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Time to Take Out Garbage at FBI, DOJ
Russia Seeks Northeast Asia Development Bank

It's the Infrastructure, Stupid!





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From the Associate Editor

As the flood waters rose in Houston on June 11, the lights went out along the city's notorious "Power Alley," and the energy pirates at Enron, Reliant, and other Bush League companies sat in the dark, just like everybody else.

These are the Texas corporate muckety-mucks who bankrolled G.W. Bush's scramble to the Presidency, and have ripped up America's infrastructure to make a couple of billion fast bucks. These are the people who are gouging energy utilities and consumers, with hyperinflationary prices rises. They believe wealth is buying cheap and selling dear, so they do not believe in building infrastructure—as the floods demonstrated.

Their man Dubya made his first official visit to Europe, addressed the Prime Minister of Spain as "President Goose," and became a continent-wide laughingstock. Europe and the rest of the world are trying to maneuver for their own survival, confronted with the fact that at the White House, too, "the lights are out."

We report exciting developments from Russia and Japan (see *Economics*), as those nations participate in the growing momentum for the Eurasian Land-Bridge, the project that Lyndon LaRouche has conceived as the great cooperative undertaking of the 21st Century, which must replace the bankrupt "bubble economy" of Wall Street and the City of London. LaRouche's views on how to launch a sudden economic recovery were presented in Moscow and Belgrade recently (see p. 6 and p. 32).

In a June 10 memorandum, LaRouche summed up the situation this way: "The key to a global economic and related recovery lies within the Eurasian development perspective as I have defined that. However, the likelihood is, that unless the U.S.A. comes to play a positive, collaborative role in that Eurasia project, success is doubtful. Hence, the moral persons, the only actual Christians, in the U.S. today, are those devoted patriots of the U.S. who will, as patriots, work to bring this nation quickly into its proper role in the crisis-ridden world of today. It is to that, that we direct our organizing effort in the U.S.A."

Those efforts are bearing fruit, in the noticeable escalation of the fight for the general welfare, particularly on the energy and health-care fronts: the two campaigns which LaRouche identified as vital to beating back the Bush League policy of free-market fascism.

Susan Welsh

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Alison exposed
Houston's unbuilt
infrastructure, and
turned the power
barons' lights out.*



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- Correction:** Mississippi State Rep. Erik Fleming, interviewed in our June 15 issue, is not a former State Senator, and he is the former, not current, chairman of the Hinds County Democratic Party. *EIR* regrets the inaccuracies.

Russia, Japan Widen Scope Of Eurasian Development

by Rachel Douglas and Jonathan Tennenbaum

For ten days beginning May 29, the largest and highest-level delegation of Japanese businessmen in a quarter of a century toured Russia, culminating in their reception by President Vladimir Putin at the Kremlin on June 8. Statements made by both sides during the tour, expressed Russia's desire for Japan to become more involved both in the Eurasian development corridors, being upgraded under the aegis of the new Eurasian Transport Union (*EIR*, June 1, 2001, p. 4), and in other areas of industry, as well as the interest of depression-wracked Japanese industry, and the new government, in doing so. Such cooperation could define yet another dimension of the Survivors Club of nations, seeking a way out of the collapse of speculative financial globalization, through the development of great projects in the real sector of the economy.

According to Russian sources, there is also serious movement toward the creation of a Northeast Asian Development Bank, to be chartered for the purpose of financing infrastructural and industrial projects in northeastern Eurasia, where Russia, China, Japan, and the Koreans are close neighbors.

The First Russo-Japanese Forum, held in Moscow on May 29-30, was the opening event of the tour by a 240-strong delegation of the Keidanren, Japan's Federation of Economic Organizations. Its topic was "Russian-Japanese Relations in the Asia-Pacific Region under Conditions of Globalization." This was the first time in 25 years, that a Keidanren delegation led by the organization's president had visited Russia, and the first Keidanren delegation at all in 18 years. Before leaving Tokyo, the delegation attended a ceremony at the Japanese Foreign Ministry, where it was endowed with official government status, and Keidanren President Takasi Imai was made a government plenipotentiary for the duration of this visit.

The Russian news agency Itar-TASS noted, "It is of particular importance, that there is a large number of entrepre-

neurs in the group, who have never previously done business with Russia, and would like to find new opportunities there for their companies to be active."

After the opening forum, at which the Russian side was headed by Minister of Economic Development and Trade German Gref, the Japanese businessmen split up into three groups, to tour different areas of Russia. On June 8, they reconvened in Moscow to be received by Putin and hold talks with Deputy Premier Viktor Khristenko, Finance Minister Anatoli Kudrin, and Arkadi Volsky of the Russian Union of Industrialists and Entrepreneurs, among others.

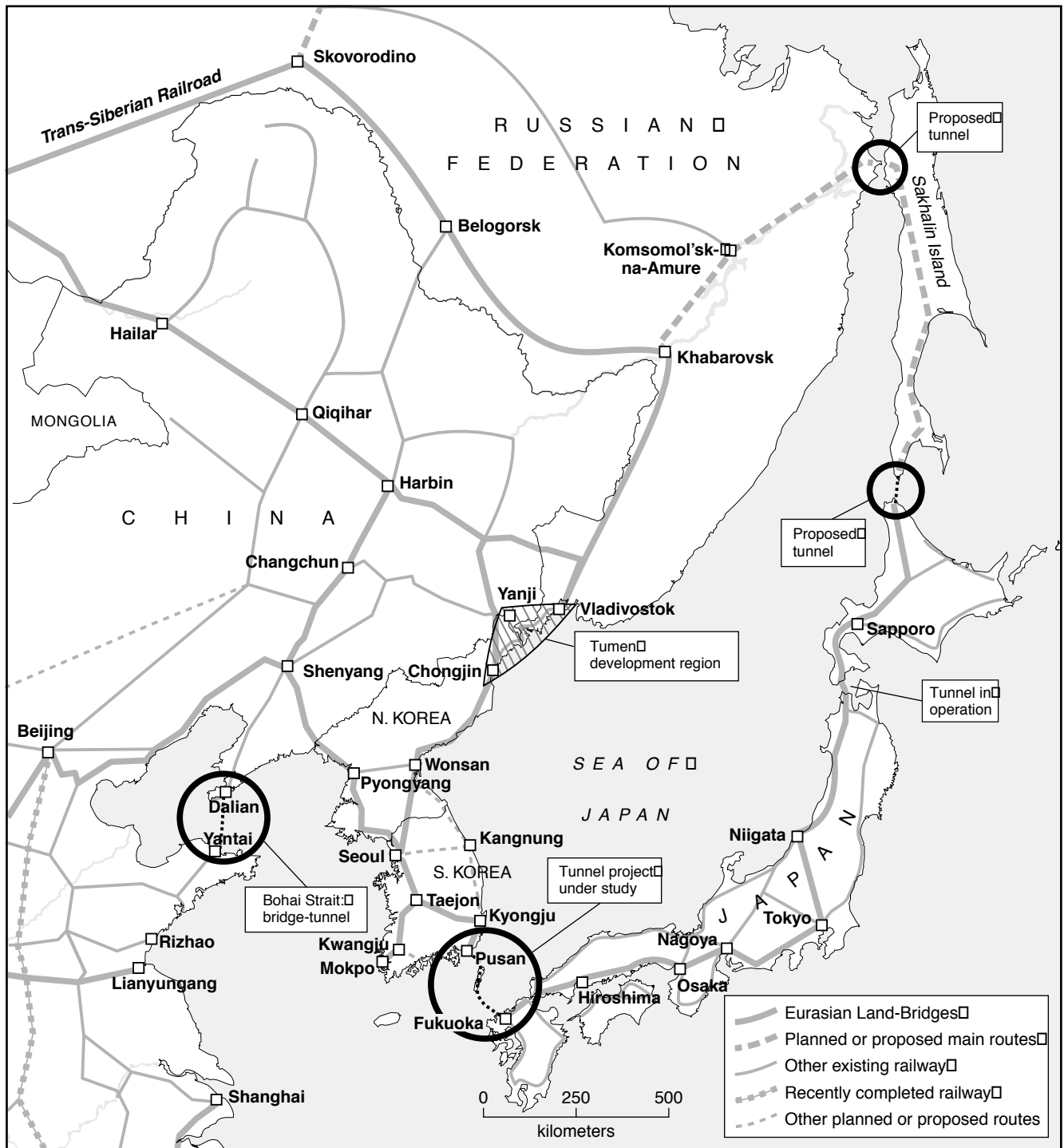
The Keidanren tour of Russia was planned in September 2000, when Putin visited Tokyo. On June 8, he told the group's members that, having toured Central Russia, the European part of the country, and the Far East, "You have been to all the key centers of production, science, and education." He stressed the importance of their mission, insofar as the Keidanren plays a significant role in defining Japan's foreign policy strategy. Takasi Imai, in reply, recalled Putin's having said last September, "I shall change Russia; come to visit, and see with your own eyes how it is changing."

Imai brought a special message from Prime Minister Junichiro Koizumi, expressing wishes for a push forwards in the development Russian-Japanese economic relations. He said that the delegation was most interested in the investment climate, and had brought along the results of a questionnaire, circulated and completed by Keidanren members, about what obstacles to expanding investment need to be removed.

The chronic political tension between Moscow and Tokyo, over the ultimate territorial control of the southernmost Kurile Islands, took a back seat during these high-level talks. Russian Foreign Minister Ivanov sent a message to the forum, in which he said that solving the problem of a

FIGURE 10

Infrastructure Projects in Northeast Asia Development Region



This map from EIR's 1997 Special Report "The Eurasian Land-Bridge" shows the major infrastructure projects for an economic boom in Northeast Asia. Four of the countries in this region—Russia, Japan, China, and South Korea—are now holding informal talks on forming a Northeast Asian Development Bank, to operate in this area.

In June, the Russian government is expected to decide on proceeding with the connection of Sakhalin Island to the mainland, by tunnel or bridge, shown here as the northernmost "proposed tunnel."

peace treaty to end World War II—held up by failure to resolve the territorial dispute—remained an essential element of the Russian-Japanese dialogue, but that friendly relations between the two countries should be promoted in any event. Foreign Minister Makiko Tanaka’s message, read aloud by Ambassador Tamba Minoru, said that Japan is prepared for cooperation with Russia, and for concluding a peace treaty. She called for cooperation especially in the economy and in the international arena, noting that for her, relations with Russia had always been “a subject of very great interest.”

Subsequently, on June 6, Ivanov and Tanaka had their first telephone conversation, to discuss the status of negotiations towards a World War II peace treaty. On June 8, the quasi-official Russian Strana.ru Internet site put out its analysis that the Keidanren delegation “expressed a rather softer position on the so-called territorial problem, than the official position of the Japanese side”—having noted, however, that the delegation itself had official status. A longer article, filed by Strana.ru commentator Dmitri Gornostayev under the headline, “Businessmen Played the Role of Intermediaries Between the Diplomatic Agencies,” said that the new Japanese government had begun with harsh (“but customary”) words about the disputed lower Kuriles, but then “realized that it would be rather more productive and effective for the development of the bilateral dialogue, to shift to real implementation of such a dialogue.” The commentary concluded, “It is sincerely hoped in Moscow, that the new government of Japan will adopt a policy of ordering relations with Russia in a pragmatic fashion, without excess emotion. The present forum is seen as a sign of such a trend. Of course, Russia recognizes that the territorial problem remains acute and needs to be solved, but it is important that it not be a brake on the development of a normal dialogue on the full range of political and economic problems. In general, one can see today the most serious positive changes in relations between Moscow and Tokyo, in ten years. . . . The rapprochement is conditioned by a number of factors, including Russia’s reforms, and Tokyo’s intention to order relations with Moscow, without entangling in the solution of the territorial problem.”

A List of Big Projects

The Eurasian transport corridors topped the Russian-Japanese agenda. Speaking at the opening forum on May 30, Russian Deputy Transport Minister Vladimir Yakunin called on the Japanese to take part in developing the rail lines between North and South Korea, and across Siberia. Stressing the already-developed Trans-Siberian Railroad as a natural link between Europe and Asia, Yakunin also brought up the agreement reached by Russia, India, and Iran in September 2000, to build up the North-South Corridor, connect the Middle East, India, and Southeast Asia to the railway networks of Russia, Iran, Kazakstan, Azerbaijan, and the Baltic nations.

Transport projects, in which Japanese business could become involved, are by no means limited to Siberia and the Far East. The section of the Keidanren delegation, visiting St. Petersburg and northwest Russia, heard from that region’s Presidential Representative Viktor Cherkesov, that with the expected “significant rise in freight transit in the next few years, primarily from the Pacific Rim countries, the transport sector of the [northwest] region should also be prepared for it.” He proposed that the Japanese invest in Russian industries, such as machine-tool building, precision mechanics, optics, telecommunications, electrical engineering, agro-industry, and shipbuilding.

Japanese firms already take part in the Sakhalin-1 and Sakhalin-2 oilfield projects, which are commercially operational. Russian Minister of Economy Gref and Vice-Premier

LaRouche Speaker Again At Moscow Policy Meet

For the third time in four months, a representative of Lyndon H. LaRouche, Jr. was invited to speak at a high-level policy meeting in Moscow.

The latest occasion was a June 5-6 conference on “Reform of Strategic Sectors of the Economy and the National Security of Russia,” held at the Presidium of the Russian Academy of Sciences. It was attended by some 100 economists, prominent academicians, officials of the Energy, Defense, and Transport ministries, as well as a dozen foreign guests, including University of Texas economist James Galbraith (son of John Kenneth Galbraith). The event was sponsored by the Academy’s Institute of International Economic and Political Studies (IIEPS) (formerly widely known as the Bogomolov Institute); the Russian branch of the international association Economists Allied for Arms Reduction (ECAAR); and the National Investment Council. A major organizer of the conference was the well-known Russian economist Stanislav Menshikov, who had participated, together with State Duma (lower House of Parliament) Economics Committee Chairman Sergei Glazyev, in the Bad Schwalbach, Germany conference of the Schiller Institute in May (see *EIR*, May 25, 2001).

Dr. Jonathan Tennenbaum, scientific adviser to the *EIR* and Schiller Institute, spoke during two panels of the conference: first on the controversial reform of Russia’s electricity system; and then as the first speaker on a panel on “Anti-Missile Defense and National Security” chaired by Sergei Rogov, director of the Academy’s famous U.S.A./Canada Institute.

In both interventions, Tennenbaum stressed the rapidly

Khristenko mentioned a number of other specific projects, discussed by members of the Keidanren delegation. Gref said that there were already several projects for the export of Russian natural gas to Japan. He pointed to Japanese firms' readiness to invest in producing "ecologically clean fuels," in Russia with Russian raw materials. In particular, the firm Nippon Kokan is studying a project to build a factory in Russia for producing the new synthetic fuel dimethyl ether, which would then be sold in Japan and elsewhere.

Gref proposed to draft a special program for Russian-Japanese cooperation in the energy sector. He also promoted the notion of an "energy bridge" to export Russian electricity to Japan and other Asian countries (not the most efficient way to do things, but this scheme is similar to Gref's push for Russian electricity exports to Europe, and is promoted by the

Russian government as an alternative to Japan's dependency on Mideast oil).

More broadly, Gref stated that the Russian government "is stressing the development of those sectors of industry, which have a high degree of development of high technologies, where Japan traditionally is in the lead." He said that Russia "is interested to see Japanese investments and capital goods come onto the Russian market." As of now, Japan is only the tenth biggest foreign investor in Russia, and the level of bilateral trade is less than import-export operations between, say, Russia and Turkey.

Among specific projects, Khristenko mentioned the Yaroslavl Oil Refinery, which is near completion, and KamAZ, the famous truck plant, where he said Russia and Japan have experienced great difficulties, but are now seeing some mo-

developing financial and political crisis in the United States, in which a key positive role is being played by the growing fight around the principle of the general welfare, catalyzed by LaRouche and his associates. The Russian audience was particularly interested in the background of the California energy crisis, caused by exactly the same policies that Anatoli Chubais (now head of UES, Russia's state-run electricity company) and other "liberal reformers" have been attempting to push through in the restructuring of Russia's electricity sector. Just a week before the conference, *Nezavisimaya Gazeta* published a prominent article entitled "California Everywhere in Russia," laying out the disastrous consequences of the planned reforms.

A revealing insight into policy struggles in Russia today, was afforded by the fact that leading representatives of the neo-liberal camp, who were invited and had agreed to participate, did not appear at the conference. These included Presidential Economics Adviser Andrei Illarionov, and the head of the Working Center for Economic Reforms attached to the government, Vladimir Mau.

In fact, as Professor Menshikov pointed out, in the recent period the "liberal reformers" have been carefully avoiding any occasion at which they might have to defend their views and policies to a scientifically competent audience. In the Yeltsin years, "reformers" such as Chubais and Yegor Gaidar had a virtual monopoly over government policy-making; now, alternative points of view — associated with the Russian Academy of Sciences and with influential regional governors, serving on the State Council — are now finding their way into the highest circles of power, and even into the programmatic declarations of President Vladimir Putin himself. With increasing frequency, leading experts from the Academy of Sciences, including Academician Alexander Nekipelov (director of the IIEPS) and a number of other participants at the conference, are being called upon to present their views at top-



LaRouche scientific adviser Dr. Jonathan Tennenbaum spoke on electricity regulation, and on anti-missile defense, at a Russian Academy of Sciences meeting on June 5-6.

circle policy deliberations in the Kremlin.

The new sense of self-confidence, which has grown noticeably among Russia's nationally oriented elites in recent months, was also reflected in the conference panel on "Missile Defense and National Security." The aura of invincibility of the Bush Administration — the sense, that the United States under Bush would be able to dictate its will to Russia and the rest of the world — has evaporated. While warning of the potentially dire global strategic consequences of Bush's policies, both Russian and foreign speakers went out of their way to emphasize the *weakness* of the present U.S. Administration — both in intellectual terms, and vis-à-vis the internal political situation in the United States itself.

tion. Khristenko said that “a whole list” of other bilateral projects was discussed.

Shortly before the Keidanren visit, the transport and communications department of Russia’s Sakhalin Region administration announced, that during June, the Russian government would decide on going ahead with a feasibility study for the project to connect Sakhalin Island with the Russian mainland, by a railway tunnel or bridge. The options to be considered are a bridge, a tunnel beneath the strait, or a tunnel in a tube through the straits. It is estimated that a bridge could pay for itself within 40 years, even without considering the likely transit of cargo from Japan to the Russian mainland, through Sakhalin. The Sakhalin specialists hope that the \$8 billion project will be started in October.

Northeast Asia Development Bank

A highly placed member of the Russian Academy of Sciences told *EIR*, that unofficial discussions are taking place among Russia, Japan, South Korea, and China, concerning the creation of a Northeast Asia Development Bank (NEADB), which would provide long-term, low-interest-rate loans for development projects in that region. Such projects would include gas, oil, electricity, rail and highway infrastructure, as well as industrial projects. While an initial form of the proposal was put forward by Japan in the late 1990s, interest in its realization has grown in recent months, and inside Russia

it is being strongly promoted by Khabarovsk Gov. Viktor Ishayev (the organizer of the famous “Ishayev Report” (*EIR*, March 2, 2001), and now “the most popular governor in Russia,” according to this source).

The NEADB proposal was a major topic at an April “interbank conference,” attended by the head of the Russian Central Bank and the vice-director of the People’s Bank of China. The Russian expert stated, that the new bank would pool available resources of the participating countries, as well as issue international bonds, attracting funds also from outside the region. Unlike the Asian Development Bank, the new bank would concentrate on the special requirements of the Northeast Asia region, and thus be able to promote the process of “subregional integration” being discussed at Jiang Zemin’s East Asia Economic Forum and other organizations. Pushing forward these Northeast Asia projects would complement the strong European orientation of the Russian government.

President Putin also prepared for an intensification of his economic cooperation-centered diplomacy with China and Central Asia, departing June 13 for Shanghai. He was to have his sixth meeting with President Jiang Zemin, and attend an expanded session of the Shanghai Five group, which began with Russia, China, Kazakstan, Kyrgyzstan, and Tajikistan, and is poised to welcome Uzbekistan and become the Shanghai Cooperation Organization.

Challenges of Human Space Exploration

by Marsha Freeman

21st Century Science & Technology

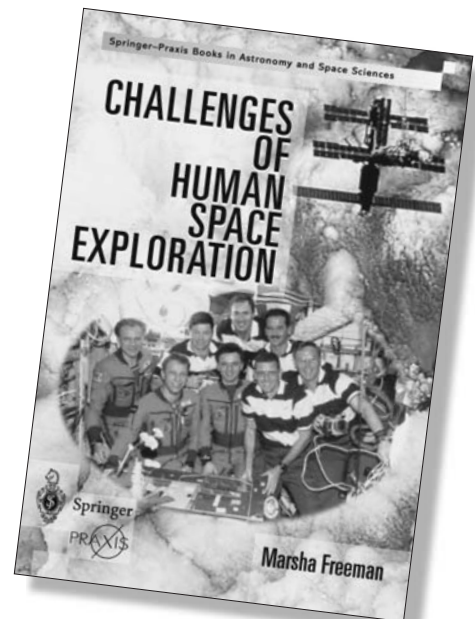
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Houston: Murderous Underfunding of Infrastructure Killed Flood Victims

by Richard Freeman

For a full week, starting June 5, tropical storm Allison stalled over the city of Houston, Texas, and parts of surrounding Harris County, drenching the area with a huge volume of rainwater, which resulted in flooding throughout Houston. The damage was enormous to America's fourth most populous city (1.82 million people). Between 21 and 25 people have died; on June 14, Mayor Lee Brown estimated the property damage to be \$2 billion, the highest in Houston history — and it could go higher. Portions of the city were paralyzed.

Medical service was closed down at several hospitals, and emergency rooms were still closed at two hospitals, as of June 14; the city's downtown Medical Center, an internationally important complex of research institutions that directs some of the most advanced research in America on cancer, heart disease, and AIDS, saw years' worth of scientific work wiped out; and the library of the city's Symphony Orchestra, musical scores and manuscripts, was floating in water, and largely destroyed.

Losses in the scientific and some other fields are incalculable.

However, had the proper infrastructure and accompanying policies been in place, *it is estimated that one-half to three-quarters of the storm's damage could have been prevented.*

Allison's most intense phase occurred June 8-10, when it loosed most of its rainfall — for example, between 18 and 34 inches on sections of downtown Houston. The downtown area was the hardest-hit by the storm. Although this is a huge amount of rain — in some places, it reached 100-year flood levels — it need not have produced such a terrible disaster. Appropriate infrastructure and policy would have prevented that. Houston's flood control/drainage infrastructure consists of two parts: the city's series of six major bayous, and its system of storm drainage sewers. Each part of this infrastructure is completely inadequate; in some instances, grossly so. Under Allison's lashing, the inadequacy of each of the two parts of the flood-control infrastructure, reinforced the inadequacy of the other, producing a breakdown in the overall system. The result? Heavy rainfall became uncontrolled flooding.

But how could there be such sub-standard flood-control infrastructure in Houston, which is located on the Gulf of Mexico, where tropical storms and hurricanes of varying intensity strike every few years?

In Houston, the policy-making elite that *EIR* has identified as "Southern Strategy, Inc." — the pro-Confederate network assembled by the British oligarchy and made up of wealthy families; financiers; law firms; dirty intelligence operations like Schlumberger Co.; and oil and gas companies — has for several decades imposed a policy matrix of deregulation, no zoning, and only minimal construction of infrastructure. This is the principal reason for most of the damage attributed to Allison. Houston is an ugly example of sprawl, rambling over 598 square miles (1,549 square kilometers), a place where the Southern Strategy "free enterprise" ideologues have prevented any rational city-planning — one of whose elements is zoning regulation (Houston specifically forbids zoning, which controls the use of land, and divides a city into areas for commercial, industrial, residential, and other development). For kindred reasons, the Southern Strategy network blocked the construction of any intra-city rail transit system, despite the fact that the sprawl means long commuting distances for inhabitants.

Houston is also a power center for the national aims of Southern Strategy, Inc.; for example, installing the mentally

FIGURE 1
Houston



Houston's location on the Gulf of Mexico makes it obvious that the city has always required a robust system of flood control and sewage infrastructure — yet, Tropical Storm Allison demonstrated, that this center of the "privatizers and deregulators" has refused to build one.

unbalanced George W. Bush in the Presidency. Nor is it an accident that Houston is the headquarters for Enron, Reliant, Dynegy, El Paso, and Shell (U.S. headquarters), the energy bandits that have imposed energy deregulation upon California and the United States, and thus destroyed state and national economies.

For decades, the oligarchical networks of Houston and of Texas, and their mouthpieces in the U.S. Congress, such as Sen. Phil Gramm and Rep. Tom DeLay, have arrogantly promoted this policy—of deregulation/no regulation, minimal government-built infrastructure, and free trade—as being the epitome of success. They claimed that this approach had produced unparalleled prosperity.

Now storm waters have flattened Houston’s no regulation/no infrastructure “success model.” Natural law has overpowered the fantasies of the likes of Gramm and DeLay.

The Bayou System

The effect of tropical storm Allison raises serious questions about the two major parts of Houston’s storm flood-control/drainage system: the series of bayous that runs throughout the city, and the system of storm sewers in the city. How should each part of the system operate when functioning properly, and what was done—or not done—to raise each part to an adequate level of functioning? *EIR* has investigated each of the two parts of the system.

During the first third of the 20th Century, the U.S. Army Corps of Engineers started flood-control work in the Houston area and Harris County. In 1935, the Harris County Flood Control District (HCFCD) was established to be the local partner to the Army Corps in flood-control work. In the 1940s, the Corps, working with the HCFCD, built the Addicks Dam and Reservoir and the Barker Dam and Reservoir inside the

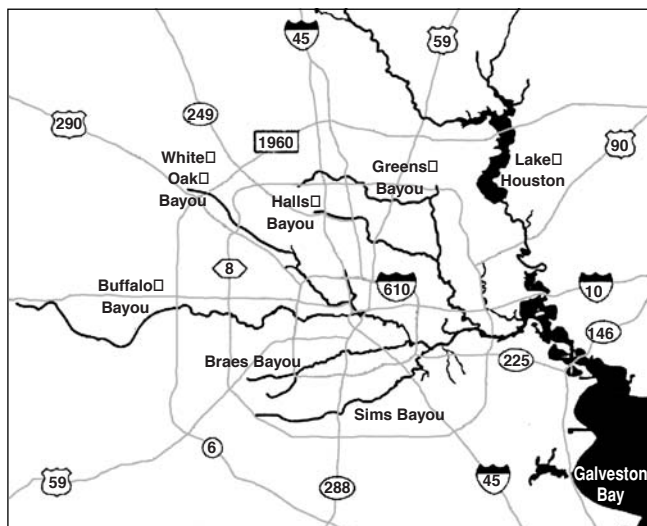
city of Houston, 17 miles north of the downtown. The Addicks and Barker Dams regulate the flow of water down to the Buffalo Bayou, and thus prevent its overflowing (Buffalo Bayou, one of the six bayous in downtown Houston, continues eastward to become the Houston Ship Channel).

The six major bayous are: Greens, Halls, White Oak, Buffalo, Braes, and Sims (see map). A bayou is normally a marshy inlet or outlet of a lake or river. But over the years, man-made changes have changed the contours of Houston’s bayous. They are now channels that vary in depth from only 15 feet to 30 feet or more. The Army Corps and the HCFCD have plans and blueprints for future changes in the six bayous, of the sort they had made in the past to deal with flooding. These changes include building levees; channelizing the bayous, which includes deepening and/or widening them and putting concrete bottoms on them (which eliminates impediment to water flow); building “detention basins,” medium-sized reservoirs to receive the overflow of the bayous during storms; and so forth.

But these improvements cost money; the costs of the projects are normally split 50-50 between the Army Corps and the HCFCD. And, because they cost money, these improvements have been blocked in Houston and in the U.S. Congress by the mouthpieces of Southern Strategy, Inc., who claim that such improvements would “unbalance the budget.” An engineer who worked for the HCFCD for more than 15 years, told *EIR* on June 13, “Economics [cost-cutting] prevents these changes from being made. For example, the entire capital projects budget of the HCFCD [for flood control] is only \$30 million per year.” This is minuscule. This engineer revealed that the HCFCD has a plan all ready to go, to considerably upgrade the Braes Bayou—it would cost \$200-\$300 million, but it has not been implemented, because money has not been allocated. During Allison, the cresting and overtopping of Braes Bayou caused the destruction of Houston’s Medical Center (see below).

FIGURE 2□

The Flooding of Houston's Bayous□



Pipes Over 100 Years Old

The second part Houston’s flood-control system is its network of storm sewers, and smaller and larger underground tunnels which capture the flood waters. An engineer at the Houston Department of Public Works and Engineering, which has responsibility for the storm sewer system, reported that “some of the pipes in the Houston storm sewer system have been there since the Allen brothers founded Houston [in 1836]. They need to be replaced, and some to be made larger.” In Houston, there are sewers that can handle only a “one-year flood” (a very low level, essentially the average annual rainfall). In effect, a “one-year flood” means the chance is ten out of ten, that that much rain will fall during any given year. Most of the Houston sewers can handle a two-year flood, but very few can handle a five-year or ten-year flood (in effect, of course, the last means that there is a one in ten chance of such a level of rainfall during the course of a year). Very few parts of Houston’s storm sewer system can handle a 25-year



Braes Bayou, one of Houston's shallow bayous which flooded the city; and Herman Memorial Hospital (left), where four patients died during the emergency evacuation, caused by failure of the hospital's electrical power.

flood, let alone a 100-year flood. The city of Houston has a \$1.3 billion plan to upgrade some of its storm sewer system, but that wouldn't do enough, and as of this writing, it has not been approved.

The crucial point is that the storm sewer system is designed to flow into the six major bayous. One engineer explained, "Think of a bathtub that has a tube that permits water to go into it. When the bathtub is full, the water in the tube can't go into the bathtub. When the bayous are full of water, the water from the storm sewer system can't go into the bayous, and it backs up into the streets." Thus, the malfunctioning of the parts of the system—the bayous and the storm sewers—is self-reinforcing, and the result is disaster.

Accountant's Mentality Cost Lives

Much of the enormous damage caused by the lack of adequate flood-control infrastructure could have been prevented—except that the ideologues of Southern Strategy, Inc. opposed this FDR-style expenditure on government-initiated infrastructure, on the grounds that "the costs are too great." What their small-minded accountant's mentality fails to grasp, is the fact that the cost of *not* building government infrastructure is far, far greater. The impact of Allison proves it:

- The city of Houston has estimated the number of deaths from this disaster at 21-25. One woman trying to retrieve her car before the flood rose, drowned in the elevator of a downtown office-building when the elevator lost power on the basement level, and gradually filled up with water. However, in addition, the June 13 *Houston Chronicle* reported that over the weekend, four critically ill patients at Memorial Hermann Hospital—three adults and one infant—died between the morning of Saturday, June 9, when the flooding caused the hospital's power system to shut down, and the evening of Sunday, June 10—during the period in which the hospital was attempting to evacuate all 540 of its patients.

This was the first time since 1925 that Memorial Hermann had to be totally shut down. Memorial Hermann authorities dispute that the evacuation caused the deaths of the critically ill patients.

Further, as of June 14, the emergency rooms were still closed at Houston's Methodist Hospital and St. Luke's Episcopal Hospital, due to lack of power.

- On June 14, Mayor Lee Brown estimated the property damage to be \$2 billion, saying it could go higher. Affected were over 30,000 homes and at least 526 commercial properties.

- Years of advanced scientific work was lost, with untold consequences for people all over the world. The Texas Medical Center is a complex of medical research institutions, which were ravaged by the overflowing of the Braes Bayou. At the Baylor College of Medicine, years of research work was wiped out, including 30,000 specially bred lab animals, most of them mice. These specially bred mice often take years to perfect, in order to breed specific viruses in them and their offspring—and these mice can be worth thousands of dollars apiece. The doctors were working on new treatments for cancer and heart disease. Also lost at Baylor and at the University of Texas at Houston Hospital, were special cultures, destroyed when the refrigeration went off. At facilities, "meticulously kept data were fried into electronic oblivion," and electron microscopes and radiation machines were destroyed. One doctor called the loss "incalculable."

- At the culture complex in town, including Jesse Jones Auditorium and nearby Wortham Theater Center, the flooding ravaged the Houston Symphony Orchestra, the ballet, etc. One double bass, valued at \$100,000, was trapped in water. All the scores of the orchestra's musical library were floating in floodwater. HSO violinist Christine Pastorek stressed that the thousands of scores from past performances and other manuscripts in the library, had been "the lifeblood of the orchestra."

Forces Square Off on Energy Regulation

by Marcia Merry Baker

“This is an emergency that threatens to bring down the California and national economy,” was the characterization by Rep. Bob Filner (D-Calif.) of the crisis now battering the United States because of out-of-control energy prices. Filner was speaking on June 13 on the Armed Forces Network, broadcasting in Central Europe at the very same time as President George W. Bush was on his tour there.

Expressing the opposing, Bush Administration stance, Rep. Joe Barton (R-Tex.), chairman of the House Energy Subcommittee, opened a June 13 hearing on how to legislate the Bush-Cheney “National Energy Plan,” by demurring, “I don’t think we’re in a crisis. I do think we have a serious problem. I think to solve this problem, we need to use every element of an energy policy, put it on the table, study it, vote on it, and move forward.”

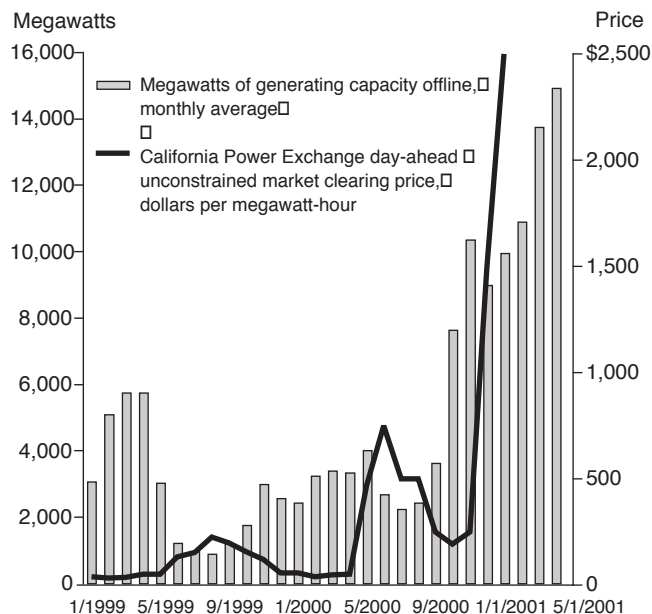
These two statements come from opposite sides of the dividing line now splitting Congress, the United States, and nations internationally. The dividing issue is whether you are committed to curb the runaway energy hyperinflation, and hyper-profiteering, or not. The May 17 Bush-Cheney Energy Plan, dubbed by critics an “Annual Report for Big Energy,” is political sure-death. Supporting it means that you are siding with the energy cartel interests, now notorious for double- and triple-digit profits. Several activist Democrats in the Western states did not even bother to attend Barton’s hearing. On the Republican side, those who are toeing the Bush line, fear they will be finished off in the 2002 mid-term Congressional elections.

Grand Jury in California

Investigations and lawsuits are flying all over the place. On June 12, California Attorney General Bill Lockyer, who says that he would like to see Enron President Ken Lay in jail, announced that he will convene a grand jury in Sacramento, and start deliberations soon after July 1, to investigate whether power generators illegally manipulated energy prices in the state. A statement from Gov. Gray Davis’s (D) office said, “There is a growing body of evidence that may give the Attorney General the opportunity to proceed with criminal as well as civil actions.” **Figure 1** shows how the pattern of electricity wholesale prices soared in California, as extreme outages of generation occurred.

The metric for what ought to be done for reliable energy

FIGURE 1 □
Energy Pirates Withhold Electricity to Jack Up Prices in California □



Sources: California Energy Commission; California Power Exchange; University of California Energy Institute.

supplies, at reasonable prices, is coming from the mass organizing drive led by Lyndon LaRouche for restoring policies for the general welfare. Each week, there are “Days of Lobbying” for energy re-regulation in many state capitals. Thus, on May 24, a mass rally under the Harrisburg State Capitol Rotunda heard speeches from state legislators and LaRouche’s campaign representatives and colleagues. A week later, the state AFL-CIO caucus on utilities released criticisms of how power services had worsened since Pennsylvania’s 1996 deregulation, and called for action. On June 5, State Rep. James Casorio (D-Irwin) announced an investigation. Veteran state legislator Harold James (D-Philadelphia) is readying a resolution for introduction in mid-June, calling for an overall anti-depression economic policy by the Federal government, following the approach of Lyndon LaRouche for a New Bretton Woods monetary system to rebuild nations.

War-Whoops in Congress

In Congress, there are war-whoops, demanding action for (wholesale) electricity price control, or cost-based pricing, either by the Federal Energy Regulatory Commission (FERC) or legislative action. On June 5, just when Congress reconvened after the Memorial Day recess, Sen. Jeff Bingaman (D-N.M.), the new Energy Committee chairman, announced at a press conference that the Bush Administration

has two weeks to command FERC to act on controlling prices, or the Senate would intervene. With the new Democratic majority in the Senate, hearings are already under way to further this.

On June 13, the Senate Governmental Affairs Committee convened a hearing, under its new chair Joe Lieberman (D-Conn.), on “Economic Issues Associated with Restructuring of Energy.” Translated: The economy is being slammed by energy deregulation, and by the hyperinflation and Bush cartel hyper-profits. The first witnesses were California Democratic Sens. Dianne Feinstein and Barbara Boxer, who demanded action on pricing. Feinstein spoke in favor of “cost-based pricing, plus a fair profit,” but said that calling it “anti-gouging” is her current preference of terminology.

Among the panel of economists who testified, the first was Alfred Kahn, the so-called father of deregulation, who as Civil Aeronautics Board chairman in the 1970s, approved of air transportation deregulation. But this time, Kahn called for temporary energy re-regulation, in the form of caps on wholesale electricity prices in California. He attacked the Bush energy cartel argument, saying that caps will deter development of energy supplies, and insisted there was never a problem with shortages, when energy was regulated.

Scheduled to speak at the second Senate hearing, on June 20, is Governor Davis, who has been outspoken in demanding Federal electricity price controls. He names the names of the Bush energy cartel which is making mega-profits off the state, such as Reliant, El Paso, and Enron. The new chairman of the Senate Subcommittee on Special Investigations, Sen. Carl Levin (D-Mich.), has announced that he will investigate how energy company mergers relate to soaring prices, in oil, gas, and electricity. He plans to command documents, using full subpoena powers, and threats of slapping scofflaws with contempt of Congress.

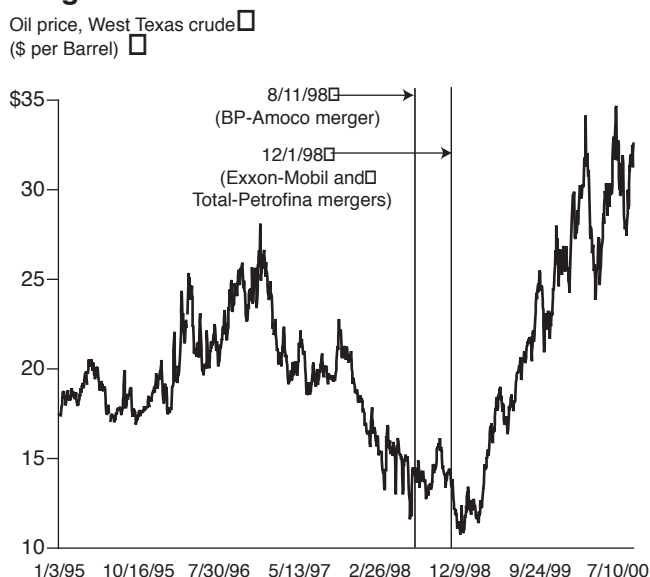
Oregon Sen. Ron Wyden’s June 14 revelations, coming from oil industry whistleblowers, of refinery capacity-fixing by the oil majors, further turned up the national spotlight on what *EIR* detailed last year. **Figure 2** shows the timeline of how prices soared right after mega-mergers in oil and gas took place.

Bush Gang Back-Peddling

Sweating under such national heat, top Republican circles are back-peddling furiously. The week of June 11, a private meeting took place among White House Chief of Staff Karl Rove, House Majority Whip Rep. Tom DeLay (R-Tex.), and Rep. Roy Blunt (R-Mo.), a White House ally on the Hill. Rove himself has been in the headlines for not selling some \$250,000 worth of Enron stock, upon taking office at the White House. The June 14 *Wall Street Journal* quotes Blunt saying, “You could easily see votes [in Congress] for some sort of price-controls solution.”

On the public side, there has been a flurry of administration “let’s-talk-it-over” gestures. When Governor Davis

FIGURE 2
Oil Price Skyrocketed in Wake of Big Mergers



Source: *Wall Street Journal*.

comes to Washington, the new FERC member Pat Wood, will meet with him on June 20, and then Wood and the other new member, Nora Mead Brownell, will go to California.

On June 12, Vice President Richard Cheney, who put out the Bush National Energy (Cartel) Program in May, came to Capitol Hill for a personal meeting with 40 California Congressmen — meeting Democrats for the very first time (16 of them), as well as with Republicans (24). He got roasted when he tried to repeat his usual line, “We will not tolerate price controls.” When Anna Eshoo (D) objected, Cheney could only resort to his accustomed arrogance, replying, “You are rude.”

The next day, a gaggle of Cabinet members trooped to the Hill in another unprecedented show of “availability” to Congress. Energy Secretary Spencer Abraham testified to the June 13 House Energy Subcommittee. Afterwards, Abraham met privately with more than a dozen House members, along with Interior Secretary Gail Norton, and Environmental Protection Agency Administrator Christine Todd Whitman. Majority Whip DeLay presided, calling the group the first meeting of the GOP Energy Action Team. They discussed how to push for legislating the Bush-Cheney energy plan amidst the sea of opposition. DeLay spoke of being “proactive,” and of putting out a consistent message. They are to speak out at every chance, that Democrats’ price caps would discourage conservation, dry up supply, and cause shortages. According to the *National Journal/Congress Daily* on June 14, “Legislators were instructed to say that the country’s energy crisis

cannot be fixed overnight, and that the GOP plan emphasizes conservation and energy efficiency, promotes a clean and healthy environment, and would spur development of new technologies and next-generation nuclear facilities.”

The FERC in particular, is giving new signals for a show of responsiveness. It announced the scheduling of an unusual special meeting for June 18, under a powerful national spotlight, to take up expanding its recent “price mitigation” orders.

Mind Control vs. Truth

An advertising initiative is in the works by the big energy companies and Republican honchos, to attempt to turn around public backing for controlling energy prices. The June 14 *Wall Street Journal* reports that Enron, Southern Co., and Reliant Energy Inc. are to stake at least \$5 million for the kitty.

What will be the message? You can expect to hear that price controls will cause shortages and rationing, as in the 1970s gas lines. The public reaction to this kind of *Brave New World* mind-spin—telling you that “snow is black”—ought to be interesting. Many souls, gullible in the past, are now fed up with the lying assertions of the energy barons—no matter how much ballyhooed.

Take the fate of the energy “choice” hokum. In many states, citizens were fed the line that allowing energy deregulation would create “competition,” and give customers “choices” for their electric and gas provider. This was supposed to mean you could shop for lower prices and better service. Ad campaigns were fierce. But in no time at all, the same citizens experienced service problems, higher prices, and the prospect of chaos. Most passed up, or bailed out of “choice” programs. Such “choice” campaigns flopped in Massachusetts and other states.

EIR submitted testimony to the June 13 Senate hearing on energy, and began with this point, about proceeding from what is true: “If ‘proof’ were needed that restructuring of the U.S. energy sector would lead to crises, then as of today, we have dramatic evidence in California, around the nation, and internationally, that deregulation is a disaster. Therefore, the question posed to Congress is: How fast can we shake off the thinking that allowed this in the first place, and restore the *re-regulation* policies that helped build the U.S. economy in the past?”

The testimony quoted Democratic Presidential pre-candidate for 2004 Lyndon H. LaRouche, Jr., from a recent Mexico radio interview, on the importance of comprehending that the whole financial system is blowing out (see *EIR*, June 8, 2001). Broadcast in León, Guanajuato on May 28, LaRouche stressed:

“The essential thing is that there’s no possible way the present U.S. system, the present world system, can continue to function. It’s doomed. Nothing can save it. You can save the nations, but you can not save the financial system. All the

leading financial institutions of the United States are presently hopelessly bankrupt. You have the same situation in Japan, you have the same situation in continental Europe.

“What you can do, is, you can put the whole world through bankruptcy reorganization. That’s the only solution, which means cancelling most of the debt, especially the financial derivatives and similar debt. Most of the foreign debt of the Ibero-American nations will have to be cancelled. And then, what this New Bretton Woods means, is, going back to 1945, to the legacy of Franklin Roosevelt, to create the kind of system we had between 1945 and 1958, and continuing into the middle of the 1960s.

“In other words, that means fixed exchange rates, that means capital controls, it means exchange controls, it means financial controls within and among governments. It means a protectionist policy on trade and tariffs.”

Damage Toll

While the policy fight heats up, chain reactions of economic shutdown are now running throughout the economy, directly due to the last 15 months of energy hyperinflation of all kinds, and also due to the more general financial disintegration. Since last July, 600,000 manufacturing jobs have been lost. Directly because of the deregulation energy crisis, in the transportation sector, surcharges for higher fuel prices have been widely imposed. The higher natural gas prices have slammed industry. The prices of nitrogen fertilizer, whose feedstock is natural gas, has risen in price more than 100%, and has hit agriculture, otherwise already hard-pressed by the diesel fuel rise.

Residential energy prices are in crisis. The National Energy Assistance Directors Association’s (NEADA) June 11 survey reports that low-income customers in 19 states and D.C. have arrearages totalling almost \$910 million owed by 4.3 million families. These bills are basically unpayable.

As of mid-May, an unprecedented 7-10 million Americans faced energy cutoffs. Out of 14,694 residential customers in Washington, D.C., 5,229 have received shutoff notices; in New Jersey it is 276,715; more than 150,000 in Pennsylvania; almost 37,000 in South Carolina; 20,000 in Virginia; and 55,000 in West Virginia, according to NEADA estimates.

For 2000, the U.S. Department of Energy’s Energy Information Agency estimates that Americans paid a whopping \$263 billion more in hyperinflated energy prices, compared to the year before. This is the source of hyper-profits for the energy cartel companies posting double- and triple-digit profits: In the first-quarter of this year, over last: Enron Oil and Gas, profits were up 448%; Reliant, 104%; Duke Energy, 51%; British Petroleum, 52%; Mobil Exxon, 44%; etc.

No wonder the media associated with this power cartel “suddenly” started reporting in the first week of June, that “the energy crisis is over . . . prices are going down!” The timing occurred just when the Congressional, state, and criminal investigations went into full gear.

Malaysia's Dr. Mahathir Calls for Trade Without National Currencies

by Michael Billington

At the June 8 "Future of Asia Conference" in Tokyo, sponsored by the *Nihon Keizai Shimbun*, Malaysian Prime Minister Dr. Mahathir bin Mohamad made the following proposal: "An international currency should be created which belongs to no one country. Rates of exchange should be based on this one currency which can be used for payment of all international trade. Earnings in this currency must be immediately deposited with a nation's central bank, and local currency issued for local transactions. The reserves must be held in this international currency only and not a basket of currencies."

This is the first call by any national leader in the direction of the proposal issued on July 18, 2000, by *EIR* Founder Lyndon LaRouche, in an essay entitled "On a Basket of Hard Commodities: Trade Without Currency." In that essay, LaRouche cited the "bold steps" by Dr. Mahathir in implementing capital and exchange controls in Malaysia, in 1998, and by other East and Southeast Asian leaders in moving toward the creation of an Asian Monetary System, both to defend against currency speculation and to launch real development in the region. However, he warned, the otherwise laudatory effort to replace the bankrupt International Monetary Fund (IMF) system, based on the U.S. gold-reserve dollar, with a new, fixed-exchange-rate system, had thus far only put forward the option of using regional currencies, or a "basket of currencies," to replace the dollar. LaRouche wrote:

"As long as the IMF system, and its related attributes exist in their present form, the attempt to use a 'basket of currencies' as a substitute for the kind of role performed by the 1945-1963 U.S. dollar, is not a remedy, but a trap. Yet, the world can not wait until a general monetary reform occurs, to take certain urgent practical measures of defense against the worst effects of the presently onrushing global financial and monetary catastrophe. Therefore, at this stage, it has become essential to institute preliminary measures which operate entirely outside the supervision, or other control by the presently doomed, 'globalized' monetary system.

"Hence today, we need to see monetary reform presently as a two-step process. The first stage, is the emergence of regional blocs which operate either outside, or in parallel to the existing IMF system. The second stage, will be the crucial

role of such regional blocs in constituting a replacement for the now already hopelessly bankrupt IMF system. In the interim, measures taken by regional blocs must scrupulously avoid the ruinous effects which must result, were such measures to become entangled systemically in the already doomed IMF system. A prudent man does not remain within a cabin of an already sinking *H.M.S. Titanic*. *The transition must be based upon economic values which exist independently of the present IMF system, and which can assuredly outlive that latter system*" (emphasis in original).

LaRouche then describes his proposal for a basket of *hard commodities* as the basis for assigning value to a "synthetic unit of account" which could serve as an "accounting-system of an international credit facility."

Dr. Mahathir's new proposal for a "universal currency," which he insists must not replace any national currency, but serve only as a unit of account for international trade, falls short in regard to the crucial issue of how to establish the value of such a universal currency, such as LaRouche's "basket of commodities," which subjects monetary policy to the service of the requirements for development of the physical economy. Dr. Mahathir does insist, however, that "currencies must never be traded as commodities."

Also, Dr. Mahathir, in this proposal, does not acknowledge the bankruptcy of the IMF system, but only addresses its inequities, while calling for a global levy on the richer nations to fund infrastructure development in the poorer nations. Such a program would be viable in a growing world economy, and would be, as Dr. Mahathir says, a "win-win formula." However, the reality of the current global financial collapse will quickly render such a system moot without the creation of a new world monetary system.

Toward a New Financial Architecture

Nonetheless, Dr. Mahathir's proposal comes in the context of another proposal which he made at the meeting of the Group of 15 developing nations in May in Jakarta, Indonesia, in which he called for a meeting over the coming months of a team of experts from the G-15 members, to address the urgent necessity for the creation of a new world financial architecture. Recognizing that the advanced nations of the

Group of Seven have clearly abdicated their responsibility to restructure the moribund IMF, the G-15 adopted Dr. Mahathir's proposal to bring the developing nations into the deliberative process for dealing with the global breakdown crisis.

These new ideas are directly related to the implementation in May of the "Chiang Mai Initiative" among the nations of the ten members of the Association of Southeast Asian Nations together with China, Japan, and South Korea (ASEAN-Plus-3), establishing more than \$30 billion in bilateral swap agreements among the ASEAN-Plus-3 nations. These agreements establish both the political and financial foundation for the potential adoption of a new monetary system for Asia, the Asian Monetary Fund (AMF), independent of the IMF system. This was very much on the minds of many of the leading participants at the ceremonies implementing the Chiang Mai Initiative in Hawaii last month. The expanding role of LaRouche's ideas, such as those imbedded in the "trade without currencies" concept, further enhance the potential for the success of these bold initiatives.

Documentation:

The following are excerpts from the speech by Dr. Mahathir bin Mohamad, at the Future of Asia Conference in Tokyo on June 8:

Beyond Globalism and Globalization

1. Perhaps it is too much to expect to foresee what will be the situation in the world beyond globalization, considering that we are only just into globalization, and we are not only unable to fully comprehend it but quite obviously we are making a mess of it.

2. Only a few years back, we were all opening our arms to welcome globalization. We had become a global village. Modern technology had enabled instant communication, instant sound and sights across the vastness of continents. We could actually commute almost halfway across the world to breakfast, and to meet, and still be back home for dinner with our families. . . .

11. We are more concerned now about preserving the trees and the forests, and the animals. But we go too far sometimes. We deny the poor in the world living space for themselves because we want their countries to become Carbon Sinks. Yet the protected animals are allowed to destroy the forests, and even kill and eat humans. The man being eaten by the tiger must appreciate that he is helping to preserve an endangered species.

12. We are more civilized now, but the lunatic fringe keeps pushing us to go too far. We are going too far with our globalization also. We want globalization to be totally unregulated, to be left to the markets to govern it. But the market is about making profits, maximizing profits. In the

process, it is likely to leave a trail of disasters and tragedies. But never mind, the important thing is that globalization must be accompanied by market deregulation. As long as the global marketplace is deregulated, what happens to people does not matter. The system has become more important than the people it is supposed to serve. . . .

16. . . . At first democracy was only about majority rule. Then minority rights was added, then individual rights. These rights were constantly being broadened, so that in the end they became more important than majority rights. The government may be elected by the majority, but minorities may bring it down by street violence, helped by the media and even foreign interests. The rule of law is advocated, but this simply means that those opposed to the government may break the law but the government may not enforce the law against them.

17. Then along came the non-governmental organization to claim the right to frustrate popularly elected governments. They may be made up of only one person, but they get wide publicity and support; they may use illegal means. They can become extremely powerful, and frequently governments of the majority have to bow to them.

18. Democracy is now no longer about the rule of the majority. Indeed, in many cases, the elections to gain majority support is an exercise in futility. For promptly the popularly elected government is hamstrung and rendered impotent. The wishes of the majority, the largely silent majority, is ignored, while the governments struggle to placate the activist minority.

19. Now the minority has become more violent, and lawfully elected governments have been toppled by the illegal activities of the few, the street mobs. In the meantime, the country becomes unstable, unable to develop, and for many developing countries, their freedom is lost. The people suffer, as law and order breaks down, ethnic and religious clashes escalate, and thousands are killed. Mob rule has become more democratic than majority rule.

20. Democracy has been abused until everything can be done in the name of democracy. The promised better life has not materialized. Instead, people are suffering more than ever, more even than when they had authoritarian rule, because of democracy. The time will surely come when democracy will go the way of Socialism and Communism. It is not because democracy is bad. It is still the best system of governance. But democracy has been so abused that it is no longer able to benefit either the majority or the minority.

21. Today, democracy still reigns supreme. To criticize it, is to be heretical and to expose oneself to vilification. But eventually, the damage will be so evident and so great that democracy will become a bad word, just as proletarian dictatorship is a bad word, and it will be rejected.

22. But this need not happen. Democracy can be saved if it is not regarded as perfect, if its weaknesses and defects are recognized and remedies made and excesses curbed.

23. And now we have globalization, a great idea whose

time has come. But already it has started on the wrong foot. Currency manipulations across borders and the economic and financial catastrophes, such as those in Orange County, [California,] in Brazil, in Mexico, in Russia, and, of course, in East Asia which followed this particular manifestation of globalization, do not augur well for the future of globalization. The victims are told it is free trade, and therefore it must be good.

24. But must we have horrendous disasters as a price for globalization? Cannot there be globalization without the pain, unbearable pain? The answer is, of course, there can be. Globalization need not be accompanied by total deregulation. The two are not the same. Some regulations can make globalization not only less destructive but also beneficial all round.

25. The assumption that markets will regulate themselves is contrary to logic or human nature. The market is about making profits, maximum profits. It is not a social organization intended to cure social ills. It is not even about fairness and justice and good governance.

26. The market, especially the free market, operates by defeating competition. To do this well, the players must be strong and ruthless. And so we see the mergers of the giants, and the mergers of the merged giants. The idea is to be so big, and therefore so strong, that competition would be one-sided. The smaller groups will either lose and be destroyed, resulting in terrible social and economic damage, or they can submit to being taken over. Eventually there can be only one player in one industry. Then competition would cease and the winner will become an arrogant and domineering entity, optimizing profits at the expense of quality, efficiency, and social considerations.

27. The world will be badly served by the monopolistic giants which may gang up in order to be even more powerful. Governments will not be able to control them because governments will depend entirely on them. In fact, they will determine who will govern countries. Their control will now become absolute. Big Brother, big capital will rule the world, and the poor and the weak will just have to submit.

28. Oligopolies and monopolies need not be an essential feature of globalization. There could be statutory limits to mergers and the size of corporations. In any business, a sufficiently large number of players must be ensured. Competition must be governed by a set of rules to ensure not just a level playing field, but that the contestants are fairly evenly matched. There must be banks and businesses which are national, and those which are international. The weak must be protected according to a set of internationally agreed rules.

29. An international currency should be created which belongs to no one country. Rates of exchange should be based on this one currency which can be used for payment of all international trade. Earnings in this currency must be immediately deposited with a nation's central bank, and local currency issued for local transactions. The reserves must be held in this international currency only, and not a basket of cur-

rencies.

30. Currencies must never be traded as commodities. Should there be a need to devalue against the international currency, a panel of central banks and the International Bank should determine the proper exchange rate. No country should dominate international finance and commerce.

31. If we are prepared to be pragmatic and fair, if we are ready to curb the excesses of democracy and globalization and to determine the right levels that will be suitable and acceptable in any particular country, if we are prepared to give up the idea of being dominant because we are the richest and the most powerful, then we can look with hope beyond globalization.

32. Globalization today ignores the very poor. In a globalized world, wealth distribution should be equally global. But it is not.

33. The world of today is extremely rich. A combination of technologies and natural resources have made unlimited wealth creation possible. There is more than enough wealth to wipe out global poverty completely.

34. The financial system of a globalized world is now confined to a free flow of capital. Those who profit from such flows must be prepared to pay a global levy. The levy should be based on the Gross Domestic Product of nations.

35. Voluntary aid to the poor is now anathema to the rich. The levy should be for statutory aid. It should be for the building of needed infrastructures such as roads, canals, railroads, ports, airports, power, water to stimulate growth.

36. The levy should be administered by an international agency, including the construction of the infrastructure by international constructors. Subcontracts and supplies should come from the locals. The benefits would obviously be evenly distributed. The infrastructure built will enable products to be exported and imported at lower cost. World trade will certainly grow and poverty eradicated.

37. Altogether the levy would be a win-win formula. No one will lose. The whole world will be enriched. The poor countries will be less poor, and will truly become a part of the globalized world. Globalization would then be meaningful as it involves the whole globe, the whole world.

38. The rich will not take kindly to this idea of course. But if they expect that the poor should always accept ideas which benefit the rich, then the rich should also be prepared to accept ideas which benefit the poor, especially when the rich will benefit as well.

39. Even as in a country the poor have a right to some of the wealth of the country, a globalized world must accord the poor similar rights. If the poor cannot expect this, then why should they accept globalization?

40. So what is there beyond globalism and globalization? There could be total oppression of the weak by the strong as capitalism run riot. Or there could be a world democracy where the resources of the world are combined with human ingenuity to create the greatest human civilization ever.

Business Briefs

Transportation

Maglev Producers Probe Projects in Thailand

The German consortium TransRapid International (TRI) reports that the Thai state railroad is examining the possibility of upgrading two lines on the basis of magnetically levitated (maglev) rail technology. The two lines are between Bangkok and Chiang Mai, about 650 kilometers long, and Bangkok-Pattaya-Rayong, about 150 km.

The talks involving such projects are in an initial phase, and a decision by the Thais on which technology to use for the upgrade has not yet been taken.

However, in the wake of clear signals from Beijing that there is strong interest in China for maglev projects in addition to the Shanghai-Pudong line, which is now under construction, the Thai option is important: Once the Thais build a maglev to Chiang Mai, the Chinese could build one to Chiang Mai from southwestern China. The first big section of a Trans-Asian maglev grid would therefore be created.

Pharmaceuticals

Pirates Feel the Heat, Announce Price Cuts

GlaxoSmithKline announced on June 11 that it will extend its offer to sell cheaper AIDS drugs to 63 nations, including all least developed countries (LDCs) and all of Sub-Saharan Africa. The corporation, which has set up a corporate social responsibility committee, will also make anti-malarial medicines available at cost, and set up a pilot program to study offering preferentially priced anti-infective, de-worming, and anti-diarrheal drugs in poor countries. Also, Pfizer Inc. announced the week before that it is expanding its free distribution of one AIDS drug, flucanazole, in 50 LDCs.

The pirates' sudden magnanimity seeks "to limit the threat to their drug patents by taking pre-emptive action," Reuters acknowledged on June 11, noting that "leading institutional investors" pressed Glax-

oSmithKline to act, "fearing that damage to the industry's reputation could hit share prices." The concession has been made, so as to better defend the "right" of piracy itself.

The role of the pharmaceutical companies in using their patents to keep medicines scarce and very expensive is expected to be a major topic at the United Nations Special General Assembly on the world AIDS crisis, scheduled for New York City later in June, where many heads of state are expected to attend. Brazil, not an LDC and thus ineligible for such drug companies' concessions, has been organizing internationally for the right of nations to produce drugs themselves, if they cannot afford them otherwise, a position Brazilian President Fernando Henrique Cardoso is expected to defend. Brazil's AIDS program, which treats health care as a basic human right, has been a show-case success, as *EIR* documented on March 23, 2001.

Asia

Korea, Afghanistan Face Severe Drought

Drought is affecting huge regions of the Eurasian land-mass, which are taking a heavy economic toll, on the Korean Peninsula and in Afghanistan, in particular.

On June 10, the South Korean government held an emergency meeting on the drought conditions, which are affecting both agriculture and industry. The drought has been going on since March. Seoul decided to allocate 152.9 billion won (\$119 million) to local governments for temporary water pumping and irrigation for farmers. More measures will be taken if the drought continues into late June. The government also said that it will now finalize a long-term project to build dams by 2011. The government warned that South Korea could face water shortages as early as 2006.

A government-wide task force is to be set up to deal with the threatening water shortages. President Kim Dae-jung cancelled a press conference on national reform, to concentrate on the water emergency. Water levels in some areas are the worst since records began being kept in 1904.

North Korea is also being affected by the drought.

In Afghanistan, 5 million are facing starvation as crops fail due to drought, the UN World Food Program and Food and Agriculture Organization reported in a release on June 8. The three-year drought has caused the near-total failure of rain-fed agriculture and "substantially reduced irrigated farm production," the release states.

The WFP reports: "There is mounting evidence of emerging widespread famine conditions in the country, reflecting substantially reduced food intakes, collapse of the purchasing power of the people, distress sales of livestock, large-scale depletion of personal assets, soaring foodgrain prices, rapidly increasing numbers of destitute people, and ever-swelling ranks of refugees and internally displaced persons."

Education

German Teachers Urge: Back to the Classics!

The Konrad Adenauer Foundation and the German Teachers' Association have launched an offensive to bring Classical ideas back into school curriculums, a true education reform that calls to mind the proposals of Wilhelm von Humboldt in the early 19th Century. In a joint paper, the organizations demand a return to the "formation of the personality," as a central issue in education.

"In the past 30 years, there were a number of bad developments in education due to a completely false idea of education reforms. . . . As in the 1970s, when education policy aimed at creating a 'new man' via the schools, we find the same idea today, this time to create one who will suit the vision of the New Economy. Both ideas are wrong," they state.

They formulate a number of demands that are essential to help develop the character of the student. To master his own language in a literate form and to have in-depth knowledge of literature, are most significant, in addition to aesthetical education. Aesthetical education, they define as "helping the student to develop his sensitivity for excep-

tional performances in art, to enjoy them, and to be able to describe their reasons and their effects. . . . To occupy oneself with literature and art without pursuing any practical use enriches one's life."

Students are urged to read several works of literature, including some by Sophocles, *The Song of the Niebelungen*, *Parcival*, and the troubador love ballads. Pre-Classics include Lessing's play, *Nathan the Wise*; Classics include works by Goethe, such as *Faust* and *Iphigenia*, and by Schiller, including *Wallenstein*, *Maria Stuart*, *The Aesthetical Letters*, and lyrics by both poets. A great deal of poetry is listed, including by Heine and Eichendorff. Under world literature is included the Greek Classics, Dante, Cervantes, Shakespeare, and Tolstoy.

Industry

Electricity Shortages Drive Up Aluminum Prices

J.P. Morgan investment bank is projecting that aluminum prices will rise worldwide because of production cuts in Brazil, due to the electricity shortfall. One industry consultant suggested to Reuters in early June, that aluminum prices could jump by \$50 a ton in the short term, a rise that would be greater, were not world metals usage down overall. (Aluminum was selling for \$1,515 a ton on the London Metals Exchange on June 5.)

J.P. Morgan upped its earlier forecast that Brazil's electricity crisis would idle 100-125,000 tons per year (tpy) of aluminum smelting capacity, to almost 400,000 tpy, if the government is forced to pull electricity out of the north of the country (currently unaffected by the rationing), to supply the hard-hit northeastern region. Brazil is expected to do this beginning July 15. Two of Brazil's largest aluminum smelters are in the north, and account for 58% of Brazil's capacity. Speculator that it is, Morgan assumes, also, that smelters will reduce production to below the rationing requirements, in order to sell their power on the spot market.

London analysts project that there will be a record 1.4 million-ton surplus in the world market for alumina (the semi-processed bauxite product from which alumi-

num is made) in 2001, because of the combined cutbacks in production in the U.S. Pacific Northwest and in Brazil.

Indonesia

Resistance Grows To IMF Austerity Demands

While the political crisis in Indonesia continues to escalate, economic leaders in the country are fighting a rearguard defense against International Monetary Fund (IMF) dictates. On June 7, then-chief Economics Minister Rizal Ramli, referring to the cuts in fuel and electricity subsidies demanded by the IMF, said: "Under the current social and political situation, it is not wise to raise fuel prices by 100%. If this happened, there could be devastating social and political implications."

Ramli's recurring outspoken criticisms of the IMF were partially responsible for his replacement on June 12 by former Bank Indonesia Deputy Governor Burhanuddin Abdullah, who, it was hoped, "would improve ties with the IMF," according to a spokesman for embattled President Abdurrahman Wahid. Indeed, Burhanuddin had once worked for the IMF itself, and is expected to agree to IMF demands regarding the "independence" of Bank Indonesia from government oversight.

However, Ramli was not removed from the Cabinet altogether, but was shifted to the post of Finance Minister, replacing Prijadi Praptosuhardjo. It was Praptosuhardjo who had negotiated the fuel price increases demanded by the IMF, which were scheduled to go into effect on Friday, June 15. In keeping with Ramli's warning, thousands of police and military forces were set to be deployed in Jakarta and other cities to attempt to keep the peace.

Then, just hours after Ramli was sworn in as Finance Minister, the government announced that the fuel rate hikes were being postponed. Ramli told the press that no new date had been set for the rate increases, but that "the issue will be discussed with the Ministry for Politics, Social and Security Affairs tomorrow."

THE FRENCH opened high-speed train service on a north-south European route on June 11, with 150 trains per day. They will average 188 miles per hour, linking Germany, the Netherlands, Belgium, and Paris with Marseilles and the Mediterranean. The service (passenger only, at present) is expected to shift population southwards within France.

SIEMENS plans to build a high-speed rail line between Amsterdam and Antwerp. The \$2.12 billion project will be completed in 2005. Siemens and its partners in Infrasppeed (U.S., Dutch, and British partners) will also maintain the line for 25 years.

A CASPIAN SEA pipeline will open on Aug. 6, Russian Prime Minister Mikhail Kasyanov and Kazakstan Prime Minister Kasymzhomart Tokayev announced on June 5. The \$2.6 billion pipeline from the Tengiz oil fields to Novorossiisk on the Black Sea, was built by Russia, Kazakstan, and Oman, despite efforts by the West to sabotage Russia's role in Caspian oil.

NIGERIAN President Olusegun Obasanjo attacked Enron, which is building a power plant in his nation, in an interview with CNN June 4. "Enron has played a dirty game on us," he said. In addition to sky-high prices, the firm has refused to comply with the contract. "The price at which they have tried to sell power to us has been very exorbitant," he said.

JAPAN announced on June 11 that its GDP dropped by 0.2% in the first quarter. Exports fell by 3.6%, imports by 2.2%, and private consumption stayed flat, despite a one-time burst of buying before an April 1 law requiring a fee for disposal of old appliances went into effect.

CORPORATIONS worldwide defaulted on \$33 billion of bonds in the first four months of 2001, compared to \$28 billion for all of 2000, the Swiss daily *Neue Zürcher Zeitung* reported on June 6.

British ‘New Berlin Congress’ Behind Macedonian Civil War

by Umberto Pascali

Macedonian civil war threatens, and the specter of a new Balkans boundary war behind it, as the Kosovo Liberation Army is now with mortar range of Skopje, the capital of Macedonia. In successive waves of attack and with little Macedonian government response, the well-armed, well-trained, well-supplied, well-protected and Albanian mafia-connected terrorist gangs have placed their artillery literally four to five miles away from the Presidency and Parliament building. The threat of an endless escalation of violence is being used to build support for the proposals of Britain’s Lord David Owen, for a “New Congress of Berlin,” like that which redrew the map of the Balkans in 1878. The reason for the British strategy, now as then, is geopolitical control of Europe.

The “commander” of the KLA gangs in Macedonia, known as “Hoxha” (a common Albanian name, but reminding one of Albania’s fanatic, cult-like dictator, Enver Hoxha), feels secure and supported enough to spend his time giving interviews to international correspondents. “Commander Hoxha’s” fans are the journalists working for media outlets owned by financial speculator George Soros, who worked closely with U.S. Secretary of State Madeleine Albright in 1999 to elevate KLA leader Hashim Thaci as the leader of Kosovo, to supplant elected President Ibrahim Rugova. It was through one of the many Soros outlets that Hoxha made his latest ultimatum to the government of Macedonia. “If [Prime Minister] Ljubco Georgievski does not stop harming our people, we will strike Skopje. Now I’ve got weapons within range of Skopje, so why shouldn’t I shoot against him?” he asked, in a grotesque attempt to claim the moral high ground. His men had already started bombing Macedonian villages, like Cresevo, just four miles from the capital, and had created a reign of terror in the predominantly Albanian-

inhabited Kumanovo area, 25 miles northwest of Skopje, which they have occupied for more than a month.

“We have 120 mm artillery pieces and we have rockets, too,” Hoxha bragged. “We will fire on the airport, the country’s only oil refinery, the government building, the Parliament, and police posts. We will shoot every place where there are police.” Hoxha delivered another ultimatum through Katharine Graham’s *Washington Post*. Shortly afterward, the Macedonian Army suspended its attempts to re-take the area of Kumanovo and the government declared a unilateral cease-fire.

No State To Rely On?

Despite the protestation of the Presidential Security Council Adviser, Nikola Dimitrov, that the unilateral cease-fire was prompted by humanitarian considerations, the decision collapsed the government’s credibility and provoked a sense of demoralization, insecurity, and rage among the Macedonians. “The next step,” a local observer explained, “could be the decision that one has to defend oneself; then you will have a situation of real ethnic confrontation, anarchy—violence provoked by fear. And no state institution to rely on. Indeed, appeasement to injustice never brings peace.”

There are already cases of ethnic street battles, and of Macedonians going to the local police stations asking for weapons. Many are abandoning those areas of Skopje that are vulnerable to KLA mortars. On June 6, the city of Bitola exploded in anti-Albanian riots after three townspeople were killed, while performing their duty as reservist soldiers, in an atrocious KLA ambush near Tetovo, in the northeast of the country. In the incident, the KLA ambushed a jeep bringing food to the soldiers stationed in the area, killing one and wounding another. These two were used as “bait.” The gang



President George W. Bush and NATO Secretary General Lord George Robertson, at a meeting of the North Atlantic Council on June 13. Their demands that Macedonia commit political suicide by not resisting the Kosovo Liberation Army attacks, are part of a plan to redraw the map of the Balkans.

waited for the medical help to arrive and carried out a massacre. Five were killed and several seriously wounded. In retaliation, Albanian shops and business were assaulted, especially those establishments considered to have connections to the “Albanian mafia” illegal activities.

From their headquarters and staging area in Kosovo, which is under control of NATO troops, the KLA receive, with astonishing regularity, anything they need, including newly trained recruits who can easily cross the Kosovo borders. No real attempt is made to stop the terrorists, notwithstanding the many public statements from NATO Secretary General Lord George Robertson, appealing to the “men of violence” to “depose their weapons.”

Macedonia Defeated the First Assault

What a contrast with the first Macedonian counterattack: The Macedonian Army (ARM) had been caught unprepared by the first KLA assault at the beginning of the year. The invasion of its territory, the constant pressure from Lord Robertson to choose “peaceful means,” the fact that the NATO apparatus in neighboring Kosovo did not intervene to stop the terrorists from crossing the borders, all this had momentarily paralyzed the government.

However, shortly afterward, the Macedonians fought bravely and reported a clear victory last April. “Experts” such as former U.S. National Security Council official Ivo Daalder, now with the Brookings Institution, had vociferously asked the Macedonia Army to “just step aside” and open up Macedo-

nia to NATO troops. The Brookings experts stressed that the U.S. Army had the capability to fight such guerrillas, because of its long Vietnam experience.

This advice, along with the hypocritical recommendations from the “international community” to negotiate with the terrorists and accept partition of the country, was rejected. The only help Skopje received, was a supply of a few Russian gunship helicopters delivered by Ukraine, and the suggestion from Russian President Vladimir Putin, that Macedonia should rely on their forces and fight the assault against their territory.

At that time, the KLA, attempting to besiege Tetovo (whose majority is ethnic Albanian), was forced to abandon their state-of-the-art weapons, artillery, uniforms, and cultist paraphernalia, and to precipitously withdraw into the safety of the NATO protectorate of Kosovo. The Macedonian government and its Army had achieved what the “experts” said was impossible. There was not one single civilian casualty.

What has then changed so drastically in less than two months? The answer is simple, as a well-informed Macedonian source put it: “The leaders of the country are not so impressed with the KLA. The guerrillas are the pawns, the puppets. They fear, though, their puppet-masters!” A second source referred to the statement of a top Macedonian official, when confronted with the lack of initiative, verging on national suicide, in fighting the KLA. The official reportedly stated: “I do not want end up in front of The Hague War Crimes Tribunal!” He apparently was referring to the strong

pressures to negotiate a form of surrender put on the government by the “international community”: the European Union’s Javier Solana, NATO’s Lord Robertson, the British Ambassador, and U.S. Ambassador Robert Frowick, with a long career in the Pentagon, in the NATO U.S. Mission, in the Balkans, and lately, Balkan envoy for the Organization for Security and Cooperation in Europe.

Ambassador Frowick was forced to hastily leave Macedonia under the threat of being declared *persona non grata*, after it was revealed, on May 23, that he had sponsored a secret and illegal pact of “cooperation and joint action” between the ethnic Albanian leaders, members of the Macedonian government, and KLA leader Ali Ahmeti. The pact was signed in Kosovo, following secret talks encouraged by Frowick, while Macedonia was at war with the terrorists.

The U.S. Responsibility

Frowick carries a huge responsibility for the present situation. However, no informed person in Skopje believes that he could have run such a destabilization operation alone, without the knowledge of the main elements of the “international community.” Frowick’s ouster represented the last impulse of national sovereignty. After that the “great power” pressures escalated, in parallel with the KLA provocations.

Caught between two fires, the Macedonian government, after its initial victory, witnessed the KLA coming back en masse from Kosovo and occupying an even greater around Kumanovo. A dramatic test of strength between the government and the foreign powers took place when Macedonia exploded into something very close to a popular uprising following the June 5 KLA massacre.

That day, Prime Minister Georgievski announced that he was going to ask the Parliament to approve a state of war because, as his spokesman stated, “It is not possible to respond otherwise to the threats against Macedonia’s security and sovereignty.” But the “international community” was well prepared to intervene. As a leading U.S. news service reported: “The European Union and the United States hurried to discourage Prime Minister Georgievski from making the formal request.” The European Union’s Solana stated brutally, that declaring war against the aggressors “would only be playing into the hands of the extremists.” And U.S. State Department spokesman Richard Boucher stated: “We don’t see that a declaration of a state of war would serve to advance this kind of political reconciliation, political solution. We reiterate the importance of the measured response.” Another U.S. diplomat, William Walker, who was in Kosovo before the NATO bombings in 1999, was more explicit: “They should definitively communicate with [the guerrillas] to find out what their grievances are.”

Lord Owen, Kissinger, and the Real Game

“The Kosovo Liberation Army and even its mother organization, the all-powerful ‘Albanian mafia,’ are only instruments,” explained a Macedonian source. “An instrument used

to achieve a goal. What is the aim? The aim is a radical, insane re-drawing of the borders of the Balkans along racist criteria: the so-called ethnic purity. This, emphatically, includes the creation of a Greater Albania and the nightmarish emerging of mono-ethnic states. Lord David Owen is very explicit in this. But, besides the Nazi-like barbarism of such a plan, we should ask ourselves: Do they really think they can achieve stability with these methods? Don’t they see that this is the sure way to trigger a spiral of war with no precedent, even in the Balkans?”

As the accompanying map from the KLA’s website makes clear, the terrorists’ offensive is, in fact, coordinated with the “New Berlin Congress” offensive launched by Lord Owen, the former British Foreign Secretary and former EU Balkans plenipotentiary. On March 13, Owen made his proposal in the *Wall Street Journal* with his commentary, “To Secure Balkan Peace, Redraw the Map.” He wrote: “What is needed today is a Balkans-wide solution, through a present-day equivalent of the 1878 Congress of Berlin, with pre-agreed boundary changes endorsed by the major powers.”

Note the date of the map of “Greater Albania” advertised on the KLA site.

That 1878 Congress, pushed by the British Empire, but staged in Berlin, resulted (aside from its African looting agreements) in a Balkan carving party that created untold misery, waves of displaced refugees, and created the precondition for what became known as “balkanization.” All in the name of the creation of stable ethnic areas.

Owen’s official proposal had been preceded on Feb. 26-27 by a U.S. Army War College seminar on “The Future of U.S. Presence in the Balkans.” One participant reported: “Scholars and U.S. military officers attending the two-day seminar, appeared to be in almost unanimous agreement that current state boundaries in the Balkans should be redrawn to create ‘smaller, more stable mono-ethnic states.’ According to the delegates, new boundaries enshrining homogeneous ethnic entities would follow the historical patterns and ‘natural instincts’ of Europe, as witnessed over the past 300 years.”

Former U.S. Secretary of State Sir Henry Kissinger is a precursor of Lord Owen’s “geo-racism.” On Sept. 8, 1996, in a commentary in the *Washington Post*, Kissinger explained that ethnic cleansing in the Balkans could not be reversed, and so it should be accepted as a stabilizing factor. “With extensive ethnic cleansing [in Bosnia], only the most insignificant remnants of other groups are left in each area,” he wrote. Thus, ethnically pure areas have been created. “To force these now ethnically homogeneous regions into a common entity, guarantees another round of ethnic cleansing. Realistically, a separate Muslim entity may be the best achievable outcome. It would be a solution most conducive to long-term stability. The other ethnic groups should have the same option to join the mother countries.”

Lord Owen’s most acute concern appeared to be the status of Kosovo and Macedonia. He clearly advocated the creation

American Military Firm Spying for the KLA

On June 12, the Chief of Staff of the Macedonian Army, Gen. Jovan Andrevski, resigned, officially because of KLA successes and the low morale of his troops. President Boris Trajkovski accepted the resignation, and Andrevski was replaced by his deputy.

General Andrevski had been at the center of a scandal involving allegations that military secrets were being communicated to the KLA. On May 21, the Macedonian Television Station A-1, quoting a National Security Council official, reported that the KLA has been routinely getting information on the most secret operations planned by the Macedonian General Staff. The leakage allegedly went through Military Professional Resources Inc. (MPRI), the Alexandria, Virginia-based private military company that assembles some of the most important U.S. retired military

officers. Allegedly, General Andrevski passed all relevant information—including preparation of attacks against the KLA—to the head of MPRI in Skopje, U.S. Lt. Gen. Richard Griffiths (ret.), who relayed it to the KLA leaders in Macedonia.

Apparently the MPRI is not only a consultant for the Macedonian Armed Forces, but also helped train the Croatian Army. One of the most prominent Croatian officers was Gen. Agim Cequ, who then suddenly decided to go to Kosovo, in the context of the NATO bombings. He became the military head of the KLA and is now the head of the KLA's official successor, the Kosovo Protection Corps (KPC).

According to local sources, it was the MPRI in Macedonia that advised the country's General Staff to keep the military budget down, and not to be concerned with acquisitions of weapons, because there was no need for a strong armament, Macedonia being at peace. The results of this "budget-conscious" policy were devastating for the country when the well-equipped KLA launched their aggression.

of a pure Albanian area, *as a NATO policy*: "The serious fighting on the Yugoslav and Macedonian borders surrounding Kosovo should be a warning to NATO. It is a demonstration that the Kosovo Albanians are not prepared to acquiesce in Kosovo remaining within Yugoslavia. Also, their militants are linking the Albanian communities over the frontiers to their struggle for an independent Kosovo. The more the NATO-backed Kosovo Force (KFOR) contingent deployed there is seen to be preventing independence, the more likely it is that NATO troops will be in the firing line."

In fact, while Macedonia was engulfed in violence and aggression, "one could hear in the background, this continuous eerie refrain of the New Berlin Congress," as one insightful Macedonian journalist put it. "It was like someone launching trial balloons, one after the other, to check how strong was the resistance to the plan. The KLA aggression seemed to supply the shock to, somehow, force the people to swallow the hemlock."

On May 30, the Macedonian daily *Vecer* came out with a shocking proposal from members of the Macedonian Academy of Science: a "land and people swapping" between Macedonia and Albania, illustrated by a large map.

The general reaction was incredulity and outrage. Macedonia's ambassador to Bulgaria and former candidate for President, Ljubisha Georgievski, denounced the proposal as "absolutely infantile." He told *EIR*, "It is along the lines of the old proverb: 'The way to Hell is paved with good wishes.' It is the same political naïveté as transpires from one of those proposals by Lord David Owen. It is impossible to change any [national] border in all human history, without a war."

But the following day, the leading daily *Nova Makedonija* reported that a plan presented jointly by Kissinger and Lord Owen had been discussed in the United States, and will be implemented in a "New Berlin Congress," in Berlin in May 2002. According to the paper, the plan includes carving up parts of Macedonia to be given to Albania, and vice-versa. Kosovo would become part of Albania, while a small part in the north (the Mitrovica area) would go to Serbia. Pieces of Greece and Bulgaria would also be cut and pasted, in a complicated map featured on the newspaper's front page. Bosnia would be fully divided, and its Republika Srpska go to Serbia.

The elaboration of the new borders will be discussed, according to *Nova Makedonija* in Warsaw, at a conference organized by the non-governmental organization Citizens Alliance for Eastern Europe. The plan was, reportedly, presented in Washington last March 28, to a meeting of high officials from the White House, the Pentagon, the State Department, and the CIA. The unsigned article concluded: No matter what the reaction will be, a carving-up Congress will take place, "because the new American strategy has decided what the new map of the Balkans should look like."

Finally on June 5, Lord Owen reiterated the need of a "New 1878 Berlin Congress" in an interview with the *Berliner Zeitung*. The Balkan nations "will be consulted," he intoned, but, he insisted: "Something must be done in any case to accommodate the Kosovo Albanians' will of independence," otherwise, "the moment will come when the Kosovo Albanians will go after NATO, because they will realize that NATO hinders their independence."

The 'New Colombia of Europe' Grows in Balkans

by Umberto Pascali

A large black spot, like ink on a piece of blotting paper, is spreading across the map of Europe. At this very moment, Kosovo, Albania, and a large part of the Balkans have been swallowed up, and tentacles are stretching out across the Black Sea, through the Caucasus, to merge with another such spot centered around Afghanistan. The "spot" does not respect national borders or ideological, ethnic, or religious differences, it just keeps spreading, bringing misery and destruction—on which it thrives. The "spot" is what was, until recently, labelled as the "black economy," or "illegal economy," or organized crime. In fact, it is a much more pervasive and totalitarian phenomenon. It represents the creation of a new perverse form of society: a modern form of feudal anarchy.

We are no longer facing societies penetrated by or hosting the parasitical "black economy"; we are facing societies dominated by it in every aspect. We are facing entities that, by virtue of this perverse system, are financially and otherwise more powerful than nation-states in the region. Such entities are not "passive"; on the contrary, they are extremely aggressive, and by their nature, expansionist. As in the metaphor of the she-wolf in Dante's *Divine Comedy*, "after eating, [they] are hungrier than before." Almost by their nature, they are based on, and at the same time spread a violent, artificial, fanatical ideology. And, on that basis, they secrete ferociously chauvinist, paramilitary formations, not much different in their belief structure, *mutatis mutandis*, from the youth recruited and trained by the Nazi or Fascist movements.

Of course, this kind of phenomenon is not new in history. It was widespread, for example, in Europe during the Thirty Years War, or earlier, during the collapse of the Roman Empire. The emergence of the nation-state rolled back feudal anarchy. The difference in its resurgence today, is that it is not spontaneous, but rather, it is sponsored and protected.

'National Security' Drug-Running

In general, the official justification for support for such groups, is that a particular group, even if devoted to criminal activities, "must" be supported, on behalf of some higher necessity, often "national security." This was the justification for the support by British and U.S. agencies to the Afghan mujahideen after the 1979 Soviet invasion of that country; as for that given to the Nicaraguan Contras. Both groups financed themselves, and a much bigger structure, with a huge

traffic in cocaine, in the case of the Contras, and opium/heroin in the case of the Afghanistan "freedom fighters." This was tolerated, or even aided, by Western agencies.

In Afghanistan, the production of opium under the present Taliban regime has continued to expand, and, as we shall see, presently the main axis controlling more than 80% of the heroin market in Europe (plus a growing slice of the heroin market in other areas, including the United States) is the Afghanistan-Kosovo axis. Or better, a Taliban-Kosovo Liberation Army axis.

One of the targets of the Taliban machine in Asia is the Russian province of Chechnya. Here, a fundamentalist "freedom fighter" organization, heavily financed and armed, has been trying to repeat the Afghan enterprise of the 1980s. The model is the same: "Western" support; terrorism, use of organized crime and drug trafficking, forced recruitment; and violent imposition of feudal loyalty on the population on behalf of a cult-like fundamentalism.

Besides Chechnya, basically all of the southern region of Russia and almost all of the former Soviet states have been affected by growing terrorist movements with an Islamic fundamentalist façade, all easily traceable to the Taliban and their puppet-masters.

On May 8, during the commemoration of Victory Day, Russian President Vladimir Putin did not hesitate to compare the danger of this growing terrorist machine feeding on drug trafficking, to Fascism and Nazism. He denounced the peculiar variety of armed radicalism unleashed in southern Russia, stating that "fascism is only one example of extreme radicalism. At the end of the 1930s, Europe and the U.S. could not unite to prevent the Hitlerian aggression, and they paid a heavy price."

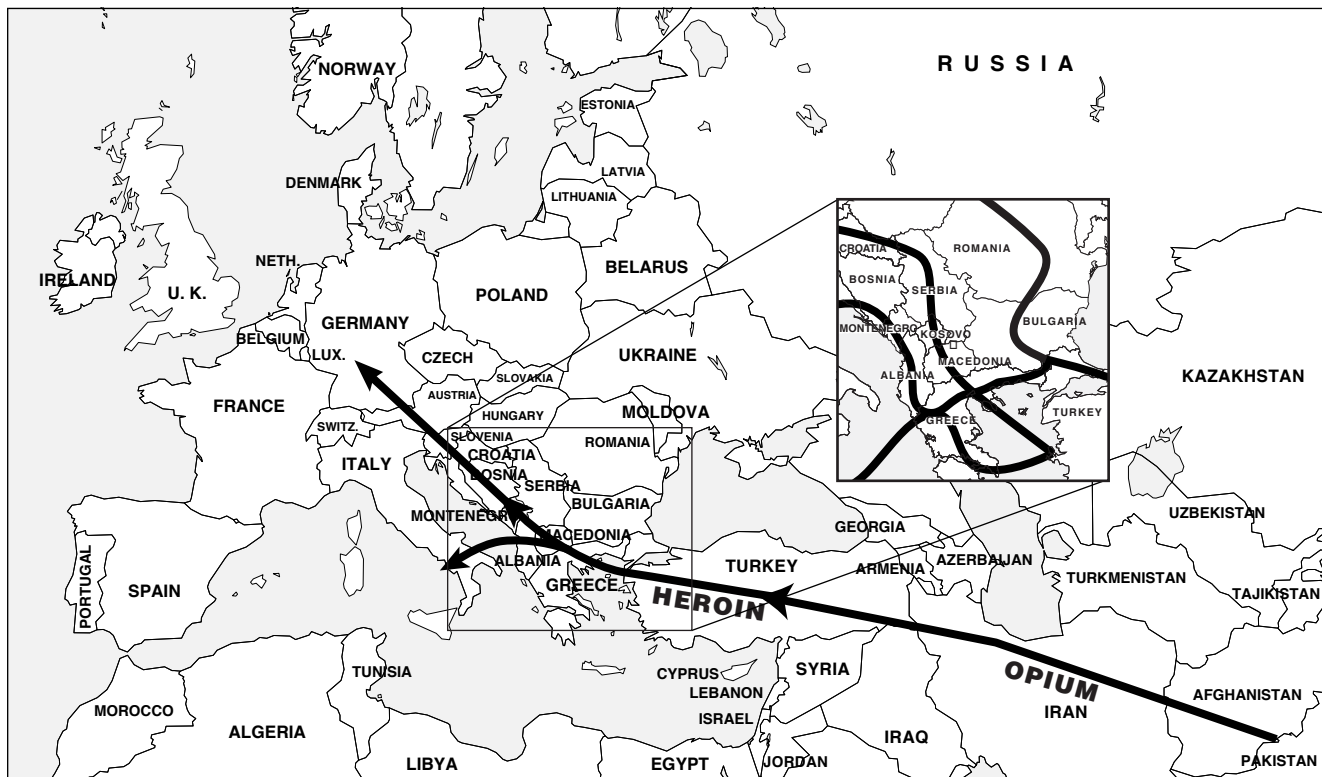
Of course, this destabilizing strategy coincides to the millimeter with Zbigniew Brzezinski, Samuel Huntington, et al.'s "Arc of Crisis" policy, that advocates an explosion of the Muslim areas from South Asia to the Balkans, to be unleashed against the "north" in an artificially triggered "Clash of Civilizations." Leaders in many Muslim countries are disgusted at the support the Taliban receive from the West, including the extreme ease with which the regime is able to procure any weapons system imaginable, while a policy of *de facto* or *de jure* embargo, deprives many other Muslim countries from procuring even the minimum of technology.

The Taliban-KLA Axis

On March 18, while his country was in the middle of fending off a ferocious and well-organized assault by the Kosovo Liberation Army aimed at provoking a bloody ethnic confrontation between Macedonians and ethnic Albanians, Macedonia's Prime Minister Ljubco Georgievski launched a dramatic appeal to the nation. "It is obvious that the international community cannot run away from the fact that this time we are dealing with the creation of a new Taliban by the Western democracies within Europe," he said. In a moment

FIGURE 10

'KLA-Taliban' Drug Route to Europe



Sources: NNICC; DEA; UN; EIR.

The map shows an area that goes from Western Asia to the Balkans. Eighty percent of the heroin traffic destined to Europe — an estimated market value of \$400 billion — is now produced in Afghanistan and Pakistan. The opium from this area is mostly refined into heroin in Turkey, and then shipped through the Balkan Route into Central and Northern Europe and to Italy. The Balkan Route is now controlled by the so-called Albanian or Kosovo Mafia, which supports and is meshed politically with the Kosovo Liberation Army.

The dramatic increase of opium production in Afghanistan goes back to the 1980s, when British and U.S. agencies sponsored the Islamic mujahideen who later produced the Taliban, the fundamentalist power in Afghanistan now, and the Osama bin Laden terrorist groupings. The heroin is shipped from Kosovo/Albania to the north and west, through the Otranto Canal into Italy. The Balkan Route includes also weapons, “white slavery,” rackets involving refugees, etc. A powerful new mafia formation (the “Sacra Corona Unita”) has emerged over the last year in Apulia, Italy, as the receiving point of this criminal escalation of the Taliban-KLA axis.

This road of crime is a major obstacle to the New Silk Road of Eurasian Land-Bridge development.

of existential danger for his country, the Prime Minister put his finger in the wound. He indicated in clear terms what was behind the well-armed, well-trained, and well-financed gangs that had invaded his country, using as their base a Kosovo province solidly under the control of NATO’s Kosovo Forces (KFOR).

“It the same old story. Ten [twenty—ed.] years ago we were arming and equipping the worst elements of the mujahideen in Afghanistan — drug traffickers, arms smugglers, anti-American terrorists,” said Michael Levine, former U.S. counter-narcotic agent and one of the most decorated agents of the U.S. Drug Enforcement Administration (DEA), in May 1999. “We later paid the price when the World Trade Center

was bombed, and we learned that some of those responsible had been trained by us. Now we’re doing the same thing with the KLA, which is tied in with every known Middle and Far Eastern drug cartel. Interpol, Europol, and nearly every European intelligence and counter-narcotics agency has files open on drug syndicates that lead right to the KLA, and right to Albanian gangs in this country.”

Levine explained that “my contacts within the DEA are, quite frankly, terrified, but there’s not much they can say without risking their job. The Albanian mob is a scary operation. In fact, the Mafia relied on Albanian hit-men to carry out a lot of their contracts. . . . And now, according to my sources in drug enforcement, they are politically protected.”

A good method to track down the cancerous growth of the “black spot” is to look at the traffic of illegal drugs, heroin in particular. Almost all of the heroin circulating in Europe comes through the Balkans. It is mostly produced from opium cultivated in the Taliban-dominated Afghanistan and refined in Turkey. It is distributed mostly by the so-called “Kosovo mafia,” whose military exorcism is known as the Kosovo Liberation Army (KLA) or the Ushtria Clirimtare e Kosoves (UCK), operating inside Serbia as the Liberation Army of Presevo, Medvedja, and Bujanovac (UCPMB), and in Macedonia as the National Liberation Army (UCK).

Before we look in some detail at the nightmarish history of the KLA, let’s establish some basic points concerning Afghanistan and the Taliban. It makes the KLA exploit much clearer.

Who are the Taliban? The word *talib* means religious student in Arabic, for which *taliban* is the plural. These were originally young boys and teenagers escaping or forced out of Afghanistan (under Soviet domination) and set up in refugee camps just across the border in Pakistan. The youth were indoctrinated in the most brutal and fanatic way. They became, billions of U.S. and European dollars of weapons aid and years of warfare later, the leadership of the country, imposing one of the most obscurantist and repressive regimes in recent history. And now, Afghanistan has become a center for training and organizing terrorist groups to be unleashed against neighboring countries. It has consolidated its control over opium production, and thus, the Taliban enjoy an inexhaustible financial reserve to pursue their aims.

The Taliban have come up a long way on the ladder of international organized crime activity, and many observers believe that such an escalation in such a strategic and controlled area of the world could not have happened by chance. Many point out that the leader of the mujahideen who went to fight in Afghanistan, under the sponsorship of Western agencies, was Osama bin Laden—the scion of a prominent Saudi family, who is now the most wanted terrorist in history. (See also “Foreign-Backed Taliban Armies Threaten Central Asia,” *EIR*, Sept. 8, 2000.)

Bin Laden, Bush, Afghanistan, and Texas

Reportedly, Osama’s half-brother, Sheikh Salem M. bin Laden, was in Texas at the time of the Soviet invasion of Afghanistan in 1980, in charge of his family’s business. The family is one of Saudi Arabia’s richest and most powerful, and owns one of the biggest construction companies in the Middle East. Was Salem involved in the most crucial part of the bin Laden Afghan operation, namely, the logistics and supplies? According to a PBS Frontline report, “There was also a political aspect to Salem bin Laden’s financial activities. . . . Salem bin Laden played a role in the U.S. operations in the Middle East and Central America during the ’80s.” In fact, Salem was gravitating to the highest political, financial, and economic circles in Texas, where he had arrived in 1973.

He also started his own air company, Bin Laden Aviation, which was incorporated in Austin.

In 1976, he nominated another expert in air transportation, James Bath, as his trustee. As Pete Brewton, Texas’ most informed investigative journalist, put it: “[In 1976] Bath got a huge break. He was named as a trustee for Sheikh Salem bin Laden of Saudi Arabia, a member of the family that owns the largest construction company in the Middle East. Bath’s job was to handle all of bin Laden’s North America investments and operations.”¹

Bath was an aircraft broker in Houston, a businessman involved in several private air cargo companies. Apparently, the relation with Salem bin Laden coincided with an escalation of his activities. He bought several planes from Air America, the company reputed to be an intelligence front, and in 1979, became the partner of George W. Bush. Bush’s father, the future President, had only recently completed a brief stint in 1976-77, as director of the Central Intelligence Agency. In 1979, Bath became George W. Bush’s partner in an oil company called Arbusto (Spanish for “bush”).

As the *Progressive Review* explained in 1992, “In 1979, George W. Bush begins operations of his oil firm, Arbusto Energy. He assembles several dozen investors in a limited partnership including Dorothy Bush, Lewis Lehrman, William Draper, and James Bath, a Houston aircraft broker who bought several planes from Air America, a CIA front. Bath’s firm appears to be owned by Saudi investors. He also was a part-owner of a Houston’s Main Bank, along with a couple of BCCI [Bank of Credit and Commerce International, later prosecuted and shut down as a money-laundering bank] figures.”

Also interesting is another Texas account of this story by Jerry Urban in the *Houston Chronicle*, June 4, 1992. “The Financial Crimes Enforcement Network—known as FinCEN—and the FBI are reviewing accusations that entrepreneur James R. Bath guided money to Houston from Saudi investors who wanted to influence U.S. policy under the Reagan and Bush Administrations, sources close to the investigations say. . . .

“According to [Bath’s former real estate business associate Bill] White, Bath told him that he had assisted the CIA in a liaison role with Saudi Arabia since 1976. Bath has previously denied having worked for the CIA. . . . Bath received a 5% interest in the companies that own and operate Houston Gulf Airport after purchasing it on behalf of bin Laden in 1977.”

Salem bin Laden died in a 1988 plane crash. Bin Laden Aviation was immediately dissolved. The PBS Frontline web page, in its report entitled “Origins of the bin Laden Family,” said that “Salem bin Laden’s accidental death revived some speculation that he might have been ‘eliminated’ as an ‘embarrassing witness.’ ”

1. Pete Brewton, *The Mafia, CIA and George Bush—Corruption and Abuse of Power in the Nation’s Highest Office* (New York: S.P.I. Books, 1992).

Opium War on Russia and West Europe

In the years of Salem bin Laden's business activities in Texas and Osama bin Laden's guerrilla activities in Afghanistan, the Afghan "operation" was not seen as embarrassing in the official world of Washington or London. Contrary to the dirty connection of the U.S. National Security Council's Lt. Col. Oliver North with the Nicaraguan Contras, the support for the Afghan "freedom fighters" was official, including substantial funds approved by the U.S. Senate. Afghanistan, Pakistan, and the surrounding area paid a high price for this policy. The country was destroyed not only physically, but also culturally; now, also in the grip of a terrible three-year drought, it is comparable to Pol Pot's Cambodia.

An integral part of the policy was the increase in opium production. The drug addiction statistics available for Pakistan, explain the terrible crime committed there. Pakistan has the highest number of heroin addicts per capita in the world. In 1980, before the start of the Afghan operation, there was virtually no consumption of heroin in Pakistan.

In 1988, when the Soviet troops withdrew, Afghanistan and bordering areas in Pakistan were producing about 955 tons of opium per year, one-third of the world's production. A tremendous financial resource was placed in the hands of the Taliban. The opium, refined mostly in Turkey, was smuggled into Europe by the Turkish mafia, which dominated the so-called Balkan Route, previously given the misleading name of the "Bulgarian Connection." Heroin was coming into Europe through Yugoslavia, and part of it was consistently shipped into Italy from Albania and Montenegro.

But suddenly, a new organized-crime cartel emerged, the Albanian mafia, or better, the Kosovo mafia.

In 1996, the DEA, in a report prepared for the National Narcotics Intelligence Consumers Committee, stressed: "Drug-trafficking organizations composed of ethnic Albanians from Serbia's Kosovo Province were considered to be second only to Turkish groups as the predominant heroin smugglers along the Balkan Route. These groups were particularly active in Bulgaria, the former Yugoslav Republic of Macedonia, and Serbia. Kosovan traffickers were noted for their use of violence and for their involvement in international weapons trafficking. There is increasing evidence that ethnic criminals from the Balkans are engaged in criminal activities in the United States and some of that activity involves theft of licit pharmaceutical products for illicit street distribution."

In the section on Southwest Asia, the report noted: "Despite the country's political shift to Islamic fundamentalism, Afghanistan maintained its position as the second largest producer of opium in the world." The report pointed out that Afghanistan's opium production went through "six straight years of increases during which the crop more than tripled." It also admitted, that "according to the United Nations Drug Control Program (UNDCP), total opium production is much higher [than the DEA's figures]. Relying on an in-country survey of Afghan opium poppy farmers, the UNDCP esti-

mates a potential opium yield of 2,336 metric tons from 56,824 hectares of opium poppies."

In a euphemistic passage, the DEA's report noticed with disappointment that "despite early pronouncements on their aversion to drug cultivation and production, the Taliban appears to have reached an accommodation with opium poppy farmers." It was much more than an "accommodation," of course. From then on, the Taliban's opium invasion of Europe increased, and with it, the power and the criminal machine of the Kosovo mafia and the KLA skyrocketed as well.

Several intelligence reports have stated that bin Laden and his organization, al-Qaeda, have both trained and financially supported the KLA. Bin Laden has been connected to one of the most prominent "staging areas" for the KLA, before the terrorist organization took over Kosovo with the help of 78 days of air bombing and war by NATO in 1999. The "staging area" is the Albanian town of Tropoje.

KLA: From Hoxha to Albright

Though the KLA emerged in the international media only at the end of the 1990s, the organization goes back at least to 1982, when the Albanian dictator Enver Hoxha—who controlled Albania with an iron fist and a cult-like radicalism from World War II to the early 1980s—was pushing with every means the Greater Albania project. The first modern sponsor of Greater Albania was Hoxha, who called for the union of all Albanians—including Albania, Kosovo, the southern part of Serbia, the northwestern part of Macedonia, the northern part of Greece—especially after the death of Yugoslavia's President Josip Broz Tito in 1980.

The Kosovo radical hard-core created international centers in Switzerland, Germany, and other European cities, in addition to Hoxha's Albania. The KLA's original core went through a large number of elaborated Marxist-Leninist party names, mixing up the idea of Greater Albania with radical Hoxha thought.

They were kept in a state of political suspended animation, with minor spurts of activity, until Bosnia's Dayton Peace Agreement in 1995. Then they were activated to take advantage of the wave of resentment which spread through the Kosovars for having been "left out" of the Dayton agreement (the province had lost its autonomy in 1989, in a Serbian decision pushed through by then emerging leader Slobodan Milosevic).

Of course, there were a lot of political activities in Kosovo itself among the ethnic Albanians, but these had nothing to do with the KLA. The Kosovars formed a sort of self-declared autonomy under the leadership of Ibrahim Rugova and his Democratic League of Kosovo (LDK); Rugova advocates nonviolence and was known as the "Gandhi of the Balkans." Still now in Kosovo, despite the KLA terror regime, Rugova has the support of the ethnic Albanians. However, the KLA usurped Rugova's leadership thanks to two elements: first, the unconditional support of U.S. and British leaders, in par-



This map is taken from the website of the Kosovo Liberation Army, and demonstrates concretely that the territorial ambitions of “Greater Albania” are those of 1878, the year of the Berlin “great powers” conference which carved up the Balkans in the first place. It presents the borders of the four Albanian vilayets (administrative entities) during the Ottoman Empire. The dotted lines represent the borders of today’s sovereign nations, and of provinces such as Montenegro and Kosovo in the Balkan region. The darker shaded areas are, supposedly, Albania in 1878.

The KLA’s Greater Albania targets large chunks of Greece, Montenegro, Yugoslavia, more than half of Macedonia, the whole of Kosovo, and even a part of Bosnia. The KLA has chosen a map drawn in 1878. The Congress of Berlin of that year arbitrarily redrew the whole map of the Balkans on racist ethnic lines, creating a legacy that led to the instability—later known as “balkanization”—and successive wars in the area.

The KLA website choice demonstrates the close understanding between the mafia-sponsored gangs and the plan pushed by Lord David Owen and Sir Henry Kissinger, for a “new Berlin Congress” to redraw today’s Balkans map according to criteria of “ethnic purity.”

particular then-U.S. Secretary of State Madeleine Albright (a protégé of George Soros and Zbigniew Brzezinski) and British Prime Minister Tony Blair; and second, the support of the Kosovo mafia.

At the 1999 negotiations supposedly to peacefully settle

the turmoil between Serbia and Kosovo, in Rambouillet, France, Albright imposed the young KLA political leader, Hashim Thaci, rumored to be the scion of an important family at the center of organized crime in Kosovo, as the top representative of the ethnic Albanians. Rugova was pushed brutally aside. In fact, the KLA had been engaged for a long time in a “manhunt” against Rugova and his leading officials, using intimidation, violence, even murder. The KLA had dedicated more time and resources to attacking ethnic Albanians around Rugova, than it did to opposing the Serbian regime. As we shall see, the same tactics are being repeated right now in Macedonia.

Rugova himself had expressed some perplexity when the KLA began escalating its terror activities, expressing his suspicion that the guerrillas could just be provocateurs, sponsored by Yugoslav President Milosevic, to provide the pretext to bring Kosovo again under control.

At the moment of the so-called peace negotiations in Rambouillet, a NATO assault on Serbia, Montenegro, and Kosovo had already been decided. The use of the KLA gangs inside Kosovo, especially to “triangulate” and guide the air bombings from the ground, had also been decided. The training of the KLA had been going on for a long time.

The Colombia of Europe

The NATO air campaign increased the power of the Kosovo mafia dramatically, in terms of its criminal activities and its control over the population, by eliminating every obstacle, even the vestige of a narcotics police. The bombing campaign also fed the KLA’s predisposition to broaden its area of control, starting with Serbia and Macedonia.

One year after the bombing, when many think-tanks made their first thorough analysis, the situation looked appalling. NATO’s 78 days of bombings had included the use more than 1,000 aircraft to fly more than 38,000 “sorties” at a cost estimated in the tens of billions dollars. About 40,000 men had been deployed in Kosovo, while reconstruction had not taken place at all. But the KLA, under the NATO umbrella, became the absolute master of Kosovo, and the Kosovo mafia became one of the leading criminal organizations in the world. Another year later, at the beginning of 2001, the KLA was ready to launch its well-organized expansionist assault on two sovereign countries, Macedonia and Yugoslavia, using NATO-administered Kosovo as its base.

Under the cease-fire agreement of June 1999, the KLA was supposed to disarm and disband. The 5,000 KLA guerrillas were to join the unarmed, civil protection Kosovo Protection Corps (KPC) under the leadership of the KLA military commander, Agim Ceku. Ceku is a former general in the Croatian army, reportedly trained by Military Professional Resources, Inc. (MPRI), a U.S. firm based in Alexandria, Virginia. MPRI includes on its board some of the highest-level retired U.S. military officers and is specialized in “pri-

Rapprochement Among Serbia, Croatia, Bosnia

Serbian Prime Minister Zoran Djindjic was in Sarajevo with a trade delegation on June 12, for meetings with the government of Bosnia-Herzegovina, to discuss economic cooperation, including protection of investments, a ban on dual taxation, and ways to regulate smooth money flow between Bosnia-Herzegovina and Serbia.

The day before, the Interior Ministers of Yugoslavia, Croatia, Bosnia-Herzegovina, and the Republika Srpska, which is part of Bosnia-Herzegovina, met in Belgrade, to discuss cooperation in the fight against organized crime and illegal immigration. At the meeting, a joint monitoring group was established, as had been agreed upon a month earlier.

On June 9, Yugoslav President Vojislav Kostunica and Croatian President Stipe Mesic, meeting at an informal summit of Eastern and Southeastern European heads of state in Verbania, Italy, issued a joint declaration, stressing that neither of them had any territorial ambitions in Bosnia, and that a stable Bosnia was in the best interest of both their countries. They want a complete normalization of bilateral relations, including guarantees of minority rights, return of refugees, and clarification of the fate of missing persons, Kostunica and Mesic declared. They also called for the free exchange of persons, goods and ideas.

No less important is the fact, that after being disrupted for ten years, the rail line connecting the Croatian capital, Zagreb, to the Bosnian capital, Sarajevo, has been reopened, and a regular daily train connection established as of June 12. — *Alexander Hartmann*

vately” arming, training, and “advising” foreign governments and foreign groups, including the KLA (see box, page 23).

The KLA is better armed than ever, according to observers, and based on the findings of secret weapons caches in Kosovo, Serbia, and Macedonia. Evidence is also piling up that the structure of the KLA-KPC coincides with that of the Kosovo mafia. The Albright-sponsored Thaci continues to be the political leader of Kosovo, despite the fact that his political adversary, Ibrahim Rugova, can still count on the large majority of the Kosovo-Albanian votes. “Kosovo is set to become the cancer center of Europe, as Western Europe will soon discover,” stated Marko Nikovic, vice-president of the New York-based International Narcotic Enforcement Officers As-

sociation, speaking to the London *Guardian* March 13, 2000, one year after the NATO bombing campaign had officially installed the KLA in power in Kosovo.

“It is the hardest narcotics ring to crack, because it is all run by families,” said Nikovic, who estimated that as of March 2000, the Kosovo mafia was handling between four and a half and five tons of heroin a month, and growing fast, compared with two tons per month before NATO and the KLA took over the province. “It’s coming through easier and cheaper, and there is much more of it. The price is going down, and if this goes on, we are predicting a heroin boom in Western Europe, as there was in the early ’80s” — i.e., the boom due to the increase in opium production in Afghanistan and Pakistan during the Afghanistan war. Sources in the Balkans have confirmed that the Kosovo mafia bosses, divided into four major families, are concentrating even more on Western European and U.S. markets. A high-level informant admitted, “There is nobody to stop them.”

“Kosovo is the Colombia of Europe,” Nikovic explained. “When Serb police [during the ruthless retaliation for the KLA assassination of Yugoslav police officers, which led to the NATO intervention] were burning houses in Kosovo, they were finding heroin stuffed in the roof. As far as I know there has not been a single report in the last year of KFOR seizing heroin. You have an entire country without a police force that knows what is going on. Everything is worked out on the basis of the family or clan structure—their diaspora have been in Turkey and Germany since Tito’s purges, so the whole route is set up. Now they have found the one country between Asia and Europe that is not a member of Interpol.”

NATO Troops Do Not Police

Under the NATO protectorate, Kosovo organized-crime activities have been left *officially* undisturbed for a long time. “Generals do not want to turn their troops into cops. . . . They don’t want their troops to get shot pursuing black marketeers,” a top NATO official in the Brussels headquarters told a reporter.

“The KLA is indebted to Balkan drug organizations that helped funnel both cash and arms to the guerrillas before and after the conflict,” according to a report published by the U.S.-based *Stratfor Global Intelligence* on March 3, 2000, entitled “Kosovo: One Year Later.” “Kosovo is the heart of a heroin trafficking route that runs from Afghanistan through Turkey and the Balkans and into Western Europe. . . . The KLA must now pay back the organized crime elements. This would in turn create a surge in heroin traffic in the coming months, just as it did following the NATO occupation of Bosnia in the mid-1990s. . . . The route connecting the Taliban-run opium fields of Afghanistan to Western Europe’s heroin market is dominated by the Kosovo Albanians; this ‘Balkan Route’ supplied 80% of Europe’s heroin. The U.S. government has been—and likely continues to be—well aware of the heroin

trade coming through Kosovo, as well as the KLA connection. . . . For the KLA, the Balkan route is not only a way to ship heroin to Europe, but it has also acted as a conduit for weapons filtering into the war-torn Balkans.”

According to a NATO report which surfaced in June 1999, after the end of the bombings, “the smugglers” either trade drugs directly for weapons or buy weapons with drug earnings in Albania, Bosnia, Croatia, Cyprus, Italy, Montenegro, Switzerland, or Turkey. The arsenal of weapons smuggled into Kosovo has included: anti-aircraft missiles, assault rifles, sniper rifles, mortars, grenade launchers, anti-personnel mines, and infrared night vision gear.

More Powerful Than a State

On Feb. 1, 1995, the British *Jane's Intelligence Review*, considered very close to intelligence circles, wrote an analysis called “The Balkan Medellín,” which described a scenario in which Macedonia would become the target of “Albanian narco-terrorism,” especially using the “Albanian-dominated region of western Macedonia,” an area dominated by drug trafficking that makes it much “richer” than the rest of Macedonia.

In fact, the *Jane's* report was pointing to the well-known fact that the border area between Kosovo, Albania, Serbia proper, and Macedonia has been, at least since the 1970s, an important center for illegal activities. Of course, until the collapse of Yugoslavia in the early 1990s there was no border between Kosovo, Macedonia and Serbia proper. Albania was a rigidly isolated country; however there were still many relations and exchanges between Albania and the Albanian community in Kosovo. This situation was exploited fully by the Albanian mafia, and Kosovo became an area of choice, because of the ease of running traffic through this province. It was in this cross-border area—including southern Serbia, western Macedonia, and northern Albania, with Kosovo at its center—where the illegal smuggling had established a well-organized logistical apparatus, that the KLA emerged. This trans-border area is also the region that is supposed to constitute “Greater Albania.”

“The Albanian-dominated region of Western Macedonia accounts for a disproportionate share of Macedonia’s shrinking GDP,” reads the 1995 *Jane's* report. “This situation has strengthened Albanophobic sentiments among the ethnic Macedonian majority, especially as a great deal of revenue is thought to derive from Albanian narco-terrorism as well as associated gun-running and cross-border smuggling to and from Albania, Bulgaria and the Kosovo province of Serbia. This rising Albanian economic power is helping to turn the Balkans into a hub of criminality. . . . [The Albanian mafia is] closely associated to the powerful Sicilian mafia. If left unchecked, this growing Albanian narco-terrorism could lead to a Colombian syndrome in the Southern Balkans, or the emergence of a situation in which the Albanian mafia becomes powerful enough to control one or more states in the

region. In practical terms this will involve Albania or Macedonia or both. Politically, this is been done by channeling growing foreign-exchange profits from narco-terrorism into local governments and political parties.”

In other words, the 1995 British report was presenting the scenario that was later on actually implemented by the KLA. As of this writing, in June 2001, what is at stake in the ongoing KLA assault on Macedonia is whether the KLA mafia has become powerful enough to “break away” from its high-level sponsors, and whether it is ready to take control of Macedonia, after having taken over large part of Albania and the totality of Kosovo.

Concerning the Sicilian mafia. It is important to note that a whole new mafia branch has developed with a dramatic accumulation of power, as a direct consequence of the Albanian mafia escalation. It is the mafia based in Apulia, just across the Otranto Canal from Albania. It calls itself *Sacra Corona Unità* (Holy United Crown).

Confirming the existence of an integrated organized-crime network across the Yugoslavia-Albania borders, later used to develop the KLA structure, was a June 1994 report by The Geopolitical Drug Dispatch. The Dispatch, a French center for research and analysis on drug traffic that advises governments, in a report titled “Guns and Ammo for ‘Greater Albania,’ ” pointed out: “Heroin shipment and marketing networks are taking root among ethnic Albanian communities in Albania, Macedonia and the Kosovo province of Serbia, in order to finance large purchases of weapons destined not only for the current conflict in Bosnia, but also for the brewing war in Kosovo. Hence on May 18, as part of a ten-month-old operation code-named ‘Macedonia,’ the Italian police dismantled a major Italian-Macedonian network and seized 40 kilograms of heroin produced in Turkey and shipped to Italy via the Balkans.

“In recent months,” the report continues, “significant quantities of heroin have been seized in Switzerland, Germany, Italy and Greece, from traffickers who usually hail from Pristina (the Kosovo capital), Skopje (capital of Macedonia) or Skorda (a large town in Northern Albania).”

Target: Macedonia

Nikola Dimitrov, the National Security adviser of Macedonian President Boris Trajkovski, told the March 21, 2001 *Newsweek* that “Kosovo has become the combined Afghanistan and Colombia of the Balkans. There is no rule of law, no ethnic tolerance, no human rights. Not even an economy, except foreign aid and organized crime.” His interviewer, not a Macedonian sympathizer, concluded: “A year ago, that sweeping denunciation would have been easy to dismiss as Slav rhetoric. Now it has begun to sound plausible.”

The first KLA invasion of Macedonia from Kosovo at the beginning of 2001, had produced a political shock in the country’s leadership, especially when their strong protest to NATO was met with evasive statements by the Secretary



At a rally in Washington, D.C. of Macedonians living in the United States, leader Nestor Oginar rallied his compatriots to fight the civil war scenario for his country, by organizing for the European Land-Bridge and New Bretton Woods alternative of LaRouche.

General, Lord George Robertson, and the other military leaders responsible for Kosovo. Confronted with the dramatic emergency appeals of the Macedonians, the NATO officials repeatedly replied that, first, they were trying to seal the borders, but they really did not see any invasion; second, that Macedonia should react in a peaceful way and try to negotiate with the aggressors; and third, the invasion looked like an internal uprising against the government, and had little to do with outside factors.

The attitude of Lord Robertson and his co-thinkers was even more insulting because it was known in many quarters, that Tanusevci, the Macedonian village just across the Kosovo border, which the KLA had been occupying for weeks, was one of the “secret” weapons depots that the KLA had already built up at the time of the NATO bombing of Kosovo. Reportedly the Macedonian authorities had been asked to close one or both eyes, because this operation concerned the war against the Serbs and those weapons were never to be used against Macedonia.

To illustrate how the military and the criminal sides of the operation are connected, it is enough to point out that the same, very high mountain village of Tanusevci had been for many years one of the smuggling centers to and from Kosovo.

In other words, it had been one of the bases of operation for the Kosovo mafia. According to observers, the Kosovo mafia’s territorial and logistical structures correspond almost identically to the KLA logistical structure on the ground.

Furthermore, the Macedonian authorities knew precisely who the man in charge was for the Tanusevci operation: Xhavit Hasani, an ethnic Albanian born in Tanusevci, who is a KLA member wanted in Macedonia for shooting a policeman. He was also arrested in Kosovo by the KFOR troops following the murder of Serb civilians.

On March 18, Prime Minister Georgievski broke the spell that had paralyzed the country after the Tanusevci invasion and made his dramatic denunciation of Western support for the “Taliban of Europe.”

In that televised appeal to the nation, the Prime Minister said also: “It is not a secret for us that this aggression has been prepared, organized, and conducted with logistics support of parties and structures from Macedonia’s northern neighbor. We refer to the political structure from Kosovo. We cannot agree with some assessments that developments in Macedonia are not a result of a spillover of the Kosovo crisis, an aggression from Kosovo against Macedonia. The reason [for this assessment] is very simple: if the international community admits that there is an aggression from Kosovo, then its Kosovo policy for the last two years has been wrong.”

On March 23, at the summit of the European Union heads of state in Stockholm, Russia President Vladimir Putin gave his support to his Macedonian counterpart, Boris Trajkovski. The KLA attack must be faced “in a robust manner,” said Putin, comparing the Macedonian situation to Chechnya. When, in 1996, Russia withdrew its troops from Chechnya, the rebels attacked Dagestan. “Had we not taken adequate measures of reaction, we would have faced much wider problems these days,” he said. If unchecked, the KLA terrorism “will create the conditions for shaking Europe in its very heart.”

More recently, on May 24, Macedonia began to react to the second KLA “shock,” the invasion of a group of villages just north of Skopje in the region of Kumanovo. The terrorists used several thousand civilians as “human shields.” And what is Kumanovo? One of the main centers for the Kosovo mafia; an area where the mob traditionally enjoys a high level of social control. Reportedly the area has hosted one of the most modern heroin-processing facilities.

The IMF and the Mafia

To conclude this overview, it is necessary to emphasize one point: Though the KLA operation had been prepared for many years, and, as we see, its connections are international, the trigger element was represented by the financial, political, and social collapse of Albania in 1997, following the explosion of the infamous financial pyramid scheme. Many Albanians who were told to invest all they had in these cancerous speculation schemes — presented as the epitome of the “free

market” — had lost everything in a matter of days.

It was a gigantic looting operation of the poorest country in Europe. The International Monetary Fund (IMF) had provided the *coup de grâce* when it demanded that the Albanian government and Parliament not pass an already finalized bill, requiring a “safety” deposit, before engaging in “pyramid” speculation. The crash was mercilessly destructive.

Reportedly, the loot ended up in the safe of some very prestigious Western banks. The consequence was an explosive rebellion, the collapse of the state, and the criminalization of a high percentage of the population. Many Albanians became, from one day to the next, refugees, black marketeers, cannon fodder for the mafia clans, ready to do everything to survive. The organized-crime groups (with close links with the Italian Mafia) rapidly took over the pieces and fed on the misery and destruction of a whole country.

So, nobody should pretend to be surprised at the expansion of the organized-crime activities, at the sight of the escalation of prostitution, smuggling, trading in refugees, at the sight of the mass of human beings degraded and sold, as in the darkest days of feudalism. The cause of that degradation is to be found in those “foreign investors” and those “financial institutions.”

One of the consequences of the resulting uprising was the looting of the Albanian armories. A UN study reveals that at least 200,000 Kalashnikov automatic assault weapons from Albania ended up in the KLA arsenals. A large number of them ended up in the black market, sold or exchanged for drugs. At that point, in the opinion of many observers, the situation became irreversible.

But the 1997 explosion had deeper roots. The “free-market” reforms imposed on Albania in 1992 by the IMF and the World Bank had weakened its economic system. It is symptomatic that the financial pyramid schemes, a legalized form of gambling, were strongly “suggested” by the foreign creditors, which grew like mushrooms following the “loan-shark” policy of the IMF. After having devoured the Albanian assets privatized by the government under the IMF’s prod, they demanded more.

In Albania and in Kosovo, many youth and teenagers, surrounded by an upside-down world dominated by fear, rage, and an abysmal injustice, were easy prey of the KLA recruiting. From a few hundred men, the KLA became rapidly an army.

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In Belgrade, a Way Out of Bloody Warfare

by Elke Fimmen

On June 7-8, a German-French delegation of the Schiller Institute was invited to Belgrade and Novi Sad, Serbia, by the Institute for Economic Sciences. Jacques Cheminade of France and Elke Fimmen of Germany, spoke at a seminar on the theme, “The World Financial System in the process of Globalization — Is There Only One Solution?” chaired by the director of the economics institute, Prof. Mile Jovic.

Thirty guests, including university professors, government representatives and parliamentarians, as well as several press and institutions, attended the seminar. The following day, a conference took place, under the aegis of the Belgrade institute, together with the university’s Department of Technical Sciences in Novi Sad. Radio Belgrade, which is broadcast nationally, aired an interview with Cheminade and Fimmen.

Great interest was shown, not only in their detailed analysis of the systemic collapse of the world financial system, and the economic situation of the United States, but also in the strategic alternative proposed by Lyndon LaRouche, in the New Bretton Woods system and the Eurasian Land-Bridge. Yugoslavia, which joined the Bretton Woods agreements in 1948, had played an important role in the Non-Aligned Movement, under Josip Broz Tito. And, historically, an important alliance with countries like India and China, as well as, of course, Russia, has grown up.

What attracted enormous attention, on the part of the participants in the seminars, was the Schiller Institute’s manner of dealing with the devastating International Monetary Fund (IMF) shock therapy, privatization, and deregulation policies, and counterposing to them, the reconstruction and development of the real economy, particularly around infrastructure. Equally interesting, was the financial instruments required for this, in terms of credit creation, reflecting the historical precedents of Franklin Deland Roosevelt’s New Deal, Charles de Gaulle’s dirigistic economic planning, or the German Kreditanstalt für Wiederaufbau (Credit Bank for Reconstruction).

No Reconstruction, Except for the Mafia

The economic condition of the country is devastating: With the hyperinflation of 1992-93 and the economic embargo during the war against Croatia and Bosnia-Herzegov-

ina, the population became impoverished, while the mafia flourished. In 1999, the NATO bombing attacks against Yugoslavia, finished off the job. Essential infrastructure, such as the bridges over the Danube, railway links, and important big industrial installations were destroyed. Since the end of the war, two years ago, there has been a lot of talk coming out of the West, but almost nothing has been rebuilt.

Until October last year, Milosevic was the “reason” for this hesitation, but this is no longer acceptable. Still very little has happened, except for the activities of the financial vultures, who, with the help of the IMF measures, are trying to pick up the remaining jewels of the economy. In a private discussion, a representative of the Organization for Security and Cooperation in Europe (OSCE) said openly, that there was simply no interest in rebuilding the country’s economy.

For example, of the four bridges which once served the important northern city of Novi Sad and its 300,000 residents, only one road bridge has been rebuilt. And it is in the bridges, that the water supply system is integrated. The railway bridge was repaired quickly, because it is the link between Hungary and Greece, but it is only temporary. Another bridge is lying in the Danube, which could be rather easily rebuilt, because the pieces have not been fully destroyed. And then there is a pontoon bridge, which must urgently be replaced by a regular bridge, in order for the Danube to finally become navigable again, as an important European waterway.

In Novi Sad, people could not understand why the Danube bridges in the northernmost area of Serbia, which has nothing to do with Kosovo, were bombed in 1999 by NATO, and why the Europeans have been sitting idly by, instead of making the Danube navigable again. Such questions led to discussion of the Anglo-American inspired geopolitical background to the destabilization of Europe, after the collapse of Communism, in which the Balkan wars of the first half of the 1990s played an important role, in preventing a healthy integration of Eastern and Western Europe, and destroying the Balkans as a bridge to the Near East and Asia.

Building Not Only over the Danube


In Novi Sad and Belgrade, where the Sava and the Danube converge, one can grasp the strategic significance of the country. Except for the street signs in Cyrillic, Belgrade does not appear different from any other Central European city, with its roads and parks from the 19th Century, and its areas of new buildings. The beautiful city of Novi Sad is strongly influenced by the Austro-Hungarian tradition, while in its southern quarters, there are 18 Orthodox monasteries.

In Fimmen and Cheminade’s discussions, it became clear that, following the policies of the last decade, which have led to the economic and political ruin of the country, people are seeking new alternatives. The IMF policy of privatization

and deregulation, which is being pushed from abroad, as the condition for “aid,” will give the devastated country no promise for the future. It is vividly recalled, that it was precisely this sort of “medicine,” which under the advice of IMF guru Jeffrey Sachs, laid the groundwork for the breakup of Yugoslavia.

At that time, the central government in Belgrade had, under IMF pressure, rejected existing infrastructure plans for the republic and for links to other states in the region and the rest of continental Europe. Instead, the IMF programs for monetary shock therapy, with mass layoffs, factory closures, and prioritized payments of foreign debt service, were forced through, with disastrous consequences.

The LaRouche-Riemann concept of physical economy, as presented by Cheminade, struck a chord that has to do with the tradition of scientific and technological progress of the Yugoslavia of yesterday. Along with all the the insecurity regarding the developments in Kosovo, southern Serbia, and Montenegro, it was clear that far-sighted political forces want to build a true bridge, in a future in which the Balkans may finally play a productive role with Europe. Such a common vision in the context of the Eurasian Land-Bridge, provides the foundations for the states in the region to avoid being manipulated into more bloody wars, and to overcome the horrible experiences of the last decade.

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Croatian Voices Urge Economic Policy Change

by Faris Nanic

The end of May is “Mayday” for Croatia’s economic future. On one side, the government is expected to come out with its long-awaited economic strategy that was promised by the coalition parties before elections that brought the landslide victory of the anti-HDZ party forces. On the other side, more independent economists, analysts, and scientists are raising their voices against a suicidal economic policy.

The government policy resulted in 400,000 officially unemployed (a 15% increase in the last two years), 100,000 employed who receive no salary, 200,000 employed at a minimum salary (\$150-250 per month), and 100,000 emigrants, mainly university-educated people, who have left the country in the past decade. Croatia has 4.5 million inhabitants, out of whom around 1.1 million are eligible for employment. It also has more than 1 million retired people, who are expected to be sustained by the State Pension Fund, largely looted, which operates by borrowing from the National Bank. Industrial production has shrunk to 40% of its pre-war level. So-called privatization income (a euphemism for selling what the previous generations created) will drastically decrease this year, because there is nothing left to sell. This will further increase unemployment.

An Alternative Economic Strategy

At the end of May, the president of the Scientific Committee for Economic Research of the Croatian Academy of Sciences, Prof. Jakov Sirotkovic, announced the Academy’s “parallel” economic strategy. This strategy will most likely serve as a counterweight to the government proposals. The Academy produced a brochure that firmly opposes the government’s chosen path as the way out of the crisis the country is in. Professor Sirotkovic claims that he has no illusion that the proponents of the government economic policy will consider the very sharp critiques and suggestions his committee has submitted. Namely, the committee says the government has made no significant changes in its approach toward development and current economic policy, compared to the previous authorities.

Sirotkovic thinks that the government made a bad choice in engaging the same group of “experts” from the economic institutes that had authored the economic strategy for the previous government, a strategy that was proven to be wrong. He characterizes that strategy as an extension of the three-year fiscal projections that were made by the Finance Ministry

to necessitate the latest, obviously disastrous agreement with the International Monetary Fund (IMF). This, says Professor Sirotkovic, is a contradictory document, because even those well-positioned goals built into the IMF agreement cannot be reached by the measures proposed.

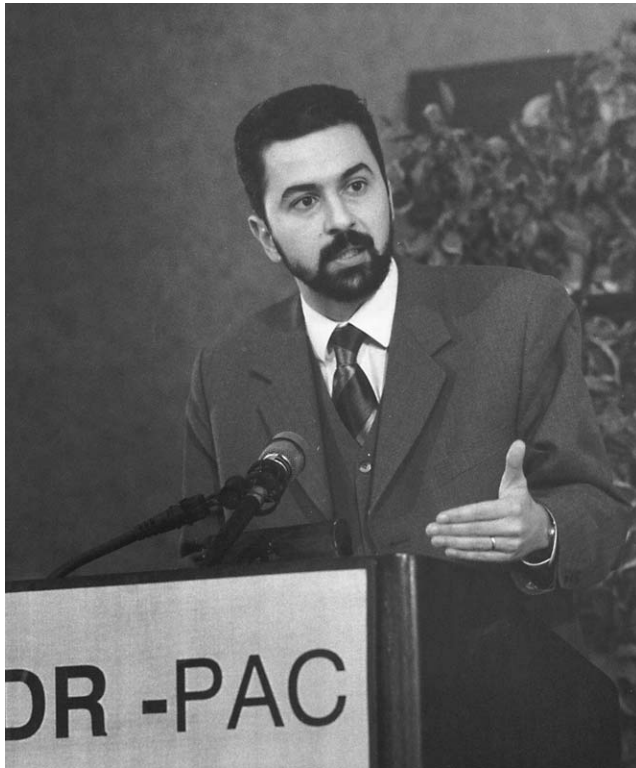
According to Sirotkovic, the government’s current economic policy is a result of compromise and ignorance. This is why the government relies upon “unfounded” analyses, rejecting scientific aid. He also thinks that some sane economists, such as Prof. Stjepan Zdunic, Presidential adviser for economic affairs, and Prof. Zvonimir Baletic, who cooperates with the government, have only marginal influence. Some ministers, responsible for overall economic policy, strongly, and sometimes viciously reject all proposals coming from Zdunic, reflecting a deeper gap between the President of Croatia, Stipe Mesic, and the rest of the government, in the conduct of economic policy.

New ‘Shadow Government’: International Bankers

The economic commentator of the opposition *Novi List*, Ivo Jakovljevic, notes that unemployment doubled under the past regime, and concurrently, the majority of the banking system was turned over to foreigners after almost 50% of its debts were assumed by the state budget. He also thinks that Prime Minister Ivica Racan vaguely remembers the still very vivid strategy of the HDZ party from the second half of 1990, in which 87% of the banking system was sold off, mainly to foreigners. That policy is being followed by this government, in terms of selling everything possible, yet Racan still thinks he has enough power to effect a recovery.

Selling off all important assets (banks, insurance companies, trading firms, industry, media, tourism firms), and then putting forth new national development concepts that would guarantee a shift to full employment by the end of this year—while at the same time having a vast amount of political, economic, social, trade, and even border problems—looks like a policy of selling your own house and then fantasizing about how to decorate it. Therefore, Jakovljevic says, any question addressed to the Prime Minister is actually being put to the new real masters in Croatia—foreign capitalists and bankers, i.e., the real “shadow government.”

By taking over the majority of the Croatian banking system, this “shadow government” autonomously directs banking and overall Croatian development. They directly fix interest rates, approve credit, and influence new employment (so far, through financing auto imports and consumption, mainly from their respective countries). From now on, they will indirectly influence the tempo of approaching European Union (EU) or Balkan integration, and, finally, election results and the government policy itself. While the government will deal with fulfillment of international financial and political obligations, “environmentalism,” social explosions, and its own survival, the shadow government will fully realize its own (not Croatia’s) development strategy, or the development strategy



The author is a civil engineer and journalist in Zagreb, Croatia. The article's kicker explains: "After 11 long years of unanimity in disastrous Croatian economic policy and the silence of certain qualified scientists, three different experts have come out crying for radical change."

of their companies in the Croatian and Balkan markets.

Jakovljevic asks members of the former and current regimes: Why has Croatia, for almost nothing, sold out almost the entire banking system to foreigners?

Croatia in the Twilight Zone: Capital Insolvency

Another economic expert, Prof. Slavko Kulic, states that foreign debt, equity, and interest have become larger than the capital value of the Croatian economy. Reviewing Croatian history, he finds that the economy has always been owned by foreign masters, as a consequence of "aid psychology," i.e., rentier economy or rentier policy of the people, or their leaders, who have always cried for foreign assistance. After the dissolution of Yugoslavia, Croatia encountered the EU and the Stability Pact as new masters, with a concomitant limitation of freedom and sovereignty, as an emergency path toward the aim of integration as such.

Croatia has always been subject to a certain slave-like, rather than productive orientation, says Professor Kulic. Abandoning production and the technology orientation of the society, bringing it into the concept-less state with free-trade ideology, leaving the market to foreigners, selling out socially important banks to Italian, Austrian, and German speculators,

giving up citizens' savings deposits together with banks sold off cheaply (about \$5 billion worth), selling off the formerly communist, nationalized property, i.e., the public-sector companies, complicates the reality in society as a whole. Croatia faces \$24 billion in foreign debt, and there is no cultural or material production. There is no export of domestic product, because there is no domestic production. How can Croatia pay its vast debt?

It is known that an indebted person or an indebted nation has no right to discuss freedom. Despite warnings by some sane scientists, the political arrogance of the "leaders" has never been as open as it is now. The people of this region seem to be captured by the mind-set of violence, the concept of violence, the economy of violence, that educates them to be slave-oriented. This is clearly seen in the political leaders who fully obey foreign power centers. Life on credit of the individual and society is held in obedience, in permanent shortage and permanent crisis, at decreasing levels.

Croatia is in the twilight zone, claims Kulic, the zone of capital insolvency, because the foreign debt has become larger than the market capital value of the so-called Croatian economy, an economy that is less and less owned by Croatian citizens as participants in civilization. In 1993, the estimated value of the Croatian economy's capital was roughly \$33 billion, and by 1998 it had plunged to \$20 billion, according to the Croatian Economic Institute, bringing its market value below the value of the foreign debt (\$24 billion).

Kulic concludes that Croatia cannot remain in a slave orientation. But, to change this situation, requires that Croats resist the "aid psychology," and rentier economy and policy, with the full backing of all the political parties. This means choosing a development concept on our territory that is a productive one, to meet the world as it is. Instead of a concept of ruling this region, we need a concept for developing life in this region.

Who Told You So, Long Ago?

Although these reflections by prominent Croatian economists demonstrate a certain paradigm-shift, and are encouraging for the small number of Croatian patriots who have almost lost hope, they are still voices crying in the wilderness. The government, so firmly addicted to the free-trade dogma, and prepared to settle accounts with trade unions by further restricting labor protections and introducing more austerity measures, as envisaged by the treaty with IMF, will not produce anything but additional chaos and its own dissolution. That is when the ultra-rightists jump in and take over.

Lyndon LaRouche has been warning Croats what would eventually happen to them if they stuck to false axioms. The hope is, that as opposition to IMF policies grows, an impetus will be created toward a new patriotic movement, inspired by LaRouche's ideas and his New Bretton Woods proposal, to save the nation from a new era of masters and "aid psychology," based on a rentier economy.

European Opposition to Bush Grows Stronger During Visit

by Mark Burdman

Whatever the final outcome of U.S. President George W. Bush's first official visit to Europe June 12-16, and whatever hyped-up accounts of "breakthroughs" may emanate from the White House in the days to come, the reality is, that the Bush journey is reinforcing the apprehension felt, in intelligent circles in both Europe and the United States, that this administration is doing irreparable harm to the entire fabric of post-World War II transatlantic relations.

Among the most intelligent such circles in Europe, it is understood, that the only way that this outcome can be prevented, is for there to be a rapid and drastic turnaround in American policy, in the direction of Lyndon LaRouche's prescription, that the United States must, in its own patriotic self-interest, participate in the economic development of Eurasia.

This would necessitate overturning the entire radical free-market policy insanity of the Bush Administration. This policy has brought devastation inside the United States itself, as best evidenced in the California-centered energy crisis; Europeans are intent on escaping this fate, as most dramatically evidenced in the voter rejection of privatization of the energy grid in the city of Düsseldorf (*EIR*, June 1, 2001). At the same time, the collapse of the United States as the "importer of last resort," and the collapse of the "new economy" complex, is having devastating consequences, for export-dependent European economies. A vigorous Eurasia infrastructure-development program, as detailed in LaRouche's Eurasian Land-Bridge design, would reverse this downward-spiralling trend.

Leading Europeans look, with interest and hope, at the recent signs of a sea-change in the American political scene, typified by the Democrats' regaining of control of the U.S. Senate, after Vermont's Sen. James Jeffords announced that

he was leaving the Republican Party, on May 24. The German daily *Frankfurter Allgemeine Zeitung*, which is usually very cautious about criticizing U.S. governments, wrote, on June 11, about the emergence of a "transatlantic counter-alliance" against Bush policies, composed of the West Europeans, Russian President Vladimir Putin, and the opposition to Bush in the U.S. Congress. Such a combination was already called for by Lyndon LaRouche, in his first post-election seminar/webcast on Nov. 14, 2000.

Bush in 'Yurp'

Bush's trip first took him to Spain, for June 12 meetings with King Juan Carlos and Prime Minister José Marí Aznar (whom Bush first addressed as "Anzar"; *ánzar* is Spanish for "goose"); to Brussels, for a June 13 informal NATO leaders' summit; to Gothenburg, Sweden, for the June 14 U.S.-European Union summit; to Warsaw, for a June 15 speech on the future of transatlantic relations and the expansion of NATO; and to Ljubljana, Slovenia, for a summit with Russian President Vladimir Putin, on June 16.

Even before the trip began, there were very good reasons for Europeans to be dismayed about the policy direction of the White House. Above and beyond any particular issue, is the widespread alarm, that the United States has managed to install a cretin and provocateur in the White House.

As soon as Bush stepped down on European soil, he was met with ridicule and laughter. Emblematic, was a June 12 cartoon by the London *Guardian's* Steve Bell, showing a goofy-looking Bush, stepping off Air Force One, saying, "Where am I? Is this Yurp? Are those people Yurpeans? Can I show 'em my light saber?" This latter reference to the "Star Wars" films, was echoed by the sign on the plane:

“Air Force One Be With You.”

A more sober tone was adopted by a front-page commentary in *Le Monde*, the leading French establishment daily, on June 13. Under the heading, “The ‘Me-Nation’ of George W. Bush,” senior commentator Alain Frachon identified Bush as the essence of the Baby Boomer generation. Frachon wrote: “Americans born after the war, the Baby Boomers, have formed what is called, in the United States, the ‘me-generation.’ The expression suggests a philosophy of life obeying a first principle: ‘Me first.’ . . . It is characterized by a solid egoism, unbridled individualism, and the search for immediate satisfaction. Baby Boomer George W. Bush, visiting Europe this week, is applying this principle to his foreign policy. His ambition seems to be, to transform the United States into a type of me-nation, a country essentially occupied, on the international scene, to defend national interests that are defined in the narrowest way.” Frachon warned that the Bush Administration is applying the principle, “‘That’s the way it is,’ in the service of ‘me first.’”

Against ‘Brutal Unilateralism’

Bush’s specific actions have borne out these fears. Hours before he left for Spain, on June 11, newscasts showed him boasting about the Federal execution of Oklahoma City bomber Timothy McVeigh, as an act of “justice.” This was the same Bush whom Europeans and others came to dread, as Governor of Texas, when more individuals were executed, than in any other state. Bush has frequently been labelled “The Executioner,” or “The Assassin,” and mass demonstrations denouncing him so, and as an “American Taliban,” greeted him on his mid-June journey.

After McVeigh was executed, the Council of Europe, an extremely influential institution on the continent, denounced the McVeigh execution, and warned that continued U.S. support for the death penalty, could result in the withdrawal of U.S. observer status in the Council. Even Bush’s ostensible buddy, Spanish Prime Minister, stressed his disagreement with Bush and his own personal opposition to the death penalty, during their June 12 joint press conference.

European ire has also been aroused by the intent of the Bush Administration, to reverse every effort by former U.S. President Bill Clinton, to bring peace to crisis-torn regions. In the Middle East, Bush and his advisers have given the green light to Israeli Prime Minister Ariel Sharon, to wield his war machine against the Palestinians. There is hope that European-Russian-Arab diplomatic pressure on the administration finally forced Bush to send CIA director George Tenet to the region, and that this might impede the momentum toward general war.

Much the same can be said for the Korean Peninsula. Bush and advisers, like Deputy Secretary of State Michael Armitage, have brutally upended Clinton’s efforts to back up the “Sunshine Policy” for North-South Korean reconciliation, architected by South Korean President Kim Dae-Jung. Here,

the Europeans directly intervened, with European Union and other diplomatic overtures to North Korea, and, now, there *seems* to be a Bush shift, with the renewal of U.S.-North Korean talks. Whether this amounts to anything really positive, remains to be seen.

Most explosive, has been the Balkans situation. European rage at Bush was expressed, after comments from Defense Secretary Donald Rumsfeld and National Security Adviser Condoleezza Rice, that the United States would move toward pulling its troops out of the Balkans. At the June 13 NATO meeting, the issue of the dangerous situation in Macedonia was brought to the fore by French President Jacques Chirac and British Prime Minister Tony Blair, despite Bush’s manic insistence, that “my National Missile Defense” (NMD) be first on the agenda.

Of course, the two issues of contention most discussed in the media, are the National Missile Defense (NMD) and the Kyoto “global warming” treaty. While the predicates of these two differ greatly, the common thread in both cases, is European anger, that Bush acted with that *Le Monde* commentator Frachon characterizes as “brutal unilateralism,” with no “prior consultation” with either Europe or Japan.

A Paris-based insider, during a June 5 discussion, said that the manner in which European foreign ministers rejected U.S. Secretary of State Colin Powell’s appeal for support for the NMD, during the NATO Foreign Ministers meeting in Budapest the week of May 28, was “an event of enormous importance, representing an absolutely new element globally.” He stressed, that official opposition to a major U.S. strategic policy had not been “expressed so openly, and to such an extent,” for several decades. He said, that what had happened in Budapest, was “fully consistent” with the earlier European move, to remove the U.S. from the United Nations Human Rights Commission: “There is a growing rejection, by the Europeans, of this American unilateralism, which is being carried out in a more brutal way now, than was the case with the previous American administration. There is a process of accumulation of anger about this, which we now see culminating. We see a crystallization of feeling, of rejection of American unilateralism.”

At the June 13 NATO summit, Bush ran into opposition, from a majority of the 19 countries in attendance, with French President Chirac being most vocal, in opposing the NMD design, counterposing to this, a concept of “strategic stability,” based on “multi-polar” negotiations, involving all major countries concerned with proliferation of weapons of mass destruction. German Chancellor Gerhard Schröder’s insisted that nothing could be done, without consultation with Russia and China.

Here Come the Texas Rangers!

Even before Bush had arrived on the continent, there were other reasons why Europeans were upset with the current U.S. approach toward matters in Eurasia.

The very design of the Bush trip produced dismay among observers, starting with the fact that the President did not go to the two core countries, France and Germany. The sense that there is a willful lack of desire to understand Europe, has been reinforced by the pattern of Presidential appointments to ambassadorial posts. For France, for the first time in memory, an individual was chosen, Howard Leach, who has no knowledge of French; multi-millionaire businessman Leach's main asset, in Bush's eyes, is that he was a top California fundraiser for the Bush campaign. For Switzerland, the individual chosen was Mercer Reynolds, Bush's business partner in the Texas Rangers baseball team. Two other bigshots in the Texas Rangers enterprise were announced to be ambassadors to Belgium and Spain. For Germany, the man chosen for the job, is former Indiana Sen. Dan Coats, a neo-conservative ideologue in the mold of Newt Gingrich. Coats' most recent dubious claim to fame, was a spate of U.S. press reports, that Dubya had rejected neo-cons' demands, that Coats be made Defense Secretary, because Dubya considered him to be "too dumb" for the job!

The only case where someone has been chosen to be ambassador to a European country who intimately knows the country he is being sent to, is that of Will Farish III, to be Ambassador to the Court of St. James. Farish is an intimate of Queen Elizabeth II. (His family has long-standing ties to the Bush clan, since his grandfather, Will Farish I, collaborated with Dubya's grandfather Prescott Bush, in backing for the Hitler regime in Nazi Germany. As *EIR* has documented, the Farish family fortune derives, in significant part, from such enterprises as the Auschwitz concentration camp.)

The apparent contempt for Europe is consistent with what has been billed as a fundamental shift in U.S. strategic policy under Bush, according to which future U.S. military-strategic efforts will be focussed in Asia, with China as the "enemy of the future." This shift has been architected by Andrew Marshall, head of the Pentagon's key internal think-tank, the Office of Net Assessment. The so-called "Marshall Doctrine" has received public backing from Rumsfeld, and is supported by Armitage and Deputy Secretary of Defense Paul Wolfowitz.

'Waltzing Through a Pageant of Royalty'

What has upset and angered informed Frenchmen, Germans, and others, is that this devil-may-care attitude has been extended to Russia. The essential point was made on June 12, by Bronwen Maddox, a Washington correspondent for the London *Times*, usually sympathetic to the Bush Administration. She commented that one of the most "unfortunate" aspects of the Bush tour would be its "itinerary. . . . The White House has spread out for his tour, a pack of playing cards of the crowned heads of Europe: King Juan Carlos and Queen Sofia of Spain, King Albert II and Queen Paola of Belgium, and, finally, King Carl XVI Gustaf and Queen Silvia of Sweden. . . . He appears set to spend more time with minor royalty,

than with President Putin, who has a two-hour slot, on the last day."

True enough, Maddox asserted, the royal encounters would be the only ones Bush would have, that would be free of fights and brawls, but the fact is, such gatherings are far less important than a summit with Putin, since "relations with Russia will shape the continent's politics for the next decade. . . . It is Russia that should dominate White House concerns," she advised, especially at a time when there is "a crescent of growing unrest in Europe's East and South, from Ukraine, Belarus and Moldova, to the former Yugoslav Republic of Macedonia and Albania." She concluded that Bush should take this matter, as well as "European concerns," as the priority for his trip, instead of "waltzing through a pageant of royalty."

A very informed strategist in Paris went one step further. During a June 14 discussion, he stressed that the most important moment of Bush's trip, would be the June 16 get-together with Putin, in Ljubljana, and commented: "I can well believe, that Bush would prefer to be meeting royalty, rather than Putin. He's more comfortable in such circumstances, because no points of substance will be discussed."

Geopolitics vs. LaRouche

There is a more diabolical and alarming aspect, to the Bush Administration's approach to Eurasia. Various strategists in the Bush circles, such as "Prince of Darkness" Richard Perle and Russia expert Richard Pipes, were telling European publications during the week of Bush's trip, that the United States wants to use Aznar's Spain and the Italy of newly elected Prime Minister Silvio Berlusconi, as "U.S. assets" against France and Germany, which are seen as obstructions.

More than just this, it is widely perceived, that the Bush crowd has a "Hobbesian" attitude, of playing all against all: various European countries against each other, Europe against Asia, Russia against China, China against India, and so on.

One of Europe's most incisive strategic experts, in a June 11 discussion with *EIR*, warned that the fundamental danger, is that the prevailing factions in the American policy establishment, are axiomatically opposed to Eurasian development, on the basis of a re-warmed version of the classical geopolitical doctrine of Britain's Sir Halford Mackinder, dating from the early 20th Century. He said: "I fully agree with LaRouche, that it would be very important now, for the United States to have a positive orientation toward Eurasian development, but the people in control in the States, have the opposite idea, which only makes sense from a narrow geo-strategic view, namely to undermine and obstruct any effective alliance of nations in Eurasia. You and I know, how beneficial such new relationships would be, but those running the show in the U.S., see this as presenting a danger, of a new Eurasian dominance."

Aussie Establishment Wild Against LaRouche

by Allen Douglas

In a dramatic nationwide prime-time news bulletin on June 12, the Rupert Murdoch-controlled Channel 7 “Today Tonight” program told its viewers to “be warned” about Lyndon LaRouche and his Australian associates in the Citizens Electoral Council (CEC). In a public health-style “special bulletin,” the announcer began, “You may find yourself answering a knock on the door or a telephone call from the Citizens Electoral Council. It sounds genuine enough, but this group is part of an American cult, and their message is bigotry, racial prejudice, hatred, and paranoia.”

The vitriolic, lying Channel 7 piece was the peak of an almost constant media barrage against LaRouche in Murdoch-owned press, beginning in the Brisbane, Queensland *Courier Mail* on June 8, followed for the next week by almost daily diatribes in the country’s largest circulation paper, the Murdoch-owned *Herald Sun*.

This latest outburst is part of a several-pronged offensive directed by the British Crown through stooges and lackeys such as Murdoch himself and the Anti-Defamation Commission of B’nai B’rith (ADC), whose purpose is to shut down LaRouche’s presence on the Australian continent. It includes the recent passage of special, draconian “racial vilification” legislation in the state of Victoria, where the CEC is headquartered, and a call by federal Member of Parliament (MP) Michael Danby, for a federal investigation of the CEC’s fundraising.

The Murdoch attacks are a qualitative escalation in a process which began on Jan. 24, 2001, when the ADC, whose board is dominated by three members of Her Majesty Queen Elizabeth’s Privy Council, the ruling body of the Commonwealth, launched an attack on LaRouche and the CEC in a press release, coincident with the launching of a court suit against LaRouche’s associates in Brazil by the Brazilian wing of Prince Philip’s World Wide Fund for Nature (see Lyndon LaRouche, “Look At What Happened in Brazil,” *EIR*, Feb. 9, 2001). In fact, virtually everything printed in the recent outburst in the Murdoch media has been directly taken from the ADC or its affiliates, such as the *Australia/Israel Review* magazine of Melbourne tax lawyer, fanatical right-wing Zionist, and LaRouche enemy Mark Leibler, for whose magazine MP Danby used to work.

Bespeaking the establishment’s growing hysteria about LaRouche, the media coverage breaks an almost five-year-long establishment policy of simply blacking out LaRouche

and the CEC altogether from Australia’s major media. The last major public assault on LaRouche in Australia was led by then-Deputy Prime Minister Tim Fischer in mid-1996. After several masterful appearances by LaRouche himself on Australian radio and television, the establishment switched to a blackout policy.

Since merely blacking LaRouche out could not stop his organizing, Murdoch and his fellow Australian, multi-billionaire press baron Kerry Packer, used their media to create a populist movement around former MP Pauline Hanson and her One Nation Party, to distract attention from LaRouche. Tapping into the enormous anti-globalization rage in Australia, One Nation has been causing a major upheaval in Australian politics from 1997 until the present.

Thus, all the more significant was the appearance of a new “line,” as featured in the initial Murdoch *Courier Mail* attack of June 8. A commentary by *Courier Mail* journalist Terry Sweetman ended with the warning, “There is something intrinsically evil in the way LaRouche exploits the pressures of a society under stress to push his particular barrow. One Nation, by comparison, is positively benign.” That line bespeaks the weakness and hysteria of the establishment’s position, because it tells angry Australians who want to “stick it to the establishment,” that LaRouche is their man, not Hanson.

Another new “line” is the warning, featured in a June 10 *Herald Sun* article entitled “Cult Gears Up for Poll Drive,” that LaRouche’s associates in the CEC may draw enough votes in the federal elections later this year (in which the CEC is running 40 candidates), to possibly shift the outcome in some key races. Until now, the ADC claim has been that “the CEC raises a lot of money, but has no electoral influence whatsoever.”

‘What’s Gone Rotten In Australia?’

This statement was issued on June 15, by EIR.

Beginning with a piece in the Brisbane *Courier Mail* on June 8, 2001, and continuing almost daily through June 13, press organs in the nation of Australia controlled by Commonwealth media baron Rupert Murdoch, have emitted a constant barrage of lying filth against U.S. physical economist and Y2004 Presidential pre-candidate Lyndon H. LaRouche, Jr.

Said a spokesman for *Executive Intelligence Review*, the international newsweekly founded by Mr. LaRouche, “Murdoch is lying, and he knows it. Virtually everything run in his mass circulation press over the past few days, such as the *Courier Mail* or the *Herald Sun*, or his Channel 7 “Today Tonight” TV show, has been taken, in most cases almost verbatim, from libels circulated by the Anti-Defamation

Commission of B'nai B'rith (ADC). The ADC, in turn, is a de facto arm of Her Majesty Queen Elizabeth's Privy Council, sporting, as it does, three members of the Privy Council on its board."

The *EIR* spokesman continued, "Everything which has appeared in the Murdoch-circulated libels—and I mean everything—was utterly demolished in two recent writings by Mr. LaRouche: his Jan. 27, 2001 piece, 'Look At What Happened in Brazil,' which addressed the almost simultaneous attacks against him in Brazil and Australia by agencies acting on behalf of the British Crown (respectively, the World Wide Fund for Nature, founded by Prince Philip, and the ADC), and his May 1, 2001 'A New Old Libel Against Me,' in which he ripped apart an ADC-authored report of February 2001, which, he observed in passing, was composed of 'only time-wearied libels which have been exposed, repeatedly, widely, and amply as fraudulent, many years earlier.' Both of these pieces have been widely circulated in Australia, so there is no way that Murdoch would not be aware of their contents, and therefore not know that he was lying.

"In the first of these, Mr. LaRouche noted that the attacks coincided with the inauguration of the fawningly pro-royal George W. Bush, whose father Sir George Bush, had been knighted for his service to the Crown. Now, however, the international strategic environment is shifting, in large part due to LaRouche's own role in creating an increasingly effective international anti-Bush coalition, including within the U.S. Congress. LaRouche's influence is visibly growing by the day, whether in his role in derailing Bush's drive for crisis-management fascism; in the international fight to save D.C. General Hospital, the only full-service public hospital in the U.S. capital, and the one serving much of the city's African-American population; in the fight to stop such Bush-affiliated energy pirates such as Enron and Reliant from stealing the U.S. population blind; or, in the extraordinary forward progress in the Eurasian Land-Bridge bringing together Western Europe with Russia, China, and India, among others, as a potential engine of global economic recovery.

"And," continued the *EIR* spokesman, "all of this is taking place in the context of the greatest economic crash in history, in which the power of the Crown-centered financial oligarchy is shaken in a way that it has not been since at least the American Revolution, and which crash LaRouche has uniquely forecast. His credibility, therefore, is skyrocketing. So, it is no wonder that such flunkies of the Crown as the Bush-loving Commonwealth media baron Murdoch (who himself, I understand, has already lost at least a few hundred million dollars recently), would become hysterical.

"Furthermore," the spokesman concluded, "if Murdoch is so convinced that LaRouche is such a truly bad guy, then why doesn't he publish this drivel in his *New York Post*, to warn unsuspecting Americans? Because he knows, that if he dared to publish such garbage in the United States, that LaRouche is a 'racist,' or 'anti-Semitic,' he would be laughed all the way back to Australia."

Africa

Powell Talks Peace, Bush Foments War

by Uwe Friesicke

The new offensive of the Sudanese People's Liberation Army (SPLA) in the southwest of Sudan against government-held towns proves quite clearly how fraudulent the U.S. Secretary of State's peace declarations were, when he visited four countries in Africa—Mali, South Africa, Kenya and Uganda—over May 23-28. On May 26, Colin Powell declared at a press conference in Nairobi: "We are anxious to see reconciliation in Sudan. We are not against any side. We want to see reconciliation. I hope that as we move forward we can find a way to bring a cease-fire into effect, and then move towards peaceful reconciliation of this long-standing conflict, which has caused so much distress in the region."

While Powell was uttering sweet words of peace and reconciliation, the leader of the SPLA, John Garang, ordered his troops to escalate their assault on government-held territory in the southwestern and to take two important towns, Raga and Deim Zubeir, close to Sudan's border with the Central African Republic. Garang, who, only two weeks earlier, on the 18th anniversary of the SPLA's founding, had reemphasized his commitment to topple the Khartoum government by all diplomatic and military means available, could not have done this, without having received the go-ahead from the U.S. and British governments. Before Powell had left for Africa, his State Department announced that it had contracted with a Reston, Virginia defense contractor, Dyn Corp., to supply \$3 million in logistical equipment and training to rebel groups fighting the Sudanese government.

But the actual support for Garang's troops is much more substantial, and probably consists of significant new deliveries of military hardware and military training from U.S., British, Israeli, and Ugandan sources, which made the recent military successes of the SPLA possible. In all likelihood, the U.S. military also supplies Garang with the necessary satellite intelligence about positions and movements of Sudanese government forces, as the U.S. military has repeatedly done for the Uganda- and Rwanda-backed rebel forces in the Congo.

More Humanitarian Disasters

According to Sudan's Roman Catholic Information office, Garang's military offensive in the western Bahr el Ghazal province, has displaced more than 57,000 people, many of them fleeing from the fighting around Raga, northwards into desert areas, where water and food are scarce.

The situation in western Sudan is deteriorating rapidly into another major humanitarian disaster, caused by the Garang forces' U.S.- and British-backed military offensive. How serious, then, are the humanitarian concerns of Colin Powell and the anti-Sudan lobby in the U.S. Congress, which on June 13 approved legislation that authorizes the U.S. President to give another \$10 million to the rebels?

On May 27, Powell announced that the State Department Agency for International Development (USAID) would deliver 40,000 tons of food for needy Sudanese on both sides of the conflict. He even ordered his newly appointed administrator for humanitarian operations in Sudan, Andrew Natsios, to divert a ship carrying 17,000 tons of food from the Indian Ocean to Port Sudan on the Red Sea. But all the time, Powell must have known about Garang's preparations for the offensive in Bahr el Ghazal. If the Pentagon and State Department withheld that information for war preparation in Sudan from him, while he was in Nairobi and Kampala calling for reconciliation and impartiality of the U.S. government vis-à-vis the conflict, he should at least have the courage to resign in protest.

But more likely, as his utterances in Kampala in support of Uganda's dictator Yoweri Museveni indicate, Powell plays an active part in the Bush Administration's imperial policy towards Africa, which is designed to fool African leaders into believing that, under President Bush, Africa policy has changed to a more constructive approach, if only because his Secretary of State and National Security Adviser have dark skin.

There is an obvious fraud involved, when Secretary Powell or government-linked thinktanks, such as the Washington Center for Strategic and International Studies (CSIS), talk of peace for Africa. The only new element in the Republican Bush Administration, is its special commitment to geopolitically controlling the oil-producing areas. The Anglo-American-backed military offensive of John Garang's SPLA has succeeded in positioning the rebel forces to try and encircle the oilfields near Bentiu, in the heart of Sudan's south. Therefore, the warnings from Sudan's President Gen. Omar Hassan al-Bashir, that the SPLA is seeking to seize the oilfields, drive away foreign oil companies, and replace them with U.S. oil firms, are fully justified. President al-Bashir told an interviewer with the Egyptian weekly *Al-Ahram*, that the goal of the Bush Administration would be to split Sudan into two, by supporting the SPLA with money and weapons. One must add that this American policy fits hand-in-glove with traditional British policy — divide and rule — in Sudan.

Effusive Praise for Museveni

Before Powell's trip to Africa, there had been some speculation about criticisms that might be raised against the two most notorious Anglo-American puppets in East Africa, President Yoweri Museveni of Uganda and President Paul Kagame of Rwanda. A recent United Nations report had shown, how blatantly both leaders and their military were using the

occupation of eastern Congo to loot the Congo of everything in sight — gold, diamonds, and timber. Another report by the International Rescue Committee put the death toll from the war in the Congo at more than 2.5 million since 1998. This scandal had already become the subject of hearings in the U.S. Congress sponsored by Rep. Cynthia McKinney (D) of Georgia (see *EIR*, June 1, 2001).

But far from criticizing the Ugandan dictator, Powell praised him again the exemplar of a responsible African leader. And the U.S. Secretary of State made a complete fool of himself when, unprompted, he praised Museveni for the success of the recent elections in Uganda, saying, "I complimented him on his recent election and, looking forward also, I noted the parliamentary elections next month that we trust will be free and fair. I presented the compliments of President Bush on his election as well. We have good relations with Uganda." Powell was speaking at a May 27 press conference in Kampala, with Museveni at his side.

But everybody in Africa knows that Museveni rigged his last election, and that there is no political freedom in the country at all. When a reporter raised a question with Powell about the complete absence of political freedom in Museveni's Uganda, Powell almost fell over himself to praise the Ugandan dictator as a great leader for his people. He said: "I think each country has to find its right pace, and adopt democracy in accordance with its own culture. I think that Uganda is moving in the right direction, and I hope, as it moves into the future, it will find more and more opportunities to allow free and open political debate. But, I must say, I am impressed by what the President has been able to do, since he took over the leadership of this country in 1986. Great progress has been made, and when you consider where the country was in 1986, the actions he has taken have certainly benefitted the people of Uganda, and I think he has a clear idea of where he wants to take his country in the future."

Even when another reporter brought up the UN report on Uganda's looting of the Congo, Powell defended Museveni: "I am pleased the President has appointed a judiciary committee to look at those issues."

If the U.S. Secretary of State, in the name of his President — as foolish as that President may be — makes such statements, so contrary to the known facts of how the Ugandan dictator has ruined his own country and ruined the entire region of the Great Lakes, the Congo, and southern Sudan, through exporting war to all his neighbors, one must draw serious conclusions about the intentions of U.S. policy in Africa.

Powell: No Exception to the Team

Secretary Powell's propaganda for democracy, free markets, and peaceful conflict resolution, which he spelled out in all his press conferences and public speeches in Bamako, Pretoria, Nairobi, and Kampala, is for the credulous, both inside and outside of Africa. Brutal geopolitical interests are the guiding goals: For this, Museveni is being used as he was



Yoweri Museveni's Ugandan government, which has permitted electoral rights only to the governing political party since he came to power in 1986, was praised to the skies for its "democratic" progress by U.S. Secretary of State Colin Powell, during his African tour.

when George H.W. Bush was U.S. President and John Major British Prime Minister.

Even if Powell did not openly call for the overthrow of the Sudanese government while he was in Kampala, as Clinton's Secretary of State Madeleine Albright had done in 1999, John Garang's war effort in southern Sudan is heavily supported by the British and American intelligence services through Museveni. Secondly, Museveni remains part of the political and military equation for the Congo. He and the rebel Congolese Liberation Movement (MLC), which Museveni controls in the northeast, will be used to consolidate the partition and looting of that country. At the same time, moves are under way to steer the young Congolese President Joseph Kabila, into a direction to Washington and London's liking. Kabila's adoption of an economic reform program, following the International Monetary Fund (IMF) blueprint, is already an unmistakable sign of this.

Africans, who were rightly disgusted by the Africa policy of Albright and her Undersecretary for African Affairs Susan Rice, expected a change for the better, with only those fanatics being replaced. Powell was looked to as a competent pragmatist on the Bush team, who would be able to check some of the extravagances of an incompetent President, and who, as an African-American, would have special concerns for Africa. Events in Sudan, Uganda, and Congo should by now have destroyed those illusions.

But also, Powell's own policy utterances during his Africa trip, bespeak a shallowness and intellectual banality, which make him equal to other members of the Bush team. Along with the usual rhetoric about the spread of democracy and market economies around the world, he expounded a conception of economics which borders on the ridiculous. On May 25, Powell gave a lengthy policy speech at the South Africa's

University of Witwatersrand in Johannesburg, in which he said: "Free trade is the most powerful instrument of freedom. A vibrant and dynamic market is the most powerful force for economic growth and sustainable development. This is not ideology talking; the facts speak for themselves, and they tell us that free trade means bread, bread for the neediest of our people."

For Africans, who experience the devastation of free trade right in front of their doorsteps every day, this sounds like pure cynicism. But the Secretary had more arguments: "I cannot state strongly enough, however, that all over the world, experience has shown that trade and private investment have to go hand in hand with openness within a country. Money, simply stated, is a coward. Capital will run from those countries which are closed, which are corrupt, which do not have open systems. Money loves security, money loves transparency, legality, and stability. Create those conditions in any country, and money will flow in; that money will produce wealth, wealth that will benefit all the peoples."

Besides this remarkable explanation of how money works, Powell naturally recommended bridging the digital divide and creating more and more digital villages in Africa. Or, as he explained in the same speech: "I am an Internet addict. I live on the Internet. And before I left home on this trip to Africa, I was surfing around. . . ."

If there were not millions of Africans who are victims of these policies, one could laugh about the state of African affairs in Washington. But, because the policy wreaks so much damage, it has to be taken seriously. One would hope, that more African leaders, like President Bashir from Sudan, would drop diplomatic niceties, and come out openly to oppose the Bush-Powell policies. They owe it to their peoples.

Italy's New Government Is a House Divided

by EIR Staff

On June 11, the new Italian government met under the premiership of Silvio Berlusconi, four weeks after the general election victory of the coalition of center and conservative parties of “Casa delle Libertà” (Freedom House) over the left “Olive Branch” coalition, by a large majority. There have been four weeks of intense international political warfare over the future Italian strategic and economic orientation, where two totally opposed policies and philosophies clashed openly.

On one side, there is the genuine interest of the Italian nation, present among leading forces in both the new majority and the opposition parties, which intend to play an important role in building up a Eurasian alliance for economic development and stability, and a new international monetary system, a New Bretton Woods. On the other side, Anglo-American geopolitical forces around the Bush-Kissinger-City of London interests intend to sabotage this perspective, and make Italy another element of instability in Europe. The new government emerges as a compromise in this fight, a compromise which is highly unstable; never has an Italian government been internally so strongly polarized.

The new government coalition is dominated by the Forza Italia party of Berlusconi. It also involves the conservative National Alliance both of Gianfranco Fini (Deputy Prime Minister), the regionalist Lega Nord of Umberto Bossi (Minister of Reform), the Christian Democratic Center (CCD) of Pier Ferdinando Casini (new president of the Chamber of Deputies), and the Christian Democratic Union (CDU) of Prof. Rocco Buttiglione (Minister for European Union [EU] Affairs), as well as a small Socialist Party led by Bobo Craxi, the son of the late, onetime Premier, Bettino Craxi. Berlusconi has stuffed his government with leaders and representatives of all the many factions in his coalition.

Attacked by Slanders and Kissinger

It should have been clear to any intelligent observer that the intense slander campaign and hostility against a new Berlusconi government — with slogans like “Berlusconi’s media dictatorship,” “the neo-fascist or post-fascist National Alliance,” “Bossi is like [Austrian right-winger] Haider,” etc. — has nothing to do with genuine worries about democracy in Italy, but is motivated by the intention to minimize the international position of Italy and its new government.

This became clear when Henry Kissinger came down to

Rome on May 22, to dictate the new foreign and defense policy. Sir Henry met with Berlusconi and his Foreign Minister, former World Trade Organization (WTO) director Renato Ruggiero, for 45 minutes, long enough to make clear to Berlusconi that his proposal was not optional, but an undebatable “insurance” for his continued political existence. Kissinger then spent a further 20 minutes alone with Berlusconi, giving him instructions on how to deal with his so-called “conflict of interest,” by divesting his television stations, as demanded by all the Anglo-American press, following the line put out by the London *Economist*.

Sir Henry was in Rome to preside over a meeting of the advisory board of the consulting firm “Booz Allen & Hamilton,” which he chairs, and of which Ruggiero is a member. The firm is massively involved in defense and military technology deals all over the world, particularly in the U.S.A. Not surprisingly, Booz Allen & Hamilton was then immediately hired by Berlusconi to work out solution of the “conflict of interests” case.

Every political person in Italy knows exactly the meanings and the implications of such an interference. Indeed, the role Kissinger played in the international campaign against former Italian Premier Aldo Moro, has been formally investigated as well as debated. Italy has not forgotten that then-Secretary of State Kissinger, in the period immediately before the Red Brigades kidnapped Moro on March 19, 1978, had threatened the Christian Democratic leader with grave consequences, should he continue his policy of East-West rapprochement.

In the recent period Paolo Raimondi, the president of the International Civil Rights Movement-Solidarity, LaRouche’s organization in Italy, has issued a number of statements denouncing Kissinger’s interference, and calling on Italian political forces to reject a “limited sovereignty” for Italy.

Britain and America’s Men in Government

Ruggiero has been, throughout his career, a faithful civil servant for the international financial establishment, for globalization, free-trade liberalization, and deregulation. While he was general director of the WTO in 1995-99, he claimed that he had successfully concluded three major deregulations: the global liberalization of telecommunications, of informatics, and of financial services. Queen Elizabeth II awarded him a knighthood as a Knight Commander of the Order of St. Michael and St. George. A member of the Trilateral Commission, Ruggiero has been and still is on the board of numerous international banks, financial institutions, and corporations, including FIAT, headed by Giovanni Agnelli, a close friend of Kissinger and the main sponsor of Ruggiero in Italy.

Antonio Martino of Forza Italia has been appointed the Defense Minister. Martino is a leading member of the neo-liberal Mont Pelerin Society, who considers Margaret



The Messina Straits Bridge project, linking Sicily to the Italian mainland—here, as promoted in the LaRouche movement’s Italian newspaper Nuova Solidarietà in 1997—is now at the center of policy debate in the new Italian government.

Thatcher to be a “moderate statalist.” One of the “Chicago Boys” and a student of the insane recipes of the University of Chicago’s Milton Friedman, Martino is a personal friend of former President George Bush, and the “American man” in Berlusconi’s camp. In his first interviews, he has made clear that he intends to make Italy the privileged partner of George W. Bush’s policies.

The Opposing Development Policy

But it is in the arena of economic policy and of great infrastructure projects, such the construction of the famous Messina Bridge, that the Berlusconi government has a quite different orientation. Large-scale infrastructure and jobs-creation programs have been the main points of Berlusconi’s political platform during the past elections. In the new cabinet, the two main promoters of this program are Prof. Giulio Tremonti as Minister of Economics and Pietro Lunardi as Minister of Infrastructure and Transportation.

Tremonti has been named the “Super Minister of Economics,” because, for the first time, his office will combine the responsibilities of the past Treasury and Finance ministries. Last year, he elaborated a proposal, beginning with a bridge connecting Sicily and the mainland, across the Messina Strait, and the completion of the main high-speed train lines connecting Italy’s South with its North, and then on to the rest of continental Europe, and the whole Eurasia. He presented concrete proposals to speed up such projects, as well measures to bypass the ecologist and localist roadblocks, which, for decades, have paralyzed the economic modernization of the

main Italian communication and transportation corridors.

Lunardi, an engineer and industrialist, has been called into the government as an expert, and not because of any party affiliation. He is internationally known for his construction expertise. His companies helped build the Mount Blanc tunnel in the Alps and the subways of Lyon and Marseille in France, in Singapore, and in Guangzhou in China. In a number of recent interviews, he explained his very clear strategic concepts of infrastructure. “To become the bridge between the Mediterranean and Europe,” says Lunardi, “we in Italy must complete the three multinodal north-south corridors, along the Tyrrhenian Coast, the Appennines, and the Adriatic Coast. Above all, we must think about the major strategic national works. The major national transportation routes are the north-south ones. The only transversal axis to be taken into consideration at this moment, is the one which connects the Piedmont to the Veneto region, and provides the connection toward Europe, and works as collector and distributor of the north-south routes.”

In Lunardi’s (and Berlusconi’s) perspective, the high-speed train connection between Naples and Reggio Calabria has a very important connection to the bridge across the Messina Strait. That bridge, if the whole project is completed, can join the Eurasian Land-Bridge development, by means of European high-technology, to the African continent, and the rest of the Mediterranean region.

The ongoing discussions on the Eurasian development and infrastructure corridors, are programs which in the past years have been constantly debated in Italy, with the direct participation of Lyndon LaRouche. In April 1997, for example, *EIR* organized an international seminar in Rome, “A New Bretton Woods System—A Eurasian Land-Bridge of Great Infrastructure.” It was addressed by LaRouche, by Publio Fiori, Transportation Minister in Berlusconi’s 1996 government, and by engineer Fortunato Covelli, a leader of the Company for the Construction of the Messina Bridge.

Similar debates are taking place on other key matters, such as credit generation and the energy requirements for big infrastructure projects: whether “project financing” would be enough or if the state has to play a crucial role in credit creation. On the energy side, a number of new ministers, such as Altero Matteoli (Environment) and Rocco Buttiglione (EU Affairs), have demanded renewed discussion of nuclear energy, against the nuclear moratorium imposed more than 15 years ago.

In addition, the concepts and criteria imposed by the Maastricht Treaty, prerequisites for joining the EU single currency, the euro, have been called into question.

Sooner or later, this conflict will become a question of life or death for the government. Italy will have to take into consideration the reality in Washington: Despite President Bush’s declarations of friendship with Berlusconi, the incompetence of the Bush Administration is going to become a major political issue.

Surprising Shifts In German Politics

by Rainer Apel

Over the past two years, a transformation has been going on in the political parties in Germany. The most spectacular aspect of this process has been the fact that, as in Italy, “conservative” politicians and organizations are emerging as some of the most outspoken critics of the neo-liberal free-market policies of the governing “red-green” coalition of the “left-wing” Social Democrats (SPD) and Greens.

The Christian Social Union (CSU), the autonomous Bavarian state branch of the Christian Democrats, and its party chairman, Bavarian Gov. Edmund Stoiber, have been given the ironic media label “leftist,” for their harsh criticism of the red-green government’s monetarism. In contrast to the Christian Democratic Union (CDU), the bigger of the two Christian Democratic parties, the CSU has repeatedly come out in defense of lower-income wage earners against the government’s tax policies, or in defense of smaller firms against the big banks and insurance companies. The CSU’s views have had a mobilizing impact also on the national Christian Labor Movement (CDA), where a revolt has emerged, not only against the red-green government, but also against the neo-liberal policy of the CDU itself.

That policy has been implemented by the new CDU party chairwoman, Angela Merkel, under the irritating term, “new social market economy.” Fifteen months ahead of the next scheduled national elections, the question of which policy the Christian Democrats should adopt, in order to throw up a serious challenge to the red-green alliance, is moving into the center of debate. Close to two-thirds of Christian Democrats oppose a Merkel candidacy against SPD Chancellor Gerhard Schröder, and slightly more than 50% favor a candidacy of Governor Stoiber. In Germany, candidates are not selected in primaries, but by the party executives. Stoiber has not declared his mind on the issue, so the question of the candidacy remains open for the time being. But the ongoing unrest within the Christian Labor Movement may shift the balance away from Merkel and in favor of either Stoiber or yet another CDU politician with a less neo-liberal profile.

Revolt Against Free-Market Economics

The CDU neo-liberals suffered their first big defeat in the May 20 municipal referendum in Düsseldorf, against plans of the CDU Mayor of that city of more than 600,000 inhabitants, to sell off the public utilities to private investors. The referendum delivered a clear “no” to the Mayor’s plans, and

the CDA, his own fellow CDU members, were an integral part of the weeks-long campaign against the privatization. The referendum consolidated the position of those in the CDA, and in the CDU party organization, who want to put an end to their party’s arrangement with the neo-liberal party leadership, and who want a vigorous policy campaign against the red-green national government.

The national convention of the CDA, held in Bonn on June 9, illustrated this ferment of revolt: Notably, the newly elected chairman of the CDA, Hermann-Josef Arentz, attacked the CDU leaders’ ideology as representing an “inner-capitalism repair shop.” Christian policy today, under conditions of the many threats posed by globalization, “must be more than just an ambulance service for the crises caused by capitalism,” Arentz said in his convention speech. And in an interview with the *Rheinischer Merkur* weekly, published the day before the CDA convention began, Arentz remarked that the CDU leadership, though nominally “Christian,” had mostly taken no notice yet of the fact that Pope John Paul II “has been a vehement critic of globalization.”

The CDA convention passed a Bonn Declaration, which contained rather harsh statements on neo-liberalism and globalization. Under the headline, “Putting Man First, the Market Second,” the declaration stated that any policy “must be measured by the principle of service to mankind and to the common good,” and “the state is the guardian of the common good. It has to secure the peace, domestically as well as abroad. It has to promote the welfare of man.” The state and its leading politicians have an obligation to defend the common good against its enemies, the declaration said: “The market economy and the social *Rechtstaat* [state according to the rule of law] are one and the same. Without the social *Rechtstaat*, the market economy degenerates into casino or mafia capitalism.” And in another passage: “Labor is a freedom right. The right to have work is more important than property.”

On a global scale, Christian policies must ensure that regulations that exist can contain the threats posed by globalization, the CDA recommended. “In the emerging and developing-sector countries, globalization often leads to grave social perturbations. In many cases, the social consequences of economic and technological decisions are not being thought through well enough, and are not responded to sufficiently. . . . We need transparent and controlled financial markets everywhere in the world. To achieve that, the position of central banks and of the control boards must be strengthened against the players on the financial markets.”

Granted, this is not yet the call for a New Bretton Woods of the kind that nominally “conservative” politicians in Italy have issued, repeatedly, in recent months. But the CDA apparently is moving toward such positions. And it was no accident that the CDA and the LaRouche organization collaborated, along with others, in the campaign to stop the privatization of the Düsseldorf utilities.

Bush's Friends Jailed; Will Cavallo Be Next?

by Cynthia R. Rush

Wall Street and London are doing a lot of hand-wringing these days over the possibility that their man in Argentina, Finance Minister Domingo Cavallo, could end up in jail sometime soon. A close collaborator of drug legalizer George Soros, Cavallo is one of several former high-level officials in the 1989-99 government of President Carlos Menem, implicated in illegal weapons sales to Croatia and Ecuador, between 1991 and 1995. As Finance Minister from 1991-96, Cavallo, together with Menem and other cabinet ministers, signed secret Presidential decrees authorizing the weapons sales, which on paper, were destined for Panama and Venezuela. But the weapons went to Ecuador in 1995, while it was in a border war with Peru.

Argentina's creditors fear what might happen, were Cavallo, supposedly the country's financial savior, to be arrested. The country is in disastrous financial shape, thanks to the criminal free-market policies imposed by Cavallo during his 1991-96 tenure as Finance Minister under Menem. And, the crisis will worsen, because of the usurious terms of the recently announced plan to swap \$30 billion in short-term debt for longer-term debt, orchestrated by Cavallo's mentor at *Crédit Suisse-First Boston*, former U.S. Deputy Treasury Secretary, David Mulford (see *EIR*, June 8). Wall Street analysts are warning that were Cavallo subpoenaed to testify in the arms case, Argentina's bond rating would go through the floor—and they would lose billions.

Carlos Menem, a longtime friend of the Bush family, is already under arrest on charges of "illicit association" in the weapons case, being investigated by federal Judge Jorge Urso and Prosecutor Carlos Stornelli. Two days before Menem's June 7 arrest, his former Army Chief of Staff, Gen. Martín Balza (ret.), was arrested on the same charges.

Is Cavallo next?

Many think so. One TV program covering news of the case, showed mugs of the former government officials implicated, with the pictures of Menem and Balza marked with a large "X," indicating that they are now under arrest. The other two mugs on the screen, not yet crossed out, were Cavallo and Menem's Foreign Minister Guido Di Tella.

'Moral Reserve of the Nation'

As these events have unfolded, nationalist leader former Army Col. Mohamed Alí Seineldín has rapidly become a

focus of tremendous media attention. Hated by London and Wall Street because of his uncompromising defense of Argentine sovereignty and national institutions, Seineldín is a political prisoner—and also a hero of Argentina's 1982 Malvinas War against Great Britain, a matter of great relevance to the arms case.

In 1991, the Anglo-Americans saw to it that Seineldín was sentenced to life in prison, because of his leadership in the December 1990 uprising against the Army high command, whose policy was to demilitarize the Armed Forces. This was the policy of the George Bush Sr. administration, and of policymakers such as Kissingerian Luigi Einaudi, who elaborated this British strategy to destroy the institution of the sovereign nation-state. Bush personally intended to make a "horrible example" of Seineldín, for daring to defy the globalizers.

The Anglo-Americans didn't count on Seineldín's reputation as "the moral reserve of the nation" coming back to haunt them—but it has, with a vengeance.

During the Malvinas War, Peru was one of Argentina's staunchest allies, sending planes and pilots to help fight the British. Historically, the two countries have enjoyed a warm, collaborative relationship. Not only did Menem betray this traditional ally, by sending weapons to Ecuador in 1995—he did so, while Argentina was serving as one of four "unbiased" international guarantors, as stipulated by the 1941 Rio Protocol, which were supposed to be helping Peru and Ecuador peacefully resolve their border conflict.

War hero Seineldín, respected by patriots throughout Ibero-America, stands as a pillar of moral authority, against Menem, Cavallo, and their sleazy friends, including the Bushes.

Seineldín conducted his own investigation of the 1991-95 illegal arms sales, and testified as to his findings before Judge Jorge Urso, on May 21. His testimony, and subsequent media interviews—he has given over 100, as of this writing—underscored that the illegal weapons sales were not just a display of personal corruption, but a product of Argentina's submission to globalization and George Bush's "New World Order."

"The Anglo-Saxon establishment," and Sir George "imposed neo-colonialism on the republic . . . especially the Latin American [ones], and have disarmed the state," he told a Radio 10 interviewer on June 6. With Bush's help, Menem made Argentina an official "non-NATO ally" of the United States, the end result of two decades of submission to the international financial oligarchy.

He also charged that the United States had ordered Argentina to make the arms sales, and that Menem had willingly complied. Meantime, Balza had dismembered the Army: The 6,500 tons of weapons illegally sold to those two countries, could have been used to train 50,000 soldiers over a ten-year period, or to equip eight infantry battalions and two field artillery units.

And, the most interesting question of all, he said, is: What happened to the money from those sales?

Russians Surprise U.S. at Forum; Say European, Not U.S. Relations Key

by William Jones

It was a rude awakening for Washington policy elites as a variety of Russian officials, think-tankers, and academics gathered in Washington on June 8-9 to attend a conference entitled "Russia—Ten Years After." The conference, sponsored by the Carnegie Endowment for International Peace, was the first major conference of its kind held in Washington since the election of Vladimir Putin as President of the Russian Federation.

Although there was a broad range of views represented here, one thing was clear—Russia under the Putin government was seeking a different direction than the "Washington Consensus" of the 1990s, to resolve its serious economic problems. International Monetary Fund "experts" such as Jeffrey Sachs and Anders Åslund registered surprise at this, though they should not have, since Russia had been pushed to the point of national economic suicide. Åslund still made a rather pathetic attempt to defend the achievements of the "shock therapy" policy in his speech to the Carnegie gathering.

The decision announced by Russian Transportation Minister Sergei Frank on May 15, to move forward with an upgrading of Russia's transport and railroad system—in particular, the upgrading of the strategic Trans-Siberian Railroad and the construction of a new system from Russia through Iran to India—indicated that Putin is moving in the direction of the policy proposed by U.S. statesman and economist Lyndon LaRouche for the creation of a Eurasian Land-Bridge, creating corridors of development through the Eurasian heartland.

This "shift" in Russian policy became manifest from the beginning of the conference. The keynote speaker on the day's first panel was none other than Zbigniew Brzezinski, one of the prime perpetrators in launching the Central Asian "Arc of Crisis," during the 1970s, supporting those Islamic fundamentalists which were fighting Soviet forces in Afghanistan, and which today are threatening the United States with their own brand of a terrorist "jihad."

As could be predicted, Brzezinski was very provocative.

Noting first of all that "the Russian socioeconomic system has been essentially a failure because of 70 years of communism," Brzezinski brayed that the United States, "whether it

likes it or not," is the "preponderant global power," adding the caveat that "the United States has to learn how to accommodate to its friends and even to its adversaries while exercising at the same time its preponderance." The task in exerting that "preponderant global power," Brzezinski went on, "was to construct structures, which would be more stable and to which insofar as our topic today is concerned, Russia will gradually have to adjust."

"And the most important of these is the enlargement of the European Union and the enlargement of NATO," Brzezinski said. "Both will happen. Both will take place. And opposition to them is futile," Brzezinski trumpeted. "Accommodation to them can be constructive. And I am quite confident when I say here on this platform that there will be significant enlargement of NATO. And there will be enlargement of the EU. And that creates a hard core for the international system that is very fluid, a Euro-Atlantic hard-core." This policy was later supported by Strobe Talbott, the Clinton point-man on Russia, who was to play the role of "dove" to Brzezinski's "hawk." Brzezinski then used Talbott's support for NATO expansion into the Baltic states as "proof" that this provocative policy had bipartisan support.

Russia as a Part of Europe

The first Russian response to Brzezinski was from Vladimir Lukin, the Deputy Speaker of the Russian State Duma (lower House of Parliament). "If you look at your relations with Europe, you see that . . . there are very difficult problems which lie between us. More than that, I would be so bold as to affirm that in the last decade . . . the United States has been perceived in Europe as a less and less European country, culturally, psychologically.

"Russia, despite all its contradictions, all its problems, is being perceived as a more and more European country for many reasons. If we take China, there is another problem. If we take Japan, there is different kind of problem, which leads to some tension between them and the United States, not to speak about U.S. relations with the Third World. So, the problem of getting along on the bilateral level is a part of the problem of getting along with the United States more generally," Lukin said. "And I insist that Russia now is not

the one which is being perceived as absolutely outside of the world community vis-à-vis the relations with the United States.”

One of the problems, is “the problem of the change of administrations in your country,” Lukin continued. “Under Clinton the United States pretended to be the leading political power in the world, and not without reason. Of course, everybody knew the reasoning of the United States . . . that somehow the United States was a more humane, more noble country, more dedicated to the basic, correct, human values, universal values. So, it deserves to be leader. Very good! I can get along with it, if it is true in practice.”

“But now the United States says, ‘Yes, we have to play a leading role because we are the United States, because we are strong, and because we know something you don’t know.’ ” Lukin made the comparison to the way the Communist Party used to claim for itself the “leading role.” “And that was not so successful,” he noted. “Yes, we accept that you are leaders, but you must prove that you are capable to be leaders in your actions, not in your metaphysical self-perception, but in your concrete actions. And in this situation, there are problems. There are problems in various regions in crisis. The United States throws aside everybody in resolving the Middle East crisis, and suddenly becomes not only the leader, but the only country which has pledged to resolve it. The results, unfortunately—very unfortunately for everybody—have not been successful. So the capacity of the United States to unite, to convince, to elaborate programs, and to walk with others in collective actions, remains to be improved, to say the least.”

Then Lukin added a most telling, significant comment, indicating the new, evolving geometry in Russia foreign policy: “But the most natural direction of Russia development is to return to Europe. . . . Problems between Europe and the United States will be developing, but it is something of an objective, long-term reality, and the less Russia interferes in these, the better for Russia. But Russia will positively become part of Europe. In that way, outside relations with the United States should be very good,” he said.

In a similar vein, albeit even more outspoken, was the next speaker, Sergei Rogov, the director of the U.S.A.-Canada Institute of the Russian Academy of Sciences. “The first point to be noted, is that Russian-American relations are no more central to the international system, like they used to be for many decades,” Rogov said. “I think we have about 18 months to fix Russian-American relations, because by the end of the next year, three negative developments could overlap. And really, we could reach the point of no return in Russian-American relations. One would be a unilateral American decision on ballistic missile deployment. The second would be a NATO decision on enlargement despite Russian protests, including the Baltic states. And the third, would be the decline in oil prices, which would make it impossible for Russia to pay the foreign debt in 2003, when that payment will jump.

“If all these events coincide, then the Russian-American relations would go into a completely different direction. Then, all the talk about a Russian-Chinese strategic alliance, Russia and China jointly trying to oppose the United States, in a way Russia becoming junior brother for China: this talk might become reality. And that’s why I just want to emphasize the feeling of urgency.”

At that point, Talbott became a bit peeved. “I think it is shibboleth to talk about or to threaten us, as it were, with the China card,” Talbott bristled. “I’m not a China expert. There are people in this room who are. I am deeply skeptical about whether Russia has an option or, indeed, whether China has an option of some kind of sustained, strategic partnership against the United States. It has an opportunity in the near term, which, by the way, I think it shares with countries like France, of ganging up against the United States on certain specific issues, because of this problem they see of the preeminence of American power. But I do not think it is helpful or accurate to wave in our faces the danger that if we don’t get it right in the next year, Russia and China are going to go off together for the rest of the century.”

And the Eurasian Land-Bridge?

Talbott’s heated response, however, raised the real question, brought up by this reporter to the keynote panel. “Dr. Brzezinski has spoken of the 70 years of socialism in Russia which have ended in total failure. But what we’re also talking about today are the ten years of unbridled capitalism which have brought Russia more to the brink of an abyss than those 70 years of socialism. The policy is now towards creating the physical infrastructure which has been destroyed over so many years. It seems that President Putin is pursuing what we have called for the past ten years the Eurasian Land-Bridge policy, engaging Russia, China, the Central Asian countries in that effort. Is it not now time, when Putin has now begun to initiate a Witte or Hamiltonian policy, for the United States to give its support to the construction of this Eurasian Land-Bridge as a hope for the countries in the area and for the world as a whole?”

Brzezinski replied icily, “Maybe.” Talbott, who unlike the crazed Cold Warrior Brzezinski, has been considered supportive of Russia’s development efforts, would not respond to that all-important question. And yet, on the U.S. response to that new political orientation, will probably depend the very future of a stable U.S.-Russian relationship.

Lyndon H. LaRouche, Jr. wrote in a recent memo: “The key to a global economic and related recovery lies within the Eurasian development perspective as I have defined that. However, the likelihood is that unless the U.S.A. comes to play a positive, collaborative role in that Eurasia project, success is doubtful. Hence, the moral persons, the only actual Christians, in the U.S. today, are those devoted patriots of the U.S. who will, as patriots, work to bring this nation quickly into its proper role in the crisis-ridden world of today.”

International Intelligence

Dr. Mahathir Scores 'Free Market' Failures

Malaysian Prime Minister Dr. Mahathir bin Mohamad lashed out at the advanced sector nations for doing nothing to restructure the International Monetary Fund (IMF), during his speech in Jakarta to the Group of 15 developing nations' meeting on May 30. Zimbabwe's President Robert Mugabe was similarly harsh, as *EIR* reported last week.

"There is no doubt that globalization has exacerbated the vulnerabilities of developing countries and eroded their national policymaking capacity," he said. "In the financial sector, despite the painful lessons that should be drawn from the Asian financial crisis, we have been disappointed with the little progress made to reform the international financial architecture. Sad to say, the focus has tended to be more on ideological rather than the practical issues. The failure of the free market to self-regulate international finance as well as misallocated resources and volatile exchange rates have largely been ignored. Instead the highly questionable value of free and unregulated markets are still being touted as the ideal which must be adhered to at whatever cost. The ideology of market freedom, it seems, is more important than the well-being of human society. It has become all too clear that the IMF is more a political instrument than one for financial rehabilitation. The sufferings of people seem to be of little concern as long as certain policies and directives are implemented. There is little hope that contrary views will be entertained."

Dr. Mahathir also called for a meeting of experts from the G-15 nations, to plan an approach to creating a new world financial architecture, which was adopted.

Anglo-French Plans For Intervention Force

The potential for joint Anglo-French colonial-style interventions into "falling apart" Third World countries was reportedly a hot topic during a high-level gathering in France, according to BBC World Affairs Editor John Simpson, writing for the London *Sunday Telegraph* of June 3. Simpson, who

attended the meeting, described the "group of distinguished officers, politicians, diplomats and academics from France and Britain," who "discussed ways in which the two countries could co-operate better in sending their troops to sort out trouble spots around the world."

The future of the British and French militaries, writes Simpson, lies in "peacekeeping. . . . It is often a matter of going into 'virtual states,' . . . countries whose governments have collapsed, and where power is in the hands of bands of 15-year-olds with Kalashnikovs. . . . Inevitably, since France and Britain once owned the biggest empires in the world, there were occasional hints of nostalgia for a past where peacekeeping in the Third World was precisely what colonial armies did; and behind the colonial armies, came dedicated administrators. . . . 'District commissioners' was the way someone described today's administrators, and there was a distinct atmosphere of approval around the table."

Simpson asks, "What happens to virtual states such as Sierra Leone? What do we do if Algeria collapses into anarchy, and floods Europe with refugees? Should we really take action (or, more realistically, help Australia to take action) if Indonesia falls apart? Will we get the necessary diplomatic support to do something? And (Algeria apart) what's in it for us to help, if governments can't govern, and people are terrorized and starved?"

Simpson writes, "It was absolutely clear to me, listening to the discussion, that the political will and the strategic ability still exist, in both France and Britain, to use their Armed Forces in this way."

LaRouche Society Briefs Philippines Senators

The LaRouche Society of the Philippines met the President of the Senate, and distributed a dossier on the fight against energy privatization to all 24 Senators. Herman Mentong Laurel and Itos Valdes led a delegation of 12 to meet with Senate President Aquilino Q. Pimentel, Jr., on the last day of the Special Session of the Congress on May 31, called primarily to ram through the Omnibus Power Bill, deregulating and privatiz-

ing the National Power Company (Napocor). (*EIR*'s coverage of this fight appeared in our June 8 issue.)

Pimentel acknowledged that he has long been familiar with the works of Lyndon LaRouche, and was very interested in the international aspects of the current energy crisis, and LaRouche's New Bretton Woods proposal. The Society members emphasized the conceptual clash—the general welfare vs. shareholder value—behind the fight against the Bush policy.

A LaRouche Society pamphlet was presented to the Senator, composed of a history of the energy scam in the Philippines, with an appendix of *EIR* articles on the LaRouche campaign for energy re-regulation around the world.

'Shanghai Five' Adds Uzbekistan as Member

On the eve of its June 14-15 summit in Shanghai, the "Shanghai Five" nations—China, Russia, Kazakstan, Kyrgyzstan, and Tajikistan—have added Uzbekistan as a member, and will formally become the Shanghai Organization of Cooperation. According to Russian Foreign Minister Igor Ivanov, among the documents to be signed, are a "joint declaration of the heads of state; a convention on combatting terrorism, separatism, and extremism; and provisional regulations on the activities of the Council of National Coordinators."

Tajikistan President Emomali S. Rakhmanov stressed: "The Shanghai process . . . is of importance in the matter of strengthening of trust in the military area, as well as stability and security, not only in the region but also in the world as a whole."

The organization was founded five years ago in Shanghai. Chinese Foreign Ministry spokesman Zhu Bangzao characterized the "Shanghai process" for the *Business Times* of June 1, saying that it has provided a precious experience for the international community, in exploring new state-to-state relations, new security concepts, and new regional cooperative patterns, which have become an important factor in promoting multipolarization in the world and the establishment of a fair and rational international political and economic order.

Time To Take Out The Garbage at FBI, DOJ

by Jeffrey Steinberg

On June 1, in an interview with the *Washington Post*, former U.S. Sen. John Danforth (R-Mo.) delivered a stinging denunciation of the FBI, charging that the Bureau had systematically obstructed his special counsel probe of the April 19, 1993 Waco tragedy, in which 86 members of the Branch Davidian sect died in a fire during an FBI armed assault on their church compound. Danforth's 1999 probe dubiously concluded that the FBI was not guilty of wrongdoing at the scene of the showdown; however, the former Senator and Episcopal priest said that he encountered such stonewalling and obstruction from FBI officials at every level, that he considered seeking a search warrant from a Federal judge to raid the FBI's headquarters.

Danforth said that he encountered a "spirit of resistance" to outside scrutiny. "It was like pulling teeth to get all this paper from the FBI." The *Post* reported, "The problem came to a head in late 1999 when his [Danforth's] office threatened to get a search warrant from a Federal judge, he said. Danforth said that he agreed in a phone conversation with [FBI Director Louis] Freeh not to seek a warrant if 14 postal inspectors would be allowed to search Bureau files themselves. The search netted hundreds of pages of documents that had not been turned over, investigators said. . . . Earlier in 1999, [Attorney General Janet] Reno had sent U.S. Marshals into FBI headquarters to seize other Waco-related documents."

The Danforth assault on the lack of integrity at the FBI has contributed to a growing climate of anger at the tyranny of the FBI and Federal prosecutors in several other recent high-profile cases, including the Oklahoma City bombing case, in which the Bureau had been caught withholding thousands of pages of evidence from defense attorneys for Timothy McVeigh and Terry Nichols, the two men convicted in the Alfred P. Murrah Federal Building bombing on April 19,

1995 (two years, to the day, after the Waco massacre).

The revelations about the withheld documents were made just days before McVeigh was scheduled to die, in the first Federal execution since 1963, forcing an infuriated Attorney General John Ashcroft to announce a 30-day postponement. Ashcroft—like President George W. Bush, a strong advocate of the death penalty—had elected to use McVeigh as the poster-boy for Federal executions, and had turned the scheduled murder of McVeigh into a public spectacle—what Lyndon LaRouche had denounced as a "pay-per-view televised snuff film." Ashcroft had hoped to exploit the public hatred of McVeigh, for his admitted role in the worst terrorist attack in American history, to blunt criticisms of the death penalty, which have been growing in recent years, in the wake of numerous documented instances of prosecutorial abuse, and several cases in which individuals were executed, who were later proven to have been innocent.

On June 5, Ashcroft appeared before the House Judiciary Committee, and lied that a recent study by the National Institute of Justice (NIJ) had found that there was no prejudice or racial profiling in the prosecution of Federal death penalty cases. Therefore, Ashcroft told the panel, he felt no need to postpone the scheduled execution of Juan Raul Garza, a convicted drug trafficker, scheduled to die on June 19.

Even the *New York Times* reacted to Ashcroft's dalliance with the truth. In a June 10 editorial, the *Times* noted that, aside from McVeigh, who was hours away from execution, there were only two white men among the 21 men on Federal death row, and over the past dozen years, "fully three-quarters of those charged with Federal capital crimes have been members of minorities." The *Times* noted that the NIJ study had not even been completed yet, and that Ashcroft had promised, at his confirmation hearings before the U.S. Senate, to wait



FBI agents in the raid against publishing houses associated with Lyndon LaRouche in Leesburg, Virginia, Oct. 6, 1986. As Timothy McVeigh was being put to death, the question remained: What is the connection between gross FBI illegalities and the threat of terrorism in the United States?

until the study had been finished and thoroughly evaluated, before going ahead with any Federal executions. The *Times* concluded with a warning: Ashcroft had better think twice, particularly with a Democratic majority in the Senate, before he “carries out executions in the face of what continues to be powerful evidence of discrimination.”

A National Security Breach

Even after the FBI was forced to admit that the thousands of pages of evidence had been withheld from McVeigh’s and Nichols’ attorneys, Ashcroft continued to insist that he would not allow McVeigh’s execution to be postponed past June 11. On May 31, attorneys for McVeigh filed a motion with U.S. District Court Judge Richard Matsch, the original trial judge, asking for a further stay of execution, and seeking an evidentiary hearing to prove that Federal prosecutors and the FBI had committed “fraud upon the court” by failing to comply with discovery orders. On June 6, Judge Matsch, at the close of a one-hour hearing on the defense motions, ruled that, despite his “shock” at the government’s failure to disclose the missing documents until days before McVeigh’s scheduled execution, he would not grant the further stay. The next day, McVeigh’s attorneys filed an appeal of Judge Matsch’s ruling with the appellate court, but that appeal was rejected, and McVeigh was executed on June 11, with precisely the media “bread and circus” atmospherics sought by Ashcroft.

As Democratic Presidential pre-candidate for 2004 Lyn-

don H. LaRouche, Jr. had warned, in a statement issued by his campaign, the execution of McVeigh may have satisfied the blood-lust of Attorney General Ashcroft, President George W. Bush, and others, but it severely undermined the national security of the United States, by eliminating one of the few known individuals who could, at some future date, shed light on the “others unknown” who directed the Oklahoma City bomb plot, and who are now free to act again. The DOJ and the FBI, as McVeigh’s attorneys argued, committed fraud upon the court, by burying evidence of the broader bomb plot, in favor of a “lone assassin” case, pinning the entire bombing on McVeigh.

As *EIR* said in last week’s *Editorial*, should those “others unknown” strike again, “the blood of those victims will be on the hands of Ashcroft and those in the FBI and the Department of Justice, who covered up the truth about the Oklahoma City bombing, in order to reap the public relations and budgetary benefits, offered by the quick capture, trial, and execution of McVeigh.”

Senator Danforth, in his *Washington Post* interview, made a forecast: “I bet that Timothy McVeigh at some point in time, I don’t know when, will be executed, and after the execution, there will be some box found somewhere.”

Ruby Ridge Revisited

The day before Judge Matsch issued his death order against McVeigh, the FBI suffered a setback in yet another high-profile case of murderous government misconduct. On

June 5, in a 6-5 ruling, the U.S. Ninth Circuit Court of Appeals in San Francisco reinstated Idaho state manslaughter charges against FBI sharpshooter Lon Horiuchi, for the 1992 murder of Vicky Weaver, during an 11-day standoff at Ruby Ridge, Idaho. On May 14, 1998, U.S. District Court Judge Edward Lodge had ruled that Horiuchi could not be prosecuted under Idaho state law for the Weaver murder, because he was “acting within the scope of his Federal authority” when he shot her, as she stood, unarmed, in the doorway of her cabin holding her infant daughter.

Days before Vicki Weaver’s murder, Federal agents had gotten into a gun battle with her husband, Randy Weaver, during a bungled attempt to arrest him on dubious gun charges. The Weavers’ 12-year-old son and a Federal agent were killed in the incident, and FBI SWAT teams were dis-

patched to the Ruby Ridge scene, with orders to shoot to kill.

The Ninth Circuit found that Horiuchi could not duck behind the claim that he was only following the FBI’s rules of engagement. “Assuming the facts alleged by the state, this is not a case where a law enforcement officer fired his weapon under a mistaken belief that his fellow agents or members of the public were in immediate danger. Rather, a group of FBI agents formulated rules of engagement that permitted their colleagues to hide in the bushes and gun down men who posed no immediate threat. Such wartime rules are patently unconstitutional for a police action,” the court wrote.

The Horiuchi case will now be taken up, once again, by a Federal judge. Beyond the specifics of the Ruby Ridge case, the appellate court ruling sent a clear message to the FBI and

The Hanssen Case: A Puzzling Enemy Within

When FBI Director Louis Freeh announced on May 1 that he would be resigning his post, sometime this Summer, two years before his ten-year term expired, “to pursue a more lucrative career in the private sector,” the fact of the thousands of pages of withheld FBI documents in the Timothy McVeigh and Terry Nichols cases had not yet become public. Many experienced FBI-watchers immediately suspected that Freeh’s sudden decision to leave the Federal government may have been linked to the recent arrest of FBI Counterintelligence official Robert Philip Hanssen, on charges that he spied for the Soviet Union and Russia over a 16-year period. Hanssen had been part of the inner sanctum of the FBI’s National Security Division; he had gone to the same Northern Virginia Catholic church with Freeh (and Supreme Court Justice Antonin Scalia); he had a reputation of being a holier-than-thou hard-core anti-Communist, who frequently lectured fellow FBI agents on their personal morals; and he was a member of the Catholic organization Opus Dei.

“The Hanssen case broke the mold,” one high-ranking retired U.S. intelligence officer, with decades of experience probing the psyche of spies, double-agents, and traitors, had told *EIR*. Hanssen did not appear to be spying for Moscow in return for a personal fortune; nor did he fit the profile of a man recruited to sell out American national security, out of ideological motivation.

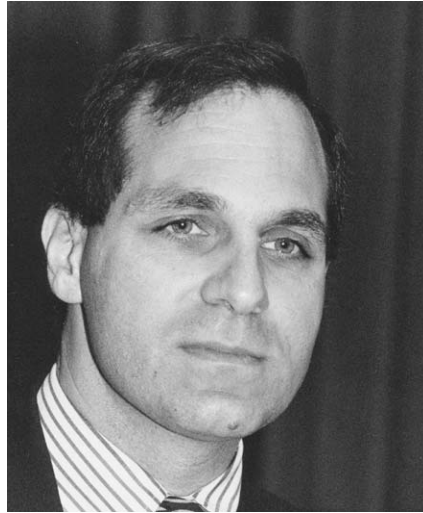
But, according to well-placed former FBI sources, Hanssen’s career at the FBI was not without serious blemishes. According to one source, Hanssen should have been

fired, for cause, on at least three separate occasions. Twice, he was caught tampering with the FBI’s computerized databases, and in a third incident, he assaulted a fellow employee, nearly dislocating her shoulder. According to a second source, Hanssen was similarly caught tapping into one of the Pentagon’s most sensitive computer databases, but he talked his way out of that fiasco, by claiming that he was conducting a “counterintelligence” test of the Defense Department system’s vulnerability, as part of the Bureau’s efforts to combat cyber-warfare.

Each time that Hanssen was caught in a compromising act, these sources reported, he was bailed out of trouble by a network of senior Bureau officials, “an old boy apparatus,” according to one source, which ensured that the complaints were buried, and Hanssen’s career was never jeopardized.

The past several months’ veil of silence surrounding Hanssen’s fate, were necessitated by ongoing negotiations between Federal prosecutors and Hanssen’s lawyers, but that silence is likely to soon be broken. In early June, Hanssen entered a plea of “not guilty” on the spy charges, and vowed to fight the case in open court. DOJ and FBI officials had refused to rule out seeking the death penalty against Hanssen, and sources close to Hanssen’s attorney, Plato Cacheris, hinted that Hanssen would not strike a deal with the Justice Department, averting an embarrassing high-visibility trial, unless the capital penalty were taken off the table.

Whether the Hanssen case ultimately goes to trial, there will be answers demanded of the top-ranking officials of the FBI, particularly in light of the other scandals now surfacing about FBI misconduct and institutional suppression of evidence, in the Bureau’s highest-profile cases. One of the people certain to be faced with those questions is the outgoing Director, Louis Freeh. — *Jeffrey Steinberg*



Attorney General John Ashcroft, FBI Director Louis Freeh, and the late J. Edgar Hoover. From its inception, the FBI has operated on behalf of an oligarchical force which represents a threat to the U.S. Constitution.

other Federal law enforcement agencies, that they are not above the law.

A Cover-Up Implodes

The FBI's belated admission that it withheld a treasure trove of documents from attorneys defending McVeigh and Nichols did not come voluntarily. Indeed, just two days before the Bureau admitted that it had failed to provide the files, FBI Supervisory Special Agent Danny Defenbaugh, in an interview with a Dallas TV station, boasted that the Oklahoma City bombing investigation, which he had headed, was error-free.

The reason for the sudden reversal became clear on May 29, when CBS News aired a "Sixty Minutes II" segment, featuring four former FBI officials, all principals in the Oklahoma City bombing probe ("OKBOMB" in FBI parlance), who all said that they knew the Bureau had withheld exculpatory evidence from the Oklahoma City defendants.

One of the four agents, Rick Ojeda, had written a letter to Sen. Charles Grassley (R-Iowa) on March 7, 2000, alerting him to the fact that the FBI had withheld exculpatory evidence from McVeigh and Nichols. According to the court papers filed by McVeigh's lawyers seeking the stay of execution, Ojeda's letter to Grassley said, in part: "The reputation of the FBI, as an agency that covers up crimes and destroys evidence is well deserved. Instances such as Ruby Ridge and Waco have brought this to the public's attention. I am also aware of instances in other cases, including the Oklahoma City bombing, where exculpatory evidence was ignored and not documented, including exculpatory evidence I personally gathered from leads assigned me in the case."

It was only *after* the FBI learned of the pending Sixty Minutes exposé of the withheld Oklahoma City documents — when producers for Sixty Minutes asked for permission to

interview Defenbaugh — that it 'fessed up to the "error." On May 9, a Special Assistant to Attorney General Ashcroft wrote to McVeigh's and Nichols' attorneys, alerting them to the problem.

Even after the initial revelation, the scope of the document burial took on larger and larger proportions, with almost daily "discoveries" of more documents that had never been turned over to defense lawyers. Ultimately, 46 of the 56 FBI field offices in the United States, and at least one overseas legatary post, admitted that they had failed to release OKBOMB files — an admission of systemic, institutional corruption. All told, by the time of McVeigh's execution, the FBI had turned over 4,449 pages of previously undisclosed case documents, and 11 computer disks containing 16 hours of audio and video tapes of evidence, according to the court papers filed by McVeigh's attorneys before Judge Matsch.

Sources familiar with the work of an Oklahoma state grand jury probing the Murrah Building bombing, have told *EIR* that crucial surveillance-camera footage in the possession of government prosecutors showed other individuals, in addition to McVeigh, fleeing the bombing scene. The sources also confirmed that there were several sequential detonations, suggesting, as some have claimed, that there were bombs planted inside the Murrah Building, in addition to the rental truck bomb. According to the sources, much of that material has *still* been withheld from defense attorneys.

Defenbaugh now says that he knew in early January 2001 about the missing documents, but claims that he decided to keep the information from any Bureau higher-ups for more than four months!

Defenbaugh's story — that he acted on his own in hiding the knowledge of the withheld documents — was further called into question by the Sixty Minutes investigation. Jim Volz, a 27-year FBI veteran, told CBS that he was driven out

of the Bureau by Defenbaugh, because he had raised questions about the handling of the OKBOMB investigative files, and had defended several African-American and Hispanic Special Agents on the task force, who complained about biased treatment by their boss. Volz says he was driven out by Defenbaugh in retaliation for these efforts, and he took the matter to court, suing Defenbaugh personally. The judge who heard the complaint found, in a written ruling, that Defenbaugh “was not credible” and “was not to be believed,” according to *Sixty Minutes*.

A Menace Too Grave To Ignore

The pattern of new revelations of FBI institutional corruption comes at the same time that the Bush Administration is coming under growing criticism at home and abroad for unilaterally pursuing menacingly incompetent policies that threaten global stability and pose an immediate threat of rule-by-decree crisis-management government at home. This suggests that the pile-up of corruption scandals at Freeh’s doorstep is part of a transatlantic institutional move to contain the Bush “committee to blow up the world.” Such a coordinated international campaign against the Bush Administration was first demanded by Lyndon LaRouche, immediately after Supreme Court Associate Justice Antonin Scalia handed the Presidency to “Dubya.”

The danger of a Bush Administration resorting to bureaucratic fascist methods was raised by LaRouche in a Jan. 3, 2001 speech to a Washington, D.C. audience and broadcast internationally on his website, in which he assailed Bush’s nomination of Ashcroft as Attorney General, citing the case of how Adolf Hitler used the Reichstag fire to ram through dictatorial rule by decree in Germany in 1933. “Now I’m not suggesting that the case of Ashcroft is comparable to the Reichstag fire,” LaRouche told the audience. “But it’s a provocation, a deliberate provocation. And if the Democratic Party and decent Republicans do not combine to throw that nomination back in the face of the nominator, this Congress isn’t worth anything. That is, because it will have surrendered its dignity.

“If you give those kinds of powers, of a Justice Department, to that Ashcroft, and what he represents, under that flag,” LaRouche warned, “you don’t have any justice left in the United States. . . . So don’t sit back and be nice guys,” LaRouche concluded, specifically addressing the members of the Congress. “When Bush makes some proposal which is sensible, it should be treated as a sensible proposal. But when he tries to shove a provocation down your throat, like Ashcroft, no. No way, buddy, no way.”

Those remarks by LaRouche were incorporated into Jan. 16 testimony before the Senate Judiciary Committee by Dr. Debra H. Freeman, LaRouche’s spokesperson, in opposition to the Ashcroft nomination. Dr. Freeman concluded her testimony by prophetically warning, “Were John Ashcroft to be

confirmed as Attorney General, he would only augment the horrible abuses of power and criminal tyranny already rampant within the Justice Department and FBI bureaucracies.”

An Ongoing Battle

In her testimony, Dr. Freeman had reminded the Senate that the fight to curb the abuses of power by the permanent bureaucracy at the FBI and Department of Justice didn’t start with the Ashcroft nomination. “I have presented testimony before this committee,” she said, “documenting the shameful pattern of judicial abuses by the FBI and the Department of Justice Criminal Division, in Operation Fruehmenschen (which targetted thousands of African-American elected officials for judicial frame-up), in the Waco and Ruby Ridge massacres, and, most emphatically, in the railroad prosecution of Lyndon LaRouche and dozens of his political associates.”

She continued, “The LaRouche case was described by former U.S. Attorney General Ramsey Clark, in 1995 testimony before an independent commission on Justice Department tyranny: ‘I believe [the LaRouche case] involves a broader range of deliberate and systematic misconduct and abuse of power over a longer period of time in an effort to destroy a political movement and leader, than any other Federal prosecution in my time or to my knowledge.’ ” (Clark’s testimony is excerpted in this *Investigation*.)

Dr. Freeman reminded the Senators that “in 1998, a bipartisan majority of members of the House of Representatives backed the McDade-Murtha bill, which attempted to place serious constraints on the Justice Department, the FBI, and other Federal law enforcement agencies—to prevent the continuing pattern of official criminality and abuses, targetted against American citizens. That effort was only partially successful,” she lamented. “Much remains to be done to assure that the U.S. Justice Department no longer serves as a government-sponsored political police and assassination bureau.”

With the Bush-Ashcroft team weakened, but still in power, and with the FBI under a public spotlight for the recently exposed instances of abuse of power and corruption, it is more important than ever before, that the effort to “take out the garbage” inside the Federal law enforcement community move forward—under a public spotlight best afforded by open hearings before the Democratic-led Senate.

For more than a decade, Congress has dodged the issue of the LaRouche railroad prosecution—which began with an Oct. 6, 1986, Waco-style military assault against *EIR* publishing offices in Leesburg, Virginia and a nearby farm where LaRouche was residing, by more than 400 Federal, state, and local police, backed up by armored personnel carriers, fixed-wing aircraft, and military sniper teams. No thorough house-cleaning of the corrupt permanent bureaucracy at the FBI and DOJ would be possible, without an airing of truth about the “Get LaRouche” atrocity.

McDade-Murtha Debate Sought an End to DOJ, FBI Tyranny

On Aug. 5, 1998, more than a decade after American political leader Lyndon H. LaRouche, Jr. and several associates were framed up and became political prisoners, sentenced to draconian sentences of up to 77 years in prison, an extraordinary, long-overdue debate on the abuses by the U.S. Department of Justice took place on the floor of the U.S. House of Representatives.

The debate was over a “Citizens Protection Amendment” to the House Appropriations Bill of 1998. The legislation was the most open and important step the U.S. Congress had taken in decades to curb the abuses of the Department of Justice (DOJ) and FBI—including abuses of withholding evidence that recently came to light in the Timothy McVeigh case.

The 1998 amendment had been drawn from the “Citizens Protection Act,” introduced earlier that year by Reps. Joe McDade (R-Pa.) and John Murtha (D-Pa.), and which, with more than 200 co-sponsors, had garnered widespread bipartisan support. However, with heated opposition from the Department of Justice, and from the Conservative Revolutionaries in Congress, such as Asa Hutchinson (R-Ark.)—a former Federal prosecutor, who was one of the House “managers,” who ran the impeachment of President Bill Clinton—the

amendment failed to pass the Senate.

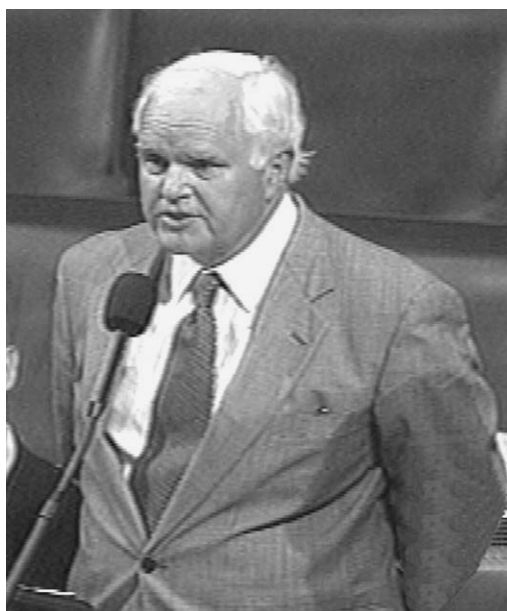
Many of the co-sponsors of that Citizens Protection Act, such as Rep. Sheila Jackson Lee (D-Tex.), wanted full hearings into DOJ misconduct. Today, three years after these debates, no such hearings have taken place, and the abuses again stand exposed. With the recent changing of hands in the U.S. Senate to the control of the Democratic Party, there is again an opportunity to hold those hearings, and rein in the Justice Department and the FBI.

The following are excerpts from the debate:

Rep. Sheila Jackson-Lee (D-Tex.)

“Why are we arguing against prosecutors being subject to the same state laws and rules, and local court rules, and state bar rules of ethics of any other series of lawyers? Why are we suggesting to our constituents that there is something wrong with requiring prosecutors, Federal prosecutors, to not seek an indictment against you with no probable cause, to fail to promptly release information that may exonerate you, to attempt to alter or mis-state evidence, to attempt to influence or color a witness’s testimony, to act to frustrate or impede a defendant’s right to discovery. Yes, the scale of justice is balanced and blind, and that is what we are speaking of, to be able to equalize you in a court of law against a Federal prosecutor. . . .

“Let me thank the prosecutors for going into the deep South in the 1960s and raising up issues of civil rights that other local attorneys could not raise up. Let me thank them. The Department of Justice did an amazing job in dealing with those issues. So, we realize the uniqueness of the Federal prosecutor system. But, does that mean that we throw people to the trash heap of life? Do you lose all of your rights because



Left to right: Rep. John Murtha (D-Pa.) and Rep. Joe McDade (R-Pa.), co-sponsors of the 1998 Citizens Protection Act, during House debate on their amendment.

'Operation ABSCAM' May Still Be Operational

The same apparatus of corrupt permanent bureaucrats which, in the Department of Justice's (DOJ) Criminal Division back during the Jimmy Carter Administration (1977-81), launched a series of frame-up "sting operations" against a targeted group of U.S. Representatives and one U.S. Senator, is still operating today. Almost all of the Congressional targets were Democrats, with close ties to the labor movement. The program, "Operation ABSCAM," involved the deployment of FBI special agents, posing as Arab sheikhs, seeking favors from elected officials, in return for cash bribes. The FBI allied with a group of hardened career criminals, who provided the Bureau sting agents with "expertise," in return for a license to commit crime, and receive large piles of taxpayers' money for their "services."

There are now indications that the FBI and DOJ may be once again running an ABSCAM-type filthy operation against targeted Congressional Democrats.

- On May 4, 2001, a Federal grand jury in Cleveland handed down a ten-count, 130-page indictment against Rep. Jim Traficant (D-Ohio), charging him with bribery,

tax evasion, racketeering, conspiracy, and obstruction of justice. The DOJ has been gunning for Traficant for years, particularly after he beat the government's Racketeering Influenced and Corrupt Organizations (RICO) prosecution against him, arguing the case *pro se*, and then parlaying it into a political career that included nine terms in the House of Representatives. Last year, Traficant appeared on ABC News' "Nightline" broadcast, and accused top officials of the local FBI office of having ties to organized crime and colluding with mobsters in several murders. In the same interview, Traficant mocked J. Edgar Hoover for wearing a dress.

- Federal officials have been conducting a year-long grand jury probe of Sen. Robert Torricelli (D-N.J.), on a similar array of flimsy charges of campaign finance corruption. Like Traficant, Torricelli has also refused to roll over in the face of the DOJ and FBI operations. In early June, Torricelli wrote to Attorney General John Ashcroft, demanding the appointment of an independent counsel to conduct the investigation. Torricelli charged that, with the Democratic Party holding a one-vote majority in the Senate, which would be erased were Torricelli to be forced to resign, Ashcroft and the Bush Justice Department would be irreparably politically tainted, and unable to conduct a fair probe. Ashcroft has not yet responded to Torricelli's letter.—*Jeffrey Steinberg*

you go into a Federal courtroom and a prosecutor says, 'I have all of the rights'? . . . We are doing nothing here that is against the boundaries of respect for our Federal system.

"Let me say, as a member, again, of the Committee on the Judiciary, yes, I think our job might have been better if we had had hearings. In fact, I do not think we are finished. I think we must proceed and investigate even more whether there are abuses across the country. But today we are where we are. We have an opportunity not to attack, but to make better. This underlying amendment . . . will protect you the citizen against the kinds of abuses which we face every day. . . ."

Rep. Peter King (R-N.Y.)

"I rise today in strong opposition to the Hutchinson amendment and in strong support of the Citizens Protection Act of my good friend, the gentleman from Pennsylvania [Mr. McDade].

"I think it is time to put a human face on the abuses that are carried out by prosecutors in this country, prosecutors who consistently violate the rights of innocent human beings, innocent citizens and their families, friends, and relatives. . . . I would like to refer to a predecessor that I had here in the

Congress, Angelo Roncallo. . . . And what went on in his case has happened in so many other cases over the years.

"He was a man who was brought in by the United States Attorney and told he had to deliver a political leader. When he refused to do that, he was called before the grand jury. His family was harassed. He was indicted. His friends were indicted. Everything was leaked to the newspapers. This man's career was destroyed. He was defeated here in the United States Congress.

"Finally his case went to trial. The jury was out 30 minutes and he was acquitted. It came out during that case that all throughout, from day one, the prosecutors had evidence that would have completely exonerated this defendant. They knew it from day one. Throughout the trial, they had U.S. Marshals stand around the U.S. Attorney's office because they had convinced the judge that this Congressman, Angelo Roncallo, was somehow going to have them killed during the trial. . . .

"When the trial was over the judge said it was a disgrace. He referred it to the Justice Department to have it investigated. What was done? Nothing. That is what always happens. Nothing.

"I think it is important for all of us in this Chamber, those of us who are self-righteous, those of us who say it could



Rep. Maxine Waters: "The fact of the matter is that we have violations of the Constitution being perpetrated on us by those who work in the Justice Department."

never happen to us, let you be the target of an unscrupulous prosecutor, and you will see how fast you will change your tune when you see your wife harassed, and your children. And I can go on and on. . . .

"The fact is, no prosecutor in this country is the United States of America. The United States of America is the people. We represent the people. It is time for us to stand up and say, 'No,' to these prosecutors, no matter where they are coming from.

"Prosecutors are out of control. They are ruining the civil liberties of people in this country. I am a Republican. I cannot understand how Members in my party who say they support individual rights could ever allow a prosecutor to trample upon the rights of innocent people, the abuses that they are guilty of. . . .

"I do not know how the gentleman from Pennsylvania [Mr. McDade] went through what he went through over the years and stood tall and survived it. He is a man of courage. He is a man who had the guts to stand up. But you think of the average citizen in your hometown, if they went after him, would he have that same guts? Would he have that stamina? Would his family be able to resist it?

"I again urge and implore all of my colleagues to defeat the Hutchinson amendment, stand with the gentleman from Pennsylvania [Mr. McDade], stand with the Constitution and

say no to this untrammled abuse of power by the prosecutors and our Justice Department today."

Rep. John Murtha (D-Pa.)

"I just want the Members of this House to know that I sat beside [Mr. Joe McDade], a Member of Congress for eight years, while he was investigated for six years; the most insidious tactics that could possibly have been used against him.

"The appeals process, which is supposed to make sure that the Federal prosecutors do not get out of control, the Federal appeal process ruled two to one. He went two years under indictment. The Federal jury, which came from an area that said 70% of the politicians are crooks, ruled in three hours. He was acquitted.

"In the indictment they said campaign contributions are bribes. The rules of the House are clear about the legality of campaign contributions, that honorariums are legal gratuities. That is what they charged him with. . . .

"Now, this is a Member of Congress who was able to raise \$1 million to defend himself. The ordinary citizen, the ordinary person, cannot raise \$1 million. The ordinary citizen cannot even raise money to defend himself. The public at one time used to think that a person was innocent until [proven] guilty. Now they get the impression, because of the leaks, the unethical leaks that come from the prosecutor, that the individual is guilty. . . .

"We call this the Citizens Protection Act because we feel so strongly that the gentleman from Pennsylvania [Mr. McDade] is just an example. What he did for the House of Representatives is absolutely essential to our independence. But what we are trying to do for the ordinary citizen is absolutely important to their individual protection. We believe we need an independent body to watch over them, to give them some sort of controls so that they do not go off without control and then be promoted, as somebody was after Waco, and the terrible, terrible injustice they did to the individual in Atlanta with the leaks that came out of the Justice Department.

"So, I feel very strongly that we have to get some kind of control. The legislation that we drew [up] we hoped would come through the authorizing committee. We could not work it out at this late date.

"I just hope that the Members, and we have almost 200 co-sponsors of this legislation—we have said to the Justice Department, if you have individual situations that you would like us to look at, we would be glad to look at that. They have not come back with anything. They just want to take this out. They want no kind of controls from the outside. . . ."

Rep. Maxine Waters (D-Calif.)

"This is not about partisan politics at this moment. This is about the Constitution of the United States of America, and whether or not citizens are going to have basic protections that we thought were guaranteed to us by the Constitution.

“So, whether we are talking about the special prosecutor, or whether we are talking about the underlying legislation, what we are talking about is individuals who have run wild, who are trampling on our rights, who have gone absolutely too far. It does not matter whether they are from the right or they are from the left, or where they live in this country, what color they are.

“The fact of the matter is that we have violations of the Constitution being perpetrated on us by those who work in the Justice Department, and it is off the scale when we look at this special prosecutor. He has gone too far. This should be ruled in order.”

DOJ Crimes Aired at 1995 Independent Hearings

Two days of public hearings were convened, on Aug. 31 and Sept. 1, 1995 in Vienna, Virginia, to investigate allegations of gross misconduct by the U.S. Department of Justice (DOJ).

The independent hearings, which were facilitated by the Schiller Institute, were prompted by the refusal, in Summer 1995, of the House Judiciary Committee probe into the incident at Waco, Texas, to actually hear evidence of rampant corruption by the DOJ permanent bureaucracy. The House hearings were hijacked by a group of Republican Congressmen whose objective was to pillory President Bill Clinton, and the result was a massive cover-up of the DOJ corruption that the Congress had promised to investigate.

The independent panel, which declared that it would investigate what the House subcommittees refused to hear, included former U.S. Rep. James Mann (D-S.C.), who, while in Congress, served as a prominent member of the House Judiciary Committee; South Carolina State Sens. Robert Ford and Maggie Wallace Glover; Alabama State House of Representatives Reps. William Clark and John Hilliard; Reps. Toby Fitch and Howard Hunter of the North Carolina House of Representatives; Rep. Ulysses Jones, Jr. of the Tennessee House of Representatives; Rep. Percy Watson of the Mississippi House of Representatives; Attorney JL Chestnut, one of the foremost civil rights lawyers in America today; and Msgr. Elias El Hayek, Chor Bishop of the Maronite Church and professor of law.

The testimony concentrated on the cases that the Congress refused to touch, including the unprecedented abuses in the prosecution of Lyndon H. LaRouche, Jr. and his associates, the political targetting of African-American elected officials under the DOJ’s racist pogrom called “Operation Fruehmenschen” (the German word for “primitive man”), and

the gross abuses in the DOJ Office of Special Investigation’s “Nazi-hunter” prosecution of retired Cleveland auto worker John Demjanjuk.

At the conclusion of the hearings, the panel declared it impossible to summarize such results in a short concluding statement. Subsequently, hundreds of thousands of copies of hearing excerpts in the form of videotapes and transcripts were produced by the Schiller Institute, for circulation throughout the United States, to create the conditions for curbing the DOJ/FBI tyranny. (Copies are available from the Schiller Institute, P.O. Box 20244, Washington, D.C. 20041-0244.)

We excerpt some of the testimony delivered at these extraordinary hearings here:

Ramsey Clark

Mr. Clark is a former U.S. Attorney General, who represented Lyndon H. LaRouche, Jr. in his appeal, and who had, in 1990, presented the human rights abuses against LaRouche and his associates at the Organization for Security and Cooperation in Europe summit in Copenhagen:

“I’ll start and end with the case of Lyndon LaRouche and his co-defendants, not because it’s the alpha and omega—although it’s about as close as a case gets to the potential perfidy of justice—but because it shows how bad it can be, and yet, it has, as so very, very few of these cases ever do, a positive side that we have to consider.

“I came into the case after the trial. As a person who lives in the country and pays attention to these things, I followed it carefully. I knew something about the ways of the judicial district in which the case was filed and the meaning of filing a case there. To call it the ‘rocket docket’ is a disservice, unless you identify the rocket, because if there’s a rocket in present use that would be similar, it would be the so-called depleted uranium-tipped missile, the silver bullet used in Iraq.

“In other words, it’s a lethal rocket. It’s not a rocket that sought truth or intended justice. . . .

“But, in what was a complex and pervasive utilization of law enforcement, prosecution, media, and non-governmental organizations focussed on destroying an enemy, this case must be number one. There are some, where the government itself may have done more and more wrongfully over a period of time; but the very networking and combination of Federal, state, and local agencies, of Executive and even some Legislative and Judicial branches, of major media and minor local media, and of influential lobbyist types, the ADL [Anti-Defamation League of B’nai B’rith] preeminently; this case takes the prize.

“The purpose can only be seen as destroying—it’s more than a political movement, it’s more than a political figure; it *is* those two. But it’s a fertile engine of ideas, a common purpose of thinking and studying and analyzing to solve problems, regardless of the impact on the status quo, or on vested



Former Attorney General Ramsey Clark, who testified on the LaRouche case, at independent hearings in 1995, on allegations of gross misconduct by the Justice Department.

interests. It was a deliberate purpose to destroy that at any cost.

“Being personally immersed in two other cases right now, which I’m going to mention briefly. One is Waco. Just the deadly firepower of the government on a church. That was a church. You won’t find lawyers in this country, that spend as much time reading law books, as those folks in that church spent every day reading the Bible. You hear a lot of bad things about ’em, but I’ll tell you, if you want to get someone who can quote the Bible, and quote the Bible, and quote the Bible, they could do it. The other is the case of Sheikh Omar Abdel Rahman, whose trial concluded yesterday, and whose jury charge was set today (196 pages). Closing arguments will begin Monday. Sheikh Rahman, who is blind, memorized the Holy Koran at age 11.

“And yet, all this law enforcement was coming down on them. We didn’t have that kind of violence, that physical violence, in the LaRouche case. But the potential from the government’s side was entirely there. The day they went out to seize 2 million documents. These people produce a lot of paper, and it’s not trash; it’s not bureaucratic paperkeeping; you may not agree with it, but it’s all saying things. They had several times more agents, armed, than the ATF [Treasury Department Bureau of Alcohol, Tobacco and Firearms] force that initially attacked the Mt. Carmel Church outside Waco on Feb. 28, 1993. They just didn’t have people on the other side, who were shooters.

“But the *potential* was high; and I’d have to say, if I know law enforcement, that was the mind-set on the day of the Leesburg raid. . . .

“In the LaRouche case, they’re book people. (I have to confess to an intellectual weakness: I find reading easier than thinking, so I read constantly, nearly blinded myself from too much reading. I’ve got 15,000 books at home, read most of them, unfortunately. As you can tell, I haven’t learned much, but I haven’t stopped yet.) These are book people. They had publishing houses going on. Important publications. Non-profit stuff. This is what they were about: ideas, information, social change. Meeting the needs of human people all over the world, humanity all over the world.

“We’re going to have a billion more people before the end of this millennium, and the vast majority, 80% are going to have beautiful, darker skin. And they’re going to live short lives, *short lives* of sickness, hunger, pain, ignorance, and violence, unless we act radically. And these books have ideas. Some will work, some won’t work, but they’re ideas. They can be ‘tested in the marketplace,’ as we used to say.

“And the government came in with a *false* bankruptcy claim, against non-profit publishing houses, and *shut ’em down!* What’s the First Amendment worth? ‘We’ll silence you, you’ll have no books out there.’ . . .”

Yoram Sheftel

Mr. Sheftel is the attorney for John Demjanuk, a naturalized American citizen falsely accused of being a Nazi war criminal known as “Ivan the Terrible”:

“My name is Yoram Sheftel, and I’ve been practicing for 19 years as a criminal lawyer in the state of Israel. I defended about 800 cases. We do not have jury trials in Israel; but like

The OSI Is Still Targetting Demjanjuk

One further indication of the fact that the corrupt Department of Justice (DOJ)-FBI police-state apparatus will not give up without an all-out public fight, is seen in the just-concluded trial in Federal court in Cleveland, Ohio, of John Demjanjuk, the 83-year-old Ukrainian-American retired auto worker, who was falsely accused, by the Department of Justice's "Nazi-hunting" Office of Special Investigations, of being the Treblinka, Poland concentration camp mass murderer "Ivan the Terrible" in 1978. Following a 16-year ordeal, that saw Demjanjuk stripped of his citizenship, deported to Israel, tried and convicted of war crimes, and sentenced to death, evidence *in the files of the OSI* came to light, showing that the DOJ knew all along that Demjanjuk was not "Ivan the Terrible." The Israeli Supreme Court reversed his conviction, and Demjanjuk was later released and allowed to return to the United States.

The Sixth Circuit Court of Appeals, in Cincinnati, Ohio, was outraged at the OSI's handling of the Demjanjuk case. It ordered highly unusual hearings, and appointed a Special Master to determine whether the DOJ had committed fraud upon the court.

'Fraud on the Court'

The Sixth Circuit concluded on Nov. 17, 1993, that "the OSI attorneys acted with reckless disregard for the truth and for the government's obligation to take no steps that prevent an adversary from presenting his case fully and fairly. This was fraud on the court in the circumstances of this case where, by recklessly assuming Demjanjuk's guilt, they failed to observe their obligation to produce

exculpatory materials requested by Demjanjuk."

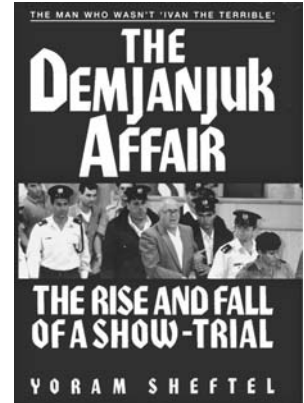
The Sixth Circuit ruling named some of the names of the senior DOJ officials, whose abuse of power had led to Demjanjuk's ordeal, including Deputy Assistant Attorney General for the Criminal Division Mark Richard and Criminal Division head Robert Mueller. (Mueller's name is currently under consideration as a possible replacement for Louis Freeh as FBI Director, when Freeh steps down later this Summer.)

Despite the actions of the Sixth Circuit, last year the DOJ again accused Demjanjuk of having illegally entered the United States, at the close of World War II, by lying about his Nazi past. This time, the OSI charged him with having served at two other Nazi concentration camps.

Demjanjuk went on trail on the immigration violation charges on May 29, 2001, before U.S. District Court Judge Paul Matia. Judge Matia, at the start of the trial, denied defense attorney Michael Tigar's motion for a 30-day delay, so he could review new documents that the DOJ had just turned over, including hand-written documents in foreign languages. Tigar also recently obtained documents from the Ukrainian government, including interviews with relatives of a man named "Ivan Demjanjuk," who may have been the actual guard at the other camps.

The case was heard by Judge Matia, without a jury, and at the conclusion of the trial, he announced he would not be issuing his ruling until late this Summer.

—Jeffrey Steinberg



jury trials, cases are taken to the floor for evidence. And in 1986, I joined the defense team of John Demjanjuk. Two years later, when the appeal proceedings started, I was left alone in this case. For five years, I was conducting the entire appeal proceedings of John Demjanjuk in the state of Israel, and I was also involved — although not appearing in court — in all the proceedings which took place in the U.S.A. from 1987 onwards. As the result of this, on July 29, 1993, Demjanjuk was found unanimously not guilty by the Israeli Supreme Court. And, about two and a half months later, the U.S. Federal Court of Appeals for the 6th Circuit decided that the extradition of Demjanjuk to the state of Israel was a product of fraud upon the courts in the U.S. . . .

"The Demjanjuk affair became one of the worst cases of

cover-up in modern history. This was due to the enormous, unprecedented misconduct of the U.S. Department of Justice, and, most specifically, its Office of Special Investigations.

"The lawsuit to revoke Demjanuk's American citizenship was brought to the Cleveland Federal court, in September 1977. . . . Less than a year after this indictment was presented . . . the OSI received . . . hundreds of pages of documents [which] also contained information about the real identity of Ivan the Terrible. . . . That is to say, on the 12th of August 1978, the OSI is in possession of a picture of the real Ivan the Terrible; a picture which has no similarity whatsoever to Demjanjuk. . . .

"What did the OSI do with this material? It didn't reveal it, not to Demjanjuk's lawyers, and not to the courts which

later tried his case. Only in 1986 was this material turned over to the defense as a result of a court order. Meanwhile, Demjanjuk had been stripped of his American citizenship, and extradited to the state of Israel for being Ivan the Terrible. And this material was deliberately concealed from his lawyers, and from the courts in this country. . . .

“But, the worst atrocity comes when Demjanjuk was finally extradited to the state of Israel [in 1986]. A few weeks later, his son-in-law Ed Nishnic filed a lawsuit based on FOIA [the Freedom of Information Act], to get the entire file, the entire dossier about Demjanjuk, which was in the possession of the OSI. And we have a memo, written to Martin Sachs, one of the trial attorneys of the OSI. . . .

“And here we see, cold-bloodedly — cold-bloodedly — in a death penalty case, the OSI, as an organization, decides not to provide the family of the accused in these proceedings, the exculpatory material which it has in its possession, that could easily undermine the strategy of his prosecutors. I don’t think a cover-up was ever proven by its perpetrators’ material so unequivocally, in writing, black and white, as this cover-up of the OSI to execute Demjanjuk for being what he’s not. I don’t think ever, in such a blunt way, could you expose and show a cover-up as this document shows us. . . .

“If, in 1986, the material which we obtained five years later, if this material had been revealed in 1986, I have no

doubt whatsoever that Demjanjuk not only wouldn’t be sentenced to death, he wouldn’t even have been tried in the State of Israel. No way whatsoever. In the end, when this specific material came to the surface, not through the OSI, but through the defense efforts in Eastern Europe, it led to his acquittal. And it would have happened the same in ’86, if this material had been revealed five years earlier. If John Martin, the defense lawyer of Demjanjuk had gotten the material in 1982, Demjanjuk would have gotten his citizenship back, and there would never have been extradition proceedings against him. . . .

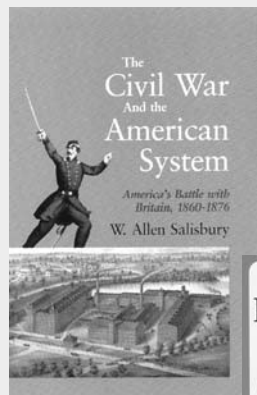
“And the only reason he was not executed, for reasons that nobody, including myself, could have anticipated, was that in the end the defense possessed such strong evidence that proved, beyond a shadow of a doubt, that someone else was Ivan the Terrible. No court of law, which tried the case in the open, can convict in these circumstances. *The only thing* that prevented his execution in the State of Israel, was the knowledge of the court, that if it had rejected the appeal, it *would have caused one of the worst scandals about a legal case in the 20th Century*. Only because of this situation, was he acquitted. Normal proceedings led to his death sentence based on *nothing*; based on the most suggestive photo spread, as the sole evidence against him, and this, because it was a politically motivated show trial. But, not a cover-up.”

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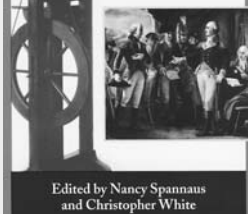


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KKK-Katie Graham's Armies of the Night

by Edward Spannaus

As a crucial part of the battle to save D.C. General Hospital, the LaRouche movement has escalated its exposure of the forces behind the shutting of the hospital and the overall “Negro Removal” project in Washington, D.C. These forces are under the command of *Washington Post* owner KKK-Katie Graham and the banking and real estate forces allied with her, who in turn deploy a small army of local officials and activists, mostly African-Americans, to do their dirty work for them.

At the weekly town meeting of the Coalition to Save D.C. General Hospital on June 13, the regional leader of the Schiller Institute, Dennis Speed, presented some of the results of the devastating research he has conducted on one of KKK-Katie's key front-groups, “D.C. Agenda,” which was created in 1994 by the Federal City Council — the secretive, behind-the-scenes organization which was founded by KKKatie's late husband Phil Graham in 1954, and which has been the real ruling power in the District for almost half a century. A summary of this research has just been published in a new broadsheet entitled “LaRouche Declares War on KKK-Katie Graham, and Her Whole Klan!” now being widely circulated throughout D.C. (see p. 63).

Speed described D.C. Agenda as a key component of KKK-Katie's “Armies of the Night,” and its president James Gibson as “one of the devils and devils' helpers” who, as shadow to Mayor Marion Barry, promoted the plans developed as early as 1974 for the clearing out of the poor and the shutdown of D.C. General. Speed sketched the career of D.C. Mayor Anthony Williams, who got his start, out of Harvard, working to shut down Boston City Hospital! And Speed compared D.C. Congressional Delegate Eleanor Holmes Norton — now feverishly working to block any action in Congress to save D.C. General — to the African slave traders who sold their own people into slavery.

At a press conference and rally the next day, June 14, at

Judiciary Square, in front of the building which houses the offices of the Mayor and Control Board, Schiller Institute leader Lynne Speed reported that the most frequently asked question concerning the shutdown of D.C. General Hospital has been: “What is behind this? What is motivating this? If it's not cost, if it's not access, if it's not medical care, why are the Control Board, the Mayor, and Norton pushing to close this hospital?”

She went on to say that the real question is not only “why,” but “who” is behind this. *EIR* Counterintelligence Editor Jeffrey Steinberg detailed the background of a number of the key players in the D.C. “Negro Removal” scheme, such as Eleanor Holmes Norton, who was one of New York Mayor John Lindsay's kapos in the period leading up to the original Big MAC Control Board in New York City in 1975; Ivan Walks, head of the D.C. Health Department, who was hired by Mayor Williams out of the HMO apparatus of George W. Bush's financial angel, Richard Rainwater; and James Gibson.

A New Civil Rights Movement

At the previous evening's town meeting, State Rep. Erik Fleming of Jackson, Mississippi, told the assembled activists that “we have to step this campaign up to another level.”

Representative Fleming, who was in Washington to meet with members of Congress about D.C. General, said he has been telling them that if the Control Board is successful in shutting down public health care in Washington, “next, they are coming to where you live; ‘coming to a theater near you.’ ” He explained that if the privatization and destruction of health care can be carried out in the nation's capital, even those states which have so far continued to support a public health system, like Louisiana, will find themselves on the chopping block.

The meeting also heard reports on the rising death toll resulting from the closing of D.C. General to ambulance traf-

fic—now estimated at at least 13—and the devastation that the privatization is wreaking on public health in the District. Coalition leader Dr. Abdul Alim Muhammad emphasized that D.C. General has always been the keystone of Washington’s entire health-care system. He said, for example, that many of the patients he sees at his clinic, need blood tests, CAT scans, dental work, and other procedures, for which they can’t pay, and in the past, he has been able to refer them to D.C. General, and also get the immediate cooperation of D.C. General’s doctors, who will fax him the results for follow-up on these patients. “I don’t know what I will do now. These are people who can’t pay \$1,200 for a CAT scan.”

The meeting was also addressed by two renowned veterans of the 1960s civil rights struggles. Amelia Boynton Robinson, the voting rights heroine of Selma, Alabama, who has been lobbying the Congress and the D.C. Council all week, said the enthusiasm and optimism of the Coalition gatherings, reminded her of the meetings of civil rights activists in Selma over 35 years ago.

The Rev. James Bevel, who was the head of Direct Action for the Rev. Martin Luther King, Jr. in the early 1960s, presented an incisive discussion of organizing, which literally had the whole audience on the edge of their chairs, including his account of things he had learned from King. He compared his experiences from the intense fights of the 1960s for voting rights, with the problem now facing the nation over D.C. General and related issues of the general welfare.

Lawsuit Heard in Federal Court

As well as being fought on the streets, and in the halls of Congress, the battle to save D.C. General is also being fought out in Federal court, where two members of the D.C. City Council—Kevin Chavous (D) and David Catania (R)—have brought a lawsuit seeking to overturn the Control Board’s illegal and unconstitutional actions when it privatized D.C.’s public health system on April 30.

Over 100 activists and observers filled the courtroom at a June 8 hearing on the lawsuit, with dozens more in line outside. Judge Richard Robertson had scheduled an hour and one-half for the oral arguments, but in fact they extended for two and one-half hours. Attorneys for the two Councilmen told the court that “people are not getting health care, and ambulances are roaming the city because of rolling blackouts of emergency rooms.”

The Councilmen’s attorneys argued that the Control Board acted unlawfully in two respects: First, that it cannot enter into a contract of this magnitude (some \$100 million), and second, that since February, the Control Board has been in its “sunset” phase, as a result of the District having met all of its financial objectives, as set by Congress; therefore, the Control Board can only carry out “winding down” activities. They also contend that the Control Board’s action violated the Constitutional rights of the Council members themselves.

The Councilmen asked the judge to void the contract for the takeover of D.C. General, to void the enabling legislation

enacted by the Control Board, to reopen D.C. General Hospital, and to appoint a Special Master to oversee a 30-day transition, handing D.C. General back to the Public Benefit Corp. which formerly ran D.C. General and the city’s public health system.

The judge took the motions under advisement, and did not indicate when he will issue a ruling. However, he did issue an order on June 13 officially accepting the *amicus curiae* brief filed last week on behalf of 131 elected officials, religious and civil rights leaders, and other prominent citizens (see *EIR* June 15, 2001). The plaintiffs in the case (D.C. Council members Kevin Chavous and David Catania) had consented to the filing of the *amicus* brief, but the defendants (the Control Board, the D.C. Government, and Greater Southeast Community Hospital) had refused to consent to its filing.

As of this writing, the court has not ruled.

The Case of James Gibson

by Dennis Speed

From the new broadsheet being circulated in Washington, D.C. by the LaRouche in 2004 Presidential campaign.

D.C. Agenda’s “mission statement” proudly boasts that “D.C. Agenda was launched in 1994 by the Federal City Council as a way to help the District of Columbia confront its fiscal, political, social, and economic crises.” The Federal City Council was founded in the 1950s by Philip Graham to control every aspect of political life in D.C., and is composed of 150 of the most powerful real estate “developers, banks, law firms, and corporations” in the District. D.C. Agenda, simply put, is a servants’ shack on KKK-Katie Graham’s plantation. Funders of D.C. Agenda include the Philip Graham Foundation, the Rockefeller Foundation, the Eugene and Agnes Meyer Foundation, etc.

James Gibson was the Deputy Administrator of the Office of Planning for the [Mayor] Marion Barry administration in the late ’70s and ’80s, and, as such, was a collaborator with, if not an architect of, Negro Removal. His idea was to “get in on the action” of the redesign of Washington, not fight it. “You accept the political transaction as legitimate. Let the developers build, and use the commercial tax revenues for social purposes.” As a result of his real estate triumphs, Gibson was appointed to head the Eugene and Agnes Meyer Foundation, 1982-86. Eugene Meyer, was of course, the father of Katharine Graham.

After a seven-year stint at the Rockefeller Foundation, Gibson, together with former President and Trilateral Commission man-servant Jimmy Carter, causes “D.C. Agenda” to take shape. Great embarrassment was registered when it was discovered that the “empowerment” schemes of the 1980s had brought no benefits whatsoever to the general D.C. popu-

lation. Of 93,000 jobs created during the “real estate boom” of the 1980s, D.C. residents got only 2,700—less than 3%. It was concluded that about half the African-American population, and three-fourths of the Hispanic population, would not become qualified for “Third Wave” “dot.com” jobs. Therefore, the best thing would be to move them out of the Capital District. D.C. Agenda was thus born. The poor would not only be left out—they would be moved out.

Just prior to the founding of D.C. Agenda in 1994, Gibson was made a Senior Fellow at the Urban Institute in 1993 (Katharine Graham is its vice-chairman). There, Gibson works closely with G. Thomas Kingsley, formerly of the RAND Corporation, to create what is called the “National Neighborhood Indicators Project” (NNIP), a multi-city systems analysis intended to establish urban depopulation as a science. (If you live in Boston, Denver, Atlanta, Providence, or other major centers, you are a target.)

RAND, which ran the Strategic Bombing Survey at the close of World War II, and the “Strategic Hamlet”/“Operation Phoenix” policy in Vietnam, turned its expertise to the American “inner city” in the late ’60s to destroy the emerging civil rights/voting rights movements. The idea was to destroy African-American and other voting blocs, through “strategic urban planning,” including mass population relocation. (A former president of the Federal City Council, Anne McLaughlin, has been a RAND Corporation Board of Trustees member since 1995, and was recently appointed vice-chairman.)

Gibson formed a 300-person “focus group” at the D.C. Agenda, which looked at migration patterns in the District, the restructuring of the tax code, and how to mold “political consensus” in the D.C. population, which would cause them to *support* their own removal, rather than fight it. They formulated 75 “agendas,” whittled them down to 15, and began holding “sub-focus groups” to inform “the community” of *what it was about to think*. D.C. Agenda “got the agenda to the community” through the “Task Force on D.C. Governance.” This “was comprised of a broad-based group of approximately 150 leaders from the business, professional, labor, religious, philanthropic, governmental, educational and civic communities,” according to their “mission statement.” “The Task Force report was disseminated to approximately 450 community leaders.”

An upcoming pamphlet, being prepared by LaRouche in 2004, Lyndon LaRouche’s Presidential campaign committee, will amplify this outline. Suffice it to say, that virtually every policy you know, from the creation of the Control Board, to the closing of D.C. General Hospital, was authored, or advertised, through D.C. Agenda. It is a “fourth-level” operation, subordinate to 1) the financiers, like Graham’s family; 2) the foundations and law firms through which the financiers deploy their policy formulators; 3) the think-tanks and intelligence agencies. The fourth level is “the conditioning organizations” that teach the population what to think—how to grin, while you are being kicked in the teeth.

LaRouche Speaks on D.C. General Hospital

On June 11, Lyndon H. LaRouche, Jr., a Democratic Presidential pre-candidate for 2004, was interviewed on WOL Radio in Washington, D.C. Here is the transcript.

WOL: Mr. LaRouche, you have been involved in many of the movements or concerns about D.C. General Hospital. Why is D.C. General Hospital important to you?

LaRouche: Well, it’s important to all of us, if people understood what is important. First of all, we have a shutdown of the medical system of the United States, at an accelerating rate. It’s being essentially ripped off, as part of being shut down.

Now, the importance of Washington, D.C., is that it’s the nation’s capital, number one. Look, the D.C. General Hospital is the only full-service, public general hospital in Washington, D.C. It serves—what?—in the order of magnitude of 200,000 people a year. If you shut down the hospital, you do two things: You immediately take a whole group of people, especially in Southeast Washington, and you’re going to drive them out—because you’re going to threaten them with death. There’s no medical care for them. And this program which has been proposed, of course, is assinine, because this business about sitting in a cellar someplace, and qualifying to meet somebody else who you meet, then qualifies you again, to get immediate medical treatment—that is not exactly an honest deal.

So, the death rate will be increased by this. We have a growing worldwide disease problem. People talk about these special teams to deal with emergencies, like the FEMA, the Federal Emergency Management Agency. That will not work. The emergency agency depends upon the medical institutions which function to mobilize those resources for dealing with a medical emergency. Well, D.C. General Hospital happens to be the major emergency defense capability against disease in the Washington, D.C. area.

WOL: Mr. LaRouche, let me take a break. We’ll be right back here. We’re talking about D.C. General with Lyndon LaRouche. . . .

We’re talking to Presidential candidate Lyndon LaRouche on board. We’re talking about D.C. General Hospital. His organization has been working with many other community organizations, to do something about D.C. General. And Mr. LaRouche, I understand you’re in Europe right now. I don’t know if you know, because I haven’t heard yet, I know there was a hearing in court on Friday [June 8], and I don’t

Washington Radio: Fight Is Winnable

know how that ended up. Have you heard any news about that?

LaRouche: All I know is the decision was delayed by the judge. I don't know when we're going to hear from him on that.

WOL: Okay. Because that is a very important decision.

You have dealt with the overall scheme of things, that is, the world stage, the national stage. Put what's happening at D.C. General within the context of the national stage, or maybe even the world stage, if necessary. Is there a trend shifting toward this total neglect of the poor and the needy?

LaRouche: Worse than that. You look at the situation in Africa, where you've got genocide, which, even under Clinton, who was not pro-genocide by any means, but there were other forces in the background there, in his administration. I know he made some attempt to change things in Africa, but he didn't succeed. And the State Department continued to work with British forces, and the genocide in Africa is beyond belief—people just can not believe it. People in the United States I talk to, they just can not understand what is happening, and how it's happening.

So, these kinds of things are, in this case, the D.C. General case, of world importance, because you can see how it's working. You take the case—George Bush, of course, has made himself mud in about 100 days of being President. You've had a revolt in the Republican Party. You have the Democrats are back in, with a fragile control of the Senate. It may get stronger. The energy crisis is blowing up. The health care crisis is blowing up. Politicians, since we started this fight on energy and D.C. General, which is back, actually, in November of last year, shortly after the Nov. 7 elections, where, in the course of a webcast I did, the question came up, and I said, "We have to pick this as the fight, as a national, international fight." It is that.

It's important in itself, but sometimes the way you work, is, you take an issue which is extremely important in itself, knowing that if you can win that issue, you can turn the corner on the same problem around the nation, on the health-care question.

WOL: Let's take another break. Lyndon LaRouche is here. . . .

Lyndon LaRouche is my guest. We're talking about D.C. General, a few more moments. Your organization as well, has been outspoken with regard to the role you believe the *Washington Post*, and Katharine Graham, play in all of this.

Can you expound upon that?

LaRouche: Oh, sure. The power in the United States, when the people allow themselves to be treated like human cattle, which is what people have tended to do—about 80% of the American population has descended to the point of "going along to get along" with conditions that exist, not really challenging power, but bargaining for favors like, as I've said, at the back door of the master's house. And, in that state of affairs, a group of very wealthy financial interests, which have allied themselves once again with the Southern Confederacy tradition, typified by Trent Lott and other things like that, have moved in to grab—over the last 35 years, beginning with Nixon's campaign back in '66-'68—have moved in to grab power. And the people have been stripped, whether through economic changes in policies and so forth, they've been stripped of a sense of power. And they're sitting back bargaining for power, while these guys—and Katharine Meyer Graham is typical of that; she is a part of the Lazard Frères interest. It's one of the key interests in the United States. . . .

You saw the same thing happen with Big MAC, with Lazard Frères in the middle of it, in New York City, in the 1970s. The same thing is being done in Washington, D.C. The whole operation in Washington, D.C., which involves the targetting of D.C. General, is organized around Katharine Graham, who is the actual head of the organization, and runs a propaganda organization, which essentially controls a good deal of the politics in Washington, including Congressional politics, where she has a lot of influence.

WOL: So, this is a very significant role. What is it that will turn this around? I mean, people have been demonstrating, people have been doing things, Lyndon LaRouche, but what's the bottom line? What's it going to take to turn this back around, and perhaps even save D.C. General?

LaRouche: Well, there are people in the United States, people with some power, in the Democratic Party, and also in the Republican Party, who realize that this Bush Administration is dangerous. It's not merely dangerous because it has bad policies. We can lose our—we can lose our republic with this kind of policy he represents. And what has happened, at the same time I was pushing at this, some people agreed with me, who were powerful people in the Democratic Party, and others, who said, we've got to stop this. We've got to stop this Bush avalanche now, before it goes out of control. People in Europe say the same thing: "You've got to stop this Bush. What's wrong with you, United States, to have that kind of Presidency running loose?"

WOL: Right.

LaRouche: So, what's happened is, our fight for D.C. General, by my intention in the first place—I conceived of the fight on the basis it was winnable, if you intersected this with the issue of the energy crisis, which was going to explode once Bush was in, and combined that together with the fact

that there's a revolt building up among Democrats, and others, like the case of [Arizona Republican Sen. John] McCain, who's playing a different kind of role. They're revolting against this, which means you have the opening where people are going to say, we have to go back to the people. They all know, at the top, despite the propaganda from the big press, that this present world financial system is now coming down.

Nothing can save it. Greenspin is over, he's finished. It's just a matter of when.

So, at this point, people who are concerned, realize we have to go back in the direction of Franklin Roosevelt's policies on the economy, which means, back to the idea of the general welfare. Under those conditions, if we could convince the voters, that we mean business, that we're actually going to restore the principle of the general welfare for all the population, we can get the political force needed to turn this around.

So, the D.C. General Hospital is not a thing in itself; it has the merit of being a thing in itself, but it's only winnable, because the forces in motion—which have to be kicked a little bit now and then—these forces in motion are capable of turning the situation around.

WOL: All right. Lyndon LaRouche has been our guest. Mr. LaRouche, we thank you, and we look forward to talking to you again soon, sometime, okay?

Saving D.C. General 'Is an American Issue'

On June 5, Ray Flynn, former Mayor of Boston, former U.S. Ambassador to the Vatican, and current National President of the Catholic Alliance, and Dr. Abdul Alim Muhammad, Minister of Health of the Nation of Islam and a leader of the Coalition to Save D.C. General Hospital, were interviewed by host Mark Thompson on his WOL radio show in Washington, D.C. In addition to the immediate impact the interview had in the fight to save Washington, D.C.'s only public hospital, the dialogue between these Christian and Muslim leaders also serves as a significant example of the power of the ecumenical alliance for the common good.

WOL: I have a very distinguished guest, former Mayor of Boston, Massachusetts and also the former Ambassador to the Vatican. He is Mayor Raymond L. Flynn. Mayor Flynn, how are you, sir?

Mayor Flynn: Good morning, how are you today?

WOL: Fine, glad to have you on board.

Mayor Flynn: Thank you for having me.

WOL: I see that you have decided from your very lofty position, so to speak—I know you come from Boston, I know that you represented that city well—but you decided to weigh in on our plight here in Washington, D.C., with regard to D.C. General Hospital. Tell us why you've chosen to do that.

Mayor Flynn: Well, I'm no expert on Washington, D.C. politics and what's going on there. I'm like everyone else that once in a while travels there and admires the city; it's a beautiful city, and I have a number of friends there, but when I became aware of this D.C. General Hospital issue, it reminded me so much of the bizarre dismantling of Boston City Hospital, a hospital where I was born, a hospital where both my mother and father died. And at the time, I was living in Rome, 3,000 miles away, just having assumed the position of U.S. Ambassador to the Vatican. But I saw what happened to the Boston City Hospital, I see the same thing happening to D.C. General Hospital, a well-respected, institutional, full-service hospital. It saddens me to see the health-care mission of this hospital, which has served the weak and the poor and needy in this nation's capital for over 200 years, being abused, abused in this sort of way, as the same thing which has happened in Boston.

Save D.C. General Hospital!



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WOL: Describe for us if you would, exactly what did happen in Boston.

Mayor Flynn: Well, the hospital was getting run down, it was one of the oldest public hospitals in the country, and we built a brand new hospital, principally to serve the concerns, not only of the poor, but I also attended the hospital as the city's Mayor, and a lot of prominent people did, because it had a wonderful mission, and it gave terrific medical care. But a bunch of private people looking for money for profit, came in after we had built a new, state-of-the-art public hospital with taxpayers' money. And what happened was, that the city government turned that hospital over to a private organization. And they're running it now, and the mission of having a public hospital in Boston has lost, after the taxpayers' built the hospital and supported it all those years.

WOL: But it seems to be a trend taking place in many cities around the country, unfortunately. Why is that?

Mayor Flynn: Well, I think they're seeing that there is a lot of money in it. The area where the hospital is located, is an area that is going upscale, a lot of affluent people moving into the district. And in some cases, they don't like the clientele that used the hospital. There was a methadone clinic in the hospital, and they like their nice brownstone luxury condominium apartments, and they don't want to be dealing with homeless people and looking out the window and seeing homeless people out there. And even though the hospital has been there for more than 200 years, I think it's more of a class thing, and some of the most prominent people—including the *Boston Globe*, I might add, the most influential newspaper in all of New England—rallied behind this takeover of the Boston City Hospital, taking it away from the government and the working-class people, and handing it over to the private interests. And they made a strong case, and their voice was never challenged by the city politicians, unfortunately.

WOL: . . . Dr. Abdul Alim Muhammad, of the Coalition To Save D.C. General, are you on board with us?

Dr. Muhammad: Yes, How are you today?

WOL: Fine, just fine. There are some events beginning tomorrow?

Dr. Muhammad: That's right, tomorrow we want to kick off a three-day movement of the people of the District of Columbia to save their hospital, because at this point it's only the people themselves, and perhaps their representatives on the City Council, who can save the day. . . .

WOL: Mayor Flynn, in Boston, was it the same type of uproar? I know you were at the time serving at the Vatican, but certainly you would have been aware of the community fighting this in the same way. Were you aware of the same kind of demonstration?

Mayor Flynn: No, there wasn't. That's why I applaud Washington, D.C., and I hope they can get this message across the country, because I assume this is happening in other cities as well. What happened in Boston, is the people just assumed the government was on their side, that they would never let anything like this happen to them and their community. And as a result of that, they were betrayed. And so, they were just waiting for government to do the work for them, and as we well know, it's not for the various religious and activists organizations, and even the media—no one will really stand up and take on the powerful interests of the city. And that's what happened in Boston: They were sleeping, the people were sleeping, and the powerful interests came right in and stole this hospital.

WOL: Dr. Muhammad, there has been a lot of movement around this issue, and clearly this is very significant, to have someone of Ray Flynn's stature to sign on in support of D.C. General Hospital. Will this help on the Hill to get the type of intervention and support from the Congress that you are looking for? I think that when we last talked, last week, it was Congress weighing in to support, was the only hope, right?

Dr. Muhammad: It takes all of the above. It takes all of us, the people, to understand that our interests are at stake, and that we have been betrayed by the powers that be. It takes the City Council, to pick up the phone and to call certain members of Congress, who are waiting for a signal from City Council to move, and to introduce a joint resolution of the Senate and the House to put a stop to the Control Board. It takes the likes of a former Mayor Flynn, and literally hundreds of other elected and former elected officials from all over the country, to weigh in on this issue. And even internationally, we have gotten support from as far away as China, as far away as Germany, and other countries throughout the world, because all of them understand that Washington, D.C. is at the center of world power, and if public health can't be defended in Washington, D.C., then what hope do they have for public health anywhere else in the world?

WOL: Mayor Flynn, your support of this, will it go as far as your making some calls to your friends on the Hill to ask in support of D.C. General?

Mayor Flynn: Yes, I think that's very, very important, and I really intend to do this, because I'm really outraged, not only for what is happening in D.C., but for what happened in Boston as well, and I applaud the good people of Washington, D.C. for mobilizing and coming together. This may in fact unite the city of Washington as well.

I would just add one thing of constructive [comment], as well: The powers that be in this case, might be the Congress, it might be the media. There's only one place where you are going to get the media's attention. I understand

the *Washington Post* has weighed in, in support of this unconscionable transfer. I'd bring the people right outside the *Post*, so when they look out their windows, there they are. And they'll see what's going on. They can't ignore that one.

WOL: Well, you all heard that one, the former Mayor of Boston has encouraged us to go outside of the *Washington Post*. We appreciate that one, we need a little help from the outside, Mayor Flynn, and we appreciate that one a great deal. . . . What do you think of Mayor Flynn's suggestion, Dr. Alim, about demonstrating at the *Washington Post*?

Dr. Muhammad: I think that's an absolutely wonderful suggestion, and we intend to take him up on it. Because, part of what has happened which makes the closing of D.C. General Hospital possible, is the media campaign, is the twisting of the truth, where in fact there is a public health catastrophe taking place as we speak, where, all over the city, emergency rooms are backed up, hospitals are clogged up with patients, as a result of the closure, or near-closure of D.C. General Hospital, and the media are not covering that.

So, part of what makes this possible, is the fact that the people are being denied access to the truth. The *Washington Post* has played a leading role in the doing of that, the *Washington Post* is the leading member of the . . . Federal City Council, that has designated this "Negro Removal" program that involves the closing of the hospital. So, we need to be there and let them know that we are the citizens of the District of Columbia, and we cannot be moved around like cattle, just at the whim of the rich and the famous and the powerful.

WOL: Mayor Flynn, I commend you for being so well versed on the politics of Washington. You said you weren't here, but clearly you know the politics, because this is a one-horse town, and the *Washington Post* tends to be that fourth branch of government here, shall we say. I don't know if you have that same problem with the *Boston Globe* or not?

Mayor Flynn: I think most major cities have the similar problem. We have it here with the *Boston Globe*.

I was very impressed with what the minister had to say. I think I could perhaps add to this, that the rest of the country is watching this war in Washington between the Republican politicians and the Democratic politicians, particularly on this takeover of the U.S. Senate. While the press is watching the war among politicians, there is also another war being waged, and that is the war against the poor in Washington, D.C. and in cities across America. Unfortunately, the press is not covering that one.

WOL: No indeed. . . . I'll put this question out to both of you. Once again I'll begin with you Dr. Abdul Alim Muhammad: The shift now, in power in the Senate, does that help us to expedite what we need to get done on the Hill?

Dr. Muhammad: Absolutely. Senator Daschle, who is now going to be the Majority Leader in the Senate, has signed on in support of D.C. General Hospital. Senator Kennedy from Massachusetts is going to be the new chair of the Health Committee, and we met with the members of his staff last week, and we intend to go back again in the future. And so, we have the line-up in the Congress, if only we can get our own City Council to follow up on their previous good work, and just ask Congress to step in and fulfill its mandate, which is to review these kinds of contracts that the Control Board signs on behalf of the citizens. And if they do that, then we think we can stop this thing before it goes any further.

WOL: Indeed. . . . Now, there are some other events taking place?

Dr. Muhammad: Yes, tomorrow's event is to honor the eight who have already died as a result of these changes. . . . On Thursday [June 7], there's going to be a rally from the hospital, and a march to Congress itself . . . to continue the citizens' lobbying effort—one unprecedented in the history of this country. Then, Friday, the U.S. District Court is going to hear this case, and we want the judge to be able to look out of his chamber window and to see crowds of people who are bearing witness that D.C. deserves its own full-service, fully funded public hospital. . . .

WOL: So, Mayor Flynn, when might we see you down here in Washington?

Mayor Flynn: I've joined onto the *amicus curiae* brief, the "friend of the court" brief.

WOL: Good.

Mayor Flynn: I'm president of this national organization, called Catholic Alliance—a national organization. We support the effort that is being made to save D.C. General Hospital as well, and for those of our listeners out there who may be Catholic, or even non-Catholic, I would urge them to support this effort as well. This isn't a Catholic issue, this isn't a black issue, this is an American issue, and we've all got to be involved.

WOL: . . . All right, folks. . . . We'll have to see, exactly what this all means, and what will happen on the Hill. And, it is also very interesting to see the dynamic here as well, because we have not heard from Congresswoman [Eleanor Holmes] Norton. I know she has said she has wanted to stay out of it—it was a city issue. But I'm not sure how much longer the Congresswoman, or Congress itself, can stay out of this. And that to me—I don't want to be accused of criticizing her, I don't want to be accused of that—but it is something that has to be considered and taken very, very seriously. As a matter of fact, in the next day or two, we will see if we can get Congresswoman Norton on board to talk about this and see where things are.

Bush Cronies Plan To Loot Health Care

by Scott Thompson

Over the next few weeks, the Democratic-controlled Senate will be taking up competing versions of the Patients' Bill of Rights. President George W. Bush is already on record, saying that he will veto the Bipartisan Patients Protection Act, sponsored by Sens. John McCain (R-Ariz.), John Edwards (D-N.C.), Edward Kennedy (D-Mass.), and Rep. Charles Norwood (R-Ga.), that would permit victims of health maintenance organizations (HMOs) to sue them in state courts for the maximum extent, if injury or death ensued from the HMO's withholding of the best necessary medical care. Instead, President Bush supports a phony version of the Patients Bill of Rights, sponsored by Sens. John Breaux (D-La.) and Bill Frist (R-Tenn.), which would put caps on damages, and which only allows lawsuits to be heard in Federal courts.

As we will show, President Bush is planning to permit his crony contributors from the health-care "industry" to make a killing off U.S. citizens, in the same way that he has already done for his contributors, such as Enron and Reliant, in the energy industry.

As Senator Edwards put it on June 10, during the Democratic reply to the President's weekly radio address: "I hope the President will work with Senator McCain and me and help pass our bipartisan legislation that would rein in HMOs once and for all. The President, instead, has lent his support to a version that the HMOs like a lot better. . . . The bill the President likes is not a patient protection bill. It's what a Congressman I know called an HMO protection bill."

Richard Rainwater: Looter

One of the chief beneficiaries of President Bush's genocidal version of health-care "reforms" would be Richard Rainwater, the financier who helped make President Bush a multi-millionaire when he was Governor of Texas, and who now manages President Bush's portfolio in a blind trust.

Among his many schemes, Rainwater has created the largest for-profit hospital network in the United States, Columbia/HCA, as *EIR* has documented (see "How Wall Street 'Shareholder Value' Destroyed America's Hospital System," *EIR*, April 7, 2000). It was Rainwater who created the largest network of psychiatric hospitals, Charter Behavioral, which he looted into a dry husk. Ironically, in building Columbia/HCA, a 340-hospital chain, the largest acquisition (\$7.6 billion) was Columbia's Feb. 10, 1994 merger with the Hospital Corporation of America, owned by the family of Senator Frist.

In December 2000, hundreds of agents from the Federal Bureau of Investigation and other law enforcement agencies in a multi-agency task force, raided and seized the records of Columbia/HCA hospitals across the United States. Columbia/HCA later reached a tentative settlement with the U.S. Department of Justice (DOJ) in the biggest medical fraud case in history. The \$840 million deal, which included criminal pleadings by several Columbia/HCA subsidiaries, was thought by some to end the company's troubles with the law. But, on March 15, 2001, the DOJ filed civil papers in Washington, D.C., joining eight whistleblower suits against HCA, and charging another far-reaching pattern of Medicare fraud and kickbacks to doctors who steer their more affluent patients to HCA-owned hospitals.

However, President Bush has come to the rescue of Rainwater et al., through the people whom he chose to oversee these cases. On March 13, two days before the DOJ jumped back into the HCA litigation, Bush nominated Michael Chertoff to head the DOJ Criminal Division, which post would handle settlement of the criminal actions against Columbia/HCA. The *Wall Street Journal* gloated on March 19: "Attorney Michael Chertoff [had been] HCA's lead outside counsel, who spearheaded the company's defense in the face of the largest Medicare fraud investigation ever launched."

Bush next nominated Thomas Scully, a former employee of Columbia/HCA and chief lobbyist of the For Profit Hospital Association (in which Columbia/HCA plays a major role), to run the Health Care Financing Administration (HCFA), which oversees the Medicare and Medicaid programs. After he was confirmed, in a speech on June 4 to the Chamber of Commerce and a press conference which followed, Scully said that one of his main goals would be to see that the number of elderly and disabled who were part of the "Medicare Plus Choice" (where one chooses to be covered by an HMO), increases from 15% currently, to 30% by 2003. As medical experts have told *EIR*, HMOs often lure people to join "Medicare Plus Choice" with enticements that are then never fulfilled—in typical HMO "shareholder value" fashion, which puts profits over citizens' lives.

As a DOJ spokesman told *EIR* on June 14, these appointments seem to be having an effect. He said that there is now no action being taken on the March 15 civil case against Columbia/HCA, and he indicated that the criminal aspects of the first case might be downgraded.

How Rainwater Made Bush a Fortune

Rainwater, who had no inherited wealth, received an MBA from Stanford University in 1968, and went to work for the Bass family of Texas, at the request of his classmate, Sid Bass, who had made \$50 million in the oil business. Initially, the Bass family gave him \$20 million to invest, and Rainwater quickly lost \$3 million. However, instead of firing Rainwater, the Bass family told him to find out how Michael Milken, among others, had made their "money grow." This was the start of a long business relationship and friendship between

Rainwater and Milken, who would soon be jailed for “insider trading.”

After making several million from his personal investments with the Bass family, Rainwater struck out on his own in the mergers and acquisitions business. One of his chief vehicles was Crescent Real Estate Equities, of which he is chairman.

Before looking at how Rainwater made his fortune, it is important to establish his ties with President Bush, whose fortune he helped to make.

Before his first run for Governor, Bush received advice from family and friends that he needed to establish himself as a “Texas good ol’ boy,” rather than just another “carpetbagger.” The ideal vehicle came when the Texas Rangers baseball team was up for sale, and baseball commissioner Peter Ueberroth introduced him to Rainwater, who agreed to put up \$14.2

million; Bush put up \$600,000, which gave him a 2% interest in the 70-member team partnership. However, when Bush convinced Arlington, Texas Mayor Greene to co-finance a new luxury stadium for the Rangers, with city funds, Bush’s partners greatly increased his share in the team “for services rendered.” Thus, when the partners sold the team and stadium, Bush’s share was \$14.9 million—more than 18 times what he had invested.

As soon as Bush became Texas Governor in 1995, he began a payback to Rainwater which continues to this day. Bush vetoed a Patient Protection Act that he claimed would “unfairly impact some health care providers, while exempting others.” When Bush later asked his state Insurance Commissioner to implement some of the bill’s provisions, he made sure that there was nothing that would adversely affect Rainwater’s Columbia/HCA operations. Also, in 1997, Bush

Dr. Ivan Walks in Rainwater’s Shadow

Dr. Ivan Walks, head of the Washington D.C. Department of Health implementing the murderous shutdown of D.C. General Hospital, had been in the employ of President George W. Bush’s financial angel Richard Rainwater for five years, at the time he was confirmed to head the District of Columbia health system in 1999.

According to his official biography, Walks worked from 1994-96 as Medical Director of Education and Outreach Programs for Charter Behavioral Health Systems, the for-profit mental hospital chain that Rainwater’s Crescent Real Estate took over and looted into the ground (thereby wiping out a good portion of the nation’s managed mental health programs). While Rainwater’s Crescent did not complete its takeover of Charter until 1997, Rainwater and his wife Darla Moore had initially, in 1995, bought up 12.3% ownership in Magellan Health Services, which owned Charter.

On March 3, 2000, *EIR* exposed the criminal role of Rainwater and Crescent Real Estate Investment Trust in the asset-stripping of Charter Behavioral, a looting operation which ultimately drove the managed behavioral care company into bankruptcy. The *modus operandi* employed by Rainwater’s Crescent, in looting the income stream of the Charter hospitals, was identical to that alleged in several civil lawsuits against Doctors Community Healthcare Corp., the firm that Walks has now put in charge of D.C.’s “privatized” health-care system.

Dr. Walks left Charter in 1996, becoming vice-president and Associate National Medical Director of ValueOptions. Up until 1998, ValueOptions was known as Value

Behavioral Health (VBH), a wholly owned subsidiary of Value Health, Inc.—which was, in turn, owned by Rainwater’s Columbia/HCA Healthcare Corp. Rainwater asset-stripped VBH by selling off most of its subsidiary hospitals and then, in February 1998, sold what remained to Options Health Care, which changed the company name to ValueOptions.

A Hitman’s Salary

Dr. Walks’ appointment as head of the District Department of Health generated a firestorm of protest, when it was revealed that Mayor Anthony Williams was paying him \$227,000 a year in salary and benefits—this, despite the fact that Walks’ career was in neuropsychiatry, and he had no prior experience running a city public health system.

The *Washington Times* editorialized against the Walks contract, in a Sept. 3, 1999 column by Jonetta Rose Barras, who wrote, “Mr. Williams—aided by Control Board chairman Alice Rivlin, a complacent Congress, and shamefully compliant media—has yet to detail exactly what is expected of the nearly half-dozen administrators he has hired at top salary, including Dr. Walks.”

Given the role that Walks has played to date in the drive to shut down D.C. General—and thereby dismantle the health service system for the nation’s capital’s most vulnerable citizens—it is clear that he, and Mayor Williams, and Control Board head Rivlin, knew what the administration expected of him.

And if he needed to make the point more sharply, Walks did just that, at a 1998 conference of the American Psychological Association, where he delivered a major speech calling for cost cuts in the behavioral health field, particularly in areas with predominantly ethnic-minority populations.—*Jeffrey Steinberg*

proposed in his biannual budget that the State of Texas ought to privatize the state's mental hospitals, just as Rainwater was in the midst of building his Charter Behavioral network.

As *EIR* has documented, Rainwater's handling of the for-profit Columbia/HCA and Charter Behavioral was based on boosting "shareholder value," rather than fulfilling the intent of the Hill-Burton Act for medical care that had been passed in 1946 to protect the General Welfare.

Rainwater looted Charter Behavioral, which at its height had 90 psychiatric hospitals, out of 590 in the United States. After firing staff, slashing care, and otherwise asset-stripping Charter Behavioral, through Crescent Real Estate, in which Rainwater had a majority investment, Rainwater began to shut down the facilities. Some 4-5,000 seriously ill mental patients were dumped on the streets, and when their families could not cope with their problems, many of these patients joined the ranks of the homeless. According to one report from reliable sources, Bush watched his \$100,000 investment in Crescent Real Estate grow to \$1 million.

Rainwater took the same asset-stripping approach with his Columbia/HCA. Rainwater's guiding principle for looting Columbia/HCA was "earnings before depreciation, interest, taxes, and amortization," known as EBDITA.

What this meant in practice, was that Rainwater, his partner Rick Scott, and his wife Darla Moore (a former Citibank employee whom Rainwater put on the board of Columbia/HCA) took such measures as: firing the best doctors in exchange for inexperienced, new graduates; firing registered nurses, replacing them with less-skilled less costly practical nurses; buying shoddy supplies at a 20-30% discount; refusing (against the law) to give medical treatment to those without health insurance; and giving kickbacks to doctors to refer well-heeled clients.

And, as in Washington, D.C., where the only public hospital, D.C. General, is being shut down, leaving hundreds of thousands of residents and visitors to Washington without adequate health care, Rainwater's gang would buy hospitals and close them, so that his asset-stripped facilities were all that was available in an area.

Rainwater et al. demanded that the EBDITA must increase by 5-20% each year, which led to a process called "up-coding" patients, where Medicare was bilked for more costly procedures than were actually performed—e.g., a patient suffering from pneumonia would be billed to Medicare as suffering from a "complex respiratory infection." Because of these practices, one health-care worker likened Columbia/HCA to Attila the Hun.

This is what President Bush has in store for American citizens, through his threat to veto the McCain-Edwards-Kennedy Bipartisan Patients Protection Act, in favor of the "HMO Protection Act." Until he accepts the General Welfare principle in the U.S. Constitution, he will be responsible for genocide against American citizens in the health-care industry, letting his crony contributors loot it in the same way that other cronies have been looting in the energy sector.

Interview: Catherine L. Barrett

Ohio Budget Crisis: Services Cut, While Protest Grows

Ohio State Rep. Catherine L. Barrett (D-District 31), whose district includes Cincinnati, is on the Education, Finance, and Appropriations and Retirement and Aging committees in the Ohio Legislature. In May, she spoke at a rally in Washington, D.C., in support of keeping D.C. General Hospital open as a full-service, fully funded public hospital. In this June 11 interview with Marianna Wertz, Representative Barrett reflects on that fight, and on the battle brewing in Ohio over the large social service cuts in the biennial budget signed on May 6 by Gov. Bob Taft (R).

EIR: First, do you have anything you'd like to say about why you went to Washington, D.C. last month, to speak out about the fight to save D.C. General Hospital?

Barrett: I really can sympathize with D.C. General. That fight is one that we've fought here, in Cincinnati, Ohio, with the closing of our University Hospital a couple of years ago. What happens is, when you privatize public hospitals, there is less care for the indigent. We had just had a county tax levy, to increase the amount for the indigent, to be able to go to public hospitals. Just as we passed that in November, come January, the hospital was privatized. The money still went to the facility, but fewer of the indigent people were being serviced.

What's happening at D.C. General, which I explained when I got there, is diversion. It's my understanding that, when they go to D.C. General, they don't have emergency care. They have to divert them to hospitals as far away as Maryland, which is a long way away. If you've got a serious patient in the ambulance, that patient could die, or get worse.

EIR: There have been nine deaths already attributed to the absence of emergency care.

Barrett: That went up since I was there. That is a horrible crisis there. What they did, is downsize D.C. General. It started with lab work and other work, instead of doing the emergency care that is needed in that district. There are too many people concentrated in that area not to have a public hospital.

EIR: Let's go on to Ohio. I want to discuss the budget crisis, which I understand is caused basically by two things: the



Ohio State Representative Catherine Barrett, a Democrat who represents a district including Cincinnati, directly intervened to try to save D.C. General Hospital in the nation's capital. She tells EIR why the fight against economic collapse effects is common to both.

reduction in the amount of income coming from the sales tax, because of the stagnant economy; and, the Ohio Supreme Court's decision, earlier this year, based on a lawsuit, that the state had to revamp its funding system for schools, because it's unfair to the poor. Governor Taft signed a budget on June 6, but as I understand it, no Democrats voted for that budget. Can you tell me why?

Barrett: We did not support it, because of the cuts in basic services to our constituents. I represent one of the urban districts, the third-largest in the state, Cincinnati. It cut basic service in Medicaid constituents, it cut services to nursing home constituents, it cut the services for passports, it cut the libraries, it cut university money, and it cut the money for housing.

Cincinnati housing is less than 35% home-ownership, and we have a big problem here with housing for our lower-income residents—affordable housing. We had money in the housing trust fund, to assist in loans, in downpayment assistance, for the low-income people. In Cincinnati, we've had the HUD [U.S. Department of Housing and Urban Development] Hope Six program, Hope Six-1 and Hope Six-2. What Hope Six did, was come in and tear down more than 1,100 units of housing for the poor. They tore it down, and they've been building new housing. These are housing units that you can purchase, or you can lease to own, or you can just rent. They're going to build approximately 800 units. Out of that, 120 of them will be for low income. Our low-income people could not afford to even get those 120 units without some assistance from the state. But the housing trust fund is not able to sustain the contracts that they've

already gotten in Ohio. The people that may want these 120 units in Cincinnati are working poor. Now, they will not have assistance from the state, in trying to get back in the community that was torn down by HUD.

EIR: The funding for that was cut by Governor Taft?

Barrett: Right. I travel all over the state and to various seminars in other states. In Minnesota, Wisconsin, and elsewhere, they're using Federal TANF [Temporary Assistance for Needy Families] dollars to assist the low-income people to buy—down—payment assistance. Those dollars did not come from the general revenue fund, out of the state; they were TANF dollars.

Governor Taft cut those dollars. In the state of Ohio, we're eligible for \$722 million TANF funds each year. We have to "buy" those dollars now. The state puts up \$400 million and gets \$700 million from the Federal government, so you'll have \$1.1 billion that can be distributed throughout the state of Ohio. The governor is saying that he didn't want to put up the \$400 million, to get the \$700 million.

EIR: So you lose all of it.

Barrett: So we lose. What it does, is supposedly it stays in Washington. But next year is the last round of TANF funding, which is within the biennium of the Ohio budget. If those monies are left on the table, the Federal government is saying that they are not going to let the states use it, because they gave it to us to buy down; and if we don't buy down now, we're going to lose those dollars. That's what I'm afraid of.

EIR: I understand, also, that there are severe cuts in mental health programs.

Barrett: Mental health, mental retardation, drug and substance abuse programs, and the prisons were cut drastically. As you know, the crime rate is up in Cincinnati, very high.

EIR: You had some serious riots there recently.

Barrett: We've got serious riots, and we've got gangs that have come in, but we don't have money to hire new, sworn policemen; we don't have money to build jails; we don't have money to just process these cases through.

EIR: There have recently been large demonstrations in Cincinnati: Was that about the budget?

Barrett: The demonstrations that they're having here are really about the services. Cincinnati is just like all over the country. We're experiencing a downsizing in revenue income because of economics. P&G [Procter & Gamble] is one of our big corporations here, and they're laying off 1,900 people in the Cincinnati area. The ComAir strike and the Delta strike—all of them affect Cincinnati. And the support of P&G, all of the business that supported P&G, these people have been downsized as well. So, we're seeing the downsizing of services, but we're seeing the uprising of unrest, because of lack of services.

EIR: I'd like to move on to the school crisis: The Ohio Supreme Court ruled four to three in May that the state has to find a funding system, beyond property taxes, that will even out funding for the schools. What happened in the budget with respect to this?

Barrett: The budget was passed by the Republican votes only, to put in \$1.4 billion over the biennium, to increase the school budget. They decreased every department in the budget to come up with this \$1.4 billion. This is a one-time biennium increase. We cannot sustain every biennium with \$1.4 billion. This is what they're going to present to the Supreme Court [which has given the state a June 15 deadline to come up with a plan]. Their sentiment is, well, if it doesn't work, then we'll let the Supreme Court come back and tell us what to do. Their attitude is, they don't feel that they have to do anything about the property tax. We're still relying on the property tax.

Of this \$1.4 billion over the biennium increase, my school district in Cincinnati will only get 2%.

EIR: Why is that?

Barrett: Because they're saying we're a rich community. They're saying we've got P&G here, which is downsizing, and we've got other big corporations, but our schools are not benefitting from some of the things that they feel we are rich with. We might be rich in property valuations, but, as you know, these businesses are not paying that much in taxes to the schools.

What's happening is, Cincinnati is having to downsize the schools and do a re-engineering of the schools. We've turned around, in our school district, a lot of schools that were not performing. Our state testing is up. Our grading is getting better. But, we have to put in new facilities. We have some of the oldest school facilities in the state of Ohio in Cincinnati. We've got schools built in the 1800s that kids are attending. No air conditioning, the old windows. But we have to come up with the funding. We passed a levy in November 2000, thinking that in the school budget they would get more than 2%, because of the lawsuit. But we only come out with 2%, so we have a shortfall. Some of the things that they have budgeted for, with the new tax dollars that we passed in November, cannot be done, because we have to pick up the shortfall that the state budget has given us.

EIR: So this budget proposal is going to go to the Supreme Court on June 15, and they can accept it or reject it?

Barrett: Yes. I can't see how they can accept this, since it's a one-time item. They've had ten years to settle this lawsuit, and they wait to the last biennium budget.

EIR: Today's press is reporting that Republican legislators are going to try to mount a veto against their own Republican governor's line-item cuts to their budget.

Barrett: Right. We all want new dollars, and that's what this state needs. We can't use the same dollars. Our budget funds—that they've projected, based on the current income tax and sales tax—are in shortfall, while our Medicaid expenses continue to rise. Last year, we had to put in \$268 million in general revenue funds to cover our Medicaid shortfalls. This year, we had to cover a \$158 million shortfall in Medicaid. That's general revenue fund money. I did hear that the Republicans are upset, because of the governor not saying we need new dollars. They want the VLTs [video lottery terminals] and they wanted also to use some of the budget stabilization funds. That would bring in enough money to fund the schools every year, not just this one biennium.

EIR: And the governor vetoed that?

Barrett: And the governor vetoed that.

EIR: As you know, Lyndon LaRouche has said that the crisis facing states is part of the international financial collapse. Has there been any discussion of that collapse in the legislature?

Barrett: No. The legislature has been so bogged down with this school-funding issue, that they have not seen the big picture. They're only seeing the little bytes.

EIR: They're seeing the trees coming down, but not the forest.

Barrett: Not the forest. And that's what's happening. But

Mass Support Against 'Bush League' in South Carolina

On June 9, close to 10,000 union and community activists demonstrated in support of the "Charleston 5" at the South Carolina capitol in Columbia. The "Charleston 5" (pictured here with Ken Riley, President of Local 1422 of the International Longshoremen's Association) are members of Charleston ILA Locals 1422 and 1771, who are charged with felony rioting, stemming from what witnesses say was a police-initiated "riot," as union members gathered on the city's docks to peacefully protest the use of non-union stevedores in January 1999. The five—(left to right: Elijah Ford, Rick Simmons, Peter Washington, Jason Edgerton, Kenneth Jefferson, and Riley)—are currently under house arrest, with a 7 p.m. to 7 a.m. curfew. No trial date has been set.



These ILA locals represent hundreds of dockworkers, mostly African-Americans, who earn an average of \$25 an hour—one of the few "living wage" jobs still available to minorities in South Carolina. Breaking the union would have been a real feather in the cap of Attorney General Charles Condon, an ally of George W. Bush, and state chairman of Bush's 2000 Presidential election campaign, who organized the police action.

On Jan. 20, 2000, some 600 South Carolina police, in riot gear, some on horseback, some in armored vehicles, and some stationed as snipers on rooftops, used concussion grenades and rubber bullets at the Charleston port to break up a picket line by ILA members protesting the use of non-

union labor by the Nordana Lines.

Bush himself praised Condon's handling of the situation when he campaigned in Columbia prior to the South Carolina primary. Condon further intervened in the case, after the first charges against the union members—charges of simple trespass—were dismissed in a city court. Condon saw to it that the Charleston 5 were indicted on the felony riot charges, punishable by up to five years in prison.

The large turnout at the demonstration was a show of strength for those who oppose Bush's "Southern Strategy"—the takeover of American politics by advocates of Confederate "Southern justice," low-wage, union-busting policies.

the Senate Republicans are counting on the Democrats' vote, so they can override the governor's vetoes.

EIR: What do you think the Democrats will do?

Barrett: I think the Democrats will do it. Because everyone is against this Governor. This Governor is not going to have a good time trying to get re-elected next year.

EIR: Is he a friend of George W. Bush's?

Barrett: Oh, yes.

EIR: It sounds like the Republicans are in the same disarray in Ohio that they are in California, with the energy crisis hitting, and Bush's insanity on that.

Barrett: Right. There is a big split in the Republican Party here. We've got the liberal Republicans and the conserva-

tive ones.

EIR: So, it's a reflection of the national pattern.

Barrett: That's right.

EIR: Anything else you'd like to say?

Barrett: I'd just like to say that Ohio is in a crisis right now, not only from the budget, but also we're in a health-care crisis, and that's going to be my next issue, once we get this budget behind us. We have the diversion in the hospitals and the nurses leaving the profession, and even doctors are leaving the profession, because they cannot get reimbursement from managed care.

EIR: We have to do away with managed care.

Barrett: Right. That's what we need to do.

Deregulation Wrecked California's Power Plants

Dan Davis is the President of Local 246 of the Utility Workers Union of America, in Los Alamitos, California. He was interviewed by Marsha Freeman on June 7.

EIR: How has your union local been affected by the deregulation of the electric utilities in California?

Davis: When the state decided to start to head toward deregulation in 1996, our local had 2,000 members. One of the first activities that the utilities took, when they saw they were going to lose their power plants, was a reduction in force. Around 1996-97, after the deregulation law had been passed, we reduced our manning by about 500-600 people. The entire market was changing. The utilities could see they were going to be getting out of the generation business. The Public Utilities Commission (PUC) was pushing them to be more cost-effective, and the easiest way to show that was to stop doing a lot of maintenance, cut back on your manning, and show a lot of positive activities, being a lot more slim and trim.

I have another 40 people losing their jobs. By the end of the year, another 100 will lose their jobs.

EIR: How were the maintenance crews reduced?

Davis: They started reducing the manning at many locations. We had a travelling work crew, which was decimated at that time. The travelling crew works at all the Southern California Edison power plants. They would help with the regular maintenance and do outage overhauls. If something broke down, we would have a crew that could run out and do work on it. We could do a complete overhaul on several units at a time. We weren't big enough to do all the work, and they would still use contractors, but we were capable of working at all the plants they had.

EIR: How did the maintenance change when the plants were run by the new unregulated generators?

Davis: What we used to do was routine maintenance, where you would go out, inspect your equipment, see if anything needed work, fix it, and take outages on a regular basis. A major piece of equipment usually ran for a few years, so, every four years, we would do a major outage, take the plant down, and tear things apart and fix them. The idea was that even if something is in pretty good shape, it's better to replace the bearings, and do the work on it, because you want four to six years of good operating run.

In 1998, we went to a new type of process they called "condition-based maintenance," where you figure out how often something breaks. I used to call it "crash-and-burn" maintenance. You try to figure out when something was going to blow up, and fix it the day before. The problem is, that no one can figure out when it's going to blow up, so you end up fixing it the day *after*. Under condition-based maintenance, you do a lot less maintenance, so you don't need as much of a workforce.

When the new owners took over, they went beyond that, and stopped doing the maintenance. Their concept was, "run it until it breaks, and fix it." The maintenance force was decimated even more. NRG doesn't even have a maintenance workforce. They hire contractors.

EIR: Is their contract for union work?

Davis: The contractor NRG brought in, is a union contractor. AES does everything they can to stay non-union. They're kind of a cult. They interview, and the first thing they say, is that you have to be happy working with AES! It's got to be fun. If it's not fun, you shouldn't be here, and then they fire you. AES busted the union, and the workers they bring in are non-union, as much as possible.

All the [plant] locations cut back on maintenance. They're not obligated for reliability, so it wasn't a big problem. The utilities had to have reliability, so you didn't want units to break. The new owners don't care. If it broke, you take it offline and fix it.

EIR: What you are describing would lead to more down time for unscheduled maintenance. But this Winter, there were three times as many plants down than any other year, and the PUC has questioned whether the plants were taken down to create an artificial shortage and game the market, to drive up the price. Have you seen indications of that?

Davis: I've got indications all over the place: They hired people in maintenance and operations who didn't know how to run the plants, and they broke a lot of equipment and did a lot of damage. One example, is boiler feed pumps. Edison, in all their plants combined, used to burn up one [pump] every four or five years. Each one costs a quarter of a million dollars. Last Summer, the new owners burned up five of them. Edison didn't burn that many up in 30 years! It wasn't because the plants were running so much, but that people didn't know what they were doing.

When Edison ran these plants a lot, you'd run them like a car. You would run all of the units at full load, at cruising speed, like on the highway. During the 1980s, we ran these plants harder than they do now, and maintained them. Every Summer, we would bring everything online, run it full load, and then take a couple of units and bring them down at night [when demand was lower], and bring them up in the morning. They were the ones that took all the wear and tear. Edison concentrated on a few units and put the wear and tear on those, which then would need maintenance the next year. The new owners ran these plants all over the market. They would not only bring them up and down every day, they'd bring them up and down five or six times an hour.

I do know of an incident at a Reliant plant, where they used equipment breakage to their advantage. They had a unit that had tube leaks for weeks. It came to a point, where the PUC was ordering them to run it. The tube leaks hadn't gotten any worse, but Reliant said, "It's too dangerous," and shut it down. It had been like that for three weeks, but they used the excuse of the tube leaks to take it offline.

EIR: What instances are there, where lack of maintenance forces power plants offline?

Davis: In these power plants, you've got intake from the ocean, and, along with that, you get a buildup of algae and sea life in your [water] intakes. What you have to do every so often, is a hot heat treatment, and flush hot water back out of the intakes, to kill all of the sea life that was growing there. You'd do it every six months or so. You have to heat the unit up, and then you're not making megawatts, so it is costing you money. When AES took over, they stopped doing that, saying it was a waste of money. They didn't do it for two years, so they had two years' worth of sea life in the intakes, which wiped out the tubing on the condensers. They spent the next two weeks shoveling out all the dead sea life. When they lost the plant, because they hadn't bothered to do the maintenance for two years, they fired up another unit somewhere else, and charged six or ten times as much for the power.

I was there when AES took over. I looked at what they were doing, and I didn't really see this, I've got to admit. I said, "These guys are stupid. They're not doing any maintenance, they're abusing these units. When they really need them, they're going to break them, and they're going to lose money." It never dawned on me that, when you break this unit, you fire up another one, [and] make six times what you were making before. I thought they were stupid. They just knew more than I did.

EIR: Carl Wood, who is now a PUC Commissioner, and outspoken against deregulation, was an official in your local. What stand did your union take on deregulation?

Davis: We fought it with a passion from day one. Almost all

the utility unions in the state formed a coalition—the California Coalition of Utility Employees—with IBEW locals, in Pacific Gas & Electric, Edison, San Diego Gas & Electric, and the Department of Water and Power. The coalition hired a law firm to try to stop deregulation. We tried to wake up the public, get people aware of what was going on; we tried everything we could to stop it.

It became obvious that we didn't have the political clout to do anything. We were getting steamrolled. We said, "We know this is a bad idea. We know people are going to get burned, but we're not capable of stopping it. Let's try to at least put some safety efforts in for our local."

There was a two-year period where the new owners had to wait to transfer ownership from the utility, which was put in [the legislation] by the unions. We also provided for early retirement protection for people losing their jobs. We represented the maintenance workers for the two-year transition period, but we lost the contracts for people working at the AES and Reliant plants. At NRG, we still represent the people working there, but when Edison ran the two plants NRG bought, we had about 100 people at the two plants. With NRG, I have 33 members now for both plants combined.

EIR: I know you're an AFL-CIO-affiliated union. Some unions in the AFL have come out supporting the Bush energy plan and deregulation, because they think they will get more jobs building new power plants. Is there a split in the labor movement on this issue?

Davis: Yes, there's a rift in the labor movement on that. The Utility Workers Union of America, at the national level, after they saw what happened in California, came out in full support of fighting deregulation. They've been very active throughout the entire country, and throughout the AFL-CIO. But we're a very small union nationally, with 50-60,000 members, and some of the other unions have a million members. The IBEW is a good example. It represents a lot of the electricians in the building trades, and they also represent the workers in the power plants. You would think that the IBEW would come out against deregulation, because it's been destroying the people in the power plants. But they have a lot more members in the building trades that would benefit from building plants, so even though the IBEW is being decimated on one side, they wouldn't come out against deregulation, because the other side made money. We've been fighting for years to get the AFL to come out against it, but the building trades are a very powerful group which is looking at doing all the construction.

There has been progress in the last year. I just got something from the California Labor Federation, with a ten-point plan. They support creating a public utility, keeping the utilities from bankruptcy, and regulated plant maintenance. They're not calling for complete re-regulation, but it's the strongest statement I've seen on deregulation.

When Reliant Vice President Jim Stout first came out here in 1998, he said, “We can afford not to run these plants for long periods of time, because when the shortage hits, you can pay for the entire year’s run in a day. We tried this in Texas,” he said.

EIR: Proponents of deregulation say the problem in California is supply and demand—that there were not enough power plants built, due to environmental regulations. Is that the case?

Davis: In fact, California uses less power during the Summer than it did a couple of years ago. A few years ago, we had plenty of electricity, and we didn’t have blackouts. The reason this state didn’t build more plants, wasn’t because of the Air Quality Maintenance District environmental regulations. It was because the State of California, and the PUC, and the utility companies knew they were going to get deregulated. They were selling the plants, and were going to get out of the market. So, why build a plant that you know you’re going to have to sell in a year, when you don’t know how much you’re going to sell it for?

EIR: There are investigations under way to determine how the new maintenance regime by the unregulated generators could be used this Summer, to drive prices through the roof. Do you see that happening?

Davis: I was in maintenance for 22 years. Edison would do the maintenance during the Winter, and run everything during the Summer. You would time the outages of the units that had to be coming down, so you only had a few units off at any one time. A plant would be down for six weeks. At the end of their outage, you bring them back up, and bring down a few more units. At the beginning of the Summer run, everything had been overhauled, and you never had too much power out at one time. Now they take everything out at one time, which causes an artificial shortage. We used to get a schedule and have the whole year planned out. The companies did have to do an upgrade to meet the Air Quality Maintenance District reductions of NOx emissions, so they are taking these plants down for upgrades, but now it’s all a secret. They can take them all down at the same time. Is the work they’re doing genuine? Yes, but you don’t take all the systems down at the same time.

NRG has sold all of their output to the state Department of Water Resources, so they have a fixed income, and I think they will try to run more reliably this year. AES found out that, if they can’t get online, they lose money, so they did a lot of work to run reliably this year. Reliant doesn’t have any long-term contracts, and I think they will try to

game the system, and I’m sure they’re going to make some money on it.

When the generators started testing the market, the first time they had a shortage, they put in a bid for \$999,999 a megawatt, until the computer program wouldn’t let them do it any more. They sold power at that rate for two days, and they paid back, in those two days, the millions of dollars they’d bought the plant for.

When Reliant Vice President Jim Stout first came out here, to talk to the union to get our help, he said, “We can afford not to run these plants for long periods of time, because when the shortage hits, you can pay for the entire year’s run in a day.” They told us that in 1998. “We tried this in Texas,” he said. “We’re going to lose money during the year, but when the time comes for the shortage, we’ll pay our costs for the rest of the year.” I don’t think they realized the shortage would be so long-term. Even they were caught by surprise, but they expected to make all their money in a few days or weeks, during the heat wave. They fully intended to be charging \$2,000 a megawatt, for at least a short period. It just got to be a long period.

EIR: Many countries are now facing a campaign by the U.S. energy cartels to open up their electricity market, to privatize and deregulate. What advice would give to other states, and your neighbors in Mexico, who are considering deregulating their electric utilities?

Davis: The business manager of this local and the regional manager got invited to Italy about a month ago, to talk to the unions there about what deregulation has done to California. The regional director is fluent in Spanish, and is already in contact with the labor unions in Mexico.

Electricity is not a commodity you can store. It’s something you’ve got to produce on an instant basis when you need it. That means you’ve got to have enough supply, you need the reliability, you need to coordinate the maintenance of the plants when you shut them down. If there is any market in the world today that should be regulated, this is the one. The U.S. regulated the market for 60 or 70 years, we had the lowest rates in the world, and very reliable electricity. We deregulate, and what happens? The prices jump up, we have blackouts. It’s a mess.

Patients Bill of Rights Soon To Take Center Stage

The Democratic-backed Patients Bill of Rights has gained new momentum, not only from the Democratic takeover of the Senate, but also from the endorsement of the Kennedy-McCain bill by Rep. Charles Norwood (R-Ga.).

Norwood, who co-sponsored similar legislation in the last Congress, had been withholding his endorsement at the behest of the White House, to give the Administration time to develop its own proposal. However, after weeks of rumors, Norwood finally came out in favor of the House version of the Kennedy-McCain bill, co-sponsored by John Dingell (D-Mich.) and Greg Ganske (R-Iowa). Norwood said that the Dingell-Ganske bill is "the only bill that guarantees a patient will find justice if they are injured or killed from improperly denied care."

In the Senate, Majority Leader Tom Daschle (D-S.D.) intends to bring the bill to the floor as soon as the education bill is disposed of. The bill faces not only the stiff opposition of the health maintenance organization (HMO) lobby, but also a GOP alternative sponsored by Bill Frist (R-Tenn.) and John Breaux (D-La.). The primary issue of contention is the right to sue health plans over denial-of-care decisions. The Kennedy-McCain bill would allow lawsuits in state courts involving medically reviewable decisions, whereas benefits-only disputes would be forced into Federal courts. The Breaux-Frist bill would force all lawsuits into Federal court, limit pain-and-suffering awards to \$500,000, and prohibit punitive damages.

Both bills have external review processes, but the Breaux-Frist bill requires the exhaustion of all appeals before a lawsuit can be filed. It also allows the health plan to assign cases to a review panel of its choice. Both

bills provide expanded rights for emergency room treatment, except that the Breaux-Frist bill doesn't cover necessary post-stabilization care.

On June 12, Daschle told reporters that he believes that the votes are there to pass the bill in the Senate. He also said that he'd like to see the debate handled the way the debate on McCain's campaign finance reform bill was handled, that is, with a full debate and an open amendments process. He said that that debate "was a model for how we might consider other pieces of legislation."

Democrats Take Control of Senate

On June 6, the Senate convened under control of the Democrats for the first time since 1994. The night before, Jim Jeffords' (I-Vt.) desk was moved over to the Democratic side of the aisle, and the new Senate Majority Leader, Tom Daschle (D-S.D.), gavelled the Senate into session. The change-over rapidly expressed itself in the form of changing agendas. However, negotiations over committee makeup have yet to get beyond such sticking points as funding ratios and disposal of Bush Administration nominees.

Daschle told reporters on June 8, that in addition to the Patients Bill of Rights (see below), the Democrats intend to bring to the floor legislation on a Medicare prescription drug benefit, raising the minimum wage, hate crimes, and election reform. Also receiving close scrutiny will be the energy crisis and the Bush national missile defense (NMD) plan. On NMD, Daschle said that to commit "the tens of billions of dollars to deployment of a system that we don't know works just seems backward to most of us."

On the organizational front, how-

ever, little has been said, beyond vague GOP threats to filibuster the resolution if they don't get what they want on nominees. Daschle would only say to reporters, "I do believe that things are moving ahead." Lott, on June 12, indicated that there is no problem, and said, "We're making progress." Both agreed that saying too much in public about it would compromise the negotiations. Daschle did say that with regard to nominees, "I don't believe in payback."

Bush Nominee Grilled On Treaty Obligations

On June 12, Douglas Feith, nominated to be Undersecretary of Defense for Policy, was grilled by Sens. Carl Levin (D-Mich.) and Max Cleland (D-Ga.) on issues ranging from the Anti-Ballistic Missile (ABM) Treaty to policy toward Iraq. Levin and Cleland challenged Feith, a National Security Council staffer and Pentagon official during the first Reagan Administration, to explain the variance of views between numerous articles he's written since the late 1980s and stated Bush Administration policy.

Levin especially questioned Feith about a legal memorandum he wrote in 1999, which states that any bilateral treaty becomes extinct when one of the parties to the treaty no longer exists. The memorandum was written to address the ABM Treaty, but could well be applied to all treaties that were ratified between the United States and the Soviet Union. "The problem is," Levin said, "you don't think there is an ABM Treaty. . . . You're in sharp difference with the Bush Administration's own view, which is that there is a treaty; in fact, they're seeking to modify that treaty."

Cleland questioned Feith on a vari-

ety of issues, including arms control treaties, but was most concerned about Iraq. Cleland asked Feith if he favored a strategy of “supporting the Iraqi opposition, including protection by the United States Air Force, and necessary U.S. ground troops.” Feith answered that “the United States has a strong interest, which I know is shared widely on this committee and throughout the Congress, in facilitating as best we can, the liberation of Iraq.” Cleland replied, “That’s the most disturbing answer of all. As somebody who was committed to a ground force effort in Vietnam with no particular strategy for winning and no particular exit strategy, your answer disturbs me greatly.”

Will Democrats Revisit President Bush’s Tax Cut?

On June 7, President Bush signed into law the tax cut bill, but the controversy generated by the bill didn’t end there. Within hours, news analyses had dubbed the bill “The Tax Accountant Relief Act of 2001,” because it introduces new complexities into tax law. As Democrats were making an issue out of the new complexities, the GOP was vowing to make the changes permanent.

Shortly after Bush signed the bill, Senate Budget Committee Chairman Kent Conrad (D-N.D.), along with several other Democrats, appeared before reporters to denounce the bill as “full of gimmicks.” Conrad said that under the new bill, 35 million people are going to be hit with the Alternative Minimum Tax, up from the current 2 million. The result will be that their taxes will actually increase, not decrease.

Then, there’s the issue of the nine-year decade. In order to get the bill

passed in the Senate (with a simple majority, instead of a filibuster-proof 60 votes), the GOP ran it through as a reconciliation bill, for which a different set of rules applies: Under the reconciliation rules, tax changes can’t be made permanent, so that the changes will “sunset” on Dec. 31, 2010, cutting off the last year of the decade in order to keep the cost of the bill at the \$1.35 trillion set by the budget resolution. Jack Reed (D-R.I.) declared that these “gimmicks hide the true cost of the tax cut, and it’s very unlikely that they’ll survive public scrutiny. We will have to respond and fix these defects in the tax bill.”

That’s not likely to happen right away, however, given that 12 Democrats voted for the bill. “We’re trying to highlight what’s happened, here,” Conrad said, “so that as we go ahead, people will understand what our views were, what we saw as the deficiencies of this bill, and they’ll be able to make a judgment who is responsible for this fiasco.”

House Republicans are unfazed, however. Majority Leader Dick Armey (R-Tex.) declared on June 6, “This tax bill is the beginning, not the end.” Armey not only supports making the tax cuts permanent, but also supports cutting the capital gains tax. The Democrats aren’t interested in any new tax cuts.

School Vouchers Are Defeated in Senate

On June 12, the Senate voted 58-41 against an amendment to the education bill that would have set up a \$50 million school vouchers demonstration program. The program would have been voluntary, and limited to families with less than \$32,000 a year income whose children were in schools de-

finied as “failing” for three years in a row. It also would have been available only in ten school districts in three states.

Judd Gregg (R-N.H.), who sponsored the amendment, admitted that the underlying premise of the amendment is that “there will continue to be [public] schools that fail,” despite the many attempts in the bill to address failing schools. Gregg argued, therefore, that “one option that should be given to parents of those children is to allow them . . . to have other options,” including sending their children to private schools.

The Democrats argued that vouchers pull resources out of public school systems. Edward M. Kennedy (D-Mass.) said that voucher programs, where they’ve been tried, have never worked, and there’s no guarantee that private schools have to take any students from public schools under the program. He pointed out that, under the amendment, it’s not the parents who have the choice, but rather the public school systems. “The idea that this is going to open doors for parents whose children are in failing schools as a way out,” he said, “raises a false hope, and it is one that should be rejected.”

Chris Dodd (D-Conn.) said that the real idea behind the amendment, “is to get \$50 million in the door to demonstrate . . . that we ought to try this as a national scheme and underwrite people’s desires to send their children to private or parochial schools.” What ought to be done, instead, is provide resources for “better qualified teachers, smaller class size,” and so forth.

The debate over vouchers may not be quite over yet, however. John McCain (R-Ariz.) is reportedly waiting in the wings to bring out an amendment to establish some kind of vouchers program for Washington, D.C.

EIR Was Right: No Bush Defense Buildup

A good deal of paper has been wasted on scare stories about the Bush Administration's plans for a massive military buildup, and the so-called "revolution in military affairs" that would see a total top-to-bottom overhaul of the U.S. superpower futurist military machine during the first few years of the Bush Presidency. A lot of useless speculation could have been avoided, had people simply read *EIR*'s assessment—first published just three weeks after the Bush inauguration—that the Bush super-military buildup was a hot-air balloon, because the Yahoos populating the White House were fixated on their mega-tax cuts, that would leave the Federal government with no spare cash for America's defense needs, real or imagined.

On Feb. 16, we wrote, "While much of the world contemplates with horror, the consequences of the Bush Administration proceeding, unilaterally, with the National Missile Defense provocation, inside Washington the Administration's war hawks got doused with a bucket of cold water, in the form of threats of a freeze on any new military spending. . . . While the issue remains unsettled, the incident underscores the accuracy of Lyndon LaRouche's assessment that the so-called 'Bush coalition' would come apart at the seams very early, with the fanatical right-wing 'Yahoos' who comprise a large part of 'Dubya' Bush's social base and electoral coalition, demanding draconian tax cuts and other 'anti-big government' measures, that would undermine some of the pet programs of such senior Cabinet officials as [Secretary of Defense Donald] Rumsfeld and Secretary of State Colin Powell."

Not only *has* the GOP "Bush coalition" majority come unglued; the plans for an overhaul of America's military force structure and doctrine have also slowed to a crawl. The Fiscal Year 2001 supplemental Pentagon budget, a paltry \$5.6 billion (Pentagon brass had been pressing for \$70 billion in supplemental funds this year), is almost totally eaten up by added costs of health care for military personnel, and energy costs alone—and both are the result of Bush's cronyism with his Texas energy cartel, pharmaceutical, and "pri-

vatization" backers.

FY2002 will see some increased spending, at least for now. But budget analysts are now forecasting that, even under the most optimistic case, by the third year of the Bush Presidency, the loss of tax revenues from the U.S. recession will throw the Federal government back into debt, and will likely curtail *any* prospect of substantial added military spending. Add the fact—also reported weeks ago in *EIR*—that the Joint Chiefs of Staff (JCS) and other top uniformed military brass were already in revolt against the thrust of the "top-to-bottom strategic review" by RAND Corporation veteran Andrew Marshall, and you have further cause to ignore the hysteria about an American Military Imperium coming to your theaters soon.

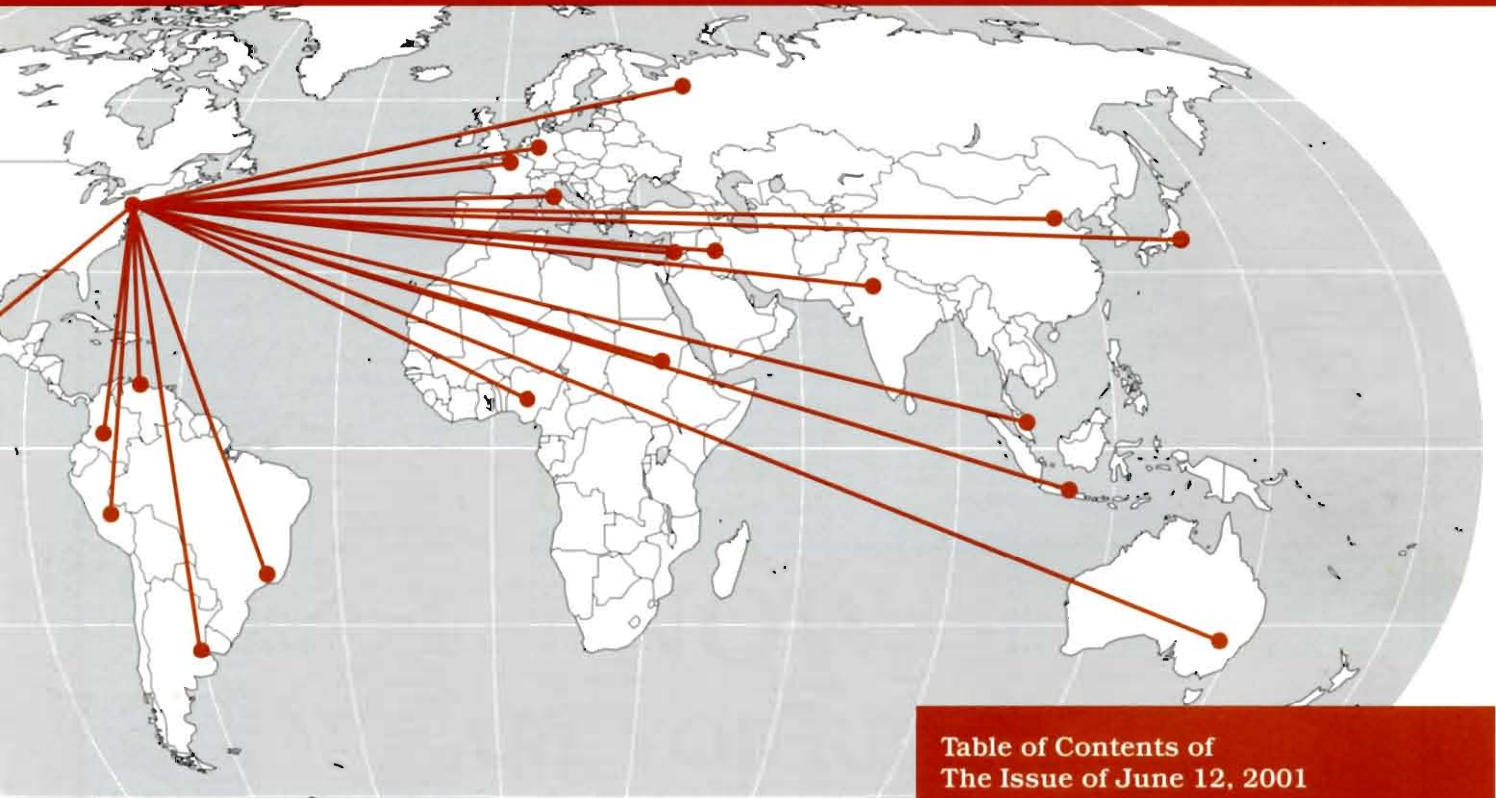
The Marshall study, as soon as it began to circulate, in classified form, among the JCS and the CINCS (commanders in chief of the global military theaters), caused a firestorm of protest. As *EIR* also reported, exclusively, in May, Marshall's underlying presumption of an inevitable future war with China, prompted Adm. Dennis Blair, the Commander of the Pacific Command, to give an on-the-record contrary interview to the *New York Times*.

Admiral Blair's public assault on the still-classified Marshall scenario did not result in his firing as CINC-PAC, or even a public dressing down from Secretary Rumsfeld. Instead, Secretary Rumsfeld launched a series of non-stop consultations with the Chiefs and the CINCs, and it now appears unlikely that the Marshall document will ever see the light of day—unless it is drastically revised.

In the real world, as opposed to the fantasy land, in which many utopian military "strategists," like Marshall, reside, "revolutions in military affairs" do not occur overnight. They require serious thinking, consultation with the military leaders who will have to carry out the changes, and large expenditures over a number of years. As *EIR* told you last February, the money ain't there, and so this revolutionary train is on a very slow track.

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