S. and coalition forces.

The concept for the objective force starts with the idea of combining the rapid deployability of a light unit such as the 82nd Airborne Division with the lethality and survivability of a heavy division that includes a large proportion of tanks. This requires the development of a combat platform that can be used as the basis for many different vehicles. However, since it's not possible to change the current force structure all at once, the transformation is planned to proceed on three legs, the objective force being the final leg. The first leg is the "legacy force," that is, the forces that are ready to deploy and fight today. These forces still have to be maintained and modernized for at least two decades to come. The second leg is the "interim force," to be made up of interim brigade combat teams or IBCTs, the first two of an expected six to eight,

which are being organized at Fort Lewis, Washington. These teams will provide a rapidly deployable medium-weight combat capability, and will also be "testing the doctrine and tactics to provide a capability and bridge to the objective force," as Colonel Anderson put it.

In the "blue" concept that General Steele described, objective force units will be as lethal and survivable as current heavy forces, but with the deployability and mobility of today's light forces. The objective force will still be dependent on the Navy and the Air Force for sealift, airlift, and combat support. The combat platforms will depend on breakthroughs in engine, fuel, and propellant technologies. There will be a "common, shared understanding throughout the battle space," down to the individual soldier. The objective force will also deploy differently, on modernized sea and airlift platforms to multiple ports of entry and over the shore, if necessary.

Fallacies

Certainly, a nation has the right to maintain its armed forces in a state necessary to defend its legitimate interests. But, besides the pitfalls in making linear extrapolations from the present into the future, the physical economic assumptions that underlie the Army transformation concept, conflict with the economic assumptions of the current administration. And this problem isn't limited to the Army. An example serves to illustrate the point.

Last Dec. 14, a commission led by Virginia Gov. James Gilmore (R) released a report on developing a strategy to respond to domestic terrorism attacks involving mass effects weapons. One central point of the strategy was having the physical ability to deal with mass casualties. However, the necessity of maintaining the public health infrastructure of the nation was not addressed. During the press conference, this reporter noted that hundreds of hospitals have been closed as a result of managed-care and budget-cutting policies, and asked Gilmore what effect this has on the capability to respond to a terrorist attack. Gilmore replied that the report says that "a strong national health policy for the United States will give us the assets necessary to be able to respond." Gen. James Clapper (USAF, ret.), vice chairman of the panel, added that one of the assistant directors in the proposed national office would "coordinate, organize, and plan for the surge demands that would occur in the event of a cataclysmic event." But Clapper wouldn't address the question of where this surge capability is to come from.

For Army transformation, the underlying problem is the same. As General Steele himself noted, the Army will depend on American industry to provide the technological breakthroughs that the objective force concepts require. But, can a destroyed industrial base such as ours, provide the technological breakthroughs that the Army is depending on? And what happens when the Army's vision collides with the desperation of a Bush Administration which is trying desperately to keep the bubble of speculation and hyperinflation from collapsing?

Democrats Block Justice Department Nominees

On May 3, Senate Democrats blocked votes on two Justice Department nominees, Theodore Olson to be Solicitor General and Larry D. Thompson to be Deputy Attorney General. Democrats, particularly those on the Judiciary Committee, are outraged at the way that the White House has handled nominations to the Federal bench, including without consulting with the American Bar Association, and are accusing the White House of wanting to pack the judiciary with conservative ideologues.

The immediate issue, however, is the procedures within the Judiciary Committee itself. Patrick Leahy (D-Vt.), the ranking member on the committee, demanded that committee chairman Orrin Hatch (R-Utah) follow the same procedures under President George W. Bush, as those used under President Bill Clinton, with respect to the privileges of the two senators from a nominee's home state. This "blue slip" policy gave weight to the opinions of the home state senators in deciding whether to move forward a nomination. Leahy accused Hatch of trying to change this policy "to the detriment of home state senators." Leahy noted the difficulties that the Clinton White House had in moving judicial nominations, and accused Republicans of trying "to abrogate the Senate's role in choosing judges so that they can create the most ideological bench that we have seen in America ever."

Only minutes after Leahy's remarks, Hatch appeared before reporters to denounce the Democrats for "obstructionist politics." "The Democrats are not only being obstructionist on various legislative matters and using every procedural tactic to block this President's new important bipartisan initiatives; they are also playing

games with this country's law enforcement officials," he said. "I think it's even a more irresponsible matter." He said that the two nominees are "being held hostage for political maneuvering to seek an unprecedented absolute veto on the President's judicial selections."

Bill To Extend Interstate Dairy Compacts Gains Support

On May 2, a bipartisan grouping of 155 members of the House, led by Asa Hutchinson (R-Ark.), announced that they will be introducing legislation to extend the Northeast Dairy Compact and to approve a Southern Dairy Compact.

The Northeast Dairy Compact, made up of the six New England states, was established in 1996 to stabilize milk prices paid to dairy farmers. The Southern Dairy Compact would include Alabama, Arkansas, Kentucky, Louisiana, Mississippi, North and South Carolina, Tennessee, Virginia, and West Virginia. Seven other state legislatures have already approved participation in dairy compacts and six more are considering participation.

Hutchinson told reporters on May 2 that his legislation honors the prerogatives of the states and protects both consumers and farmers.

Bob Etheridge (D-N.C.), one of about a dozen co-sponsors who joined Hutchinson at the press conference, said that North Carolina has now become a net importer of milk because of the loss of dairy farms in that state. "Milk is too important for nutritional needs for all of our citizens, especially for the young and the elderly, for us to allow the price to be controlled by a few powerful corporations," he said.

John McHugh (R-N.Y.) methodically refuted all of the arguments

against such compacts, noting that the Northeast Compact has withstood Federal court scrutiny and that some 1,000 dairy farmers from his area of New York have no trouble shipping milk for processing and sale in the compact area.

Despite the 155 co-sponsors and 25 state legislatures in support, supporters of the bill aren't taking passage for granted. Milk processors and retailers are opposed to the bill. In Massachusetts, it has been reported that some retailers are blaming the compact for \$3 a gallon prices for milk. McHugh suggested that if retail prices are a problem, it's not the farmers who are to blame, but rather the processors and retailers.

Pension Reform Bill Clears House

On May 2, the House passed a bill by a vote of 407-24, to expand the types of pension and retirement plans. The bill, in the words of House Education and the Workforce Committee Chairman John Boehner (R-Ohio), "makes retirement security more available to millions of workers by expanding small business retirement plans, allowing workers to save more, addressing the needs of an increasingly mobile workforce through greater portability, making pensions more secure, and cutting the red tape that has hamstrung employers who want to establish pension plans for their employees."

The bill supposedly accomplishes these things by increasing the IRA contribution limit from the current \$2,000 a year to \$5,000 by 2004, raising coverage and contribution for 401(k) plans, making rollovers easier between different types of plans, and reducing regulatory requirements im-

posed on pension plans. It also reduces the premiums that must be paid by pension plans to the Pension Benefit Guaranty Corp.

Opposition to the bill revolved around the issue of some corporations changing their pension plans from defined benefit plans to cash-balance plans, which resulted in a reduction of pension benefits for employees. Bernie Sanders (I-Vt.) made a motion to recommit the bill back to the Education and the Workforce Committee to be amended to deal with this problem, but it was defeated by a vote of 276-153.

Missing Pages Delay Budget Consideration

At 2 a.m. on May 4, a dejected Porter Goss (R-Fla.) came to the House floor to announce that consideration of a compromise budget resolution would have to wait until May 8. Negotiators had spent all day struggling to assemble an agreement that had been struck between GOP leaders and the White House the day before on a compromise ten-year budget resolution, only to discover that two pages were missing after the conference report had been filed. The missing pages come from the section of the resolution that provides for the tax cuts.

The ever colorful Barney Frank (D-Mass.), who had been querying Goss on the missing pages, was quick to assure the House (and the C-Span audience) that the pages he was asking about were the paper kind. "I want to assure all parents that all pages are present and accounted for," he said.

The agreement, which took about a week and a half to negotiate, provides for \$1.35 trillion in tax cuts over 11 years and a 4.9% increase in discretionary spending for fiscal year 2002.

Both numbers are slightly different from the \$1.6 trillion in tax cuts and 4% increase in discretionary spending that President Bush had asked for. Senate Budget Committee Chairman Pete Domenici (R-N.M.) assured reporters on May 2 that the deal would hold "because you have a different team." GOP leaders have been advising Bush to use his veto pen if he gets any spending bills that exceed the limits set in the budget resolution.

Ironically, Democrats are saying that much of what Bush and the GOP are actually planning to do isn't included in the resolution, leading some to call it a "fraud." On May 8, Sen. Bob Graham (D-Fla.) described the budget plan as "blind and in denial as it relates to the current state of the American economy."

Graham also accused Republicans of reneging on a \$100 billion immediate tax-cut package that had been part of the deal (apparently, that is what was on the two missing pages) by folding it into the general tax cuts. "That is not an action of a Congress that understands the anxiety of the American people . . . about their economic future . . . the vicious spiral toward a serious recession."

House Panel Cuts Vouchers From Bush's Education Plan

On May 2, the House Education and the Workforce Committee voted to strip school vouchers from President Bush's education plan. The voucher plan, while strongly backed by the White House and conservatives, would likely have dragged the bill down to defeat. George Miller (D-Calif.), the committee's ranking member, said after the vote, "This was a big hurdle, and clearly for our continued participation, vouchers had to come out

of the bill."

Committee chairman John Boehner (R-Ohio) vowed to continue fighting for vouchers when the bill comes to the House floor. "I have fought for vouchers to provide school choice to the parents of children in failing schools and I intend to continue that effort," he said. However, the issue seems to have little chance of success, given that the Senate has already stripped a voucher provision from its version of the bill.

In fact, at the same time as the House committee's action, the Senate moved its bill to the floor for debate, where another aspect of Bush's plan, mandatory testing, was a major source of disagreement. Democrats said that the GOP is intent on making schools accountable, without providing the resources necessary for them to improve. They also said that the cost of administering testing, which some estimate to be as much as \$7 billion a year, will take resources away from other needs, such as hiring teachers and developing curricula. On May 3, Sen. James Jeffords's (R-Vt.) amendment to provide \$400 million a year to cover the cost of testing passed by a vote of 93-7.

Another victory for Democrats came on an amendment sponsored by Chris Dodd (D-Conn.) and Susan Collins (R-Me.) to authorize \$295 billion for Title I education grants to the states without any conditions. The amendment replaced language in the bill that only specified "such amounts as are necessary" after the first year of the bill. It passed by a vote of 79-21. The Senate also turned back, by a vote of 73-27, an attempt by Larry Craig (R-Id.) to make Title I grants contingent on schools meeting achievement standards. He complained that since 1965, \$120 billion has been spent on the program without any progress to show for it.

Argentina's Seineldín, and the Truth

Statement of Founding Editor Lyndon H. LaRouche, Jr.

When I think of Argentina's military hero, Colonel Seineldín, sitting still in prison, and hear today's financial news from Buenos Aires, I ask the people of the Americas, is the economy of Argentina better, is the condition of the lives of the people, better and happier today, than back in 1982, or even 1989?

I compare that situation to the experience of the Marquis de Lafayette, sitting, for a time, in a cruel Habsburg dungeon in Olmütz, so confined by the Chancellor's secret police at the orders of a British Prime Minister, Pitt. For what was done, thus, to Lafayette, among other victims, by a London-directed Jacobin tyranny, France has continued to suffer terrible, self-inflicted grief, many times, and even still today.

Granted, most of the policies which ruined the economy of Argentina and the lives of most of its people, were not generated from within that nation, nor within South America as a whole. They were imposed by another British Prime Minister's, Margaret Thatcher's Mont Pelerin Society, in concert with kindred Moloch-worshipping elements of a foreign, Anglo-American financial oligarchy, which since 1989, has acted as if it believed it were the dictator of a new, planet-wide, profoundly pagan, and now self-doomed Roman Empire.

Although, at this present moment, most of us, in most parts of the world, are still, to one degree or another, slaves of this new Caesar, shall we inhabitants of our enslaved bodies not remain free in our own minds? Must we not think as the Christian slaves did in ancient Rome; must we not seek and cling to the truth, when truth is the only treasure, the only freedom we have left to us?

Never forget, that for more than thirty-five years, we have working to earn that great honor and satisfaction which which we, my close associates and I, have accumulated, and for which we are now richly rewarded. The fact is now apparent to more and more of the nations of the world, that I have never erred in any of the long-

range economic forecasts I made, even though the representatives and sycophants of "free trade" Moloch continued to seduce the government and population of my nation into worshipping the foolishness now collapsing around their ears.

Today, everything of which I had warned, is now the immediate political and economic reality of daily life, in virtually every nation of the world, the bankrupt U.S. financial system and that of raped and ruined Argentina, alike. I have remained free in my own mind, even during the period I, too, was an enslaved captive. I was right, and everything for which I continue to stand has now been fully justified for both the present moment and future history, by the unfolding of events over thirty-five years to date.

When you think of those who have been betrayed and imprisoned, as some of us in many nations today have been in their time, think of such figures as France's Jeanne d'Arc, whose death was not a tragedy, but the achievement of the sublime.

This inspired peasant-girl, by her devotion to her adopted mission, even unto death by enflamed English faggots, did much more than set into motion the freeing of France from servitude to the English Plantagenet monarchy. Her courage added inspiration to those throughout Europe who unleashed the great Renaissance of the Fifteenth Century, the Renaissance which launched, from the circles of Cardinal Nicolaus of Cusa in Italy, the rediscovery of the Americas.

Such lessons from history should inspire us all. Those examples should nourish the strength we need for the mission still before us.

We who are sometimes imprisoned for reason of our faith to our mission, are never tragic figures; we have been privileged to taste the quality of the sublime, our lives, our sacrifices are the conduct of our assigned mission, to help to bring that which is good into being for our nation, and for humanity as a whole. Therefore, we who have tasted the sublime, are among the happiest of all people.

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Vladimir Ivanovich Vernadsky

The first complete English translation of a 1938 article by the innovative Russian biogeochemist, who saw the human mind as the highest development of natural processes. Translated by Jonathan Tennenbaum and Rachel Douglas

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(1863-1945)
Pioneer of the Biosphere

George B. Kauffman

A brief biography.



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Laurence Hecht

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Marsha Freeman

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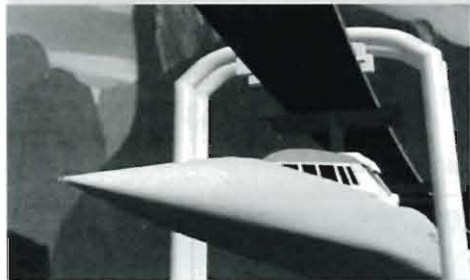
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