

# EIR

Executive Intelligence Review

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## From the Associate Editor

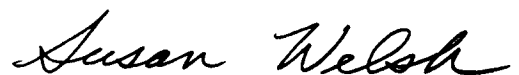
In September 1996, *EIR* released a Special Report titled “Would a President Bob Dole Prosecute Drug Super-Kingpin George Bush?” Some people, at that time, did not wish to recognize the precision of our characterization of the former President. The current issue of *EIR* sheds a great deal of light on why it is that the crucial battle today is that between the Bush league, and the forces backing Lyndon H. LaRouche, Jr.

In a Foreword to that 1996 Special Report, LaRouche wrote that “even with Bush out of elected office, he and his army of ‘knuckle-dragging’ mercenaries are currently operating, both within and outside the U.S.A., with utter contempt for our constitutional institutions and the rights of our citizens, and often in direct opposition to our vital strategic interests abroad. Until we exorcize the legions of Demon Bush from positions of power in our national life, no citizen is safe; not even the highest ranking offices of our government are immune from the ‘Starr chamber’ frame-ups, and kindred atrocities, by Bush-league Robespierres.”

Look where we are today! Tony Blair is trying to prod Bill Clinton to go for a replay of the pointless, genocidal war against Iraq, which Margaret Thatcher convinced her puppy dog, Bush, to launch. As LaRouche explains in three articles in *Strategic Studies*, such a move by Clinton would isolate him globally, virtually guaranteeing the success of an impeachment drive against him.

Our *Feature* provides further documentation on Bush and the cocaine Contras, proving, once again, the foolishness of those who blame “the CIA” for the flood of crack cocaine into Americas cities, while insisting on ignoring the fact that the Contra operation was transferred *out* of official Federal agencies, into the hands of a vast, privately funded, mercenary operation headed by Bush. The new report from the CIA’s Inspector General does not, of course, say that; but much of the documentary evidence contained in it shows the truth of what *EIR*, uniquely, has charged.

And, as LaRouche warned in that 1996 report, it is this same crowd of “knuckle-draggers” that is out to destroy Clinton, this time, through Kenneth Starr’s sex scandals (see *National*).



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# Backroom brawls on financial crisis mark Davos meeting

by William Engdahl

At the annual World Economic Forum, on Jan. 29-Feb. 3 in Davos, Switzerland, leading spokesmen of international banking, central bankers, cabinet officials, and heads of government of the Group of Seven (G-7), as well as numerous senior officials from Asia and other (formerly) emerging economies from Brazil to Russia, all echoed one theme: "The worst of the Asia crisis is over."

In private, however, the real discussion was 180 degrees opposite. Leading officials and bankers revealed their conviction that, far from being over, global shock waves radiating out of the Asia events are only in their initial phase. Behind closed doors, there were battles over potential policy directions.

At the same time, the Asian financial crisis and the issue of International Monetary Fund (IMF) policies, were the hot topics in Washington, D.C., addressed in the newly reconvened Congress, at hearings on Jan. 30 and Feb. 3 in the House of Representatives Banking Committee. On Jan. 30, witnesses included Federal Reserve Chairman Alan Greenspan, Treasury Secretary Robert Rubin, and Deputy Treasury Secretary Lawrence Summers, who then shuttled off to Davos. On the surface, U.S. officials all spoke on behalf of U.S. funding for the IMF. However, unlike Greenspan, who repeated his view that Asian nations deserve to be punished for having brought crises on themselves, Secretary Rubin spoke of assisting Asian nations to provide "stability," until there can be a "new architecture" created for the world monetary system (see *Documentation*).

On Jan. 30, in Davos, this viewpoint (expressed by Rubin at a January speech at Washington's Georgetown University and on other occasions) became part of a top-level, backroom brawl. According to the Feb. 1 account in Italy's *Corriere della Sera*, by financial reporter Danilo Taino, debate raged over the question of reintroducing national capital-control

mechanisms to allay systemic financial breakdown. Taino reported, "The issue was posed at the highest level a few days ago by Robert Rubin. He said that to prevent the repetition of such crises as the current one in the Far East, we need a 'new architecture' for the international financial system. . . . The Friday meeting was chaired by the former GATT [General Agreement on Tariffs and Trade] secretary general, Peter Sutherland, . . . to discuss reforming international agencies, starting from the UN, and including the IMF and the World Bank." Among those opposing capital controls, reported Taino, were Howard Davies, chairman of the British financial control authority; the IMF's Stanley Fisher; and World Bank director Sven Sandstrom.

Part of the fury behind the opposition to any thought of "new architecture," is that a world meeting on the financial crisis is in the works, at the initiative of the United States. No agenda details are yet available, but according to a U.S. Treasury Department advisory of Feb. 4, the date will be sometime this spring (April is likely), and so far, 21 nations are committed to attend: Argentina, Australia, Brazil, Canada, China (including officials from Hong Kong), France, Germany, India, Indonesia, Italy, Korea, Japan, Malaysia, Mexico, Poland, Russia, Singapore, South Africa, Thailand, Great Britain, and the United States.

## Davos chorus sings, 'All is well'

In public, while TV cameras from around the world, from Cable News Network to the British Broadcasting Corp., filmed in Davos, and the world's major media took notes, speaker after speaker reassured the assembly of some 2,500 businessmen and officials attending. The chairman of Germany's Commerzbank, Martin Kohlhaussen, told the meeting, "The governments and central banks of the G-7 are now in control of events." However, even he was forced to add, "Maybe not yet

enough in control, but in control. Now it is of prime importance to prevent Asia's becoming a global crisis." Kohlhaussen had good reason to try to encourage optimism: His own bank is one of the banks most exposed to the Asia collapse.

Officials of the Japanese government, whose problems are at the heart of the Asia crisis, made bold statements which amounted to so much, "I'm all right, Jack." Vice Finance Minister Eisuke Sakakibara, in a move clearly intended to draw attention away from Asia, told the meeting, "Ladies and gentlemen, Asia is not melting down." He then raised eyebrows, saying, "And it is not an 'Asia crisis.' It is rather a crisis of global capitalism."

Sakakibara tried to paint a rosy hue over the ongoing Japanese political paralysis in dealing with that country's eight-year-old banking crisis, where bad debts from the wild speculative real estate and stock binge of Japan's 1980s "bubble economy," may total as much as \$1 trillion. He insisted, "In the past, the problem with Japan's domestic financial sector and fiscal crisis was that we lacked the political will. We have the money and the ability to solve our problems. Japan is not like the rest of Asia. We are a net lender, not a net borrower. I can now say, however, categorically, that the will exists in Japan," to finally resolve the banking problems.

The high point of optimism was sounded around the appearance of the Governor of South Korea's Cholla Province, You Jong Keun, an adviser to South Korea's President-elect Kim Dae-jung, and likely next Finance Minister after the government is inaugurated on Feb. 25. "First, I want to tell you participants here in Davos," Governor You stated, "I have just come from New York as part of the Korean team negotiating restructuring of the short-term debt. We have reached an agreement . . . with the committee of 13 creditor banks led by J.P. Morgan to restructure for up to five years some \$24 billion in debt due in the next weeks. This is extremely important for Korea's progress. I can also tell you that we had all agreed in New York that we would reach an agreement in time to announce it here at Davos."

Indeed, the Korean debt news, combined with the fact that most Asian financial markets were closed during the Chinese New Year celebrations, ironically to usher in what the Chinese call "The Year of the Tiger," allowed a mood of near-euphoria to develop over the following days, as reports beamed out to the world from Davos heralding "the end of the Asia crisis." By Feb. 3, stock markets from Frankfurt to London to New York were near or breaking new all-time highs; that, in the wake of resumed Asian trading which saw stock markets from Malaysia to Singapore to Hong Kong, and even in Bangkok and Jakarta, soar by double-digit sums daily. More sober observers dubbed the brief Asia stock rally a "dead Tiger bounce," a play on the age-old Wall Street term for a last gasp rally before a crash.

## Reality leaks out

In private discussions in Davos, however, numerous high-level officials and bankers admitted that the crisis is not over.

U.S. Assistant Secretary of State for East Asia Stanley Roth, when asked his assessment of the situation, stated bluntly, "This crisis is far from over. In the short-term, Indonesia is a major worry; medium-term, it is Hong Kong and China where we have great concern."

Hong Kong and China are the only remaining Asian countries which have not yet been forced to abandon their peg to the U.S. dollar and allow a free-float. Were they to do so, it is feared that that would trigger an uncontrollable spread of the crisis, one which would be impossible to contain even if all the central bank printing presses of the world were to work at full speed.

Indeed, a trip by U.S. Deputy Treasury Secretary Larence Summers to Beijing in January was aimed at getting assurances from China that it would hold firm in the face of possible speculative pressures in coming months. China's Vice Premier Li Lanqing told the Davos audience, "China's renminbi is stable and it will remain so."

Ronnie Chan, chairman of one of Hong Kong's largest real estate groups, Hang Lung Development Co., told the Davos attendees, "For the next two years, the dollar peg of the renminbi will stay fixed until the currency is harder, despite economic pain. China won't devalue for at least 18 months."

Chan admitted, however, that "the Achilles' heel" of the Hong Kong dollar, despite a strong industrial economy and a developed bank regulatory system, "is the dollar peg." "Speculators see the peg as an easy target because we have only one weapon to defend it: raising interest rates," he said. "That allows the speculators to profit by going short on the Hang Seng stocks, as stock and real estate prices fall with high rates. In recent months, real estate prices have already dropped 35% in Hong Kong, partly as a result of high interest rates. That is a problem whose remedy is not clear."

Ominously, at the Davos conference, aggressive hedge fund speculator George Soros drew the spotlight to China's and Hong Kong's dollar peg. Soros's Quantum Fund has been accused by several Asian governments of triggering the Asian collapse last May, when he and two other offshore hedge funds, Julian Robertson's Tiger and Jaguar Funds, and Moore Capital Management, launched a concerted attack on the Thai baht and Thai stocks. In Davos, Soros called the crisis "far from over." Soros, who privately has boasted that the British royal family is among his secret investors, added, "The key will be if Hong Kong is able to hold the peg. If that goes, there will be a very negative spread of the entire crisis."

Soros is reported to be doing everything possible to force that break with the dollar and detonate far the worst dimension of the crisis yet. In an interview with the Hamburg weekly *Die Zeit* on Jan. 15, carried in Reuters and other financial wires used by currency traders worldwide to guide trades, Soros said, "The situation in Hong Kong and China is extremely precarious. The peg of the Hong Kong dollar to the U.S. dollar will only be maintained under enormous cost. And if the Chinese renminbi would be devalued, then the Hong Kong peg can't hold. The storms will then grow stronger."

## Japan in the eye of the storm

The center of the storm raging across Asia at present, however, is not South Korea, and not even Indonesia, which a week before the Davos talks declared a unilateral “payments pause” on some \$64 billion in short-term foreign debt due this year. Nor is it Hong Kong or China. It remains Japan, the world’s second-largest industrial economy and the world’s largest net lender, the country too big for an IMF bailout.

Since the Bank of Japan dropped its official interest rates to 0.5% in May 1995 in a futile effort to try to help recapitalize the bankrupt Japanese financial system with cheap credit, Japanese banks have borrowed at near-zero rates of interest and re-lent in high-interest-rate markets. Not surprisingly, those high-interest-rate markets, which promised Japanese banks enormous profit, were also the highest-risk markets of East Asia.

Eisuke Sakakibara went out of his way at Davos to deliberately downplay the extent of Japan’s direct vulnerability in the unravelling Asia crisis.

For understandable reasons. Even before the Asia crisis began, according to Bank for International Settlements (BIS) data through the end of June 1997, Japanese banks had loaned a total of \$275 billion in Asia. While Japanese officials insist the sum is “only” 7% of total Japanese bank loans, the exposure is life-threatening to the global credit system for the following reasons.

First, Japan has yet to resolve its domestic bad loan crisis, which has dragged its entire financial system, stock market, and real estate market to the brink of a full-scale deflationary crisis. According to private estimates by UBS Research in Tokyo, the present true value of bad domestic debts of Japanese banks is nearly \$1 trillion, almost double the latest “corrected” Ministry of Finance estimate. The Hashimoto government has pledged to push for Feb. 20 final Diet (parliament) approval of its proposed 30 trillion yen (\$240 billion) bank Deposit Insurance Corp. (DIC) fund to address the bank bad loan mess. Even under ideal external conditions, that bailout plan would feed a growing trend to financial and monetary inflation, which imminently would pose the threat of a global, Weimar-style hyperinflation.

But conditions for the Japanese bank cleanup are far from ideal. No one in Tokyo has yet to take into account the added damage from Asia’s continuing crisis, a crisis already being labelled by the head of the Hong Kong Monetary Authority, David Carse, as “one of the worst financial crises to hit the world this century.”

Japan’s \$275 billion in loans in Asia represent 85% of all Japan bank loans abroad. Of the \$275 billion, 31%, or \$85 billion, have been loaned to the three IMF victims: Indonesia, South Korea, and Thailand. Given their extremely weak domestic position, Japanese banks, unlike banks in Germany, France, or Holland which have made large loans in Asia, are unable to write off any of these Asia loans. This pressure is making Japan into a draconian debt enforcer, in a desperate

bid to recover its exposed Asia loans.

Adding to the plight is the fact that months before the Asia crisis erupted, the Japanese government determined to impose a radical restructuring and deregulation of Japan’s protected financial markets, known in Japan as the “Big Bang.” As part of the Big Bang, as of April 1, the new Japanese fiscal year, all Japanese banks will be required by law to disclose full market value of a bank’s assets and liabilities and to set aside a defined percentage of the bank’s total loans as reserve against possible loan default, a self-imposed attempt to parallel BIS capital adequacy minimum rules. Japan’s motives are to force mergers and reorganization of Japan’s finance, to be competitive with the wave of financial mega-mergers in the United States and Europe in the emerging globalized banking world.

Japanese banks have only two options to meet the new minimum capital reserve rules after April. One, is to cut back their total volume of loans. The other, is to increase the total of bank equity by issuing new stock or somehow increasing core capital assets. This is why the Ministry of Finance in January proposed various accounting gimmicks, such as allowing banks to count their real estate at market value, not the original purchase price, a highly irregular practice in OECD countries. That will give a small boost to bank capital by April, but will be far from adequate.

Thus, to meet the capital reserve targets, banks in Japan have been savagely calling in their loans to especially small and medium-size businesses. This is causing a “credit crunch,” a devastating economic contraction in Japan’s fragile economy. In turn, the depressed economy is causing tax revenues to fall and bloating the public deficit. Japanese loans to Asia cannot be called in for risk of detonating a global meltdown of the world financial system. The Japanese government has, essentially, ordered its banks to roll over the \$275 billion in Asia loans.

This leaves only the Nikkei stock market as an option to raise the bank capital. But, with the Tokyo Nikkei Dow stock prices hovering at 17,000, some 20% below the last accounting period on Sept. 30, bank hidden stock gains have all but disappeared. Issuing new stock is out of the question under such depressed market conditions. Hence, the Hashimoto proposal to inject 13 trillion yen into the banks by having the government’s DIC buy up to \$103 billion in special bank “preferred shares.” That, in turn, fuels the inflation engine globally. But, the sum would still be far below what’s called for.

Making a grim situation worse, because a large part of Japanese bank loans in Asia are to the three IMF “basket case” economies—Thailand, Indonesia, and South Korea—much of the debt service on that \$85 billion will not be paid on time, if at all, putting more bad loan pressure on Japanese banks. Unlike in Japan where a cozy relation between the Finance Ministry and the banks has allowed the true size of domestic bad loans to lie largely hidden from view, in Asia the strict IMF surveillance will force full disclosure of unpayable loans.

The net effect of this diabolical interaction between do-



mestic and Asian problems of Japan's banks has been to increase fears of international lender banks to lend to Japanese banks. In the past three weeks, the dreaded "Japan risk premium" has returned.

Today, in order for Japanese banks to borrow in the inter-bank market, they must pay between 0.85% and 1% above the London Inter Bank Offered Rate (LIBOR). This penalty, as the April 1 deadline nears, is expected to rise even more steeply, posing yet a new threat to the global credit mechanism. Indeed, the Davos façade of optimism, like the emperor's new suit of clothes in Hans-Christian Andersen's famous tale, is illusion. The bubble is about to burst on that illusion.

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## Documentation

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### Rubin: 'New architecture' needed for financial system

*Here are excerpts of comments by Treasury Secretary Robert Rubin and Rep. John LaFalce (D-N.Y.), at a House Banking Committee hearing on Jan. 30. Emphasis is ours.*

**Secretary Rubin:** The United States has critical economic and national security interests at stake in promoting restoration of financial stability in Asia. . . . The countries in Asia are our customers, our competitors, and our security partners. Financial instability, economic distress, and depreciating currencies all have direct effects on the pace of our exports to the region, the competitiveness of our goods, our agricultural products, and our services at home and abroad, the growth of our economy and, ultimately, the well-being of American workers and farmers. . . .

Financial assistance, while critical for a short period, is not the key. Only when nations pursue sound policies will confidence—and private capital—return. The central provider of this financial assistance is the International Monetary Fund . . . the right institution to be at the center of these support programs. The United States has worked forcefully to help the IMF meet the new challenges of the modern financial system. . . . This funding is absolutely necessary to enable the IMF to respond effectively if this financial instability were to spread and intensify—which we all want to avoid—and to deal with future crises that could similarly affect the interests of the American people. Moreover, failure to provide funding could reduce our leverage in the IMF, and could shake confidence in American leadership in the global economy at a time when confidence and American leadership are so important in reestablishing stability in Asia.

As to investors and lenders, the problem is more compli-

cated. *The right principle is that investors and creditors should bear the full consequences of their decisions. I would not spend one nickel for the purpose of protecting investors or banks. . . .*

It is critically important that we work toward changing the global financial architecture so that creditors and investors can bear the consequences of their decisions as fully as possible. But devising such architectural changes is difficult and complex. We cannot wait until that work is complete to take the steps necessary to deal with the crisis at hand that so powerfully affects our interests, or to provide funding that will equip the IMF to deal with a substantial spread of the present financial instability—which we are all working to prevent—a future crisis.

**Rep. John LaFalce (D-N.Y.),** expressed "concerns that the IMF not impose severe austerity programs that can do untold harm to Asian citizens and potentially to our own. . . . The IMF may not be a perfect tool, but right now it's the only tool we have. . . . The United States can only use its voice and vote to reform the IMF if we do not walk away from it in the midst of a crisis. . . . Ultimately, I agree with Secretary Rubin, and others, that we need a new architecture for the international financial system to manage, and more importantly, help avert crises like this in the future. But before we perform this surgery, we must stop the bleeding."

DO YOU  
KNOW

- that the American Revolution was fought against British "free trade" economics?
- that Washington and Franklin championed Big Government?
- that the Founding Fathers promoted partnership between private industry and central government?

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### AFL-CIO hits brutal effect of IMF austerity

*The AFL-CIO has gone on the offensive against the International Monetary Fund's brutal policies in Asia and around the world. Federation President John J. Sweeney delivered two important addresses—on Jan. 22 at the National University in Mexico City, and on Jan. 31 at the World Economic Forum in Davos, Switzerland. The AFL-CIO Executive Council also issued a statement opposing the IMF's policies in Asia, released at their semi-annual meeting in Washington, D.C. on Jan. 29. Though stopping short of calling for the IMF's destruction, the statements are hard-hitting and put the American labor movement squarely on record in opposition to the IMF's murderous policies. We publish excerpts here.*

#### Sweeney in Mexico

*AFL-CIO President John J. Sweeney, address to National University, Mexico City, Jan. 22:*

... Over the past decades, multinational corporations and banks organized a market for our global neighborhood. Capital and currencies have been de-regulated. Global corporations circle the globe in search of cheap labor. ... Governments have lowered trade barriers, dismantled regulations, and privatized resources.

The promise of this global market is universally advertised. ... For the last decade or so, the Asian tigers—the “newly industrializing countries” of Taiwan, South Korea, Indonesia, Singapore, Thailand, Malaysia—have been held up as proof of that promise. ...

Today, in what is the year of the tiger in the Chinese calendar, that promise has been shattered. The same shock that staggered Mexico in 1995 now afflicts much of Asia. The emerging economies are now submerging in a sea of red ink. Once again, a speculative bubble has burst. Capital is fleeing. Currencies and stock markets are plummeting. The immediate crisis may be stemmed, but the real cost—bankruptcies, mass unemployment, a crushed middle class, political and economic upheaval—is yet to come.

Here in Mexico, events in Asia must seem like the recurrence of a bad nightmare—although some have suggested that the response to the peso crisis in 1994 offered a successful model for Asian nations to follow.

Successful? Well, yes, investors were reassured. The

holders of tesobonos were repaid. The U.S. Treasury was repaid early and in full, with interest on the dollar. Investment has started to come back into Mexico. But to call the bailout a success recalls the infamous Brazilian Finance Minister in the 1970s who, when asked about the economy of that country, replied, “The economy is great; it is the people who are hurting.” ...

Unfortunately, the International Monetary Fund is applying the same remedy to Asia today that was applied to Mexico yesterday. The IMF—emergency room doctor for the global economy—knows but one cure for all afflictions. It seeks to restore the confidence of investors and speculators, to placate the fickle barons of finance, by bailing out those whose loans are at risk. The bill for this treatment is then passed on to workers there and here—in depressed wages, lost jobs, crushed hopes.

But as we saw in Mexico and now again in Asia, this standard cure feeds the very disease that it claims to heal. The Fund is like the medieval doctors at the time of the Black Plague who applied the only remedy that they knew—bleeding their patients—and thus spread the contagion they intended to contain.

U.S. Treasury Secretary Robert Rubin has wisely warned of the “moral hazard” of the IMF acting to bail out reckless speculators when their bets go bad. In the new global casino economy, we are essentially telling the biggest gamblers that they can pocket their winnings and the house will cover their losses. This is an invitation to greater folly, not greater responsibility. ...

This immoral hazard cannot be justified and can no longer be ignored. This week, Pope John Paul II graces this hemisphere with his trip to Cuba. It is worth remembering his words in the 1991 encyclical *Centesimus Annus*. It is possible, he warned, “for the financial accounts to be in order and yet for the people ... to be humiliated and their dignity offended.” ...

This immoral hazard—as the crisis in Mexico and Asia surely teaches—is not only bad ethics, it is bad economics. George Soros, the billionaire hedge fund operator who knows the markets as well as anyone, calls this the capitalist threat.

Look around the world. Russia is plagued by a sort of gangster capitalism. Africa is written off by corporate planners. Japan is mired in recession. Europe has been stagnant. The Asian tigers are in crisis. Today even Alan Greenspan, the conservative chairman of the U.S. Federal Reserve, the most cautious of central bankers, speculates openly about the threat of deflation—of falling prices spiraling into a global depression. ...

It is not sufficient to careen from crisis to crisis, leaving ruin in the wake. We must change course. The answer surely isn't to calm capital but to corral it. Not to devalue currencies competitively but to regulate them sensibly. Not to enforce austerity but to spread growth. To make corporations

more accountable and to empower workers and democracies. . . .

Dr. Martin Luther King argued that we had to build a world brotherhood if we were to prosper in the world neighborhood. It is time for a new internationalism—an internationalism defined not from the top down, but from the bottom up. . . .

Now, in the wake of Asia's collapse, the new internationalism takes on new urgency. The global market must be regulated before it collapses from its own excess, if not in this crisis, in the next or the next after that.

This will happen only if working people across the globe come together, stand up and fight. . . . I stand before you today because the labor movement in the United States decided not to petrify and perish, but to change and grow. We are organizing at a scale and pace that are unprecedented. . . .

We will join with unions across the globe to define a common agenda that challenges the moral and immoral hazards of the global marketplace, and abandons the folly of the deregulated casino economy. . . . A tidal wave is gathering of people demanding simple justice. When working people come together across the boundaries of culture, language, race and religion, we can win.

There are those who say, "be patient, give the economy time and things will get better." But time, as Dr. King taught us, is neutral. It can be used constructively or destructively. Human progress, he taught, "never rolls in on the wheels of inevitability. It comes through the tireless efforts and the persistent work of dedicated individuals." It comes from a passionate commitment to justice and a willingness to fight for what is right.

Together we can build a world in the image of our oldest values and our bravest dreams. A world where children strengthen their minds in classrooms, instead of straining their muscles in mines and mills. A world where every man and woman can labor in dignity. A world neighborhood transformed into a world brotherhood. Join us. It is time to begin.

## **Sweeney in Switzerland**

*At the World Economic Forum's 1998 Annual Meeting in Davos, Switzerland, on Jan. 31, Sweeney was introduced by Joseph Gorman, who put the following question to him: "The U.S. economy is now the 'model' for job creation. At the same time, we have all seen its social downside. Labor seems at a loss to address this problem. Can the negative social impact be reduced without compromising the efficiency of the model itself? Does labor really have a role in this process?" Here are excerpts from Sweeney's reply.*

. . . Does labor have a role in defining the future? In the United States, ask the opponents of the minimum wage. Or the management of United Parcel Service. Or the proponents of fast track trade accords that ignore labor rights and envi-

ronmental protections.

Let us be very clear. If labor has no role, democracy has no future. Social justice does not "compromise the efficiency of the model." It is essential to its survival. If this global economy cannot be made to work for working people, it will reap a reaction that may make the Twentieth Century seem tranquil by comparison.

We meet at an historic turning—one that everyone in these meetings must see. The long effort to build the global market has succeeded. Capital and currencies have been deregulated. Great corporations have built global systems of production, distribution, marketing. Barriers have been dismantled. Technology's miracles are turning our world into one neighborhood.

But the turmoil afflicting the Asian economies sounds a dramatic alarm. The question now is not how to create the global market, but how to put sensible boundaries on the market that already exists. How to make the market work for the majority and not simply for the few. In this new effort, labor and other democratic citizen movements will and must play a central role.

Look around the world. Japan mired in recession, Asia in crisis that China still faces. Russia plagued by a kind of primitive, gangster capitalism, Europe stagnant, Africa largely written off by global investors, Latin America adrift.

The U.S. is hailed as the great "model." Our prosperity is unmatched; the dollar is strong; our budget balanced. Unemployment and inflation are down and profits are up. But, most working people in the United States today labor longer and harder simply to hold their own. One in four children is born to poverty. One in five workers goes without health insurance. The blessings of prosperity have been largely captured by the few. Inequality is at levels so obscene that New York investment houses this year warned executives not to talk about the size of their bonuses.

And now, the Asian nations are forced to export their deflation to the U.S. Our annual trade deficit will soar towards \$300 billion. Over 1 million U.S. workers are projected to lose their jobs. Wages, only now beginning to recover, will once again be depressed. And this is the "model" in the best of times.

The current collapse calls into question not simply Asian practices, but the global system itself. As Korean President Kim Dae Jung has said, authoritarian systems in Asia lived a lie. But their crony capitalism was bankrolled by the reckless high rollers of the global casino, including Japanese, European and American banks and investment houses.

The response to the crisis reveals the limits of the current arrangement. Conservatives say, "Let the market solve the problem." But since the Great Depression, no sensible leadership would take that gamble. The IMF is called in to stop the hemorrhaging. It bails out the speculators and enforces austerity on the people. Its prescription reinforces the very affliction it seeks to cure.

Treasury Secretary Robert Rubin has wisely warned about the “moral hazard” of bailing out profligate speculators and banks.

But too little has been said about the “immoral hazard” of forcing working people across the world to pay the price—in layoffs, declining wages, and increasing insecurity.

I have just returned from Mexico, which has been presented as a “success” for Asians to follow. There, speculators and bondholders had their losses covered. But some two million workers lost their jobs. The middle class has been crushed. Wages lost over half their value. Environmental poisoning is worse than ever. Political violence is spreading. Crime is spiraling out of control. Few nations can weather this form of success.

This global system broadcasts its stark contrasts—of untold wealth for the few and growing insecurity for the many, of laws that protect property and expose people, of liberated capital and repressed workers. The inequities are indefensible ethically, but they are also unsustainable economically—as U.S. Federal Reserve Chair Alan Greenspan suggests with his warnings about deflation.

I suggest to you that we must usher in a new era of reform. One that seeks not more deregulation, but greater accountability. Not further unleashing of speculative capital, but channeling of real investment. Not greater licence for corporations, but empowerment of workers and citizens. . . .

At the beginning of this century, the industrial revolution created new promise and glaring inequities. It took many decades—and revolutions, wars, and a Great Depression—to elaborate the protections that saved that system from itself. Now at the beginning of the 21st century, the global economy poses the same challenge. Let us hope we need not relive the horrors of the past to reach its promise for the future.

### **AFL-CIO Executive Council resolution**

*This Resolution on the Asian Financial Crisis was passed on Jan. 29 by the AFL-CIO Executive Council semi-annual meeting in Washington, D.C.*

The financial crisis now roaring through East Asia will have profound consequences for working people all over the world. Deep currency devaluations, in conjunction with austerity programs, will cut wages and purchasing power in South Korea, Indonesia and Thailand. The United States will be pressured to act as importer-of-last-resort, absorbing cheap Asian goods while at the same time Asian markets for our exports dwindle.

In the aftermath of the crisis, the U.S. trade deficit is projected to grow by about \$100 billion in 1998, resulting in a loss of approximately 1 million jobs (or potential jobs), most of them in the better-paying manufacturing sector.

Without fundamental changes in the structure of international financial markets and the institutions that regulate these

markets, we can expect continued volatility and future crises of growing severity. The present moment of crisis is the time to press for necessary changes in the international financial system, particularly in the conditions imposed by the International Monetary Fund (IMF) in exchange for the “bailouts” it gives to countries that have exhausted all other sources of credit. The United States should condition further contributions to the IMF on fundamental changes in the IMF’s program.

The clout and leverage exercised by the IMF must serve a broader set of social and economic goals. Currently, the IMF defines its mission narrowly, as protecting the interests of international capital. The IMF requires debtor governments to raise interest rates, cut public spending, deregulate financial markets, and weaken labor laws to facilitate massive layoffs and deep wage cuts. These terms may solve some short-term credibility problems with foreign investors, but will necessarily exacerbate the tensions, inequality, and instability of the global economy. Such policies are short-sighted and must be fundamentally altered.

The United States, which is the single largest contributor to the IMF, must use every means at its disposal, both formal and informal, to change the way the IMF operates. The AFL-CIO will support members of Congress in efforts to assure that IMF programs reflect the following principles:

1. Commitment to and vigorous enforcement of international labor and human rights. . . .
2. Domestic economic growth and development, not austerity and export-led growth. . . .
3. Political and economic democracy. . . .
4. Reduction in the volume of destabilizing capital flows. Policies to regulate short-term borrowing and to dampen speculative flows of capital must be implemented.
5. Stabilization of exchange rates at levels closer to their pre-crisis values. the excessive devaluations caused by the loss of confidence in the East Asian currencies should be reversed. This is essential to blunt the negative impact of the crisis on American workers.
6. Transparency and broader participation in determining IMF policy. . . .
7. Ensure that speculators pay their fair share. The banks, corporations, and individuals who profited from risky investments during good times must not be shielded from losses during downturns. . . . Asian and American workers and taxpayers must not be asked to foot the bill for a party to which they were not even invited.

Even if we move toward reform of the international financial system, concrete steps must be taken to stop the destabilizing flood of cheapened imports which have already been unleashed by this crisis. Steel, autos, electronics, apparel, and other threatened industries face an immediate threat which requires specific actions to maintain import shares consistent with 1997 levels in order to protect the jobs of these workers.

# EIR tells U.S. Congress: LaRouche is the expert on financial crisis

The following testimony by EIR to the House Committee on Banking and Financial Services, was submitted to a hearing on the Asian financial crisis, on Feb. 3. It was prepared by Marcia Merry Baker and John Hoefle. The summary headlines read, “Asian Financial Crises Express Breakdown of World Financial System”; “LaRouche: ‘IMF Is the Disease, Not the Cure’ ”; and, “U.S. Initiative Required for ‘New Bretton Woods’ System, To Serve National Economies, Not Speculation.”

The Asian and other financial crisis events of 1997, up through the present time, plus the sequence of events and policies over the past three decades leading up to today’s situation, document that we are facing a *systemic* financial breakdown, and not some *cyclical* downturn, subject to correction by administrative adjustments.

The EIR News Service (EIRNS), founded 25 years ago, has been the source-of-record in providing in-depth coverage of the nature and scope of this breakdown process, from the point of view of showing what policy directions can lead the world away from catastrophe.

Lyndon H. LaRouche, Jr., the founder and contributing editor of EIRNS, is now internationally acclaimed for his forecasting record, and policy role.

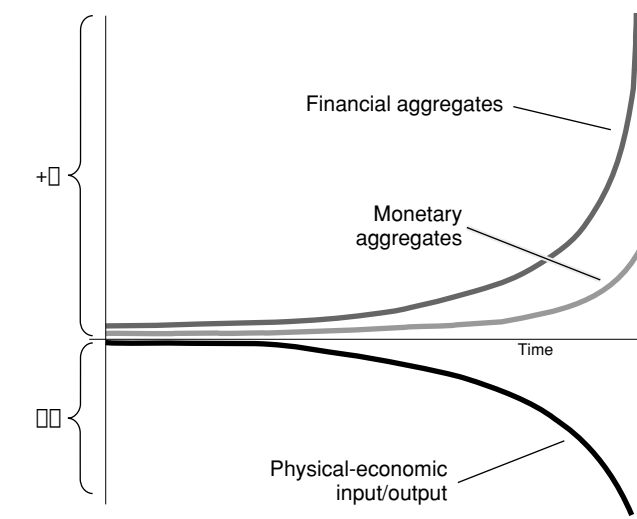
In this testimony, we review certain key features of LaRouche’s evaluations, and review the essentials of the crisis.

## ‘New Bretton Woods’ monetary system required

One year ago this month, LaRouche and international collaborators met at a conference in Washington, D.C. and launched an international drive to scrap the International Monetary Fund, and for the United States to take the lead in initiating a new financial system. By acclamation, the 800 people present backed, an “Appeal to President Clinton to Convoke a New Bretton Woods Conference.” Before the year was out, over 2,000 signators, including three former national Presidents (Mexico, Brazil, and Uganda), and scores of elected officials, backed the appeal. (The text is appended below, as part of this testimony today.)

This “New Bretton Woods” drive expresses the desires and hopes of whole nations and peoples the world over. The events of 1997 have come to pass, in exactly the ways LaRouche forewarned of, repeatedly, over the 1994-1996

FIGURE 1  
A typical collapse function



period.

- June 24, 1994. LaRouche warned, with precision, of, “The Coming Disintegration of the Financial Markets.” He said, “The presently existing global financial and monetary system will disintegrate during the near term. . . . That collapse into disintegration is inevitable, because it could not be stopped now by anything but the politically improbable decision by leading governments to put the relevant financial and monetary institutions into bankruptcy reorganization.”

- December 1995. LaRouche first publicized a now-well-known schematic, of a typical economic collapse function (see **Figure 1**). The three curves illustrate the process of collapse, in which financial aggregates climb ahead of monetary aggregates, all the while that the physical economy goes ever downward.

- December 1996. LaRouche spoke at a conference in Germany, on the theme, “Nothing Can Save the Current System.” “Now, the *Titanic* is sinking. The unsinkable is sinking, this world economy in its present form. The question is *not* at what minute is it going to sink, or even what hour it’s going to sink; but, do the passengers have the intelligence to get off the ship before it does?”

The events of 1997, and breaking events of 1998, have proved these warnings true. What is now called for is backing

in Congress, and throughout the United States, for “New Bretton Woods” arrangements. We here briefly review the state of the current financial breakdown; and then the guidelines for new nation-serving financial arrangements.

## The Asian crises express world financial collapse

The defaults of entire nations in Asia, and pending in Brazil, Russia, and elsewhere, reflect, not the realities of the national economies involved, but the bursting of the world bubble of untenable rates and volumes of speculation. Hundreds of trillions of dollars worth of debts and claims are unpayable.

The extraordinary growth of world financial markets over the recent years is not a sign of economic health, as many would prefer to think, but rather a sign of looming disaster, comparable to the rapid growth of a malignant tumor: The growth is a reflection of the rapid spread of a deadly disease, the success of which will ultimately prove fatal to its host—and itself—unless it were eradicated.

The seeming success of the financial markets is based upon the creation of an enormous speculative bubble, a financial tumor, the existence of which depends upon the cannibalization of the real, physical economy. Exemplary of this process is the Dow Jones Industrial Average, which some people consider America’s premier economic indicator.

As an indicator of industrial progress, the Dow is a lie. There is little “industrial” about it: As American industry has declined, the composition of the Dow has been shifted further and further into the financial and service sectors, hiding that economic decline under the rubric of the “information society.” The 30 Dow companies now include such decidedly non-industrial companies as Walt Disney, Coca-Cola, Wal-Mart, and American Express, along with the second-largest derivatives bank in the world, J.P. Morgan & Co. As such, the Dow Jones Industrial Average has become a measure of the size of the bubble—it measures the tumor, not the healthy tissue. It has become, in effect, the Dow Jones Tumor Index.

## The ‘Casino Mondiale’

“The bank’s biggest fear would be a long period of calm and stability in the markets, which would lull companies and investors into slowing their trading activities. The worst thing for us is a marketplace where nothing happens.” That statement, as reported by the *New York Times* in 1993, was made by one Michael G.J. Davis, a deputy risk manager at Chase Manhattan Bank, and says volumes about the character of the bank and of the global financial system. Chase is far from alone, as the “lure ‘em in and f—‘em” culture at Bankers Trust, and the “there’s blood in the water—let’s go kill something” tactics of Morgan Stanley, show. It is the Predators’ Ball, writ large.

The global financial system has become a *Casino Mondiale*, dominated by speculators, who place bets on everything from interest rates and currencies, to the record sales of rock

stars and the ability of debt-ridden Americans to service their credit card accounts. The idea of production has become passé—what counts, is the ability to “earn” high rates of return. What corporate America produces, in the minds of all too many investors and corporate officers, is stock prices. They are oblivious to the concept of production, the idea that the wealth they seek to take, must actually be created through the physical transformation of raw materials, into intermediate and finished goods, wherein the output has a higher value than the costs of inputs plus production. To the modern investor, money, and lots of it, is what counts.

*EIR*’s physical-economic studies, commissioned and guided by Lyndon LaRouche, show that the productive capacity of the U.S. economy, as measured in per-capita, per-household, and per-square-kilometer terms, has been declining at a rate of about 2% a year over the last three decades, resulting in a drop of some 50% since 1970, during which period the standard of living of the ordinary American has dropped precipitously. Whereas in the 1960s a single wage-earner could support a family on just one salary, in most of today’s families both the husband and wife are forced to work, often more than one job each, and still often get by only by going increasingly deeper into debt. The result is an unsustainable debt burden, record levels of bankruptcies, and sliding of many of our citizens off the cliff into economic oblivion.

## Derivatives: blood futures

The most egregious example of the *Casino Mondiale* nature of the global financial system, is the global derivatives market, which the Bank for International Settlements put at \$82.6 trillion at the end of 1996, and which *EIR* estimates to be in the range of \$100 trillion to \$150 trillion, worldwide, compared to a gross world product in the neighborhood of \$40 trillion. (See **Figures 2** through **9**.)

The purpose of derivatives, the claim goes, is to hedge against risk in volatile financial markets: derivatives are used by companies to hedge against changes in interest rates or currency exchange rates which could radically raise their expenditures or lower their income. But with world trade accounting for just 0.5% of daily foreign exchange trading, it is clear that derivatives bear little connection to real-world economic activity.

To understand what derivatives actually represent, picture a dog with a bad case of fleas, fleas engaged in sucking the blood out of the dog and trading it among themselves. The fleas are so successful in building their trading empires, and pumping out so much blood to support their trading, that the dog starts running dry. That presents the fleas with a big problem. But being clever little critters, the fleas come up with a solution: They start trading in blood futures, instead of actual blood. No longer limited by the amount of blood available, the fleas can trade on a vastly larger scale, and become richer and more powerful than ever. Until, of course, the dog dies. That, in a nutshell, is the derivatives market today. Its very success, dooms it.

FIGURE 2  
**World derivatives**  
(trillions \$)

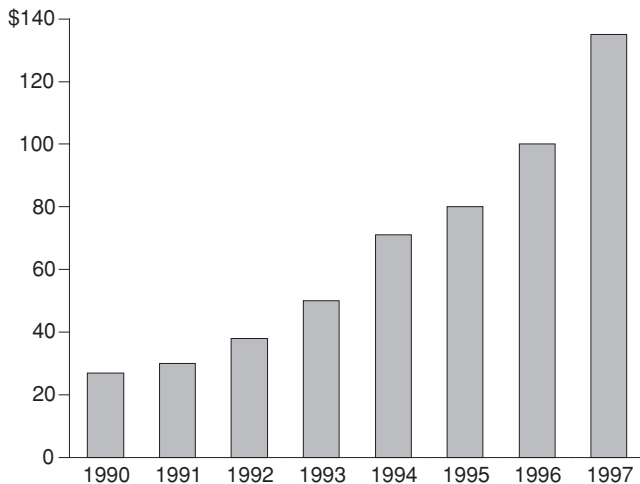


FIGURE 3  
**Derivatives in selected countries**  
(trillions \$)

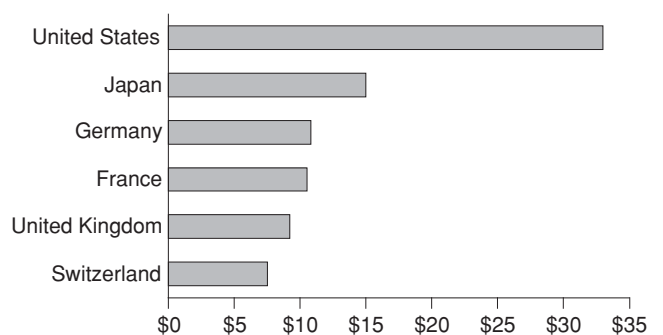


FIGURE 4  
**Growth of U.S. financial claims**  
(trillions \$)

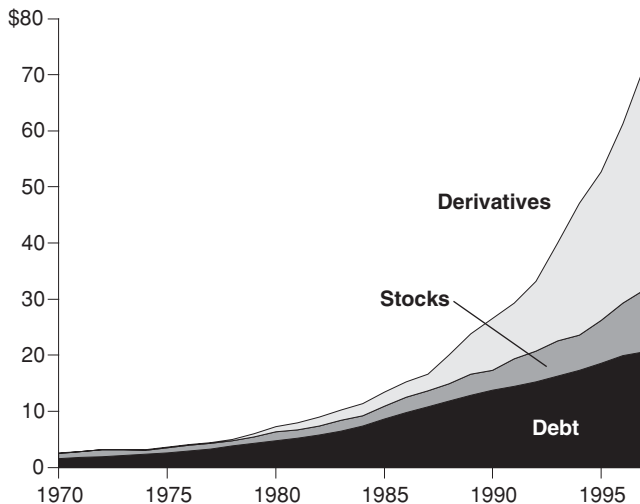
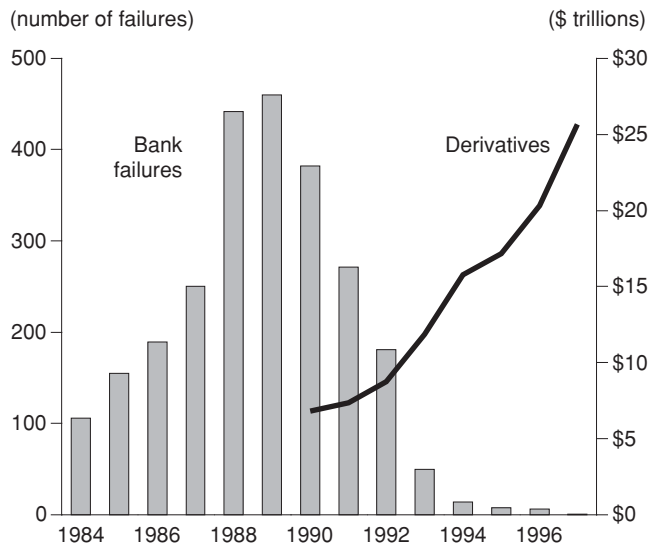


FIGURE 5  
**Bank and thrift failures versus derivatives**



It has been said that the financial crisis is an “Asian contagion,” which can be contained and prevented from spreading to the rest of the world. Nothing could be further from the truth. What is occurring, is the *disintegration of the global financial system*, a system in which the United States, due to its derivatives exposures, is sitting at ground zero.

According to the Federal Deposit Insurance Corp., the U.S. banking system had \$25.7 trillion in “off-balance-sheet derivatives” as of Sept. 30, 1997, compared to \$4.9 trillion in balance-sheet assets, \$415 billion in equity capital, and \$55

billion in reserves for loan losses. For the banking system as a whole, the off-balance-sheet numbers were more than five times what appeared on the balance sheets.

The picture gets even worse when you look at the big derivatives banks. Chase Manhattan Corp. alone had \$7.9 trillion in derivatives—a figure just shy of the U.S. GDP of \$8.1 trillion—and J.P. Morgan, supposedly a conservative bank, had \$6.2 trillion in derivatives. Chase’s derivatives were 21 times its assets and 364 times its equity, while Morgan had 23 times and 537 times, respectively. A loss equivalent to 0.3% of its derivatives portfolio would be more than enough to wipe out the entire equity capital of either bank. Five more banks—Citicorp, Bankers Trust, NationsBank, BankAmerica, and First Chicago NBD—have derivatives

FIGURE 6

**Derivatives for each dollar of assets of seven major U.S. banks**

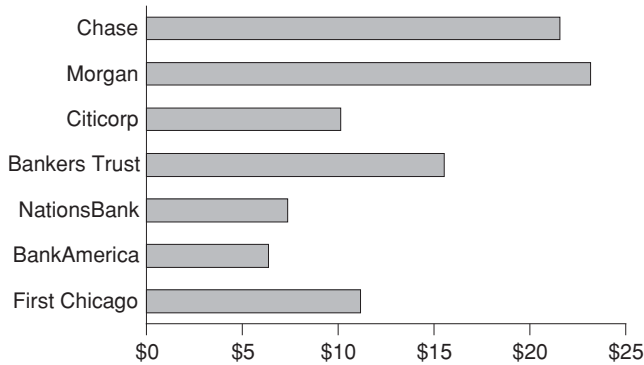


FIGURE 7

**Derivatives for each dollar of equity capital of seven major U.S. banks**

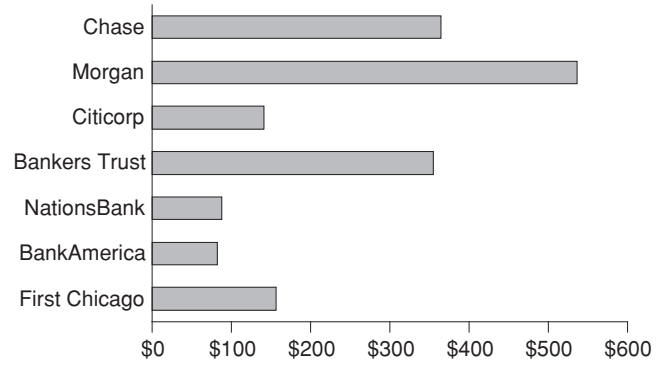


FIGURE 8

**Chase Manhattan Corp.'s derivatives, assets, and equity compared**

(as of Sept. 30, 1997)

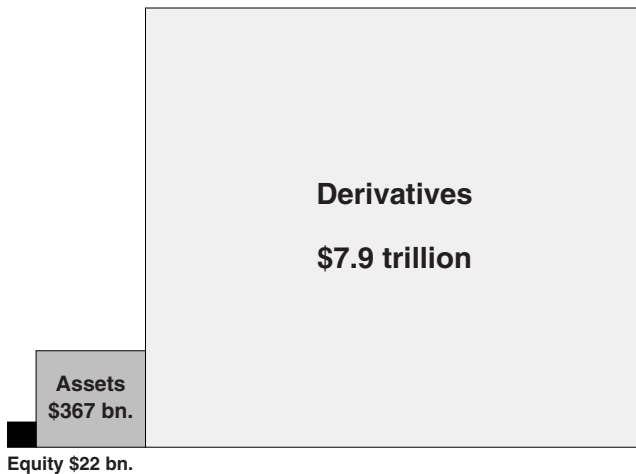
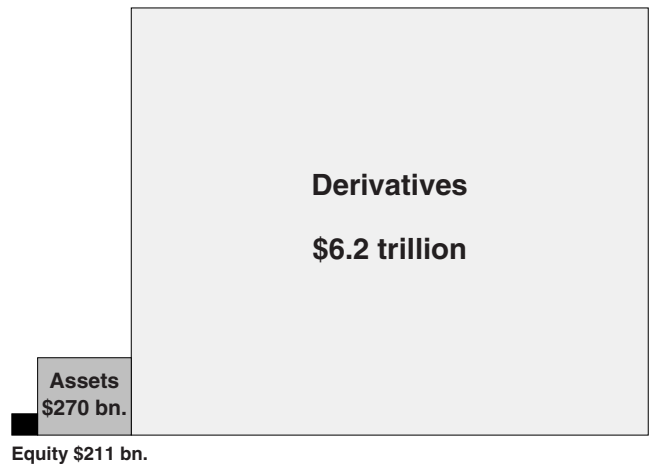


FIGURE 9

**J.P. Morgan & Co.'s derivatives, assets, and equity compared**

(as of Sept. 30, 1997)



holdings in excess of \$1 trillion; together, these seven bank have \$24 trillion in derivatives, compared to \$1.7 trillion in assets, \$109 billion in equity, and \$19 billion in loan loss reserves.

This is “risk management”? Hardly.

Can you imagine if you went to your doctor, and you said, “Doctor, I’m feeling poorly, I’ve got this huge tumor that I have to wheel in with a truck.” And the doctor gives you an examination, and he probes around on the tumor, and finally, he reports to the *tumor*: “You’re doing very well!” That’s what modern economic statistics are. They’re all reflections of this tumor, reflections of the disease.

Look at some of the entities which have reported deriva-

tives losses. Take the Admiral Peary Vo-Tech, vocational-technical school, in Pennsylvania, or the Palm Beach County Sheriff’s Department in Florida. When vo-techs and sheriff’s departments start playing the derivatives markets, it’s a sure sign the system is out of control.

The financial sharks are attempting to issue derivatives on just about any income stream they can find—credit card receivables, David Bowie record sales, and God knows what else, spinning out layer after layer of unpayable claims. The prestigious French bank, Paribas, one of the top derivatives banks in France, is now selling what amounts to derivatives on the crash: derivatives based on the five European banks with the largest exposures in Asia.



What the system needs, is not more bailouts, or more derivatives or more funny money. What the system needs is a flea dip, and fast, before the entire system disintegrates.

## Get the world economy above breakeven

In brief, the hallmarks of a new financial system in the interests of nations, not financial speculation, call for a return to some of the tried-and-true national interest measures such as re-pegging currencies, imposing foreign exchange controls, and exercising controls over capital flows. These all worked at the beginning of the first “Bretton Woods” system, up through the beginning of the 1960s.

At the same time, domestically, nations now require versions of what the U.S. codes call “Chapter 11” bankruptcy — where vital functions are protected and restored, and debts and financial claims are managed in ways to serve that purpose.

These are the kinds of measures required, because in fact, the toll of speculative extractions from the real physical economies of nations, has been so great, that the world economy is, effectively, *below breakeven*. Basic ratios, per household, and per unit land area, of such necessities as safe water, housing, transportation, power, and so forth, are inadequate the world over, and in most places, on the decline. The only general exception is China.

In the United States, by these real measures of conditions of the potential productivity of the economy, the real “economic fundamentals” are in a state of disaster. For example, look at transportation infrastructure. The rail grid, and capacity, have shrunk to the point that the 1997 grain harvest, and other cargo, were unable to be moved in the western states.

Production and consumption levels in the United States have been on the decline since the late 1960s, by about 2% a year, by real “market basket” standards of measurement. Households require several jobs to scrape by, where one principal wage-earner in the 1960s could support the family.

If we approach the present crises of the breakdown of the physical economy, and the financial system, as an *opportunity* for restoring economic development policies, and ending the insanity of “post-industrial” thinking, then we can find the ways to begin reversing the damage, avert catastrophe, and restore hope.

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## Documentation

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# New Bretton Woods appeal to President Clinton

*The following “Appeal to President Clinton to Convoke a New Bretton Woods Conference,” was submitted with the EIR testimony as an appendix. The text was voted up by parti-*

*cipants in the Schiller Institute conference in Reston, Virginia, on Feb. 19-21, 1997, and has subsequently been signed by thousands internationally.*

The world economy, with the exception of China, is faced with an accelerating collapse of industrial capacity and the skyrocketing of unemployment, which has led to a political mass-strike process, shaking the foundations of many governments and social institutions around the world.

The unavoidable bursting of the international derivatives bubble, or any relevant political event, could trigger a chain-reaction of stock market crashes and banking crises in many countries, leading toward the vaporization of the international financial system within a matter of days. The political, social, and military consequences of such a systemic crash would be incalculable.

Meanwhile, the tragedy of the so-called IMF reform policies in the former Soviet Union is now playing out, in the form of a monstrous collapse of production, a demographic disaster, and an unprecedented criminalization of society, which has resulted in an even worse and more rapid catastrophe than has already occurred in Ibero-America and Africa. If the present course of these international policies is not changed, entire nations will vanish from the map of the earth, as is already demonstrated in Africa. And, as the conditions in Bulgaria and Albania illustrate, even Europe can plunge into a new dark age in a very short time. Germany, for example, has reached de facto the same level of unemployment as when Hitler came to power.

Thus, many governments, parliamentarians, and leaders of social institutions are confronted with the unacceptable dilemma, that if we are to fulfill the conditionalities of the IMF, or such requirements as those of the Maastricht Treaty or the Balanced Budget Amendment in the United States, we would have to act against the most vital interests of the people, whom we represent. But the international financial institutions have no right to require that the debt to them be paid with a pound of flesh of each of our citizens.

The U.S. Declaration of Independence states:

“When in the course of human events, it becomes necessary for one people to dissolve the political bands which have connected them with another, and to assume among the powers of the Earth the separate and equal station to which the Laws of Nature and of Nature’s God entitle them, a decent respect to the opinions of mankind requires that they should declare the causes which impel them to the separation.”

In this spirit we say, that not for “one people,” but for the peoples of the world, it has become necessary not to dissolve the political, but the financial bands with the presently hegemonic financial institutions.

In the Declaration it is further stated: “But when a long train of abuses and usurpations, pursuing invariably the same object, evinces a design to reduce them under absolute Despotism, it is their right, it is their duty, to throw off such Government, and to provide New Guards for their future security.”

Such a condition has emerged, threatening to throw our entire human civilization into chaos and barbarism.

Therefore, we appeal to you, President Clinton, to use the Powers of the Presidency of the United States, to convoke, on an emergency basis, a new international Bretton Woods conference, to replace the present bankrupt monetary system with a new one. A global debt reorganization, the establishment of fixed-parity exchange rates and a new set of trade and tariff agreements are the absolute precondition for stability in world economic and financial relations, which are required for a return to economic growth.

It is also required that sovereign governments have exclusive responsibility for the emission of currency and the creation of credit and that, in the tradition of President Franklin D. Roosevelt's bold anti-depression programs, they make available cheap and long-term credit lines for large-scale investments in infrastructure, industry, and agriculture.

The outline of a new world economic system is already taking shape. Led by the initiative of the Chinese government, several countries of Asia are currently engaged in the construction of the "New Eurasian Land-Bridge." By integrating all of the Eurasian continent economically, a similar "land-bridge" development is planned which will soon also connect the United States, via the Bering Strait, and Africa, via the Near East, bringing economic development and prosperity to all previously landlocked areas of the world.

As a cornerstone of this global reconstruction program, the economist Lyndon LaRouche has emphasized what he terms the "Machine-Tool Principle." This principle is the recognition that the economy must be based on the fact, that it is solely the creative reason of the individual which is the source of wealth in society. It is the continued ability of creative reason to formulate adequate hypotheses about the laws of nature, which leads to scientific and technological progress. These discoveries are applied in the form of new, improved machine tools and in upgrading the skills of the labor force, resulting in increasing productivity of the productive process. The global economic reconstruction must therefore put absolute priority on Classical, universal education and the strengthening of the creative powers of the individual.

The building of the Eurasian Land-Bridge as the cornerstone for similar infrastructure and economic programs for Africa, Australia, and the Americas is the only way that economic development can bring peace and stability to all corners of the world. Such a policy is therefore in the strategic security interest of the United States. It is also in the tradition of the Founding Fathers as a policy for a community of principle among nations.

We appeal to you with the utmost urgency to take the necessary steps, so that your Presidency does not mark the beginning of a new dark age, but that of a new golden era of mankind.

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# No pause in Russia's financial crisis: How long will monetarism survive?

by Rachel Douglas

Interest rates on Russian Treasury Bills, known as GKO's, climbed to 46% in the first week of February—back to the levels of early December, when the Central Bank and Finance Ministry scrambled to prevent the bankruptcy of state finances, which was only days away. Despite official assurances from the so-called “young reformers,” the agents and apologists for international financial institutions within the Russian government, that the worst of the financial turmoil was over with the end of last year, Russia faces new battering in 1998, with hardly a New Year's pause.

During January, Russian stock indexes fell 28%, reaching a level nearly 60% below their 1997 peak. Foreign speculators, as “investors” in the stock of Russian companies are better termed, led the pullout. Selling by foreigners hit the GKO market, driving interest rates to 35% the week of Jan. 26, then 46% on Feb. 3. Of the approximately \$55 billion GKO market, some \$15 billion is held by foreigners.

“Russia's financial market is on the brink of catastrophe,” Boris Jordan of MFK-Renaissance finance company said at his Jan. 28 Moscow press conference. Jordan, who as a CS First Boston operative was one of the first and fastest looters of Russian industry during the privatization process after 1992, warned that failure of the Russian government to come out with a unified crisis-management line within a matter of days, would mean a devaluation of the ruble and breakdown of the country's financial system. *Kommersant-daily* of Jan. 29 reported Jordan's dire forecast, that Central Bank reserves are insufficient to compensate for the flight of non-residents from the GKO market.

On Jan. 28, the Ministry of Finance cancelled the latest GKO placement, which has only happened once before—during the Russian banking crisis in August 1995.

Financial calm could not be delivered by the Russian government, nor could performance of President Boris Yeltsin's top-priority political promise, to pay all state-sector wage arrears by the end of last year. Yeltsin devoted his first weekly radio address after a winter vacation, given Jan. 23, to this “most painful issue.” He blamed local officials for the failure to disburse the wages in at least six major regions, but also held his government “to find out how this could happen and to punish the culprits.”

On Jan. 15, miners at all the mines in Kemerovo Province, in the Kuzbass coal area, Siberia, carried out a one-day warning strike over unpaid wages. In another region where the Jan. 1 wage promise was not kept, 2,000 people, including miners, defense plant workers, and municipal employees, blocked the Trans-Siberian Railroad near Vladivostok for two hours on Jan. 27.

## Political fallout, petroleum deals

Upon Premier Viktor Chernomyrdin's return from official meetings in Turkmenistan and Tajikistan, he failed to chair a scheduled Jan. 15 cabinet meeting, prompting rumors that he was ill. The next day, however, Chernomyrdin not only reappeared, but announced that he had Yeltsin's support for a reorganization of the government. The most prominent “young reformers,” the two first deputy prime ministers, are to relinquish powerful portfolios: Anatoli Chubais will no longer oversee the media or the Finance Ministry, nor Boris Nemtsov the fuel and energy sector. These are key areas, in which Chubais and Nemtsov have enforced the austerity and privatization agendas of the International Monetary Fund. Chernomyrdin said that he, the premier, will now be directly responsible for the Finance Ministry, budget and monetary policy, and the banking sector.

Chernomyrdin, instead of Nemtsov, will supervise the Fuel and Energy Ministry, according to ITAR-TASS. Chubais is still in charge of tax collection, and Nemtsov of utilities and housing reform.

The now very active Chernomyrdin also made a highly visible move in petroleum-sector corporate politics, which are in turmoil. Oil and natural gas are Russia's biggest source of export earnings, which the drop in world oil prices has hit hard. Recent corporate consolidations are related both to that, and to struggles over power and policy.

On Jan. 19, a new Russian oil giant called “Yuksi” was created, from the merger of Boris Berezovsky's Sibneft with YUKOS, the oil company within the Menatep-Rosprom group of Mikhail Khodorkovsky. The merging firms produce 65 million tons of oil per year, including from major West Siberian deposits, which amount is more than the giant LUKoil. Yuksi becomes the world's largest company in

terms of oil reserves, and the third largest in oil extraction.

Khodorkovsky's press conference, announcing the merger, was chaired by Chernomyrdin, just three days after his reassertion of control over the fuel and energy sector. Berezovsky was present at the press conference, along with Vladimir Gusinsky of Most Bank and SBS-AGRO's Aleksandr Smolensky.

The Sidanco oil company, owned by V. Potanin's Oneksimbank, formed a partnership last year with British Petroleum. While Khodorkovsky confirmed that Yuksi plans to bid for the largest remaining unprivatized oil company, Rosneft, Oneksim-controlled *Russky Telegraph* of Jan. 16 charged there was a plot to keep Sidanco-BP out of the Rosneft bidding. On Jan. 15, *Russky Telegraph* reported, Gazprom head Rem Vyakhirev told journalists that "foreign companies may be forbidden to participate in the Rosneft auction." *Russky Telegraph* suggested that this statement revealed a deal between Gazprom-Lukoil and Sibneft-Menatep (or, rather, between Chernomyrdin and Berezovsky) to keep "Oneksimbank's only partner," BP, out of the bidding. On Jan. 26, Nemtsov announced that Chernomyrdin himself will select the final privatization plan for Rosneft.

## National security

If the contest for control of assets such as Rosneft were limited to warfare among financial clans, it would be fatal for Russia, but there is another agenda coming into view. Can the country's leadership be reshaped, to uphold its national interests? Yeltsin has indicated that he is not finished shaking up the government. The option for a "national unity" government, including parliamentary opposition figures for key economic policy areas, continues to be discussed in the State Duma (the parliament).

Academician Dmitri Lvov raised the question of national economic security in connection with the ouster of Boris Brevnov as head of United Energy Systems (UES), the Russian electric power utility. Anatoli Dyakov, chairman of the UES board, used evidence of embezzlement by Brevnov (evidence collected by the watchdog Accounting Chamber and published in *Pravda-5* newspaper), as the reason to dismiss Brevnov in late January. The 29-year-old Brevnov, former director of the Nizhny Novgorod Banking House, made his career as a member of Nemtsov's team. According to NTV, Nemtsov reacted in fury, using "non-normative" language and threatening Dyakov with retaliation. A government spokesman said that UES personnel decisions could only be finalized after Chernomyrdin returns from his trip to the Davos World Economic Forum in Switzerland.

NTV also interviewed advocates and opponents of Brevnov, which was the occasion for Academician Lvov — among the opponents — to make a strong statement on national security. Lvov, deputy director of the Central Mathematical Economics Institute (CEMI) of the Russian Academy of Sciences, told NTV that UES is an entity of great strategic

significance for Russia's economic future and the physical survival of the people, and therefore must be headed by persons having high professional skills and moral qualities. The first deputy premier (Nemtsov), said Lvov, should draw conclusions from the situation.

Academician Lvov's receiving air time for such remarks on a Russian national TV network is one sign of the times in Moscow. Another was the flap over George Soros's attack on Anatoli Chubais, whom he accused of allying with "gangster capitalism." Speaking Jan. 11 at the Second American-Russian Symposium on Investments, held at Harvard University, global speculator Soros startled his listeners by suddenly claiming that Chubais — the darling of Western speculators and the International Monetary Fund — had sullied Russian democracy by his deal-making during the 1996 Presidential elections, and that only the appointment of Nemtsov as another first deputy premier had averted a "gangster capitalism" takeover in Russia. The ensuing hub-bub, which featured Berezovsky defending his recent foe, Chubais, occasioned statements by Moscow Mayor Yuri Luzhkov, that speak to the looming changes in Russia — orderly or chaotic, under one or another clan or faction.

It is more and more evident that Luzhkov, who also attended the Harvard function, is running for President. (Nemtsov, smarting from recent demotions of himself and his team, said in late January that he hoped Yeltsin would run again, but otherwise he would back Luzhkov against Premier Chernomyrdin.) At a Jan. 15 press conference, back in Moscow, the mayor said that as far as Berezovsky's defense of Chubais was concerned, "it rather meets the description of the Russian proverb, 'A raven will never peck out another raven's eye.'"

In any event, Luzhkov said, things have come to the end of the "monetarism in contemporary Russia," begun in February 1992. "This monetarism is to end soon," said Luzhkov. "This playing with money must stop in Russia. Monetarism immediately switched the interest of banks to short money, to short-term credits given at tremendous interest rates," which made productive investment a losing proposition.

Later, Luzhkov replied to a question: "You're asking when the era of monetarism will end? Well, I think it is approaching its end. . . . There is a sobering-up now in society, among economists, among businessmen and economic managers, among representatives of numerous structures of the Executive branch of government who have to deal with economic matters as well. In the regions, this has already set in. The epoch is coming to an end. I think that we cannot, of course, name any date, but its end is coming. . . ."

"We say that the first thing that will save our economy is the restoration of the potential of our industry, agriculture, the systems in the social sphere. This will save our economy, and not playing with money. The latter has ended for Russia."



# NASA studies the parallels between space flight and aging

*On Jan. 16, NASA Administrator Dan Goldin announced that former astronaut Sen. John Glenn (D-Ohio) had been approved to fly on a nine-day Space Shuttle mission in October. Glenn, who will be 77 at the time of the mission, was the first American to orbit the Earth, 36 years ago.*

*Dr. Arnauld E. Nicogossian is NASA Associate Administrator for Life and Microgravity Sciences and Applications, and is also the space agency's Chief Medical Officer. He has been with NASA for 25 years, starting out as a researcher in cardiopulmonary, or heart-lung disease, at the Johnson Space Center. He worked on the last Apollo mission, Skylab, and then was flight surgeon for the Apollo-Soyuz flight with the Soviet Union in 1975. At NASA headquarters in Washington, Dr. Nicogossian has developed medical standards and policies and procedures to select people for space flight. He earned a medical degree from Teheran University, and a Master of Science degree from Ohio State University. He was interviewed on Feb. 3 by Marsha Freeman.*

**EIR:** On Jan. 16, NASA announced that Senator Glenn will be flying on a Space Shuttle mission this October at the age of 77. One of the experiments he will participate in will be co-sponsored by the National Institute of Aging, and one would think that all of the data from his flight will be of interest for research in aging. What are the areas that NASA and NIA have been interested in working on jointly?

**Nicogossian:** First of all, it's a nine-day mission, so, on such a short mission, you have to be very careful about what experiments you select, because you want to measure some influence [of microgravity] and have some results.

We had two workshops with the National Institute of Aging, NIA, and Senator Glenn was instrumental in pushing forward a third workshop with NASA and the NIA, last summer. In September, we signed an agreement with the National Institute of Aging that says we will jointly continue to use space flight to draw parallels between physiological responses in spaceflight, and aging. We talk of parallels because there are similarities, but it's in manifestations, not necessarily in outcomes, because the effects of space flight are reversible after flight, and the aging process is not.

NASA aging research is relevant to areas that NIA is going to look at, including, for example, a loss of ability for

exercise because of deconditioning, loss of strength, bone loss, balance disorders, sleep disturbances, cardiovascular deconditioning, as it relates to inability to have an upright posture after flight, and immune response.

**EIR:** Why are these areas of interest for joint work?

**Nicogossian:** NASA is interested because it's related to space flight, and it's applicable to the National Institutes of Health, to look at these areas to see if they present a parallel with aging processes. If there is a parallel, it will demonstrate that adaptation during space flight can be used as an accelerated model of aging, a reversible accelerated model, that one can use to study some those manifestations.

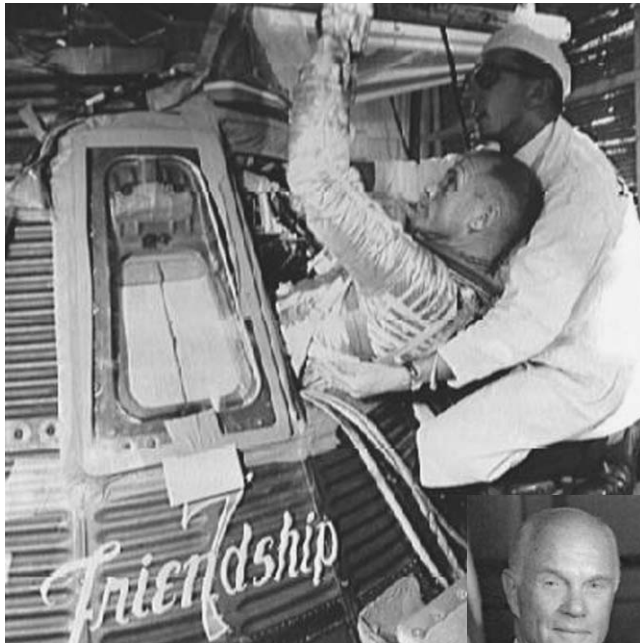
Now, what is aging? Aging has a very different underpinning than space flight. If you go to the issue of the changes created by space flight and the processes in aging, they are entirely different.

In aging, there are changes in signals in the body which result primarily in changes in the body's response to environmental stresses. In space flight, it is a change in the environmental stresses, and there is a change in the physiological response, called adaptation. Aging is not an adaptation, as far as I know, to the environment. Aging is a response of an organism which makes it unable to cope with the environment.

That is, in aging the most prominent thing that we see is the immunological inability to fight diseases. It gets attenuated. For example, elderly people are like young children, in that they are more susceptible to all kinds of diseases. Drug interactions are different in older patients: They need smaller doses of drugs, just like younger people, who need a lesser amount of drugs and medication. Chronic diseases like arthritis and degenerative diseases of the bone and joint are more common in elderly people, including cancer, because of changes in autoimmune, or immune system response, apparent in aging. That is not truly demonstrated in space flight.

So, I want to impress on you that we are looking at the list of things I mentioned—bone loss, muscle loss, muscle strength loss, maybe immune loss in space flight, the loss of the ability to stand up upright post flight, which shows parallels in those areas.

It's a short mission, and the things that we decided we'll focus on, which are measurable and experimentally compa-



John Glenn practices insertion into the Mercury spacecraft at Cape Canaveral. (Inset): Senator Glenn, who will return to space at age 77.

tible with the short mission, were two things, that are already available in our funded peer-reviewed research: sleep disturbances and muscle protein turnover, or metabolism, if you wish.

A lot of Americans do suffer from sleep disorder—about one-third of adult Americans. There is a certain percentage who are “healthy,” and they suffer because of environmental exposure such as noise; a shift of work-day cycles, when you have workers who change between day and night shift; or people who travel, jet lag. Those are environmentally induced changes in sleep patterns. In those people, you have the quantity of sleep which is disrupted. In other words, they don’t go to sleep, they cannot sleep, and so on.

In elderly people, it’s a different story. The quantity of sleep is not affected. A lot of elderly people usually do sleep, but the generic observation is that the quality of sleep is not as good. It could be due to changes in the production of melatonin or hormones, or the immune system. Or, the inner clock does not provide for enough rest, and that is why they are always tired.

So you have to be very careful when you generalize from environmental agents, to those that are age-related, versus disease-related. There are a lot of people who are obese and have what we call sleep apnea, and once they lose weight, they feel better. Sleep apnea is a problem in a mechanical process. They do not sleep very well. A lot of people who snore wake up because they are snoring. A lot of them have sinus or other medical problems which produce sleep defects. Other folks wake up in the middle of the night, especially

males, when they have prostate problems, to go to the bathroom, and this disrupts their sleep. You have to be very careful how you quantify sleep.

**EIR:** Has it been conclusively demonstrated that one of the reasons for sleep disturbance in the elderly is a reduced production of melatonin?

**Nicogossian:** That’s one of the objects of the general studies, not only in space flight, but the general studies that Dr. Charles Czeisler [at Harvard Medical School] and others are doing. They are looking in the general population to see if the time of your hormone secretion is changed because of immunological problems, creating problems with sleeping in *healthy* elderly people.

We have a different problem in NASA. The reason why we selected that experiment is not really entirely because of aging. Yes, it has an applicability to aging, but NASA has a problem of its own, when we fly to high inclinations, to the Mir space station. We have to adjust the Shuttle crew rapidly, in a very short period of time, to put them on the schedule that Mir is on, which is Moscow time, or about nine hours different than we are. Then we have to shift them back to the Kennedy Space Center time when they land.

**EIR:** Similar to jet lag?

**Nicogossian:** Yes, but we shift them through with bright lights and things like that, adaptation devices that Dr. Czeisler has developed. The reason we shift them is because during the docking [of the Shuttle with the Mir], both crews have to be awake so they can think on their day schedule. We shift both the Mir and the Shuttle crews so they can be on the same work schedule and can do the work together. So, NASA has its own problems with different orbits in space and the way we adapt to those orbits.

The way different medications are used will be one of the things that will be tested on this flight, which is part of the global research on melatonin that Dr. Czeisler is doing. One goal is to find out how much melatonin, if any, is necessary to induce sleep, or how much melatonin is detrimental to sleep, and what the relationship is of melatonin and sleep. We know that large doses of melatonin can disrupt sleep, and only very small doses of melatonin *might* induce sleep. It is difficult because there is no data. As you know, melatonin is available over the counter.

**EIR:** You are saying that because it is an over-the-counter medication, millions of people take it, but their response is not tracked or recorded?

**Nicogossian:** That’s correct. It’s like the aspirin study. Until very controlled aspirin studies were done with people with heart disease, using controls, the physicians would not prescribe it to prevent stroke or heart attacks. It’s the same situation that we have here.

**EIR:** In your book, *Space Physiology and Medicine*, you

report on a study that revealed that 30% of 58 Space Shuttle astronauts stated in their debriefings that they took a medication to help them sleep in space, although they did not use any sleep aid on Earth.

**Nicogossian:** That information is anecdotal. There are many people who are conducting research in sleep, on other missions. It seems that, anecdotally, it was reported by a large number of people that during space flight, the amount of time that they needed to sleep decreased with the length of the period of being in space. Specifically, the Russians have reported that. We are trying to quantify that type of activity.

**EIR:** I also looked at the Skylab data, which was a small sample, but it seemed that sleep disturbances diminished over time, which would mean that it was an adaptation to external stimuli that caused the disturbance rather than something inherent to microgravity. Do you have any evidence that weightlessness produces changes that interrupt sleep?

**Nicogossian:** We think it might, we are not sure. That's why we are doing the experiment.

**EIR:** My impression was that the experiment was aimed more at trying to help find a treatment for sleep disturbance in space flight, rather than the causes.

**Nicogossian:** Remember, the experiment is composed of several things. It will measure the quality of sleep, quantity of sleep, and activity during daytime. We are measuring all of those things. And then we will be administering the medication, but it will take a long time to collect the data, because you have to have a placebo versus the medication effect. We will measure parameters of alertness and quality of sleep. There will be objective measurements, as opposed to subjective measurements. That is part of the sampling that will be started on the Neurolab Space Shuttle flight [in April]. Some of the precursor experiments were conducted on the Space Shuttle Life and Microgravity I mission, and such questions have been considered through the Mir flights, in some shape or form. But this is the most comprehensive evaluation which will be conducted. These experiments will be continued until we get an adequate sample size, which is probably between 6 and 12 people in space. Then we will have some data that we can comfortably analyze.

**EIR:** Have there been any experiments where you have administered melatonin to the crew?

**Nicogossian:** No. We are going to try it. Senator Glenn's flight is a continuation of the experiment that is on Neurolab. That's where the same experiment by Dr. Czeisler will be conducted.

**EIR:** Will that experiment also administer melatonin to the crew?

**Nicogossian:** Yes. We are also interested in the range of age, and we will have to get additional data in the future. . . . We have to understand the effects of gender and age. We fly

multicultural, diverse crews in space. Senator Glenn will be 16 years older than anyone we have flown before. We have flown eight people on 13 missions who were 55 years or older, and the oldest commander who landed the Shuttle was 50, and the oldest person, a mission specialist, who did an extravehicular activity was 61. It is arbitrary to say 55 and older, but that is what is in the database.

So, if the opportunity presents itself, and if it makes sense, we are going to collect the data, and the reason why it is important to us, is to establish the experimental diversity of response of the people who are going to fly in space.

**EIR:** We have now had a half-dozen astronauts on the Mir for long missions. Were there sleep disturbances or disorders reported from them?

**Nicogossian:** Once we finish flights on the Mir space station, we are going to put all of the data together and this will be available for the public. I don't have the individual data. Yes, we have been distributing a questionnaire asking about the quality and quantity of sleep, which is similar to what we did on the Life and Microgravity Science (LMS) Shuttle mission, and similar to what we are going to do on Neurolab.

On Skylab, we measured sleep quality. On LMS, we measured sleep quality using electrodes and things like that. On Neurolab, we are going to do the same thing. We are going to obtain questionnaires, which is subjective, and we are going to obtain objective data, and put that together with age, gender, length of flight, and all of that, starting with Skylab. It will be an integrated package which we are going to analyze. We will interpret the data, to help us decide what to do, later on.

**EIR:** The second area of life science experiments on Senator Glenn's Shuttle mission will deal with muscle wasting in space. What will that experiment consist of?

**Nicogossian:** We know that once you enter space flight, there are rapid changes even on the histomorphologic level, at the cellular level, if you wish, in certain areas, such as muscles and bones. They are the same, except that the muscle [deterioration] is more rapid, and you find that even on a short-duration, nine-day mission, you have reduced strength of the muscles.

So, we are trying to accumulate information on the way protein metabolism proceeds, how the proteins are assimilated by the muscle, the protein synthesis, how the muscles are built. We are trying to establish the parallels between elderly people and the problems of space flight. We think that the synthesis of proteins does not proceed the same way in space as on the ground. The assimilation of the proteins in the muscle does not happen.

One of the major proteins, which is alanine, will be labelled with Nitrogen-15, and given to the crew members before and after flight, and during the flight. It's a tracer which is a stable isotope, not radioactive, but can be traced in the urine, and through MRI, and we can measure how much of it has been utilized. We want to see the turnover of the protein,

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*The issue here is to demonstrate the parallels between space flight and aging, and see if space flight can be used as a tool to study some of the manifestations or some of the symptoms of aging, in an accelerated mode, without spending years on Earth to do observations.*

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how the muscle assimilates or synthesizes proteins.

**EIR:** What do you think causes muscle wasting in the astronauts?

**Nicogossian:** The animal studies that we have show that protein is not synthesized very well in space flight. And if I were to extrapolate to humans, I would say the same thing happens, because there is muscle wasting.

**EIR:** Is disuse one of the factors, in that less muscle strength is needed in microgravity?

**Nicogossian:** It's more than that. There are a couple of possibilities that are open. We think that part of what is not functioning are the signals which come from the nervous system to the muscle, that they are affected, contributing to a lack of signals to assimilate the muscle proteins.

**EIR:** And is there a similar process in the elderly?

**Nicogossian:** We are trying to establish the parallels between aging and space flight. In the elderly, it is also a problem of muscle protein synthesis, and that is what we are looking for.

**EIR:** Is the problem the breakdown of muscle that already exists, or the fact that new muscle tissue is not produced?

**Nicogossian:** We have evidence that the matrix breaks, but we have not quantified which components [are affected]. Our research is also based on ground-based studies and supplemented with research done on animals in microgravity. Humans beings are one of the species that we study, and we need to do multi-species experiments. Some of the experiments were done on primates, if you recall, on the Biosatellite, and all that data will be pulled together and looked at. We will not have that many human space subjects, but if it is corroborated with the same findings in other species, then the findings become very important.

**EIR:** Bone demineralization during space flight is of great interest, with parallels to the aging process, which can result in osteoporosis. Will that be measured?

**Nicogossian:** This Shuttle mission is too short to do bone studies. We selected things which were in the peer-reviewed process already, and those experiments that are compatible with this mission.

**EIR:** Were the experiments chosen before Senator Glenn was approved for the flight?

**Nicogossian:** Yes. The experiment that was chosen before Senator Glenn was, was the sleep experiment. We were going to do it anyhow. The muscle experiment, we added, and there is another set of agreements we are now engaged in discussions on, with the Baltimore aging study, which is supported by NIA. They are very interested in looking at the pre- and post-flight data to make it part of their study, so we are looking at the cardiovascular and neurovestibular data that we are collecting. They are looking at these data and using them as part of their cohort study of aging people to see if we can establish a cross-fertilization in the kind of diagnostic tools that we use post-flight and what they can use in the elderly aging studies. There will be much more evaluation as far as orthostatic intolerance, or the inability to stand upright after landing, to maintain balance, heart function, which will be done on all crew members, as part of our pre- and post-flight practice.

**EIR:** Soon you will have data for months at a time, when the International Space Station is in operation. Are you working with the NIA to design experiments that can run for three months?

**Nicogossian:** We work by the announcement of opportunities, and the investigator-initiated research, based on the call for experiments that we initiate. We have two main goals: one to contribute to the science, and one to contribute to health.

To contribute to the health of people on Earth or in space, are two different things. On Earth, we have the National Institutes of Health. In space, obviously their help is very much appreciated. We have also created the National Space Biomedical Research Institute, led by a consortium of universities, led by Baylor College of Medicine, which is focussing primarily on counter-measures [to space adaptation] and will be working with NIH looking at each component, such as bone loss and muscle loss for long-duration missions. We are going to continue to do peer-reviewed research, through announcements. Some of those might be focussed, some might not. Each announcement will establish our interest, and in some cases, like Neurolab, which will study the nervous system, and has significant impact on whatever we do in flight, along with things we are going to do on the ground, that type of research has been peer-reviewed by NIH. They help us to



access the broader [scientific] community. They also help us to access the data that we can use, in return, for keeping our astronauts healthy. But, we try to maintain our mission independently, and we also try to merge and use synergism with them. Research can be acquired through many sources, but it is all peer-reviewed.

**EIR:** One aspect of the space environment which has been described as possibly accelerating the aging process has been radiation. Are there plans to do studies on the effect of the radiation in space on the aging of tissue?

**Nicogossian:** The emphasis on this mission is not radiation. That is a separate program. We are looking at radiation in the context of ground-based research. We have been doing radiation dosimetry on Mir. We have been exposing different tissues and trying to establish the risk of radiation.

In the International Space Station, with the centrifuge, we are going to look at the connection, or synergy, between radiation and microgravity, or lack of synergy. We have a special program which includes routinely measuring the radiation dose on every mission. We do work with the National Cancer Institute, and we do work with the Department of Energy in radiation research, as it affects human health.

**EIR:** Which do you think will be the most fruitful area of medical research using this unique environment of space?

**Nicogossian:** The issue here is to establish or demonstrate the parallels between space flight and aging, and see if space flight can be used as a tool to study some of the manifestations or some of the symptoms of aging, in an accelerated mode, without spending years on Earth to do observations. And humans may not be the species of choice to conduct the studies. They can use genetically engineered mice, or cell cultures, or microbes, because people are starting to look for genetic reasons for turning on and off the mechanisms that are responsible for the aging process, notably for cell death. If the cells do not die at all, you get cancer. If the cells die at an accelerated rate, you might get wasting and aging, where no new cells are produced and more cells die. That is only a gross view.

If there are some parallels, if they are demonstrated, then the utility of these parallels could be a useful model and tool for study. Then, special experiments with special markers, with special subjects, which might not be humans, probably not entirely, will be developed, for NIH to do them. At this point, we always fly two or three experiments for NIH in the area of cancer or other fields, every year, because they are a priority for small experiments on the middeck on the Shuttle.

I do not know what specific future experiments will be. This is the beginning of the program, when we are going to go and look at those things, in a deliberate fashion, to see if space can help as another tool to study aging. But it is not necessarily with humans.

**EIR:** Have you found any difference in readaptation after a

space flight, among all the astronauts who have flown, in terms of their age? You mentioned that there have been eight American astronauts over the age of 55 to fly in space, so far. Will it take longer for someone 77 years old to regain pre-flight measurements of bone density, and other factors? Do you think someone that age will recover competely?

**Nicogossian:** First, you have to describe what "all the astronauts" means. The median age of the astronauts is in the neighborhood of 38 years old. We decided that we can call anybody over 55 a senior astronaut. That is arbitrary, because we don't have an age cut-off. We have flown eight people over 55.

In terms of Senator Glenn, he can do better, or he can do worse, or there can be no change at all, compared to the other senior astronauts. As far as rehabilitation, we have not flown anyone over 55 on long-duration missions. In short-duration missions, would it take longer? We will follow John Glenn and his crew much longer [than usual], to try to find out.

NIA and people in the Baltimore aging study really want us to continue to follow the crew for 30 days [after landing], to make sure we have all the data. And we will continue to follow all of the crew members, not only Senator Glenn, for a longer period of time. I can't tell you how he is going to fare at this point. I usually am pretty good at predicting, but this time, I can't.

I bet you he will do okay, the same as the others. But don't quote me, because I cannot tell you!

**EIR:** Do you think there is any age limit for space missions?

**Nicogossian:** It depends upon how long the mission is. There is a limit on how long people live. I don't know of anybody who has lived more than 120 years, except for Abraham, maybe. There is an age limit. If you send somebody on a four-year voyage to Mars, we will consider age as a risk factor. If you send somebody for nine days or four months, we might not. There is never any other risk than age itself, because age you don't turn back, and age deals with natural life expectancy. When you say, "What can a 77-year-old or 80-year-old do?" I can tell you I can name famous surgeons who are older than that and continue to do surgery. Age, per se, doesn't have to do with anything, but it is just that age is a risk, by itself, because it deals with life expectancy.

Is it sure that we can say that a 60-year-old person will live another 17 years? Yes, the average is about 20 years, but there are others out there who can live another 40 years. What is the risk? It depends on what their physiological health is. If they are free of risk, they will live to the full life expectancy, but you cannot tell their life expectancy exactly. Would we put an age limit to long-duration missions? Obviously, you will tend to send people who are younger, because you expect them to stay for a longer period of time in space. If you are going on a five-year voyage, you will send somebody in their early 40s.

### A new devaluation is in the works

*Mexico is proof "in the small" that the world financial crisis is systemic, not regional.*

At a meeting of the nations of the Asia-Pacific Economic Cooperation (APEC) group in Vancouver in November 1997, Mexico was presented as a success story of supposed economic "recovery," as an example to be followed by the nations of Asia. The same argument was repeated at the recent Davos gathering of world financial leaders, by people like Renato Ruggiero, the head of the World Trade Organization.

This is laughable to anyone familiar with Mexico's real situation.

According to the just-released 1998 Monetary Program of the Bank of Mexico (the country's central bank), presented by its new governor, former Finance Secretary Guillermo Ortiz, the so-called "Asian crisis" will hit the Mexican national economy on two flanks: its trade balance, and its current account deficit.

The first point means that the devaluations of the Asian currencies against the dollar have effectively revalued the Mexican peso relative to those Asian currencies. This means that cheap exports from Asia will be flooding the Mexican market, and that Mexico's non-oil exports will be more costly than those of their Asian competitors.

Government authorities are now admitting that this is pushing Mexico toward a major devaluation. Their only quandary, is how in the world to present this as a "positive" economic event and further proof of "success."

President Ernesto Zedillo himself stated that "more difficult competition is facing" Mexican products on international markets; and his Trade Secre-

tary, Herminio Blanco, openly mooted steps to stop "imports originating from Asian countries," explaining that "the competitiveness of Mexican products would be maintained" by "the exchange rate regimen," i.e., by devaluing the peso. Banco de Mexico vice-director José Sidaoui was most explicit of all: A devaluation of the peso "is a possibility that cannot be rejected."

With regard to the government's second point of concern, the current account deficit, financial insiders here report that the flow of foreign capital into Mexico will be "negatively impacted" as long as the Asian crisis lasts.

In 1997, Mexico's foreign reserves grew by \$2.5 billion, due to relatively high oil prices (no longer the case), and the central bank's shady procedure of buying up "excess" foreign exchange from the country's commercial banks. Many ascribe this "excess" to laundered drug money. As for the government plan for 1998, it originally projected the accumulation of another \$1 billion in foreign reserves. But now, this "goal [will be] difficult to meet, given the financial conditions in Asia and the lower oil income," as one columnist put it.

What this adds up to is that the Mexican government is going to have great difficulties meeting its upcoming obligations on bonds it floated in 1997 to pay back the United States government for its share of the famous February 1995 \$50 billion bailout package. At the time, these bonds were described by then Mexican Ambassador to Washington, Jesús Silva Herzog, as

"borrowing from Peter to pay Paul." There are \$16 billion in these "sovereign Mexican bonds" currently in circulation around the world, which could just as well be dubbed "Peter-Paul bonds."

On top of all this, Mexico has to service its official foreign debt, which is traditionally done through outlays from the Federal budget. But there is a problems here as well.

In early January, Mexico's new Finance Secretary, José Angel Gurría, announced that government spending this year will be reduced by approximately 15 billion pesos (\$1.8 billion), because of the sharp fall in the world price of oil which has reduced Mexico's revenues. Unconfirmed rumors are that the state oil company, Pemex, will see its budget slashed by another \$1.3 billion as well. What this adds up to is that public spending this year could be reduced by \$3 billion or more, on these two line items alone.

Late last year, the government was singing a different tune. At the time, President Zedillo rejected the demands of the opposition parties to reduce the Value Added Tax, by arguing that their proposal would reduce tax revenues by about 30 billion pesos (\$3.6 billion), which would require spending cuts of an equivalent amount, and that this would trigger a catastrophic recession. But now, scarcely three months later, the government is announcing spending cuts of nearly that same amount . . . arguing that such cuts are desirable in order to *continue the ongoing economic recovery!*

So no matter how loudly they promote the Mexican "success story," international bankers are in fact not sanguine about Mexico. The *Journal of Commerce* on Jan. 25 noted: "Capital flows from abroad will tend to dry up if Brazil devalues, as some believe is going to happen. . . . Mexico should be ready."

## War on the docks

*The Mont Pelerin Society is using the National Farmers Federation to smash the Maritime Union.*

A state of industrial-relations war was declared in Australia in late January, when the National Farmers Federation (NFF), the country's leading farm organization, initiated moves to establish a non-unionized stevedoring operation on the Melbourne docks. Australia's ports are 100% unionized by the Maritime Union of Australia (MUA); the purpose of the new, non-unionized firm, is to crush the MUA.

The NFF move is the latest in a series of ruthless attacks against Australia's trade unions coordinated by the London-based Mont Pelerin Society, the chief economic warfare unit of the British Crown; the Mont Pelerin-dominated Australian Federal government; and Rio Tinto, the world's largest mining company, in which the Queen has huge holdings. The new NFF company has deep pockets: The NFF itself has a \$20 million "Fighting Fund" dedicated to crushing unions, the Federal government has pledged \$100 million for "redundancy payments" to push unionized workers off the docks, and unnamed Australian corporations have pledged an additional \$100 million to back it.

The NFF initiative comes one month after the exposure of a plan by former Australian Special Air Services (SAS) personnel to secretly train and equip a non-union workforce in the port of Dubai, to be brought back into Australia. That scheme was foiled, but the NFF operation is a continuation of it, as indicated by the following: Like the SAS caper, it has full Federal government backing; the NFF plans to hire personnel from that exercise, and riot shields sent to the private security firm guarding the NFF's new dock were hired by a company run by one of the

Dubai commandos; and, Chris Corrigan, the CEO of Patrick Stevedores, which rented the dock space to the NFF, admitted, after previously denying it, that he had provided extensive backing to the SAS operation, and had leased to the NFF the same dock earlier pledged to the SAS crew.

The Australian press has portrayed the affair as one of "farmers," anxious to save on the shipping costs of their primary products, taking on the featherbedding union bosses. But the only relation of the NFF to farmers, is that it is attempting to crush them, through its policies of free trade and financial deregulation.

The NFF was set up in 1978 by a bunch of fanatically pro-free-trade blue-blood "squatters"—the Australian landed oligarchy with historically intimate ties to London. Typical is NFF founder and former president Ian McLachlan, whose family owns one of the largest rural properties in Australia. Now Defense Minister, McLachlan provided active-duty Australian troops (who were "on leave") for the Dubai training. Also indicative, are two of the board members of the "Fighting Fund": Nobby Clark, the chairman or former chairman of several major Australian corporations, including the National Australia Bank; and Charles Copeman, a former official with Rio Tinto's Australian subsidiary CRA (now merged back into Rio Tinto), who led a spectacular union-busting exercise at Robe River in Western Australia in the 1980s.

While the NFF takes the spotlight, behind this campaign stands the H.R. Nicholls Society, an Australian subsidiary of the Mont Pelerin Society. Almost all of the top leaders of the

NFF are members of H.R. Nicholls, while many officials of Prime Minister John Howard's government are H.R. Nicholls members or associates as well, including Howard, McLachlan, Industrial Relations Minister Peter Reith, Treasurer Peter Costello, Assistant Treasurer Rod Kemp, and Education Minister Dr. David Kemp.

H.R. Nicholls was founded in 1986. The keynote speaker at its founding meeting was Hugh Morgan, the chief executive of WMC Ltd., one of the world's largest mining companies; WMC executive officer Ray Evans, one of only 13 Australian members of the Mont Pelerin Society, is a member of H.R. Nicholls' four-person ruling board. WMC Ltd. (formerly known as Western Mining Co.) has a long Anglo-Australian financier William Sydney Robinson, an agent for Sir Claude Majoribanks Dansey, a deputy chief of Britain's MI6 intelligence agency in the 1930s and 1940s. Robinson simultaneously founded the Consolidated Zinc Co., which merged with Rio Tinto to become Consolidated Zinc Rio Tinto Australia (CRA), Rio Tinto's Australian arm.

As the war on the docks heats up, Australia's unions received another blow on Jan. 29, when the Industrial Relations Commission (IRC), which for the last eight decades has been an arbitrator for disputes between labor and management, ruled, in effect, that it would no longer play that role, opening the unions up to corporate lockouts and other attacks. That ruling followed the Howard government's "Workplace Relations Act" of December 1997, which proposes "individual contracts" to replace unions. The two have a common mother: the Queen's Rio Tinto. Rio Tinto executive Mike Angwin helped draft the WRA, while the chief justice of the IRC, Geoffrey Giudice, is a former Rio Tinto lawyer.

# Business Briefs

## Industry

### Israeli unit may be sabotaging competition

An intelligence agency turf war has brought to light the existence of a secret Israeli industrial espionage unit, which not only spies on behalf of the Israeli defense industry, but also carries out sabotage against competitor products, according to the U.S. publication *Defense News* on Jan. 26.

The agency, known as Malmab, an acronym for the Security Authority of the Israeli Ministry of Defense, is officially in charge of conducting background security checks for the defense industry, but also targets competitors in the international arms market.

The existence of the unit was exposed by Ran Cohen, a parliamentarian of the Meretz party, who told *Yediot Ahronot*, a Hebrew-language newspaper, that there should be Knesset (parliament) oversight of the agency, as there is over other arms of Israeli intelligence. The paper quoted a Mossad agent who warned that, if left unchecked, Malmab "is likely to blow up in our faces in the same magnitude as the Jonathan Pollard case." Pollard, a U.S. citizen who worked in the U.S. government, was convicted for spying for Israel.

The Israeli paper reported that Malmab is structured much like the Defense Ministry's defunct Scientific Liaison Bureau, disbanded in the mid-1980s after its involvement in the Pollard affair became known.

## Asia

### Malaysia's Mahathir warns of recolonization

Malaysian Prime Minister Dr. Mahathir Bin Mohammad called on Malaysians to fight against "colonization by foreigners," renewing accusations that outside powers are bent on impoverishing the country, in a speech on Jan. 29 broadcast on state radio and television. "We must realize the great danger facing our country. If we are not careful, we will be recolonized," he said.

Mahathir was referring to the attacks on

Malaysia's economy and currency by international speculators such as George Soros, whom Mahathir had denounced by name as a "criminal."

In an interview with *The Australian* on Jan. 29, Mahathir spoke about his attempts to defend the currency, the ringgit, from such attacks. "I have effectively lost the right of free speech" against the financial attacks on Malaysia, he said. "It has been said that I've now toned down criticisms. That is basically out of fear. It is no longer safe to speak out and give your views.

"If you say the wrong thing, you will be brutally punished by having our currency devalued again, so it is very difficult for me to speak now. . . .

"We lack the freedom of speech now. It has been pointed out that there are very close relations to opinions expressed or deeds done with the devaluation of currencies. The currency is devalued, jobs are lost, people suffer. It is a very heavy punishment on the whole nation. No leader, I think, would want to say things which allow punishment not on him personally, but on his people."

## Labor

### Australia unions decline as part-time work grows

Some 141,000 Australian workers dropped out of trade unions in the past two years, bringing to just 30% the proportion of workers belonging to a union, according to figures released by the Australian Bureau of Statistics, the Jan. 17 *Canberra Times* reported.

"The number of employees reporting trade union membership fell from 42% in August 1988, to 33% in August 1995, and to 30% in August 1997," the Bureau said. The survey showed a massive shift from full-time to part-time work since 1988: Of the 900,000 jobs created in Australia in the last nine years, 787,000 were part-time, and only 113,000 were full-time — an average of only 12,500 full-time jobs per year. The collapse in union membership is blamed on the shift to part-time work, where union membership is only 21%, compared to 34% for full-time work, and on big cuts in the Public Service, where union membership is 55%, compared

to 23% in the private sector.

The anti-union Federal government says that the unions have only themselves to blame for the drop in membership. It invited the unions to work with the government's Workplace Relations Act, the new industrial relations law drafted by the British oligarchy-controlled raw materials cartel firm Rio Tinto, which is designed to eliminate unions altogether.

## Central Asia

### Russia, Kazakstan work to resolve Caspian dispute

The Presidents of Russia and Kazakstan met for two days at Russian President Boris Yeltsin's residence outside Moscow in late January, and issued a joint statement indicating their commitment to solve the long-simmering dispute over development of the Caspian Sea. "The absence of a common solution brakes exploration of its mineral resources, breeds discord, and stands in the way of solving economic and urgent ecological tasks," they said. "The Presidents instruct the Russian and Kazak governments to work out a draft convention on the legal status of the Caspian Sea by March 15 for review by the heads of all five brodering nations."

Among the bones of contention, has been Kazakstan's charge that Russia's Lukoil received an oil and gas concession in the northern Caspian, in an area overlapping Kazak territory. Lukoil President Vagit Alekperov, after talks with Kazak President Nazarbayev the week before, said the borders would be redefined.

Yeltsin and Nazarbayev also reportedly discussed plans for the Caspian Pipeline Consortium project, to complete a pipeline from Kazakstan to a Russian Black Sea port. Russian Foreign Minister Yevgeny Primakov, who met Jeet Bindra, president of the Chevron Pipeline Co., which has a 15% stake in the project, said Russia considered the pipeline economically important for Russia, and for cooperation with the Central Asian republics. The pipeline has been delayed, reportedly due to problems in reaching agreement with the governors of several Russian regions that lie along the route.

**IRANIAN** executive Rahman Daman, managing director of the Railway Company of Iran, left for Japan on Jan. 26, for a conference on the "silk railroad," according to Iranian wire reports. Rail officials from the Central Asian states, and businessmen from Japan, are to take part in the conference, which is to "study cooperation among the states located along the . . . ancient silk road."

**THE PRICE OF GOLD**, which only the week before was at a 18-year low of \$276 per fine ounce, on Jan. 28 rose to \$303. "The recent rise in gold is being led by options and futures buying," a Swiss banker commented to *EIR*. He attributed the interest in gold to the scandals against Clinton, and growing prospect of U.S. military action in the Gulf against Iraq.

**KAZAKSTAN** faces an "emergency situation" with respect to the spread of tuberculosis. Aman Zhangireyev, director of the national TB research center, said on Jan. 27. The death rate from TB has increased 41% in the last three years. Currently, 53,000 people are infected, and more than 13,000 others are carriers.

**THE AUSTRALIAN** government on Jan. 20 agreed to put up Aus \$300 million as back-up insurance to counter the immediate threat to that nation's Aus \$7 billion export trade with South Korea. "This is an emergency situation," said Industry Minister John Moore.

**JOB CUTS** were announced by AT&T and J.C. Penney on Jan. 26. AT&T plans to cut 15-18,000 jobs (up to 14% of its workforce), after quarterly profits fell 18% in the fourth quarter. J.C. Penney plans to cut 4,900 jobs.

**SINGAPORE'S** *Straits Times* warned of the "moral hazard" in letting private banks profit from the crisis they helped create. The private banks' attempt to slap double-digit interest rates on South Korea's repackaged loans "is bad banking, bad economics, and bad politics," it said.

## Egypt

### Soros's investment plans stir up hornet's nest

Plans by global speculator George Soros to invest \$3 billion in Egypt have aroused suspicion in financial circles wary of the results of his spectacular forays into other markets, the *Asian Age* of India reported on Jan. 21. The Soros group is reportedly interested in investing \$1.3 billion in a petrochemical plant, \$1 billion in a technology scheme, and \$1 billion in a textile project, according to Mahmud Abdel Aziz, president of the state-controlled National Bank of Egypt. The state bank is reportedly set to become a partner with Soros in the projects, although precise details are still to be finalized.

News of Soros's interest in Egypt prompted the Cairo opposition press to point to his Jewish origin, and accuse him of seeking to sabotage the country's economy. "What is a Jewish billionaire up to in Cairo, after sabotaging the Asian economy?" the newspaper *Al-Shaab* asked in a front-page headline this week. In fact, Soros is controlled by the British oligarchy.

Soros's financial groups are under investigation in several countries, for illegal activities, and for working to destroy the currencies and national economies of those countries.

## Petroleum

### OPEC pressed to stop oil price collapse

Ali Shams-Ardakani, secretary general of Iran's Chamber of Commerce, Industries, and Mines, called for a summit of the Organization of Petroleum Exporting Countries (OPEC), to deal with the collapse in oil prices. "My suggestion to our President," he said in an interview with *Iran News* on Jan. 25, "is to ask for an OPEC summit, which has been delayed for 20 years. The last summit we had was in 1975. In such a summit, we should look for preventive measures for this calamity."

Oil prices have plummeted since November, when OPEC, at its last meeting, agreed to Saudi demands that production quotas be raised to 27.5 million barrels per day. (For example, North Sea Brent crude is today at \$14.87 per barrel, its lowest in four years. A year ago it sold at \$24.50 per barrel.) Under the deal, Saudi Arabia's quota increased to 8.76 mbpd, a 10% increase.

Iranian political figures have pointed to the effects of the Asian financial crisis in reducing oil demand, and on the adverse effects of reduced oil revenues for countries such as Nigeria and Venezuela. Iran recently announced that its 1998 budget would have to be altered, because oil revenues fell short of expectations, due to the price collapse.

## Infrastructure

### China to speed up road, port construction

China's Minister of Communications Huang Zhendong announced in Beijing on Jan. 14, that China plans to speed up construction of highways and ports. By so doing, transport facilities should meet the demands for national economic and social development for the year 2020. Transportation bottlenecks will still be a problem, he said, but by the mid-21st century, the country will have a modern transportation network.

China plans to build seven major highway arteries by the year 2000, linking Beijing with the cities of Zhuhai, Shenyang, and Shanghai, and connecting Tongjiang with Sanya, Lianyungang with Horgas, Shanghai with Chengdu, and Chongqing with Beihai. In 1997, China built 27,000 kilometers of roads, including 1,313 km of expressways. By the end of 1997, China's highway mileage reached 1.21 million km. In 1998, the country will add 2,370 km of new roads. In addition, China will accelerate port construction, adding a handling capacity of 4.7 million tons to its ports this year, and nine deep-water berths will be built, bringing the number of berths to 450.

## CIA report may revive Bush crack cocaine scandal

by Edward Spannaus

No one should be surprised that the CIA's just-issued Inspector General's Report of Investigation concludes that there was no connection between the CIA and Contra-related drug trafficking in California: *EIR* had warned from the beginning that a narrow focus on the CIA would not only be a blind alley, but would protect the real "kingpin" behind Contra drug smuggling: then-Vice President George Bush.

But nevertheless, the Inspector General's (IG) Report does implicitly revive the issue of the Bush/Ollie North drug ring. As is often the case with reports of this nature, the documentation buried within the report belies the conclusions. There is significant evidence in the report to tie the California cocaine trafficking to the Contras, and to tie this to elements of the United States government. So the question is: If not the CIA, then who?

### **Follow the Bushy trail?**

A little over a year ago, this reporter publicly raised the question with CIA Inspector General Frederick Hitz, that the Contra support operation was run out of the White House, the Office of the Vice President, and the National Security Council, through private contractors and military agencies. I asked Hitz: "If the trail on this drug question dead-ends within the Agency, but leads outside—does your investigation encompass that, and will you follow that trail?"

Hitz responded by saying that "we're going to be absolutely explicit about what it is that we find and we don't find. So if there should be a trail outside CIA that we encounter, we will state that in our own report, recognizing that we probably don't have the mandate to take it in certain areas."

"We hope we're going to be able to get a pretty complete picture, and we'll just have to see where it goes," Hitz added. "All we can do is to tell the story as completely as we're permitted to do."

Volume I of Hitz's report, issued Jan. 29, in fact does *not* follow the obvious trail, perhaps because of the narrowness of its scope and of the original mandate



*A demonstration by supporters of the LaRouche movement in Houston, October 1996. When the scandal about Contra drug running broke, everybody started screaming “CIA!” But Lyndon LaRouche warned that if you focus on the CIA, rather than George Bush’s networks, “you’re going up a dead end, where there are no records, or very few records that could be disclosed. You are avoiding the thing you should face.” Reading the fine print in the new report by the CIA’s Inspector General certainly bears this out.*

given to Hitz by Director of Central Intelligence John Deutch. In their zeal to defend the CIA itself from the California drug-trafficking allegations, Hitz and his associates did not follow the trail to its starting point: the “secret government” apparatus run out of the White House and its NSC under the direction of George Bush — the apparatus identified in the popular mind with Oliver North et al.

But nevertheless, no one can read Volume I carefully and not conclude that there were in fact substantial ties between drug running in California, the Contras in Central America, and elements of the U.S. government that supported the Contras.

And still to come is Volume II of the IG Report, which “will address findings related to CIA’s knowledge of any other alleged drug trafficking by the Contras or other persons associated with the Contra program.” In other words, the second volume will look beyond California, and hopefully, beyond the CIA. *EIR* has been told that Volume II will deal with the evidence amassed by the Senate Foreign Relations subcommittee (the “Kerry Committee”) in its 1986-88 investigation, as well as evidence obtained (but not used) by Iran-Contra independent counsel Lawrence Walsh.

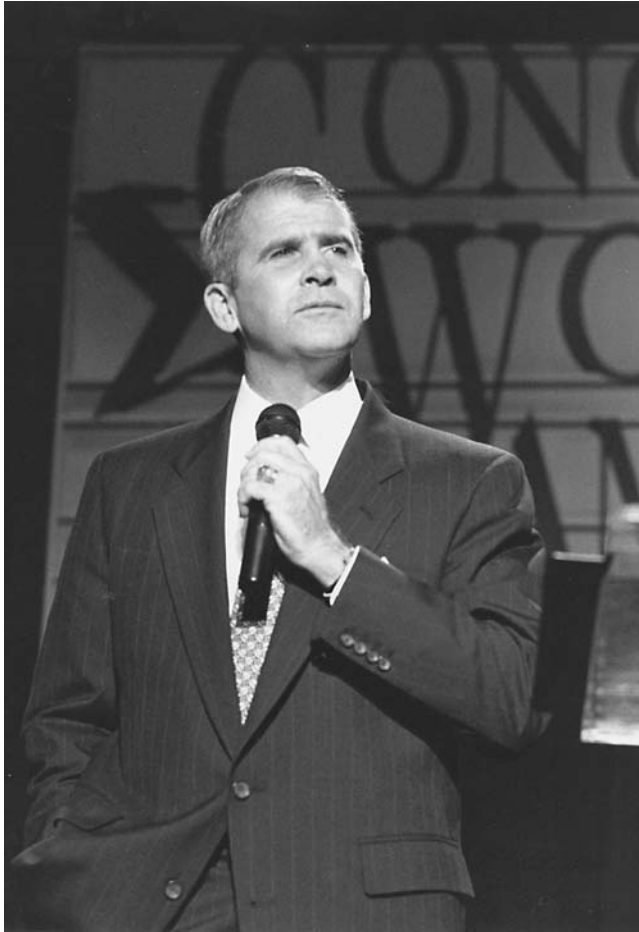
### The CIA ‘dead end’

“That’s a loser,” was the comment of *EIR* Founding Editor Lyndon LaRouche, when asked in September 1996 about the focus which many people were putting on the CIA as being responsible for bringing crack cocaine into Los Angeles. If

we go at this from the standpoint that, “Oh, gee, it was the CIA that ran it,” LaRouche warned, “you’re going up a dead end, where there are no records, or very few records that could be disclosed. You are avoiding the thing you should face.”

This point regarding the lack of official records, was also made, from a somewhat different standpoint, by two officials who were responding to a question from this reporter around the same time in 1996, a few weeks after California’s *San Jose Mercury News* had run its famous series on CIA and Contra links to the crack cocaine epidemic in Los Angeles. Their comments, regarding the likely the absence of official records because of the use of “privatized” operations during the “Iran-Contra” period, were made publicly in response to a question posed during a conference in Washington on Sept. 20, 1996.

Jonathan Winer, formerly a counsel to the Kerry Committee, later Deputy Assistant Secretary of State for International Narcotics and Law Enforcement Affairs, said that “we had a semi-privatization of aspects of our foreign policy in that period,” and he elaborated the risks of this. “One of the things that I hope we all learned from the mid-1980s,” he said, “is that any time you privatize government activities, you create activities which are government-sponsored but not official; you provide funding for governmental activities which are outside the parameters of Congressional oversight; you run the risk of creating activities which it is very difficult to determine if they are, or are not, government-sponsored. You create tremendous difficulties for oversight; you also create ac-



*CRACK-PAC? Rumors are that Lt. Col. Oliver North (ret.) is soon to visit New Hampshire, to test the waters on a run for the GOP Presidential nomination. North was George Bush's chief gopher during the 1980s Iran-Contra fiasco, and it was North who maintained the dope-dollars-stuffed secret Swiss bank accounts for the Nicaraguan Contras. As EIR documented in 1996, North was identified by the U.S. ambassador in El Salvador as the "White House" man in charge of the cocaine-for-guns operations at Ilopango Air Base, the chief Contra resupply depot. In 1994, when North made his first run for political office, as the Republican nominee for the U.S. Senate in Virginia, he was soundly defeated, as the result of a campaign by LaRouche Democrat Nancy Spannaus, which exposed his links to cocaine traffickers. North's dope dealings were first catalogued in the 1988 report of the Kerry Committee. Iran-Contra special prosecutor Lawrence Walsh acknowledged that his investigation, while not mandated to probe Contra drug trafficking, nevertheless amassed evidence of the Contra drug and gun pipeline, with North in the middle.*

activities which will not be recorded in governmental documents. In seeking to determine, in the mid-1990s, precisely what happened in the mid-1980s, you're going to be confined, or constrained, by the fact that there may not have been systematic record-keeping of certain activities, which some government officials may have known about."

Following up Winer's comment, then-CIA General Counsel Jeffrey Smith said that the CIA was determined to

get to the bottom of the allegations raised by the *San Jose Mercury News*, but, he said, "It may be difficult because, as Jonathan [Winer] says, there may not be records, some of it may have been done off-line, by people who were not U.S. government employees and who were part of the private operations being run down there" in Central America, by Oliver North and the like.

*EIR* has documented that the Contra/drug operation was *not* run by the CIA, but by the "secret government" apparatus operating out of the White House and NSC under the personal direction of Vice President George Bush, which functioned under the putative authority of Executive Order 12333, National Security Decision Directives Nos. 2 and 3, and other such orders and directives.<sup>1</sup> During the period from 1981 through 1984, and even up until the exposure of the so-called "Iran-Contra" affair in late 1986, Bush had consolidated all "crisis management" and covert operations functions under his personal control. The overexposed CIA was increasingly on the sidelines, as clandestine operations were run primarily through military intelligence units and private contractors.

After Congress prohibited the CIA from funding the Contras in a series of "Boland" amendments between 1982 and 1984, the provision of funding and logistical support for the Contras was assumed by the White House and NSC; two key elements of this were the Oliver North/Richard Secord apparatus later known as "The Enterprise," and the other was the related drugs-for-guns network run by former CIA hand Felix Rodriguez, under the direction of Bush's national security adviser Donald Gregg. Rodriguez operated out of Ilopango Air Base in El Salvador—a principal transshipment point for weapons and narcotics. Few, if any, records of either the North-Secord operation, or of the Gregg-Rodriguez operation, would be found in any search of CIA records. And that is precisely the problem posed by any focus on "the CIA" as responsible for the Contra/drug-smuggling operation, and it is why so little pertinent information shows up in the new CIA report.

To compound the problem, the CIA IG report is based primarily upon 1) requests made by the IG for relevant records maintained by the CIA itself, and 2) voluntary interviews of individuals. And, not surprisingly, the interviews yielded little: If a drug trafficker were asked if he were connected to the CIA, he generally would answer "no," and if a CIA officer were asked if he knew of any drug trafficking by individuals linked to the CIA, he would answer "no."

### **The Blandón-Meneses drug ring**

The *San Jose Mercury News* series focussed on a drug-trafficking ring run by two Contra-linked Nicaraguan exiles, Juan Norwin Meneses Contarero ("Meneses"), and Oscar Danilo Blandón Reyes ("Blandón"), who imported drugs from Colombia and distributed them through a drug dealer in Los Angeles named Ricky Ross.

1. *EIR*, Sept. 13, 1996; *EIR Special Report*, "Would a President Bob Dole Prosecute Drug Super-Kingpin George Bush?" September 1996.



The CIA report concluded: “No information has been found to indicate that any past or present employee of CIA, or anyone acting on behalf of CIA, had any direct or indirect dealing with Ricky Ross, Oscar Danilo Blandón or Juan Norwin Meneses.” The report also concludes that “no information” has been found that Blandón’s and Meneses’ drug-trafficking activities were “motivated by any commitment to support the Contra cause or Contra activities undertaken by CIA,” or that they received any CIA or Contra support for their drug-trafficking activities.

Yet, within these broad, yet carefully worded findings, significant contrary information is presented.

For example, that both Meneses and Blandón did give cash and other material support to the Contras, using their cocaine profits. Meneses, a convicted drug-trafficker, says he gave sympathizers of the Contras about \$3,000 between 1982 and 1984; he says his principal interest was in recruiting personnel for the Contras, which he was asked to do by Nicaraguan Democratic Forces (FDN) Contra leader Col. Enrique Bermúdez. Meneses was also a member of an FDN fundraising committee.

Enrique Miranda Jaimie (“Miranda”), another convicted drug trafficker, says that Meneses told him the drugs were shipped from Colombia to an airfield in Costa Rica, and were then loaded on cargo aircraft and shipped to the United States, to an airfield near Fort Worth, Texas. The aircraft involved were empty because they had been used to transport arms from the United States to the Contras, through Costa Rica.

Blandón was part of a Contra support network in Los Angeles that was visited by FDN commander Bermúdez in 1981. Blandón says he gave several thousand dollars to this Contra sympathizer group, while never telling them that the money came from drug smuggling. In 1982, he and Meneses travelled to Bolivia to consolidate a large cocaine shipment, then stopped, en route back to the United States, to meet with Bermúdez in Honduras. Bermúdez asked them to help in providing funds and equipment for the Contras. Blandón held two subsequent meetings with Bermúdez in 1983, the final meeting taking place during a Fort Lauderdale, Florida “unification summit” of the five top Contra leaders, which Blandón was invited to attend.

(Later, in 1985, according to the report of the Iran/Contra independent counsel, Oliver North and two former CIA officers met with Bermúdez in Miami, and North told Bermúdez to work with him and Secord.)

Blandón also allowed Contra leader Edén Pastora, the head of the “southern front” operations, to live, free of charge, in a home he owned in Costa Rica from 1984 to 1987. He also gave substantial cash to Pastora, plus two automobiles for his use. Blandón admitted to donating “only” about \$40,000 to Contra sympathizers, and he estimated that 70-80% of this derived from his drug business, according to the CIA/IG report.

Pastora also admitted to IG investigators that he received funds from two other cocaine traffickers.

## Ronald Lister and Scott Weekly

Perhaps the most significant ties of the Blandón-Meneses drug ring to the Bush “secret government” apparatus worked through Ronald Lister, a former policeman who ran a security company in southern California in association with individuals who had left the CIA in the mid-1970s.

As we have previously reported,<sup>2</sup> Lister’s home was one of the sites raided in October 1986 when Federal and local law enforcement officials executed search warrants on more than a dozen locations connected to the Blandón drug ring. Los Angeles Sheriff’s Department detectives reported that, when they raided Lister’s house, they found materials relating to “military operations in Central America,” and “numerous documents indicating that drug money was being used to purchase military equipment for Central America.” Documents were also found which diagrammed “the route of drug money out of the United States, back into the United States purchasing weaponry for the Contras.”

An official report by one of the detectives from the 1986 raid stated: “Mr. Lister . . . told me he had dealings in South America and worked with the CIA and added that his friends in Washington weren’t going to like what was going on. I told Mr. Lister that we were not interested in his business in South America. Mr. Lister replied that he would call Mr. Weekly of the CIA and report me.”

Although all of this was ignored by the CIA’s recent report, there is hard evidence, on the record, showing that Lister’s “friends in Washington” ran all the way up to the Office of the Vice President, George Bush.

“Mr. Weekly,” whose full name is David Scott Weekly, was also the subject of a Federal investigation opened for the purpose of prosecuting him on Federal explosives charges. On Dec. 11, 1986, Bill Price, the U.S. Attorney in Oklahoma City handling Weekly’s case, had a telephone conversation with Mark Richard, a Deputy Assistant Attorney General in the Criminal Division, and the career Justice Department official who served as the department’s liaison to the CIA and other intelligence agencies.

In August 1987, Richard gave a deposition in the Congressional Iran-Contra investigation. While being interrogated about various matters in which there were allegations of Justice Department interference in Contra-related cases, Richard was specifically questioned about handwritten notes he had

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2. “New Evidence Links George Bush to Los Angeles Drug Operation,” *EIR*, June 6, 1997. There were a couple of minor errors in that article. Former CIA officer Richard Wilker, an employee of Lister’s Pyramid security company, was misidentified as “Paul” Wilker; Wilker was reportedly fired from the CIA in the early 1980s because of his involvement with “renegade” CIA officer Ed Wilson. Bill Nelson, former CIA Deputy Director for Operations in 1973-76, was not formally connected with “Intersect,” a security company which had previously employed Richard Wilker (before Wilker went to work for Lister’s security company), but Nelson did retire from the CIA about the same time as the founders of Intersect with whom he was associated, and Nelson’s name was contained in Lister’s handwritten notes seized in the 1986 raid.

made during his conversation with prosecutor Bill Price. After examining his own notes, Richard said that the conversation pertained to “an individual who had been arrested and his possible involvement in some CIA/Contra-related activities.”

Richard was asked about the portion of his notes which read: “Weekly posts on tape that he’s tied into CIA and Hasenfus. Said he reports to people reporting to Bush.” Richard disclaimed any knowledge of what this meant. Richard was then asked: “And he’s alleging or indicating to someone that he’s connected with the CIA and he is reporting to people who report to Bush?” Richard answered: “That’s what he’s asserting.”

Richard’s notes also reference Weekly’s toll calls to “Col. Nestor Pino, Spec Asst to Undersecretary for Security Assistance,” apparently made in September-October 1986, and also “Phone calls from Weekly to Alex, Va.—Tom Harvey of NSC,” apparently on Oct. 30, 1986. Tom Harvey was operating directly out of George Bush’s office, and was definitely one of the “people who report to Bush.” Nestor Pino was likewise deeply involved in the drug-ridden Contra supply operation, which was being run out of Bush’s office though Felix Rodriguez.

As *EIR* has shown, Weekly was not working for the CIA. Lister’s notes, seized in the raid on Lister’s house, identified Weekly as a “DIA subcontractor.” But that also does not tell the full story. Weekly was working—on other matters having no connection with drugs—with Col. James “Bo” Gritz, the retired, highly decorated special forces commander. (There is no evidence whatsoever that Gritz had any knowledge of Weekly’s ties to the drug-dealer and money-launderer Lister.)

Scott Weekly was a weapons specialist, working as part of a team created by Gritz, after Gritz had been requested in 1979 by the deputy director of the Defense Intelligence Agency (DIA) to officially resign from the U.S. Army, and carry out a private intelligence operation in Southeast Asia. Gritz’s team carried out a number of U.S. government-backed missions into Thailand, Laos, and Burma between 1982 and 1986, to determine whether America prisoners of war were still alive in Southeast Asia.

In his 1991 book *Called To Serve*, Gritz described how he formed a “private” team with the assistance of the DIA, CIA, and the Army’s Intelligence Support Activity (ISA). The ISA was a secret Army special operations unit, involved in counter-terrorist activity (and also in support for the Contras). Sworn evidence exists showing that, during most of the 1980s, Gritz was reporting to military intelligence officials through an intermediary known as a “cut-out.” Gritz says that when he was working for ISA, “the truth is that the initials ‘ISA’ were above Top Secret to the point where CIA was our cover. ISA worked directly for the National Security Council.” Gritz said that, while he was working for the ISA and the NSC, “we used the CIA as a cover, when you had to get messages, and this kind of stuff.”

“When I came on board,” Gritz continued, “I was care-

fully briefed: ‘We are not under the CIA, we are not under Defense Intelligence; we work for the National Security Council.’” He also said that ISA coordinated with the Joint Chiefs of Staff, which provided the “muscle” for ISA, using Delta Force special operations forces.

All of this information is readily available. Now, let’s see how little the CIA/IG report has to say on this tantalizing subject.

Although CIA records do show that Lister had claimed a CIA connection in 1986, and that he had cited Scott Weekly as his “CIA contact” and as also being affiliated with the DIA, the Report concludes that “no information has been found in CIA records to indicate that there has ever been any relationship between CIA and Blandón, Meneses, or Lister.

When interviewed in connection with the Hitz report, Lister denied having ever made the statements (attributed to him by Los Angeles Sheriff’s deputies) about the CIA or about Scott Weekly being his “CIA contact.” The CIA report says that Lister stated that “an FBI special agent was convinced that Lister, Blandón and Meneses were connected with CIA,” and that the FBI agent “wanted to prove a connection between the U.S. government, the Contras and drug smuggling.” The report says that Lister blames all the talk about his CIA connection on the *San Jose Mercury News*, and then the report provides the following, rather amusing, statement: “Lister admits people may have received the impression that he was connected with CIA and that such misconceptions did not hurt his security business, but this was not his intention.”

There is no indication that Hitz’s investigators ever examined any of the records of the Los Angeles Sheriff’s Department, as contained in its 4,000-page report issued in December 1996. There is a wealth of information contained in that report about Lister and Weekly, as well as a certain similarity of methodology, as revealed in the following passage from the Sheriff’s report:

“In a November 7, 1996 interview of AUSA [Assistant United States Attorney] L.J. O’Neale, he was asked if he would query the Defense Intelligence Agency (DIA) to ascertain if Ronald Lister or Scott Weekly had a relationship with that agency. He immediately said, ‘No.’ He was asked why, and he replied he was dealing with a specific allegation that the CIA was involved in cocaine distribution. He was not investigating the DIA’s involvement, so he was not going to do the query.”

Scott Weekly was also interviewed by the Sheriff’s Department investigators. According to their report: “Weekly admitted that he knew Ronald Lister. . . . He was asked if they had met in the military. At first Weekly said no, but then added, ‘Well, it depends on whose service—and for what.’

“Weekly agreed that it would be ridiculous for us to ask him if he had ever been in the CIA, because there would be no way for us to confirm his statement. He also agreed that if he was in the CIA he wouldn’t tell us anyway. . . .”

Incredibly, the Sheriff’s investigators never asked

Weekly directly if he was a contractor for the DIA or any other government intelligence agency.

As to Weekly, the CIA's Hitz report relies solely upon CIA records, which, naturally, do not contain any information that Weekly worked for the CIA. Weekly was not interviewed for the CIA report.

### The 'Frogman' case

Besides the Blandón-Meneses-Lister drug ring, the second case examined in the IG report is "The Frogman Case," which was initiated when swimmers were intercepted and arrested bringing 430 pounds of cocaine ashore in San Francisco in January 1983. Two Nicaraguan leaders of the ring, Julio Zavala and Carlos Cabezas, later claimed that their drug trafficking was related to the Contras, and this was publicized in newspaper articles in 1986.

While the IG report offers the broad conclusion that "no information has been found to indicate that CIA had any relationship with any of the individuals who were arrested or charged in connection with the 1983 Frogman Case," the report does offer the following details:

Zavala and Cabezas ran a "parallel" cocaine-smuggling operation to their "commercial" trafficking, "for the purpose of raising funds for the Contras," according to statements made by Cabezas to Hitz's investigators. Cabezas, for example, recounted a December 1981 meeting at a hotel in San José, Costa Rica, which "was the genesis of an effort to raise money for the Contras by selling drugs."

"Although it was [Troilo] Sánchez' and [Horacio] Pereira' idea to raise funds for the Contras by engaging in drug-trafficking, Cabezas says it was Zavala who came up with the idea that Cabezas serve as go-between by collecting the money from street dealers and delivering it to Central America," the IG report states.

Cabezas told IG investigators that during 1982 alone, he made 20 trips to Central America and delivered more than \$1 million in drug proceeds for the Contras. Cabezas identified two of Troilo Sánchez's brothers — Aristides and Fernando — as Contra leaders. In 1982 or 1983, Cabezas brought other drug proceeds to Aristides Sánchez in Miami.

Despite all this, the IG report, incredibly, concludes: "No information has been founded to indicate the Julio Zavala, Carlos Cabezas or other Frogman case defendants were connected to the Contras or that the Contras benefitted from their drug trafficking activities."

The other aspect of the Frogman case which is extensively documented in the IG report is the high degree of concern within the CIA over the Frogman case, which was reflected in many discussions between CIA legal officials and the prosecutors in San Francisco. A 1984 CIA cable also reported on a "discreet approach to senior Department of Justice official" for the purpose to trying to prevent an inquiry into areas involving the CIA; and the report states that this was "most likely" to have been Justice Department official Mark Richard—

who, as we noted above, was also contacted regarding David Scott Weekly and Weekly's ties to Bush's office.

### More to come

Volume II of the Inspector General's report will take up the broader issues of the CIA's knowledge of "alleged drug-trafficking by the Contras or other persons associated with the Contra program." This will reportedly include a review of the Kerry Committee's evidence.

Volume I summarizes, in its "Background" section, the conclusions of the December 1988 Kerry Committee report that the drug traffickers used the Contra war and their ties to the Contras as a cover for their operations, that the Contra supply network was used by drug traffickers, that the Contras received aid from drug traffickers, and that funds were paid to drug traffickers by the U.S. Department of State for "humanitarian assistance" to the Contras. (This, as the Kerry Committee report documented, was done under the White House/NSC/Ollie North program, after CIA funding to the Contras had been cut off.)

Knowledgeable sources have indicated that the first, classified version of Volume II is likely to be completed by the end of February, and production of a public, unclassified version should be finished in April.

Hopefully, Inspector General Hitz's earlier promise to "follow the trail," will be reflected in Volume II of his report.

## IG report confirms Contra-cocaine links

by Jeffrey Steinberg

On Jan. 29, 1998, Central Intelligence Agency Inspector General Frederick P. Hitz released "Report of Investigation into Allegations of Connections Between CIA and the Contras in Cocaine Trafficking to the United States, Volume I: The California Story." Given that the IG was assigned to review serious allegations of CIA complicity in cocaine trafficking inside the United States, it was not surprising, that he prepared the report in the format of a narrowly focussed legal brief, refuting, point-by-point, the charges first surfaced in the *San Jose Mercury News* series by Gary Webb. The 149-page report was organized into 396 numbered paragraphs, each dealing with a specific issue raised in the Webb articles.

Despite the legalisms, and despite the fact that the report thoroughly exonerated the CIA of any role in the Contra cocaine trafficking, the document contained a number of startling facts, confirming that cocaine dollars were flowing into the Contra coffers throughout the 1980s.

Whereas the CIA report repeatedly stated that “no information has been found,” corroborating the Contra-drug connections, the details provided in the report, principally through debriefings of eyewitnesses and even some of the drug traffickers themselves, told a different story.

What follows are some of the most revealing excerpts from Volume I. (Editor’s note: There are no ellipses between non-contiguous numbered paragraphs; but they are inserted within excerpted paragraphs.)

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## Documentation

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### 55. Movement of Cocaine through Central America.

Throughout the 1980s and thus far in the 1990s, South American traffickers have used the Central American isthmus as an important secondary route for cocaine and marijuana transshipment operations, for importing drug refining chemicals and for laundering large sums of narcotics revenues. Traditional maritime drug smuggling routes throughout the Caribbean (the Yucatan, Windward and Mona Passages) continued to be important trafficking routes to the United States throughout the period. The Central American countries became more important staging areas and transshipment points for South American narcotics during the 1980s as Mexican traffickers began to handle a larger share of cocaine trafficking.

73. The principal investigation that focussed on allegations that drug money was being used to fund Contra operations was conducted by the Senate Subcommittee on Terrorism, Narcotics and International Operations of the Committee on Foreign Relations. . . .

74. The Subcommittee’s report, “Drugs, Law Enforcement and Foreign Policy,” published in December 1988, concluded that drug traffickers used the Contra war and their ties to the Contras as a cover for criminal enterprises in Honduras and Costa Rica. . . .

75. The Subcommittee report included findings indicating:

— Individuals who provided support for the Contras were involved in drug trafficking, the supply network of the Contras was used by drug trafficking organizations, and elements of the Contras knowingly received financial and material assistance from drug traffickers. In each case, one or another U.S. Government agency had information regarding these matters . . . ;

— Involvement in narcotics trafficking by individual associated with the Contra movement;

— Participation of narcotics traffickers in Contra supply operations through business relationship with Contra organizations;

— Provision of voluntary assistance to the Contras by narcotics traffickers, including cash, weapons, planes, pilots, air

supply services, and other materials; and

— Payments to drug traffickers by the U.S. Department of State of funds authorized by the Congress for humanitarian assistance to the Contras, in some cases after the traffickers had been indicted by federal law enforcement authorities on drug charges, in others while traffickers were under investigation by those agencies.

76. The Subcommittee did not find evidence that the Contra leadership “participated directly in narcotics smuggling in support of their war, although the largest Contra organization, the FDN, did move Contra funds through a narcotics trafficking enterprise and money laundering operation.” The Subcommittee concluded that there was substantial evidence of drug smuggling on the part of individual Contras, pilots who flew supplies, mercenaries who worked for the Contras, and Contra supporters throughout the region.

78. Further, the Subcommittee concluded that U.S. officials involved in assisting the Contras “knew that drug smugglers were exploiting the clandestine infrastructure established to support the war and that Contras were receiving assistance derived from drug trafficking,” yet did not report these individuals to the appropriate law enforcement agencies. Instead, the Subcommittee found that “some [of these] officials may have turned a blind eye to these activities.” Moreover, the Subcommittee believed there were “serious questions as to whether or not U.S. officials involved in Central America failed to address the drug issue for fear of jeopardizing the war effort against Nicaragua.”

105. Meneses’ name was next reflected in CIA reporting on June 11, 1986, when an LA Division Station informed Headquarters that a Contra leader, Fernando Chamorro, had allegedly been asked by Meneses in August or September 1984 to help “move drugs to the U.S.” On June 27, 1986, a DO [Directorate of Operations—ed.] National Collection Division office reported that it had learned from a Nicaraguan expatriate who was in contact with another U.S. Government agency that he suspected “Meneses was involved in the transporting of drugs.”

124. Miranda claims that the Sandinistas believed that Norwin Meneses worked with CIA to arrange flights carrying arms. [Meneses’ emissary to the Colombian cocaine cartels, Enrique Miranda—ed.] Miranda says that Meneses told him sometime in the late 1980s that he was working for the Contras and that he had the support of CIA. Miranda says Meneses also said he was receiving support from Oliver North and that he was passing on funds to support Contra groups. Miranda could provide no information to corroborate his claims, including those that Meneses had smuggled drugs for the Contras and had the sanction of CIA for those activities.

175. Shortly after his arrival in Los Angeles, Blandon says he met and began socializing with 20 or so other Nicaraguan expatriates. Blandon states that the group met weekly to talk about developments in Nicaragua and that the other members of this group also opposed Somoza and the Sandinista re-

gime.\* Blandon recalls that the group was a loose affiliation with no formal structure, officers, or membership requirements, etc. . . . Blandon states that, sometime in 1981, the group, like many others around the country, was visited by Colonel Enrique Bermudez, who was then the military leader of the FDN. . . .

178. Blandon states that, while both he and Meneses continued to attend meetings of the California sympathizers, they also continued their cocaine business. He and Meneses traveled to Bolivia in 1982 to make a drug deal, and stopped en route in Honduras to see some of Blandon's family friends. It was during this stop in Honduras, Blandon states, that he and Meneses met Bermudez for the second time.

182. Blandon says he can only recall one occasion during his association with the California Contra sympathizers when he purchased anything of any real substance with drug profits for the group. Blandon states that on one occasion he used \$2,000 or \$3,000 in drug profits to put a down payment on a pickup truck to be used by FDN military forces. Blandon obtained the truck, filled it with medical supplies and radios, and turned it over to others to drive to Central America. He says that the truck was, in fact, later used by the FDN in Honduras. Blandon states that all of his later donations were in the form of much smaller amounts over a period of time and that those funds were used for office supplies for the California group. In total, Blandon estimates that he gave approximately \$40,000 over the entire course of his association with the California Contra sympathizers.

185. Blandon states that his final meeting with Bermudez occurred in 1983 at a Fort Lauderdale hotel where a "unification summit" of the five top Contra leaders was held. Blandon says he cannot recall all of the participants, but recalls that Bermudez and a member of the Chamorro family attended. . . .

190. . . . • Blandon estimates that during his entire association with the California Contra sympathizers he donated approximately \$40,000. He states that this money was used for the purchase of supplies and vehicles. Of this sum, Blandon estimates that approximately 70-80 percent derived from his drug business.

• Blandon estimates that the total monetary assistance he provided to Pastora was approximately \$30,000. Blandon states that this amount includes the estimated value of the housing in Costa Rica that he provided Pastora rent free, both during and after the Contra conflict.

195. Pastora acknowledges that, while he led the Southern Front forces, he received funds and the use of a C-47 cargo aircraft, as well as another smaller aircraft, which has been donated by narcotics trafficker Jorge Morales. Pastora states that he was not aware of Morales' drug trafficking activities until October 1984. Pastora states he canceled the cooperation

deal in early January 1985 when he realized the potential political fallout from dealing with a narcotics trafficker. Pastora says he ordered the planes donated by Morales be returned when he learned Morales was a drug trafficker.

196. Pastora states that, in addition to the aircraft provided by Morales, he also received approximately \$40,000 from Morales for various expenses. . . .

201. Meneses states that, between 1983 and 1984, his primary role with the California sympathizers was to help recruit personnel for the movement. Meneses says he was asked by Bermudez to attempt to recruit Nicaraguans in exile and others who were supporters of the Contra movement. Meneses has no recollection, however, of the number of people that he may have recruited for the FDN.

202. Meneses states that he was not directed to recruit people with any specific skills — such as pilots or doctors, but was simply told to seek out anyone who wanted to joint with the FDN. Meneses states that he was also a member of an FDN fund-raising committee, but was not the committee's head. Meneses states he did not raise "any significant amount of money" for the Contras during his association. Meneses adds that he was involved in 1985 in attempting to obtain "material support, medical and general supplies" for the Contra movement.

208. **Individual Statements: Renato Pena.** Renato Pena Cabrera is a convicted drug trafficker who says that he associated with Norwin Meneses and claims to have participated in Contra-related activities in the United States from 1982-1984. No information has been found to indicate that CIA had a relationship or contact with Pena or that he was of operational interest to CIA.

209. Pena says he met Norwin Meneses in 1982 at a San Francisco meeting of the FDN, for which he served as an official, but unpaid, representative of the political wing in northern California from the end of 1982 until mid-1984. Pena says he and Meneses met through Meneses' nephew Jairo, who was in charge of Norwin Meneses' drug network in the San Francisco area. Pena says Norwin Meneses had Contra-related dealings with FDN official Enrique Bermudez. Pena says that, when he was removed from his FDN position in mid-1984 — possibly because Contra officials suspected him of drug trafficking — he was appointed to be the "military representative to the FDN in San Francisco," in part because of Norwin Meneses' close relationship with Bermudez.

210. Pena says he made from six to eight trips from San Francisco to Los Angeles between 1982 and 1984 for Meneses' drug-trafficking organization. Each time, he says he carried anywhere from \$600,000 to \$1,000,000 to Los Angeles and returned to San Francisco with six to eight kilograms of cocaine. Pena says that a Colombian associate of Meneses' told Pena in "general" terms that portions of the proceeds from the sale of the cocaine Pena brought to San Francisco were going to the Contras.

\* The *San Jose Mercury News* reports that Blandon met Meneses in connection with this group. [Footnote in original.]

227. More than 50 individuals were eventually arrested in what came to be known as “The Frogman Case.” Many were Nicaraguans, and two of these — Julio Zavala and Carlos Cabezas — claimed later that their drug trafficking activities were linked to the Contras. None of those arrested — including Zavala and Cabezas — claimed at the time that they had any relationship with CIA.

265. **Individual Statements: Cabezas.** Cabezas, currently an attorney in Nicaragua, was arrested in San Francisco in 1983, convicted and sentenced in 1984 in connection with The Frogman Case. According to the March 1986 *San Francisco Examiner* article, Cabezas claimed that he had worked with two Southern Front Contra groups, UDN/FARN and Democratic Revolutionary Alliance (ARDE). Further, the article stated that he had claimed the proceeds from his cocaine sales “belonged to . . . the Contra revolution.”

266. Cabezas says he began working with Zavala in October 1981 and that his job was to distribute cocaine to Zavala’s street dealers and to collect the profits for their own personal gain. Zavala, according to Cabezas, had a narcotics distribution network from which Zavala alone profited. However, Zavala also was part, says Cabezas, of a second, parallel network that brought cocaine into the United States for the purpose of raising funds for the Contras. Cabezas claims that the money seized from Zavala’s residence at the time of Zavala’s 1983 arrest was drug money that had been collected from a dealer and not money provided to Zavala by the Contras for the purchase of supplies.

268. Cabezas also claims that he attended a December 1981 meeting involving Troilo Sanchez, Horacio Pereira, Zavala, and Zavala’s wife Doris Salomon at a hotel in San Jose, Costa Rica. He believes this meeting was the genesis of an effort to raise money for the Contras by selling drugs. Although the original reason for the meeting was purely social, Cabezas says Sanchez and Pereira raised the idea of selling cocaine as a means to raise funds for the Contras. Cabezas says Pereira and Sanchez discussed the idea with him because both knew of Cabezas’ role in the Zavala organization. Although it was Sanchez’ and Pereira’s idea to raise funds for the Contras by engaging in drug trafficking, Cabezas says it was Zavala who came up with the idea that Cabezas serve as a go-between by collecting the money from street dealers and delivering it to Central America.

269. Cabezas states that he undertook a trip for this Contra fund raising enterprise sometime in early 1982. Cabezas recalls traveling to San Pedro Sula, Honduras at that time and spending two or three days with Pereira. Pereira reportedly told Cabezas that they were there to meet a Peruvian who would be bringing drugs for shipment to the United States. Cabezas says that he received the cocaine and brought it to the United States where it sold quickly. He says he returned to Honduras a short time later and delivered approximately \$100,000 from the sale of the cocaine to Pereira. Cabezas recalls that, after this first delivery, “Contra mules”—typi-

cally airline flight attendants—would bring the cocaine to the United States one kilogram at a time in woven baskets. Cabezas says he would disassemble the baskets and extract the cocaine, which was then given to Zavala’s street dealer network for sale. In all, Cabezas claims, he made more than 20 trips to Honduras and Costa Rica during 1982, delivering more than \$1 million to Sanchez and Pereira.

270. Cabezas says that two of Troilo Sanchez’ brothers — Aristides and Fernando — were Contra leaders. Cabezas alleges that he delivered an unspecified amount of money for the Contras from drug trafficking to Aristides Sanchez in Miami on at least one occasion, possibly in 1982 or early 1983. Cabezas says that he never specifically told Aristides Sanchez that the money came from drug proceeds, but only said that it was from Troilo. Cabezas says he assumes Aristides Sanchez must have know what Troil was involved in.

271. A few months later, Cabezas recalls, he was told by Pereira and Troilo Sanchez that Zavala could no longer be trusted with the “Contra side” of the operation because Zavala was skimming money to pay his personal cocaine distribution debts to the Colombian cartels. Cabezas states that the two operations had operated in parallel up to that point and that proceeds from cocaine sales were separated into two accounts—Contra and Colombian. Once Zavala came under suspicion, however, Pereira instructed Cabezas to collect the “Contra profits” and to deliver the money directly to Pereira and Troilo Sanchez.

## Bush League targets the black community

by Dennis Speed

“George Bush, unlike the CIA, shoots back.” So stated Lyndon LaRouche, in response to queries from many community activists, state legislators, and heads of organizations who wanted to know why they were unsupported, by the Congressional Black Caucus, in their attempts to investigate the role of George Bush, through the reorganization of U.S. intelligence under Executive Order 12333 and other directives, in the Contra-led proliferation of crack-cocaine in American neighborhoods during the 1980s. Rep. Maxine Waters (D-Calif.), activist Dick Gregory, and the Congressional Black Caucus were all given the evidence. Yet, whenever they would appear in public, they would not attack Bush. Instead, they would “signify,” change the subject, prevaricate. They would not “go there.”

This was not without precedent. On Sept. 29, 1996, Lyndon LaRouche was prevented from personally blowing the George Bush sponsorship of crack cocaine, at the National



*Rep. Maxine Waters (D-Calif.) at a meeting on "Cocaine, Contras, and the CIA: How They Introduced Crack into the Inner City." September 1996. Waters has walked away from the truth.*

Political Convention in St. Louis, sponsored by the National African-American Leadership Summit. Other speakers at the convention included Minister Louis Farrakhan, as well as the Rev. James Bevel, 1992 vice-presidential candidate with LaRouche, and the head of the 1996 "World Day of Atonement" follow-up to the 1995 Million Man March. In January 1996, Benjamin Chavis, the convenor of the St. Louis convention, had spoken at the National Press Club, together with LaRouche, to initiate an "anti-Gingrich coalition." Chavis, now Minister Benjamin Muhammad of the Nation of Islam, was shouted down as he attempted to introduce LaRouche, by a small group of agents, with the purse-strings to prove their pedigree.

It was recognized, especially by those who wanted to "not go there," that, once LaRouche, earlier made famous among African-Americans through the book *Dope Inc.*, "named the names" of the Bush-League crack operation, that this could potentially turn the tide of the Presidential election, by voting out the "pro-Nazi economics" Gingrichites in Congress. Instead, LaRouche was prevented from delivering his Sunday morning speech by a staged disruption and "witch act" led by radical-feminist, pro-lesbian environmentalist Connie Tucker.

In 1995, Tucker's Southern Organizing Committee (SOC), headed by old Communist Party USA activist Anne Braden, received \$25,000 from the Noyes Foundation (total capitalization \$62.8 million). Another \$32,500 went from Noyes, that year, to organizations for which the SOC is the fiscal sponsor.

Stephen Viederman, the president of the foundation, is a former director of the United Nations Fund For Population Activities, as well as the Population Council. Viederman is also a member of the New York Council on Foreign Relations.

### **Black Nationalists and right-wing money**

But, it is not unusual to encounter a convergence between "radical Black Nationalists" and "right-wing" money.

In fact, there is a John Birch Society-Black Nationalist dirty collusion, which was first exposed by the LaRouche organization in 1973. It surfaced in Newark, New Jersey, following the 1967 riots, when John Rees, the chief foreign policy editor for the John Birch Society publications, and the Birch Society's leading LaRouche-basher, played a pivotal role in sponsoring the career of poet Imamu Baraka, a.k.a. LeRoi Jones, who was transformed, with Rees's help, into a prominent 1970s Black Nationalist, through the financial largesse of the Prudential Life Insurance Company and the Ford Foundation.

Rees has been a subject of investigation by the FBI, the New York State legislature's investigative commission, and the Los Angeles Police Commission, for carrying out fraudulent and, in some instances, illegal spying. His latest organizational incarnation, the Maldon Institute, in Baltimore, Maryland, openly boasts of funding from the Mont Pelerin Society's chief American moneybags, Richard Mellon Scaife, and the Anti-Defamation League of B'nai B'rith (ADL), a right-wing hate group that was implicated in a nationwide illegal espionage operation in 1993. Mellon Scaife, the ADL, and Rees were all intimate players in the mid-1980s illegal "Get LaRouche" operation.

To now behold Congressional Black Caucus head Maxine Waters, working with the same Richard Mellon Scaife whose publications *opposed* every attempt to expose the crack-cocaine story, the championing of which made Waters nationally known and respected, demonstrates why all Americans, and particularly African-Americans, *do not trust* their elected representatives. They are *not* trustworthy. They do not tell the truth, but only "signify," at best. As LaRouche has said, "Maxine Waters has walked away from the truth, and she's walked into something which bodes no good for the African-American."

Godfrey Binaisa, the chairman of the African Civil Rights Movement, and former President of Uganda, coined the term "Congressional Black Caucasians," to refer to the present aberration of several "neo-Uncle Toms" that grace the halls of the "Big House" of Representatives. Binaisa's caricature is in the best tradition of Malcolm X: The psychological truth of it is undeniable. The "neo-Toms" are the moral twin of the "neo-cons," whose assault on the Presidency, via the Ron Brown sidetrack (alleging that Commerce Secretary Brown was shot, before being killed in a plane crash in the Balkans) financed by Scaife and others, serves precisely the cause that they have sworn to oppose.

## LaRouche's Land-Bridge policy is debated in Prague seminar

by Rainer Apel

In cooperation with the Schiller Institute and *EIR*, the Czech Management Association (CMA) held an international seminar on Jan. 28 in Prague, on the theme, "The European-Asian Bridge as a Motor for Global Economic Development." The event in the capital of the Czech Republic was attended by about 90 people, including at least 50 managers of big Czech firms such as Skoda, as well as of medium-sized and small firms, mostly in the manufacturing and engineering branches; nine embassies (China, South Korea, Iran, Turkmenistan, Kazakhstan, Turkey, Nigeria, Ghana, Romania); ten press, including the official Czech news agency CTK; and several officials or representatives of the Czech government and political institutes.

The idea of the event was born in May of last year, when Helga Zepp-LaRouche, the founder of the Schiller Institute and wife of *EIR* Contributing Editor Lyndon LaRouche, Jr., was in Prague to address an *EIR*/Schiller Institute event on the Eurasian Land-Bridge. Attendees who heard her then, liked so much what she had to say, that they wanted those ideas to have a greater impact in the Czech Republic. As it turned out, the date of the event — Jan. 28 — was well chosen, because it was right in the middle of the formation of the new Czech government, whose economic program was presented to, and debated in, the Parliament on Jan. 27 and 28. The new Prime Minister, former national bank governor Josef Tosovsky, and his government, replaced longtime Prime Minister Vaclav Klaus, a free-market neo-liberal, who resigned in December over charges of corruption and of irregularities in the government's policy of privatization of formerly state-owned enterprises. Tosovsky will serve only until the early parliamentary elections in June. But the end of the Klaus

era opens up new chances for a return of Czech government policies to the promotion of industry, investment into productive capacities, and jobs. The Czech Republic, one of the leading industrial nations of Europe, and one that has a traditional strength in the machine-building sector, is looking to the untapped development regions of Central and East Asia, and both managers and the labor unions expect the new government to create the diplomatic framework for Czech industry to become engaged in the "Eurasian Land-Bridge as a Motor of Global Economic Development."

The Czech Management Association was established at the beginning of 1990 and is now the most prestigious and best-organized group of industrial managers. It has an individual membership of about 1,000 managers from all over the country, and corporate memberships from companies representing thousands of top and mid-level managers. The outline and agenda of the Prague seminar shows the genuine surge of interest in the concepts of LaRouche, among the leaders of Czech industry.

Opening remarks at the conference were given by Ivo Gajdos of the CMA. The moderator was Jiri Styblo, executive manager of CMA, who is also vice-chairman of the Czech Society for Human Resource Development.

Helga Zepp-LaRouche was announced in the seminar program as speaking about "A Grand Design for Eurasian Development: Economic and Political Perspectives of the Eurasian Land-Bridge, the 'New Silk Route' — Locomotive for Worldwide Economic Development." The CMA invitation to the seminar reported that "in May 1996, Helga Zepp-LaRouche was invited to deliver a speech in Beijing at the International Symposium on the Economic Development of



the Regions along the New Euro-Asia Continental Bridge. To further discuss Eurasian development with leading experts and lecture on the subject, Zepp-LaRouche was again, for three weeks in September 1997, in China, India and other countries. She lives half of her time in Germany, the other half in the United States with her husband Lyndon LaRouche, a famous American politician.”

The second speaker was the renowned Czech Academy of Sciences member Dr. Jaroslav A. Jirasek, who spoke about “The Skills for Launching Joint Ventures in Asia.” He is professor of international strategic management at the Czech Management Center of the University of Pittsburgh in Celakovice, and founder and director of the Institute of Management at the Philosophical Institute of the Academy of Sciences, member of the board of directors of many important companies, member of the government delegation to the Asian countries, and author of many professional articles and books.

The third speaker was a representative of the foreign department of Banque Nationale de Paris-Dresdner Bank in Prague, which was the main sponsor of the event. Dresdner Bank is one of the four or five biggest banks in Germany. It was introduced in the invitation to the event in the following way: “This bank is focussing on ‘emerging markets’ including Iran, Iraq, Syria, Vietnam, Laos, Thailand, etc. and has deep skills and good results there.” The speaker addressed the subject of “Pre-Financing and Financing of Euro-Asian Activities.”

Next on the list of speakers was Petr Kulovany of the Czech Ministry of Industry and Trade, who spoke about “Czech-Asian Business Relations.” He was followed by Mr. Laczo, deputy director for foreign relations of the Czech Chamber of Commerce, who spoke about support programs for Czech exporters. “Investment Opportunities in the Czech Republic and Examples of Recent Investments from Asia” was the theme of the presentation given by Rene Samek of CzechInvest, an organization of the Ministry of Industry and Trade, which specializes in the promotion of industrial ventures. Then, Jiri Frantal, director of the Czech-Chinese Chamber of Commerce, spoke about the tasks of this new organization, which was created in December 1997. The seminar concluded with three highly informative presentations on Czech industrial ventures in the developing sector, by Dagmar Trkalova of TECON, an agency which also works with United Nations programs; Petr Pelcik of the HANA company, who gave an insight into Czech engagements in Indonesia; and Marcel Winter of Winter Management Consulting, who reported on his experience with investments in Vietnam.

In his introductory statement, Jiri Styblo of the CMA executive addressed the effects of the Asian crisis on Europe, particularly on the Czech export industry and national currency. He said that deregulation, which always comes along with globalization, has to be reversed; that Europe can learn

from the development of infrastructure in Asia, that money should not be used for speculation alone; that investments with only short-term advantages must not be allowed—there must be benefits for both sides. He also warned against the “naive optimism” of those who claim that there is no such thing as currency destabilization.

### **Keynote by Helga Zepp-LaRouche**

In her speech, Helga Zepp-LaRouche outlined that the fate of Asia will decide the fate of the rest of the world; that it is not an Asian crisis, but one of the entire world; and that the scripts of the International Monetary Fund do not work. Showing Lyndon LaRouche’s “triple curve” graphic representation of the current collapse of physical production, while monetary and financial aggregates soar into the stratosphere, she attacked the governments of the world for closing their eyes to the problem of ever-increasing financial titles, against a downward curve of real economic activities.

The Asian hurricane is certain to reach Europe soon, she said. When Kim Dae-jung, the newly elected President of South Korea, said shortly before Christmas that he does not know what the fate of his nation will be from one day to the next, and when U.S. Treasury Secretary Robert Rubin made his Christmas intervention to prevent the open default of South Korea over its short-term, private-sector debt, it should have been clear to everybody that the system was close to its end. Also, the fact that Japanese Prime Minister Ryutaro Hashimoto has announced another emergency intervention program every other day, since the end of 1997, provides an unmistakable sign that the financial system is cracking. Then, the Indonesian crisis broke out, and the Bank for International Settlements was forced to hold an emergency meeting, with the result that a massive bailout was decided on: Weimar-style pumping of money into the system. This money-pumping method was the continuation of the July 1995 resolution of the Group of Seven summit in Halifax, Canada, in favor of a global bailout, Zepp-LaRouche reported. This method no longer works. Indonesia has just announced a default and formal moratorium on a large part of the private-sector debt, and it is widely expected that a general moratorium on Indonesian debt will follow soon.

The bubble of debt and other unreal financial titles, which has been pumped up in the last years and months, and especially the derivatives bubble on top of that, was likened by Zepp-LaRouche to fleas that have sucked all the blood from a dog, and are now trying to be “clever,” by living on “blood futures”—of blood that is no longer there, and never will be. In the United States, financial transactions now account for 99.5% of all global dollar currency trading, while merchandise trade only accounts for 0.5%! This system has no future; it is doomed to fail.

Zepp-LaRouche then called on the seminar attendees to take a closer look at the alternative approach, which has been taken by China: long-term investments in railway and other

vital transport infrastructure, production of coal and other raw materials, electricity generation. Now, the problem is that so far, mostly the eastern coastal regions of China have been developed, but for the development of the western and central regions, the Eurasian Land-Bridge is essential, and the scope of infrastructure and other development projects required, offers the entire rest of the world a safe place for long-term investments. The positive development of U.S.-Chinese relations has a crucial role in that, she said, recommending that politics turn from the insanity of a 30-year paradigm shift toward greed and hedonism, to sound principles of productive investment, capital market controls and limited currency convertibilities, and to the protection of social welfare systems and industrial potential. Politics must return to principles of truth and justice, she said, return to the principle of *agapē*, as being the desire to put man and the development of the common good at the center of all politics and statecraft.

### Learning from the Asian experience

The theme struck in the keynote address, was then taken up also by Jaroslav Jirasek, of the Czech Management Center at the Prague Academy of Sciences, who said that the Czechs and the West can learn from the Asians, because their economic strategies are based on sound principles of supporting the family, productive enterprise, and state support for essential economic activity. Instead of pursuing, as Western countries have done, policies of reducing the workforce, supposedly to make industries more fit for globalization, there should be more investments in production and more jobs, Jirasek said. China is giving a very inspiring example in this respect, he said, and there is a reason for the fact that China belongs to the most productive regions of the global economy today, with 10% of its industries having already reached the top levels of technological development in the world. If Czech and other European companies wish to get involved in China and Asia, they must, first of all, be engaged with the people there and their interests, rather than just looking for short-term profits. They must commit themselves to long-term, in-depth projects. In order to improve the knowledge of the Czechs about Asia, who so far have shown little insight and interest, Jirasek called for the establishment of an Oriental Academy in the Czech Republic.

A representative of the Prague office of Banque Nationale de Paris-Dresdner Bank then spoke on the theme of how banking facilities can be made available for industrial firms that want to get involved in long-term projects in Asia, but lack the capital to finance that. This is true of most Czech firms. The speaker presented EGAP, a facility of mixed state-private Czech export credit guarantees that is similar to Germany's Hermes facility, and told the seminar attendees not to be discouraged by their lack of capital, but to contact this special credit program to utilize it. Without such programs, Czech industry will not be able to increase its exports to Asia, he said.

Petr Kulovany, of the Czech Ministry of Industry and

Foreign Trade, emphasized that although Czech exports to Asia have fallen to a very low level in recent years, because the pre-1990 state export support programs were abolished, there still is a sound 40% share of machine exports to Asia, in the total balance of trade. There is, therefore, a great potential for Czech industry, as can be seen in recent activities of Skoda Pilsen, delivering power-generating facilities to China.

Also Rene Samek, of CzechInvest, a government-run organization that is trying to revitalize the role that the state support program for exports once played, gave insight into the high level of Czech productive potentials, the high skill levels among the Czech population, and mentioned that in opposition to the general trend of globalization, many Czech firms are firmly committed *not* to cut back, but to invest in increased production capacities, new machines, and new jobs.

Among the other presentations at the afternoon session, two case studies on Czech experience in Indonesia and Vietnam were highly interesting: Marcel Winter, of Winter Management Consulting, said that the fact that Czech exports to Vietnam rank even behind those of the Bermudas, is the more absurd, as the untapped Czech industrial potential is enormous, especially in machines and transport technologies. Moreover, half the members of the present Vietnamese cabinet speak the Czech language fluently (dating from the pre-1990 relations between socialist Czechoslovakia and North Vietnam). Also the remarks by Petr Pelcik, director of the HANA company, were highly informative, as he mentioned that in the 1970s, the Czechs helped to build up Indonesian industry, together with the Germans, in tripartite deals across the East-West divide, involving also the mainland Chinese. This, he implied, is a model of international cooperation in Asia.

The seminar was well received by the attendees, and numerous among them showed interest in deepening the discussion. Many expressed deep relief at the end of the neo-liberal era of Vaclav Klaus, but also showed concern that the Czech nation might fall into "Albanian-style chaos," if the opportunity for a new beginning in economics were not seized.

The seminar, and the meetings and discussions around it, were an important intervention into the transformation process from neo-liberalism to classical industrial development policies in the Czech Republic. Prague has been the main bridgehead of Western neo-liberal operations into eastern Europe and the territory of the former Soviet Union for almost eight years, so any decisive shift of policy in the Czech Republic is important also for the rest of the European East. And, the discrediting of the Western neo-liberal elites, through the default of their economic model in Asia, provides new potentials for a profound policy shift throughout Europe. The "message of Prague" will not be missed among interested circles in Germany, which, after all, is less than a two-hour car ride, or about one hour air flight, from the Czech capital.

# Was Princess Diana's Mercedes sabotaged?

by Jeffrey Steinberg

According to the Feb. 4 edition of the French publication *Le Parisien*, Hervé Stephan, the magistrate in charge of the investigation of the Aug. 31, 1997 car crash that killed Princess Diana, Dodi Fayed, and driver Henri Paul, has ordered new forensic tests on the Mercedes 280-S in which they were riding. According to forensic examinations conducted on the wrecked car, and further medical examinations of both Henri Paul and bodyguard Trevor Rees-Jones, the driver and front passenger airbags inflated *prior* to the crash. *Le Parisien* asked whether the premature release of the airbag might have "blinded the driver and contributed to the loss of control of the vehicle."

Prior to these new revelations, the overwhelming majority of French and British media had portrayed the fatal crash as a "garden variety" traffic accident, caused principally by high-speed drunk driving by Henri Paul. This disinformation has been fueled by French police investigators since the day after the crash, and has been a critical element in the effort to cover up mounting evidence that Princess Diana and the others were victims of a professional, vehicular homicide.

## Unanswered questions

The airbag issue was raised, in part, as the result of medical tests on Paul and Rees-Jones—the latter the sole survivor of the crash, who was sitting in the front passenger seat. Both men had head injuries consistent with the impact of the airbags.

It was belatedly acknowledged by French authorities that the Mercedes was rammed by a second car, causing the fatal head-on crash into a tunnel pillar in the Place de l'Alma underpass shortly after midnight on Aug. 31. Police found parts of a rear tail-light of a car, later identified as a Fiat Uno turbo model, manufactured between 1984 and 1987, at the crash site. They knew from day one that a second car had been somehow involved in the fatal crash. Later, white paint scrapings on the right side of the Mercedes were found, also confirming that there had been a collision with a Fiat Uno. However, such a crash, under normal circumstances, would not have activated the air bags.

The question thus emerges: Was the safety system on the Mercedes tampered with?

The London *Times*, in a Feb. 5 story by Paris-based re-

porter Ben MacIntyre, elaborating on the *Le Parisien* account, noted that "Henri Paul, driver of the Mercedes, will have reacted with shock when the driver's airbag exploded in his face. The safety balloons housed in the steering wheel and passenger-side dashboard go off with the speed and sound of a gunshot at an impact of about 20 mph. . . . Car airbags are designed with an explosive charge of about 8 grams of nitrocellulose that detonate inert gases into a 301 bag. There are many recorded cases of drivers being scared by the crack of the explosion. The charge inflates the bag within 40 milliseconds, but the gas is discharged through vents and the bag deflated within a second of impact. However the distraction for a driver could be critical. . . ."

## New video evidence

In a second important new development in the case, the London *Daily Mirror* reported on Jan. 31 that two Australian tourists who were in the Place Vendôme, in front of the Ritz Hotel, shortly after midnight on Aug. 31, had videotaped a white car speeding after the Princess's car. The footage was later turned over to French magistrate Stephan, who told the *Mirror*, "This is important new evidence into my investigations."

The footage, according to a Reuters report, "is said to show the white car screeching away from the side of the road to pursue a decoy car used to dupe photographers. It then spins full circle to join the paparazzi chase and hurtles at speed the wrong way down a one-way street."

The white car was later identified as a Citroen AX. The media accounts of the white car attempted to suggest that French police may have been wrong in identifying the car that rammed the Mercedes in the Place de l'Alma tunnel as a Fiat Uno. However, *EIR* has learned that the Citroen may have been yet another vehicle seen near the crash site, and possibly involved in the vehicular attack.

As *EIR* first reported on Nov. 21, 1997, British attorney Gary Hunter, a key eyewitness, told Scotland Yard that he and his wife were staying at a hotel near the Place de l'Alma on the night of Aug. 30-31. Hunter heard a loud crash from inside the tunnel, and went to his hotel window, facing out onto the Rue Jean Goujon. Moments after the crash, he saw two cars, a small darker-colored car, and a larger white car, speed past his hotel at nearly 70 mph, evidently attempting to escape from the scene of some kind of crime. Sources close to the French magistrate's probe believe that the Citroen, first seen in the Place Vendôme, may have been the white car that Hunter saw, on the tail of the smaller vehicle.

Although bodyguard Rees-Jones has still not recovered his memory of the final seconds before the crash, he did tell magistrate Stephan that he recalls that the Mercedes was being followed from the Ritz Hotel by a white car.

If nothing else, the new evidence argues for magistrate Stephan to announce that the probe into the fatal crash is now officially a murder investigation.

# Social justice is the foundation for lasting peace in Africa

*We publish here the remarks to a Schiller Institute conference of two fighters for justice in the Great Lakes region of Central Africa, Jérôme Ndiho, a spokesman for the National Council for the Defense of Democracy (CNDD), Burundi's leading opposition group, and Jean Gahururu, who represented the Assembly for the Return of Rwandan Refugees (RDR). Both appeared on the panel on the fight to save Africa at the institute's Dec. 13-14 conference in Bad Schwalbach, Germany. Other members on the Dec. 14 panel, which had been preceded by Lyndon LaRouche's keynote, included former Ugandan President Godfrey Binaisa, founder of the African Civil Rights Movement (see EIR, Jan. 16); former Foreign Minister Paul Ssemogerere, currently chairman of the Democratic Party of Uganda (see EIR, Jan. 9); and, Mahmoud N. Al Koronky, the press attaché of the Sudanese Embassy in London (see EIR, Feb. 6).*

*Both Mr. Ndiho and Mr. Gahururu spoke in French. Sub-heads have been added to our translation.*

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## Jérôme Ndiho

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The collapse of the banking and financial system, which stems from savage capitalism, had already been forecast ten years ago by Lyndon LaRouche. Its most spectacular manifestations are just now taking place in Asia—whether in Korea, in Tokyo, or in Hongkong—but it does not limit itself to Asia; it touches America. If you look at the evolution of Mexico, which we spoke about yesterday, you would say that the tendency is the same. In Africa, this is expressed by unprecedented violence, most especially in Central Africa, in the Great Lakes countries. In less than seven years, since 1990, we have already surpassed a million deaths by violence, by thirst, hunger, by artificially introduced disease, by lack of potable drinking water or dysenteric cholera.



All this violence is the consequence of social injustices which emanate precisely from savage capitalism, which is based on looting, looting people's possessions, from the producers, from the natural resources. And of course, in the case of Africa, notably in Central Africa, this pillage is accomplished with violence, with genocide, with apartheid. Right now, as I speak to you, apartheid rules Burundi, and that is another means by which people are deprived of the consumption of their own possessions, that which they have produced.

We think that this collapse of the global banking system is the result of a savage capitalism which expresses itself and lives only by means of looting. By contrast, the well-being of the citizens of this world necessitates a new world economic order. Every responsible person is obliged to resolve to fight for a new economic order based on social justice, which represents the sole means of having a durable peace. Because, whenever there is no social justice, whenever there is hunger and misery on all sides, that is dangerous. There is a Burundian proverb that goes: "Beware, when your neighbor's house is burning, for the wind could blow it toward yours, and it would become a conflagration."

## Expose the genocide

This scandalous pillage is taking place with an unprecedented violence in the Great Lakes countries. You have followed the latest developments in Congo-Kinshasa in Zaire; you have seen with what machiavellianism this conquest was made, followed by looting of diamonds, gold, copper, and numerous other highly coveted minerals. And, at the same time, the genocide against the Rwandan Hutus, especially, was unfolding, and also against Burundians. There is not enough recognition of the genocide in Zaire, during which hundreds of thousands of Rwandan Hutus were massacred—by arms, by hunger, by lack of potable drinking water. There were also tens of thousands of Burundian Hutus among the victims. That must be discussed. The international community must finally begin to declare that the looting of Zaire was accompanied by genocide.

This violence was planned. I have published, numerous times, press releases entitled "Genocide Forecast." Several magazines picked up this theme. I am not the first to have exposed this genocide. The Schiller Institute, to the best of my knowledge, was the first group to forecast in detail everything

that came to pass. That was in 1994. At that point, I was in the bush and an activist brought me a copy of the publication *EIR*. In this publication, there was a dossier on what was going to take place, the massacres and genocide. The author, Mrs. de Hoyos, envisaged in detail the plan being put into place for a Tutsi-Hima empire. Now, it's a reality. The Tutsi-Himas are deployed from Uganda to go pillage Zaire, via Rwanda and Burundi, and this with unprecedented violence.

In addition to the Schiller Institute's forecasts of a crash of the global financial system, there was great value in exposing that. But, at the same time, it presents a terrible crisis of conscience for those who knew what was going on, but did not aid this institution in exposing it, nor contribute to stopping this horror. Certain powers had the means to prevent these crimes against humanity, but it so happens that these were the same ones that were looting the economic goods of the people.

What should be done?

We think that the solution, and in this we enroll ourselves among the descendants of Socrates, takes place through social justice. And I am pleased that the Schiller Institute should have put Socrates forward at this conference, because Socrates agreed to die by poison, or be forced to take poison, because he would not renounce the principle of social justice, the sole basis for a durable peace.

When your neighbor's house is burning, or if you set it on fire, never forget that the wind could veer around toward your own. Social justice is a worldwide phenomenon, that is not only for a single country. It is the same with democracy. There is no African democracy; there is universal democracy: the democracy of Socrates, of Demosthenes, of the Greeks, the Romans, the French, as well as the Americans (the Declaration of the Rights of Man dates from Lafayette). There is democracy such as it is becoming developed in countries such as China, or in several Latin American countries. At the base of all these democracies, we find a fundamental value, which is that the power of the majority inexorably overrides the power of a minority. And, as you know, those who dominate this artificially manufactured banking system—the better to loot—do not represent the majority, but a minority.

With us, this is a question of an ethnic minority. All of Africa is governed by ethnic minorities, which is contrary to the universal law of democracy. For us, democracy and social justice are universal values, applicable to all men. And we ought to fight for them, whether this be in the North or the South, in America or in Africa. We ought to fight for the great principles of social justice, for democracy, for the right to life for all.

If you only knew how many people are dying because of this social injustice in Uganda, Zaire, Rwanda, Burundi, Zambia, Congo-Brazzaville. We have avoided the worst in Zambia—the coup d'état backfired—but this same evil is now threatening Tanzania. In several communiqués, I challenged not only Tanzanians, but all democrats the world over, to rise up and help stop the destabilization of Tanzanian de-

mocracy. This would be a disaster for all of Central and East Africa. And, if East Africa catches fire, all of Africa will burn. And if Africa catches fire, Europe is right next door. And then America is not so far away. When your neighbor's house is on fire, you must help put it out, because the wind could change direction.

The battle that we are waging is not only for Burundians, but for all of you. The battle of those among you who come from eastern Europe, this is our battle as well. It is a battle for social justice.

## Reject 'savage capitalism'

While we are talking about a new world economic order: During my upbringing, Adam Smith was much talked about, as was *laissez-faire*, free enterprise, and free trade. But, unfortunately, these last decades—I would even say this century—the law of acceptable capitalism has become corrupted by savage capitalism. There have been tricks played by those who practiced protectionism when it suited them, and who, thereby, became the most powerful. They arrogated to themselves the right to apply law as it suited them, or to not apply it when it didn't.

Take, for example, the exploitation of global resources. It is not normal for the price of diamonds, gold, and other minerals to be fixed outside of Africa. Normally, if you have merchandise to sell, you go to the market and you decide for yourself what price you are going to sell it for. The client is free to buy or not. That is the law of offer and demand. But, how does it happen that mineral prices are set outside, by those who are not their owners?

It's looting: the law of the strongest. At home, we grow coffee, tea, cotton. The price of coffee and tea are fixed in London—we live under an economic diktat. When LaRouche speaks about the financial oligarchy, this is clear to us—it is the buyer of last resort who himself sets the price. The law of Adam Smith is violated. What used to be sane and acceptable capitalism has become a savage capitalism of looting, with all the consequences that that entails.

On the domestic plane, we can state that the oligarchy has accomplices among the minorities right there. In the case of Burundi, for example, the financial oligarchy is selected from among a single ethnic group, which is not the Tutsis, but a minority among the Tutsis. The result: The majority of the Tutsis are victims of this looting for the profit of a small minority. In order to drown this fish, they explain that the crisis is essentially due to tribalism and ethnic groups, but that falsifies the reality. In the CNDD, you will find as many Hutus as there are Tutsis, and even Twas. By the same token, among the oligarchy, the majority are certainly Tutsis, but one can find Hutus in service. They are showing you only the facade! They are treating you like a baby.

In conclusion, I appeal to the citizens of Europe, of Asia, of the Americas, to join in the push by the Burundian people and to support them concretely, beginning right now, for you

can see that this is the best time. You see the darkness which envelops our people, but at the same time, you can see on the horizon the hope of better days, based on a state of law, social justice, and a new economic order.

That is why the National Council for the Defense of Democracy has taken the point to bring its people to this meeting-place, a meeting-place for a more just society. And we see better days on the horizon.

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## Jean Gahururu

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I sincerely thank my friends in the Schiller Institute for having scheduled an intervention by my organization, the RDR, on the agenda of this conference.

As you know, everything that has gone on in our region, the Great Lakes, has become quite complicated and difficult to understand. This region comprises 12 countries, five of which surround the lakes: Rwanda, Burundi, Uganda, Tanzania, Kenya. These five countries have a total population of 85 million over an area of 1,815,000 square kilometers. In addition, seven other countries belong to this region: Zaire (re-christened the Democratic Republic of Congo), Congo-Brazzaville, Gabon, Equatorial Guinea—which is little talked about—Cameroon, the Central African Republic, and São Tomé and Príncipe, which is often ignored, because it is sparsely populated. We could even extend the list to talk about Nigeria and Chad. This is a region of countries and nations which comprise more than 150 million people in an area equivalent to half the United States, 5,890,000 square kilometers.

Therefore, a major part of the African population is threatened by genocide and crimes. Everybody asks how it could happen here. When Rwanda and Burundi are talked about, we hear bizarre terms—Hutu militias, Tutsi, Twa, Hima, Hima empire. Mr. [George] Moose, the American Assistant Secretary of State, two years ago came up with the concept of “Hutuland” and “Tutsiland,” which, in reality, is not very different from apartheid, and hence, a crime against humanity. There is in effect a United Nations resolution which specifies that apartheid, such as it was applied in South Africa, is a crime against humanity. But, Mr. Moose came and told us that we ought to create a Hutuland and a Tutsiland, etc.

You can get lost in all these terms, which are designed to confuse public opinion. I, for example, am said to be Hutu. Well, I couldn't give a hang about this definition, because I believe that I am a man in the image of God, with the same



creative capacities as you, and as everyone else. I am a man. It is possible to get the impression that the Great Lakes region is a zoological garden, with this large number of terms that degrade man to the level of an animal. One could say that, in effect, this adds up to an assault against human dignity. Our region has been invaded by ethno-fascism, a fascism based, this time, not on the Aryan people, but on ethnic groups—Hutu or Tutsi. The two principal groups have been drawn into a system of ethnic fascism. We think it must be stopped. We do not have to perpetuate this kind of Final Solution, which could lead to disintegration, not only of a nation, but of the whole region, with its 150 million people.

### **Not only the colonialists are to blame**

Today, when you hear the speeches from Kampala, from Kigali, from Kinshasa, they say that it is the colonialists who are guilty of everything. The President of Rwanda has just recently stated that the colonialists were the ones who divided us into ethnic groups. The colonialists could be blamed for everything that happens. I think this is irresponsible. The Rwandan President even called on the Belgians to pay money, because they had introduced hatred by the whip, and forced labor. He said that the racism introduced in this region is the fault of the Belgians.

Yes, in fact, there was colonialism; I don't want to go into that here. It comes, as Mr. LaRouche was saying, from Aristotelian thinking, which says that we are barbarians and we must therefore be made civilized. What I affirmed just now, that all men are in the image of God, capable of developing and of mastering science and technology, played no part in the concerns of the colonialist system. We were barbarians who had to be colonized. Beyond our dialects and all the ethnic groups, there was no question of according us a human condition equal to the colonialists.

My German friends, I advise you to read a book by a certain Oskar von Goetz Graff, who was the first to make contact with the King of Rwanda, entitled, *Durch Afrika von Ost nach West—Resultat und Begebenheit einer Reise von der deutsch-afrikanischen Küste bis zur Kongo-Mündung in dem Jahre 1893* [*Through Africa from East to West—Results and Circumstances of a Journey from the German-African Coast to the Mouth of the Congo in 1893*]. Reading this book, you can comprehend what the racism of the colonialist was—total contempt for Africans as humans.

Despite that, one cannot eternally lay today's problems at the feet of the colonialists. I have here a statement from the President of Uganda, Museveni, which will allow you to understand why I have the right to relativize the role of the colonialist. Mr. Museveni says: “My mission is to see Eritrea, Ethiopia, Sudan, Uganda, Kenya, Tanzania, Rwanda, Burundi and Zaire become a federal state, and one nation.” Effectively, I, too, could adhere to what he says, up to that point, and so could all the Africans here. But, he adds: “As Hitler did to bring together Germany, we shall also do it here. Hitler was a smart guy, but I think he went a little bit too far, by

wanting to conquer the whole world.” [Mr. Gahururu read both quotes in their original English—ed.]

There’s no need for me to comment. You sense what we are in the process of living through. The ethno-fascism that I told you about has to have its origins in this type of idea: the fascism of Mussolini and the Nazism of Hitler.

### Stop the genocide!

As of this moment, Rwanda will have already lost 3 million people: human lives vanished, dead, forgotten. Nothing more will be said. Physicians, engineers. But why stress engineers? Even peasants, my mother, my nephews, old people—Excuse me, if I weep; I am thinking of so many people who go to make up the richness of humanity, vanished, just like that, because Mr. Museveni has Hitlerian ideas. No one talks about it. This is not made up, his statement was published in the magazine *Shariat* of Kampala. I pray that Mrs. Elisabeth Tsiuvirai can stay alive, after having revealed what I just read to you.

We say that there are numerous international lobbies that prevent the creation of any opposition political movement that raises this kind of question. My organization is the RDR, and I hope that they don’t stick us with the label of genocidalist, and launch various slanders against those who invited me.

We were very surprised that Mrs. Albright, who was in Kigali on Friday (Dec. 12), should have stated on television

that the actions of the Rwandan government were understandable. Mr. Kagame, the real strong-man of Rwanda, himself told the *Washington Post* that he had participated in planning the genocide of the Hutus of Rwanda and Burundi. Mr. Kagame openly admitted that he reserves to himself the right to use the public development aid he was given however he sees fit, for the civil war. Mr. Kagame himself also says that when he is shooting at people, he doesn’t need to know who is a civilian and who is military; he quips, “This is civil war.” The wounded or the dead in the internal conflict that he is organizing himself, don’t bother him.

There are 130,000 prisoners in Kigali, making four people per square meter inside the prisons. Seventy-five percent of the prisoners have no criminal record. To all intents, there is systematic vengeance organized by the power of Kagame against the Hutus. When I say vengeance, I want you to understand me clearly. We do not belong to the group of people who say that there was no genocide in Rwanda, because there were 3 million people who disappeared, and one would have to be mad to say that there was no genocide.

There was genocide against Tutsis by a certain number of Hutus, and there was genocide against Hutus by the Tutsi extremists. We condemn them both. But in Rwanda, we are stating that the regime is organizing a vendetta, systematic, institutionalized vengeance. My intervention aims at getting you to help us, to say: Stop the genocide in Rwanda, abandon

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all collaboration with the criminals I have described. Help us to do what it takes for the truth to come out. It requires justice, in order to achieve a true reconciliation of the Rwandan people with itself. Help us to say just about everywhere that the West must stop caving in before subversive forces that trample underfoot the great universal values, such as respect for life. Democracy is not a European value, but a universal value.

### **We have not lost hope**

Forgive me for having presented you with a tragedy. We belong to a generation, as Mr. Binaisa was saying, who, despite the bitterness and bereavement that we live with, has not yet lost hope. My father, who is an old philosopher—even though he doesn't know how to read and write—tells us: You can be an orphan, which is serious enough; but when you have lost hope, then that becomes very serious. Losing one's relatives in Africa is not, for all that, as serious as losing hope. . . .

We carry within us this hope in the creative capacity of Africans. We are not showing you only the tragedy. We ask you, once the offending genocidalists in this tragedy are arrested, to help us put in place the kind of projects that constitute the salvation of Africa and of humanity as a whole. We need to undertake the Transaqua Project [see *EIR*, Aug. 29, 1997], from the Italian Bonifica company, for a canal which goes from the west of Rwanda, crosses Zaire, comes into Chad, and irrigates the arid parts of Chad and the Sahara. A great project which, in the agriculture sector, could turn Africa into a granary for humanity. We are the engineers, the economists, the physicians, the teachers, who can be mobilized around this project to make Africa take off. As Mr. Binaisa was telling us, we must mobilize the energies and political will, which is lacking here in Europe and America, in order for such a project to be realized.

You can see for yourselves, looking at the map of Africa, that every colonial-era railway begins in a port and ends up nowhere. It doesn't link people, but raw materials to be transported out of the country. This is not basic economic infrastructure which was put in place to develop Africa; it is basic colonial infrastructure that had been put in place to exploit Africa.

We say that Mrs. LaRouche's project for a "Eurasian Land-Bridge" has to be supported. She went to Nigeria. We were very happy to hear about her intervention and the response General Abacha gave her [in Nigeria]. He talked about a Lagos-Port Sudan railroad, and even spoke about a railroad to the west, from Lagos to Mombasa. You know that such a project as this is estimated at \$40-50 billion, that is, the equivalent of money they are trying to give to cover the deficit of South Korea or Indonesia.

This is important, not only for Africa, as Mr. LaRouche said, but for humanity as a whole. Help us help ourselves, and thank you for the commitment you have to these ideas.

# Mitterrand networks hit, in raid on Dumas

by Monique Tavernier

On Jan. 27, two instructing magistrates, Eva Joly and Laurence Vichnievsky, launched search and seal operations into five offices and private residences of Roland Dumas, one of the closest cronies of the late President François Mitterrand. The repercussions on the French state apparatus could be massive: As president of the Constitutional Council, France's highest court, Dumas is formally the number-five personality in the French state. And, the operation will not stop with Dumas. The judges have already let it be known that they will also inquire into Charles Pasqua, the former Interior Minister in the Edouard Balladur government, and a politician who shares with Dumas a taste for shady affairs.

The Constitutional Council is the institution which, in 1995, refused to pay the Presidential campaign expenses of Jacques Cheminade, a French ally of Lyndon LaRouche, in an attempt to bankrupt Cheminade.

The magistrates suspect Dumas of having received kickbacks on the sales of six frigates produced by the national company Thomson CSF, to the Taiwan government in 1990. The Beijing government had been hostile to that contract, and the French Ministry of Foreign Affairs had originally vetoed it, which led Thomson to hire the services of middlemen to secure approval for the contract on both sides. At stake was a huge commission: 10% of the whole contract, which totalled 16 billion francs (roughly \$3 billion)!

The search and seal operations were aimed at finding evidence linking Dumas to those commissions. So far, the magistrates know that Christine Deviers-Joncour, a former lover of Dumas who worked for him at the Foreign Affairs Ministry and at his law firm, received FF 45 million in commissions on the Taiwan contract through one of her Swiss accounts. Part of this money was used to buy her a FF 17 million apartment in Paris. What prompted the magistrates to launch the search and seal operations, was that they discovered cash deposits and withdrawals of as much as FF 500,000, in one of Dumas's accounts at Crédit Lyonnais, between the end of 1990 and 1991. The total of suspected money flow, the majority of it in cash, through Dumas's account, was FF 10 million.

Dumas's friendship with Mitterrand dates back to 1956. In 1983, Mitterrand named him to the Foreign Affairs Ministry, where he remained for many years. Just three months before Mitterrand's death in 1995, he named Dumas to head the Constitutional Council, for a term of nine years. This nomination offered extensive protection to a character known





*Roland Dumas, a crony of the late François Mitterrand, who is close to the British and George Bush.*

to be rather shady.

An anonymous letter received by the judges in 1997 informed them of the existence of Deviers-Joncours, and told them to look into the Swiss company which owned her Paris apartment, as well as into her role as middleman in the frigate sales to Taiwan. Since then, the magistrates have not wasted time: Deviers-Joncours was arrested on Nov. 17, 1997. Gilbert Miara, another associate of Deviers-Joncours in the frigate venture, has also been sitting in jail for several months.

### **The probe of ELF-Aquitaine**

The accusations against Dumas come in the context of an investigation launched several years ago by Joly and Vichnievsky, into the dirty dealings of ELF-Aquitaine, the state-run oil company, traditionally a political power-base in France. ELF's former number-two executive, Alfred Sirven, a close friend of Dumas, was one of the middlemen contracted by Thomson to get the green light for the sales of the frigates to Taiwan. Dumas had obtained a phony job for Deviers-Joncours at ELF, for which she was paid FF 50,000 per month. ELF, however, is the wealthy company in which Mitterrand's dirty networks came together with those of the Gaullist RPR party during the first government cohabitation (1986-88) of those parties. Rumor has it that the Socialist Party and the RPR decided to divide the ELF profits, particularly those coming from the oil-producing African French-speaking countries.

No sooner had Dumas come under attack, than people started talking about the corruption of which they obviously had known for a long time: A man at the "limits of morality"; a "sulfurous character"; a "feline" personality, living partly at night and partly during the day; a man of the "shadows" and of "sophisticated diplomacy," have been some of the highly metaphorical names used by the French press in recent

days to characterize Dumas. The sharpest attack, however, is perhaps coming from his own political friends. Former Prime Minister Michel Rocard didn't hesitate to tell the *Journal du Dimanche* on Jan. 31 that he had "strong suspicions" about huge commissions on the frigate contract; that Mitterrand loved to assemble around him characters "at the limit" of morality. The daily *Le Monde* has kept everybody informed on the case, since it began calling on Jan. 31 for Dumas's resignation. Socialist Party head and Prime Minister Lionel Jospin loyalist François Hollande has called upon the magistrates to pursue their investigation to the very end.

Where will all this end up? It is too soon to say. But, as much as we welcome the demise of such a scoundrel as Dumas, we must also be on the lookout for those who would use the corruption of the elites as a pretext to eliminate the institutions of the Fifth Republic, the legacy of former President Charles de Gaulle.

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## **Documentation**

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*Jacques Cheminade wrote the following profile of Roland Dumas, in an article in EIR of Nov. 28, 1997, titled "Mitterrand's Corrupt Legacy against France's Fifth Republic":*

Mitterrand teamed up with his old friend Roland Dumas, probably an even worse character than he, who had been, if possible, even closer to the British. Dumas, an architect of the British-run Serbian war of aggression against Bosnia, and, along with the British, a supporter of the Serbs against the "Germano-Vatican Europe," was a manipulator of all networks, above and beyond all party rules. He intersected the networks of Communist and British agents, notably in the Mideast, whereas he was the lover of the daughter of Syria's Defense Minister Gen. Mustafa Tlas, the protector of the Nazi Alois Bruner. Dumas's involvement in the Mideast casino business was notorious, in particular the networks in black Africa, managed by the Corsican mafia. This graduate of the London School of Economics had learned his lesson so well, that he is now ending his life as head of the French Constitutional Council, the equivalent of the U.S. Supreme Court.

Or course, the Dumas-Mitterrand dirty money businesses intersected those of George Bush, and, from the beginning of Mitterrand's Presidency, the three of them got along very well. At the end of Mitterrand's life, he made an effort to accept the invitation of Bush to come to visit at his Texas ranch, together with Dumas, to celebrate how, with Thatcher and Gorbachov, they had managed to control Europe after the fall of the Berlin Wall, to keep it in the hands of the British and their Anglo-American allies, and to avoid an implementation of the conceptions espoused by the likes of Lyndon LaRouche and Alfred Herrhausen. . . .

# International Intelligence

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## *Sri Lanka officially outlaws Tamil Tigers*

The Sri Lankan government has banned the Liberation Tigers of Tamil Eelam (LTTE), following a bombing near Sri Lanka's holiest Buddhist temple at Kandy in late January. At least 13 persons were killed and 25 injured. Rioting nearly broke out a few hours after the blast at the temple, which is the high seat of Sinhala-Buddhist culture (the Tamils are Hindu).

Although the terrorist organization has been leading a bloody insurgency for years—including the assassinations of Sri Lankan President Ranasinghe Premadasa and former Indian Prime Minister Rajiv Gandhi—it had not been formally banned. Colombo had resisted such a move on the grounds that parleys would eventually be needed for a final settlement of the ethnic war.

The blast occurred in a “highly classified” security zone, close to the site where Sri Lanka's Golden Jubilee celebration was to be held on Feb. 4, which was to have been attended by Prince Charles.

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## *Izetbegovic tells OIC: ‘Cooperate with West’*

Bosnian President Alija Izetbegovic made a powerful intervention into the Organization of Islamic Conference meeting in Teheran on Dec. 12, 1997. According to late-January reports from high-level sources, his speech was addressed in particular to Iran. Izetbegovic reportedly intended his speech to help the process of mediation between the United States and Iran, among other critical issues that the Islamic world is struggling with.

“I shall briefly talk about one subject only,” he said: “East and West and my Bosnia between them. . . . I believe that I know to some extent both parts of the globe. . . . Please forgive me for being very open. Sweet lies do not help us, while bitter truth can heal.

“The West is neither corrupt nor degenerate. The ‘Rotten West’ was the dangerous communist propaganda and illusion. The

West is not rotten, it is strong, educated, and organized. Their schools are better than ours and their cities are cleaner . . . the care for the poor and less capable is better organized. The Westerners are usually responsible and serious in their work. . . . Islam is the best—that's true—but we are not the best. These are two different things. We often confuse them. Instead of hating the West, let's compete with it. Let's have a dialogue with it. Let's proclaim cooperation instead of confrontation. Joining faith and science creates the biggest power in the world, and we have to follow this way. It is true that it is a long and difficult road—it is like the mountain climbing the Koran speaks about—but there is no other way.

“Therefore, we must establish education funds everywhere. Not one child should be left out of school. . . .

“Some people think that terror can help them to reach some advantage. That illusion is dangerously spreading. Terrorism is an expression of weakness. It is not only immoral, but also unproductive. Immoral because it kills innocent people, unproductive because it has never solved any real problem. Terrorism was rejected by any serious political movement in history. . . . The Holy Koran has strictly forbidden it in the well-known sentence: ‘Killing one innocent man is like killing the whole of mankind. . . .’ There are, unfortunately, people who have forgotten that important message.”

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## *Algerian opposition: EU should promote dialogue*

Algeria's opposition, the Islamic Salvation Front (FIS), issued a communiqué on Jan. 21, after a three-man European Union delegation had visited the civil war-torn country, characterizing the visit as a “symbolic event of primary importance, though the official press tries to cover it up.” Still, stressed the FIS, “the taboo has thus been lifted,” against outside intervention into the deteriorating situation.

The FIS said that Europe still hasn't come to terms with what is going on. Europe sat back and watched as the 1992 elections were

annulled, opposition figures jailed, killed, and forced into exile. “When part of the representative Algerian political class had taken the initiative to propose a peaceful, political solution on the basis of the Rome Platform, official Europe preferred to turn a deaf ear. . . . On the contrary, the dictatorial power was encouraged . . . to pursue a security solution, the militarization of the country and engagement in a series of useful, rigged elections, to lend itself a façade of credibility.”

The FIS called on the EU to take up contact with all the opposition parties, to push for a peaceful, political solution.

Meanwhile, the Rome-based Catholic lay organization *Comunità di Sant'Egidio*, which, in 1995, had brought all the Algerian opposition groups together to hammer out a program for peace—the “Rome Platform”—has relaunched its initiative, calling for an international conference involving all parties. Sant'Egidio head Andrea Riccardi told the Jan. 22 issue of the Paris daily *Libération* that this would not constitute interference in Algeria's internal affairs, but would be a gesture of solidarity. He stressed that there was no way the situation could be pacified from within.

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## *Garang mounts new attack in south Sudan*

The Sudanese People's Liberation Army of British puppet John Garang launched an attempt to retake the city of Wau, the capital of the state of Bahr al-Ghazal, on Jan. 28. According to the Sudanese Deputy Chief of Staff, Gen. Abdul Rahman Siral-Khatim, about 500 SPLA troops took part in the attack, which was launched simultaneously with attacks on Gogrial and Aweil, in the same state.

The three aims of the renewed attacks, according to a spokesman for the Khartoum government, are:

1. to sabotage the peace agreement with the other southern rebels and try to pit the government against the former rebel leaders who have signed the peace;
2. to weaken the government before peace talks reconvene in April;

3. to stop the flow of SPLA military and civilians to the government side.

By now, 8,400 of Garang's rebel forces in the south have gone over to the government, 4,000 of them in the area of Wau. Garang knows that if this process, which began on Dec. 22, continues, he will be isolated, and has mounted the attack to try to reverse it. Garang has apparently infiltrated some of his people into the ranks of rebel fighters who have surrendered, in an attempt to subvert them. The government will, as a result, change the rules of dealing with the defectors, no longer leaving them in control of their arms.

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## *Zepp-LaRouche tapped as lead BüSo candidate*

Germany's Civil Rights Movement Solidarity Party (the Bürgerrechtsbewegung Solidarität, or BüSo) elected Helga Zepp-LaRouche to be its candidate for Chancellor in the September elections, at its Jan. 31 party congress. Altogether, 14 people were elected to the slate, a cross-section of Germany's voters, including a student, a machine-tool engineer, a businesswoman, a farmer, a teacher, a soldier, and others.

Mrs. LaRouche gave a strategic briefing, first demonstrating how the Asian blow-out is a manifestation of the global financial crisis. She stressed that all the European elites and governments know what the LaRouche movement knows about the severity of the crisis, but only we tell the truth. She said that people close to Chancellor Helmut Kohl will talk about a crisis of civilization, but only privately. We can not solve this crisis with tricks, she continued; therefore, we have to tell the truth and activate the 1% of the population who want to think and change the world for the better. Because we tell the truth, the authority of the international LaRouche movement has dramatically increased in the last month.

After outlining two aspects of the solution—the Eurasian Land-Bridge development project, and the principles underlying a New Bretton Woods system, she concluded that the reason for the collapse of civilization

is not wrong economic policy, but the paradigm shift of 30 years ago, which produced the Baby-Boomer ideology, or the '68ers, as they are known in Europe. In Germany, unlike China, she said, we still have Maoism, with such "politically correct" movements as environmentalism and consensus politics. This is what we have to overcome, if we are going to save civilization.

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## *Fifteen nations sign on to Int'l Space Station*

U.S. Undersecretary of State Strobe Talbott and representatives from Russia, Japan, Canada, and the 11 European nations participating in the world's largest civilian science and engineering project, signed the 1998 Intergovernmental Agreement on Space Station Cooperation in a ceremony at the State Department on Jan. 29. The agreement covers the development, operation, and utilization of the station, which will begin assembly in orbit in June. The major modification to the previous agreement from 1993, is the addition of the Russians as a full partner.

Talbott singularly praised Russian Space Agency head Yuri Koptev (who has been attacked by anti-Clinton neo-con forces, who allege that he was involved in giving missile technology to Iran), stating that he has made "many contributions to a new era of international cooperation."

Speaking later at the National Press Club, Koptev countered the attacks against him, telling one reporter, "The first of your questions reminds me of a meeting of the Anti-American Activities Commission in the past"—a reference to the McCarthyite House Un-American Activities Committee.

Koptev continued, "Sometimes the idea of putting pressure on Iran takes the form of the idea of terminating all contacts with Iran. Russia cannot agree with it, in any way. This country is our neighbor. It has strategic influence in some countries, which are in turn of vital importance to Russia . . . and I mean Afghanistan, Tajikistan, and other countries in the area. We are interested in the joint program of exploiting the resources of the Caspian Sea."

**A NEW DELHI COURT** convicted 26 people on Jan. 26 in the murder of former Prime Minister Rajiv Gandhi in 1991 in Tamil Nadu. Ironically, the New Delhi correspondent for Britain's Reuters news agency sought a reaction from the Liberation Tigers of Tamil Eelam terrorists by phoning their headquarters—in London.

**THE TRILATERAL** Commission will hold a meeting in Berlin on March 20-23. The agenda is to include sessions on a "united Germany," and "meeting the leadership challenges of the 21st century." Henry Kissinger is to chair a discussion on "Europe's international role," and "comments" have been solicited from George Soros.

**A UNHCR** official was reportedly abducted by gunmen in Vladikavkaz, in the Russian region of North Ossetia overnight on Jan. 29-30. President-elect Aleksandr Dzasokhov was to be sworn in on Jan. 30. High-level delegations from Moscow and neighboring Georgia were expected to attend the ceremony.

**VERONA PROSECUTOR** Pappalia has officially requested indictments against Umberto Bossi, head of the separatist Lega Nord, and 40 other leaders of the Lega Nord-Lega Veneta, for an "offense against the unity of the State." The Lega has asked Britain's Amnesty International to intervene in their defense.

**SOUTH KOREA'S** largest union group has pulled out of talks with government leaders, in protest that the IMF is going ahead with mass layoffs without taking any "safety net" measures as promised in January. On Feb. 2, a special session of the National Assembly opened to discuss new IMF-run laws allowing layoffs in the financial sector, as a prelude to general layoffs. This is the same legislation which led 1 million workers to protest in the streets of Seoul a year ago.

## 'Do it, George . . . er, Bill!'

by Lyndon H. LaRouche, Jr.

February 4, 1998

Of course, a senior British diplomat said to *EIR*, on February 4, it is "we British" who have been prodding the Americans to take action against Saddam Hussein. "We have to encourage the Americans to have more backbone." He reported that an American colleague had asked him recently, "why the British always go along with what the U.S. is doing." He had replied to that naive American: "That is the wrong question; the question is: Why does it take the British so long to prod the United States to act?"

That source continued: "The British are encouraging the U.S. to have more backbone. We are not lackeys of the U.S. We believe the Americans aren't tough enough, when it comes to these matters. We are harder than the Americans." Asked if he thought Tony Blair would be doing, now, what Margaret Thatcher did in 1990-1991, when she "stiffened up" George Bush, to attack Iraq, he said, "I think that parallel is correct." He explained, that the British prodding was being done through "normal channels, you don't have to look for underhanded or conspiratorial mechanisms."

He described the British-American relationship in the planned new attack on Iraq as follows. "It does not surprise me, that Blair would be going over to Washington, to toughen up Clinton." Asked if this was, yet again, the old British view, that the British are "the Greeks," to the Americans being "the Romans," he laughed, and said, "Yes, I think so. . . . I can tell you, that it was confirmed to me, at a much lower level than Kissinger, that the British Ambassador in Washington now knows more about the proceedings of the National Security Council, and the discussions among deputy NSC directors, than do those actually involved in the discussions."

British Prime Minister Tony Blair, en route to Washington, summed it up in comments to the press. Scarcely concealing his irritation at the suggestion the U.K. were merely "sup-

porting" an American policy, Blair snapped, "This isn't Britain linking itself with U.S. policy. This is British policy. We want Saddam Hussein dealt with."

Another leading British source stated the following. "I can't see anything more disastrous for American policy in the Middle East than this attack on Iraq," was the cold-blooded comment of Chatham House (Royal Institute for International Affairs, RIIA) Middle East hand George Joffe. "It would immediately complicate relations with Arab governments. It would lead to further charges of U.S. double standards in the way it deals with Israel. It would mean the Israel-Palestinian peace process would be virtually dead. In all respects, the expected results couldn't really be worse."

In short, taking all factors into consideration, if President Clinton were to continue to be duped by Britain's Prime Minister Tony Blair, into launching such an attack upon Iraq, as he seems presently determined to do, the global chain-reaction would soon create the conditions under which a new, successful impeachment drive could be launched against a globally self-isolated Clinton himself. Worse, the economic and political chain-reaction effects of the U.S.A.'s efforts to prod continental European and other nations to tolerate such an attack, would mean that the U.S. would soon be despised and isolated in current international factional line-ups. That global chain-reaction would create the climate of isolation around the President, which would destroy the political sympathy the President has gained from his own and Hillary Clinton's clear response to Prosecutor Starr's efforts to orchestrate a "Lewinsky Affair."

For that case, the logic of impeachment works as follows.

The strategic center of today's world has been shifted away from the Atlantic crossing, to Eurasia, especially East and South Asia. The present explosion of Weimar-style hyperinflation which Michel Camdessus' IMF and the Japan government are unleashing within East and Southeast Asia, and the failure of the U.S.A. to oppose and denounce this



*George Bush and Margaret Thatcher during the buildup to Operation Desert Storm, August 1990. A senior British diplomat told EIR, when asked if he thought that Tony Blair would be doing, now, what Thatcher did in 1990-91, when she “stiffened up” George Bush, to attack Iraq, said, “I think that parallel is correct.” If President Clinton falls for this trap, a new, successful impeachment drive could be launched against a globally self-isolated Clinton, writes LaRouche.*

openly, is, justly or not, already creating waves of deep resentment throughout East and South Asia, resentment which could soon turn to hatred.

The nations which would react directly against the U.S.A. in the case of such an attack upon helpless Iraq, are not only virtually all nations of the Arab world, but also Asia’s Islamic population generally. The latter means Pakistan, an India which has the largest Islamic population of any nation of the world, and Bangladesh, Malaysia, Indonesia. This would be a serious diplomatic break with Russia at the time Russia is headed into the worst crisis since the 1993 attack on Moscow’s White House. It would be a serious blow to U.S.-China relations. Japan’s current government is already, presently, totally in London’s pocket, against the U.S.A.

Western Europe is dependent economically on its relations with the nations of the Asia markets. Already, the leading financier circles of continental Europe are allied in a “Maastricht”-keyed preparation for financial warfare against the U.S.A. Under the chain-reaction effects of a U.S. complicity in savage new attacks against a defenseless Iraq, the present European resistance to London-led anti-Americanism would wilt.

Chatham House’s George Joffe described relevant highlights of this scenario in the following terms.

Joffe portrayed the coming attack on defenseless Iraq as inevitable, barring some “terrible mishap, like Saddam conceding.” He said: “Clinton will do it, he *wants* to do it. He

thinks this will improve his domestic situation; he’s being goaded on by the media.”

Joffe disagreed with *EIR*’s assessment of the political blow-back against Clinton inside the U.S.A.: “I find your view that this would lead to his impeachment to be very interesting, but I think it is working the opposite way.”

Nonetheless, he volunteered a view which tends to support *EIR*’s estimate of the impeachment risk. “The coming attack, as the Americans have made clear, will be very heavy, indeed,” he went on. “It will involve new generation weapons, smart-smart weapons, to minimize collateral damage. There will be 3-4 days of intensive bombing.”

Additionally, in his analysis, Joffe purveyed the usual, cynical British double game. He insisted that Blair was simply supporting a policy made in Washington, and that Britain would stand to lose, by a backlash against its interests in the Middle East and broader Islamic world, for “going along with” the United States. However, later in the discussion, he acknowledged that the British would be the first to rush in and try to capitalize on and exploit the damage done to U.S. interests. “The French will be right next to us, and the Germans right behind.”

It must be remembered, that President Clinton’s personal strength in office, is his commitment to foreign policy. His domestic policy has been essentially a rear-guard operation; although he still has some knowledgeable advisors in the field of economic policy left over from his first administration,

Clinton himself has a very poor comprehension of both economics, and of the way in which economic policy's effects impact the population generally. It was the subject of foreign policy, which was his strong point of interest as a student; it is in the domain of foreign policy, that, until now, a significant part of the U.S. "establishment" finds the President's role a crucial one, and his continued incumbency worth defending. If the President destroys his credibility in foreign policy, as this proposed Iraq adventure would do over the months ahead, what happens to most of his present "establishment" allies, those influentials who have tipped the balance in defending him against both *Wall Street Journal* Republicans and *Washington Post* Democrats?

If Clinton goes, a potentially vulnerable Vice-President Al Gore, already targetted by Katharine Graham's *Washington Post*, is more vulnerable than was Dick Nixon's (recently deceased) running mate, Spiro Agnew, under somewhat analogous, post-August 1971 conditions. What happens to the poor United States, then? What happens to this poor, crisis-racked world, without the indispensable role which only a politically viable U.S. sitting President could supply?

Presently, the preponderance of evidence is, that just as President Richard Nixon was duped into committing his August 15-16, 1971 act of ritual political suicide, Clinton will be duped into bombing Iraq once again. It appears likely, at this moment, that Clinton will receive Britain's new "Ramsay MacDonald," Tony Blair, as that dumb, snarling knuckle-dragger, George Bush, received Britain's murderous Prime Minister Margaret Thatcher.

This present *EIR* strategic study of the issue is, in part, our last-ditch effort to bring official Washington to its senses on this specific issue, and to save the Clinton Presidency thereby. It is also a summary of four special factors contributing to London's apparent success in foisting this wild-eyed scheme for bombing Iraq upon the President: 1) As was also the case in the British-created 1990-1991 Gulf War scenario, the present threat by London's puppet, Prime Minister Netanyahu's Israeli right-wing lunatics, to launch a "nuclear Armageddon" scenario, to bomb Iraq (and, Iran and possibly Sudan), under the cover of Israel's "nuclear umbrella," if the U.S.A. does not do it first. 2) The way in which such a savage action would turn the Islamic world against Clinton's U.S.A. 3) How virtually all of Eurasia would be quickly turned against the U.S.A., as George Joffe sensed might be the case. 4) How the "triangulation" hoax, foisted upon President Clinton during the May-August 1996 interval, works to make the President susceptible to manipulation by his enemies on certain points, including, but not limited to the Iraq policy announced during the "State of the Union" address.

This feature is also the first step to lay the basis for fallback options to be put into place, should the President go ahead with perpetrating such a folly as the proposed, London-created new warfare against the helpless nation and people of starved Iraq.

# War policy vs. Iraq has a British author

by Muriel Mirak-Weissbach

There can be no doubt that the authorship of the policy for war against Iraq, is British. From the onset of the current crisis, it has been the British press which has conducted the propaganda campaign to justify military action, the British government which has led the drive inside the United Nations Security Council for resolutions against Iraq, and British assets in the infamous United Nations Special Commission (Unscm), who have created provocations aimed at eliciting hostile reactions from Baghdad.

British Prime Minister Tony Blair, en route to Washington, summed it up in comments to the press. Scarcely concealing his irritation at the suggestion the U.K. were merely "supporting" an American policy, Blair snapped, "This isn't Britain linking itself with U.S. policy. This is British policy. We want Saddam Hussein dealt with."

## The autumn offensive

The current countdown to war began in October 1997, when the British presented a resolution in the Security Council, threatening further sanctions in the event that Iraq were found guilty of "repeated violations" of the UN resolutions. The pretext for the resolution, was the allegation by Britain that Iraq was violating existing UN resolutions, regarding weapons of mass destruction.

At the Oct. 24 vote, Russia, China, France, Egypt, and Kenya broke ranks, and refrained from supporting the move. Although Resolution 1134 passed, with 10 out of 15 votes, the split in the body was significant. The resolution called for preventing "all Iraqi officials and members of the armed forces" from moving outside their country, and arrogated to the august body of the Security Council, the right to decide who the persons were. This clause was what the Russians objected to most vehemently, leading them to threaten to use their veto power. In response, Britain and the United States refrained from pressing for immediate sanctions, postponing their implementation until April 12, 1998.

The British Ambassador to the UN, John Weston, was furious that three of the permanent members of the Security Council had betrayed the British. He abandoned the hall when the French delegate rose to speak, saying, "For certain countries, oil seems to be more valuable than blood."

Once the resolution had passed, it provoked the desired reaction from Baghdad, and Saddam Hussein, spying an opportunity to drive a wedge between the two camps in the UN,



*Secretary of Defense William Cohen (left) and British Foreign Secretary Robin Cook. The British are making no secret of the fact that military action against Iraq is their policy.*

announced on Oct. 29 that Iraq would no longer cooperate with the Americans in the UN inspection teams, which are commissioned with monitoring Iraq's compliance. Saddam threatened to expel all American members of the UN inspection teams in the country. At that point, on Oct. 30, the positions shifted again inside the UN; both France and Russia urged Iraq to comply, to avoid a military intervention, which the British had promptly proposed. The London *Times* of Nov. 3 said that Iraq was "facing the possibility of further airstrikes or Tomahawk cruise missile attacks against it [unless it] backs down" on its threat to expel all U.S. inspectors by Nov. 5. The paper claimed that the UN inspectors "were close to finding stocks of VX liquid nerve agent—ten times more dangerous than the nerve gas sarin—when Saddam announced the expulsions."

It was only due to the determined diplomatic efforts of the Russians, that the crisis was overcome, and military confrontation avoided. The inspectors were allowed back into Iraq on Nov. 20, but Saddam Hussein maintained his position, that certain sites, like the Presidential palaces, were beyond the Unscm mandate, on grounds of national sovereignty.

## **Desert Storm II**

In January, the same scenario was unrolled again, again with the British taking the lead.

On the anniversary of the outbreak of the 1991 war, Jan. 17, the Iraqi leadership called for action to be taken, finally to define an end to the genocidal sanctions which have been imposed on the country since 1990. On Jan. 21, Richard Butler,

head of Unscm, demonstratively left Baghdad, allegedly in protest against constraints imposed on Unscm by the Baghdad leadership. The British press immediately went into a mobilization, cranking out stories on Iraq's supposed weapons arsenals, and propagating the line, that nothing but military action would succeed. On Jan. 30, Michael Binyon authored a piece in the *Times* of London, the mouthpiece of the British foreign policy establishment, in which he reported that "Britain has stepped up intensive consultations to prevent a new war with Iraq, but gave a warning yesterday that the options were narrowing." He reported that British Foreign Secretary Robin Cook was to meet U.S. Secretary of State Madeleine Albright in London the following day, "to coordinate the allied response to President Saddam Hussein's refusal to allow United Nations inspectors access to 'sensitive' sites."

Cook had spoken on Jan. 29 with French Foreign Minister Hubert Vedrine, and on Jan. 27 with Russian Foreign Minister Yevgeni Primakov, both of whom expressed disquiet over the British moves toward military action. Nonetheless, the British Foreign Office said on Jan. 29 that "we want to achieve a peaceful situation," but "the options are narrowing." According to the same account, Cook and Albright were "anxious to give a display of public unity on Iraq," and would discuss "how a firm line can be maintained in the UN and among the West's former Gulf War allies." Because of lack of unity around the threatened showdown, even among the Security Council member-states, the United States, according to the *Times*, had threatened to "go it alone."

Britain also increased its military presence in the region.

As the *Times* said, the dispatch of *HMS Invincible* to the Persian Gulf, was “intended to send a message to Baghdad of Britain’s determination.” Earlier, another British aircraft carrier, the *Illustrious*, left for the eastern Mediterranean, and was to be joined by Royal Air Force ground attack Harriers, from Germany.

Foreign Secretary Cook added fuel to the fire, when he told Parliament that “we have not, nor will we, rule out force.” As the *Times* reported on Jan. 31, Cook had the following to say: “Without effective UN monitoring, Iraq could produce enough anthrax every week to fill two missile warheads and could, within weeks, be producing a large volume of nerve gas.”

Even following the extraordinary intervention by Russian President Boris Yeltsin on Feb. 4, who warned, correctly, that the course President Bill Clinton had charted toward a military intervention, could lead to World War III, Tony Blair asserted the primacy of Britain in policymaking. In banner headlines, the *Daily Telegraph* proclaimed, “Blair Rejects Yeltsin Warning.”

Blair, according to the account, said, “Painful experience has taught the members of the Gulf War alliance that the only way to deal with Saddam Hussein is to stand absolutely firm. That we will do.” Blair talked with Yeltsin on the telephone, and told him, according to the *Daily Telegraph*, “that the greater threat to world peace would be to allow Saddam to continue to build up weapons of mass destruction in defiance of UN resolutions.”

To buoy their claims that Iraq is the “greater threat,” the Blair government issued a dossier the same day, which purported to document the chemical weapons allegedly in Iraq’s arsenal. In a lengthy report on “Iraq’s Hidden Arsenal,” the London *Guardian* of Feb. 5 spelled out the “concerns” of Unscm. The Foreign Office paper, which was personally sent by Foreign Secretary Cook to every member of Parliament prior to his trip to the region, was correctly identified by the London *Financial Times* as a “publicity campaign” which was “a clear bid to get public backing for any British military action with the U.S.”

The dossier claimed that Iraq could still have Scud missiles equipped with chemical and biological warheads. In addition, “17 tons of growth media for biological weapons are unaccounted for—enough to produce at least three times the quantity of anthrax Iraq belatedly admitted to having, some of which was already loaded into missile warheads (100 kg of anthrax could annihilate 3 million people if efficiently dispersed).” And, the report continued, “More than 600 tons of chemical precursors, sufficient to make 200 tons of the persistent VX nerve agent, are also unaccounted for.” Finally, the report said that Unscm reckons that Iraq could build a nuclear weapon in five years, a long-range missile in a year, and biological and chemical weapons in “just weeks.” The dossier, according to the *Daily Telegraph*, said Iraq could produce enough VX nerve gas “to wipe out the world’s population.”

## **Richard Butler, agent provocateur**

While the British press was preparing public opinion for war, Richard Butler was escalating his provocations, in an attempt to exacerbate tensions in Baghdad, and sabotage any diplomatic efforts to prevent war. Butler is an Australian, who has functioned as an *agent provocateur* since he was appointed chairman of Unscm, on May 1, 1997, and took office, on July 1. Butler, who has been Australia’s Permanent Representative to the UN since 1992, has a long career, as a diplomat in Bonn and Singapore, then ambassador to Thailand and Cambodia, and, as the representative to the UN in Geneva on disarmament issues, Butler has performed in the Iraqi theater like a bull in a china shop. As Dr. Musa Keilani, editor of the Jordanian weekly *Al Urdun*, summarized the case in a commentary for the *Jordan Times*, Butler was initially greeted as a welcome change, when he replaced the arrogant Swedish diplomat Rolf Ekeus last July. At the time, Keilani writes, there was optimism that the new official would “open a new chapter with Iraq,” as he had pledged to do. Instead, Butler has exacerbated tensions to the extreme.

First, Butler went on TV and “publicly referred to the massing of American forces in the Gulf.” Keilani writes, “There could not have been any mistaking the undertone of what Butler said then. It was as if he was willing the U.S. to launch military strikes against Iraq to shore up Unscm’s status and prove that the special commission that he heads was not a paper tiger.” Since then, Butler has maintained this provocative tone, and “it was only natural that the Iraqi press would hit him back and call him names, leading us all along in a vicious circle of accusations and counter-accusations.”

Keilani states, however, that no one expected this “veteran with decades of diplomacy . . . to make it a personal vendetta and shoot off assertions like Iraq has ready missile heads loaded with biological weapons.” He adds, “Nor is it acceptable that he would use the media as a forum to propagate his assertion.” Keilani asks, “If indeed the assertion was true, then why did he not report the matter to the UN Security Council . . . and what . . . was his place to declare that Iraq posed a direct threat to Israel?” Butler, instead of reporting to the UN, went to the *New York Times* “to announce not only that Iraq had biological weapons ready for delivery but also that the missiles could ‘blow away Tel Aviv.’” To top it off, Butler “told American Jewish leaders that 45 Iraqi warheads were unaccounted for, in another gesture that perhaps indicates malice.”

The obvious question to be asked, Keilani writes, is: “What is Butler trying to do? Start another war by provoking simultaneous American and Israeli military strikes against Iraq?” The obvious answer is: Precisely. Butler was put into the position he holds, and seconded by the British Foreign Office, in order to set up a confrontation situation, in which the British could motivate the United States to go for military strikes against Iraq.



# Netanyahu's nuclear blackmail of the U.S.

by Joseph Brewda

The British monarchy is currently orchestrating a threatened Israeli nuclear showdown with Iraq. Its purpose is to blackmail President Bill Clinton into taking preemptive military action against Iraq, to block an "out of control" Israel from acting on its own. The British fear is that without this additional threat, a wavering Clinton might yet break free of their plan to lure him into a U.S.-Iraq war. But regardless of what Clinton does, they may launch an Israeli-Iraqi showdown, and possible military conflict.

British orchestration of the Israeli Armageddon scenario emerged on Jan. 27, when Australian diplomat Richard Butler, the head of the United Nations Special Commission, told the *New York Times*, completely out of the blue, that the Iraqis had enough anthrax and botulin toxin "to blow away Tel Aviv." He added that the missiles Iraq could use for that purpose "were very crude, but they work." Butler's earlier complaints, that Iraq has blocked his UN inspection teams from examining Saddam Hussein's palaces, provided the pretext for setting up the current crisis.

Iraqi Foreign Minister Saeed al Sahaf denounced Butler's *New York Times* claim the next day, saying it was meant to give the United States a pretext to attack. "We were shocked by the outrageous statements by Mr. Butler," he said, which "emphasized that Mr. Butler is not neutral." Information Minister Human Abdul Ghafar reported, "Iraq will not use weapons of mass destruction, for the simple reason that Iraq does not possess any of these weapons," adding that even when Iraq had chemical weapons, in the 1991 Gulf War, it never used them.

Since Butler's statement, the London *Times*, mouthpiece of the British foreign policy establishment, and the British-owned Hollinger Corp.'s *Jerusalem Post*, have been orchestrating an international press campaign to the effect that an "out of control" Israel might strike Iraq, including with nuclear weapons.

That Britain would push such an Israeli nuclear chicken game, was foreseen by American statesman and Presidential candidate Lyndon LaRouche, who warned of it last fall.

On Nov. 12, 1997, LaRouche warned in an interview with the "EIR Talks" radio program, that "Under British direction, the present virtual dictator of Israel, Benjamin Netanyahu, will launch a *nuclear Armageddon scenario* for the Middle East, which will resemble the 1962 Missile Crisis of the Soviet Union and the United States."

LaRouche specified, in an intelligence memorandum that day, that the purpose of the British scenario, was not a "limited-goal action within the immediate theatre in which the primary action is situated." The goal was its global effect, "a wildly, multiphase ricocheting effect," to ruin the potential of the United States, in partnership with China, in taking the lead in forcing through the bankruptcy reorganization of the collapsing monetary system, and replacing it with new one, based on an agreement among nation-states, to ensure economic recovery. The "source of the threat" LaRouche emphasized, "is thus not Britain's Israeli puppets, but the British monarchy itself."

## Butler's hoax

The London *Times* escalated Butler's scare campaign on Jan. 29, two days following his *New York Times* statement, when it reported, without any evidence, that the U.S. Central Intelligence Agency had warned Israel of the accuracy of Butler's assessment. The paper further reported that Israel was prepared to launch a nuclear attack against Iraq in response.

"With tension mounting in the Gulf, the CIA has given a warning that Iraq is likely to fire Scud missiles armed with non-conventional warheads at Israel, if attacked by the Americans," the paper said, in a lead article entitled "Israel 'Threatens Nuclear Reply' to Iraq Germ Attack."

"Benjamin Netanyahu, the Israeli Prime Minister, called an emergency meeting of his inner security Cabinet to discuss potential responses to the Iraqi crisis," it added, saying that following the meeting "Israeli officials issued a tough warning to Baghdad, implying that President Saddam Hussein could expect a nuclear response to any chemical or biological attack."

"Surely Iraq must know that it will not pay to attack Israel, and that Israel has all the means necessary to make such an attack very, very dangerous for Iraq—much more dangerous for Iraq than it is for Israel," the paper quoted Netanyahu's communications director David Bar-Illan (also the former editor of the *Jerusalem Post*).

The *Times* then added the following lallaploozza: "Western security sources said that the likely response to any chemical or biological attack on an Israeli target, would be the dropping of an Israeli neutron bomb on Baghdad. Such weapons, which exist in Israel, but have never been publicly acknowledged, kill anything living within a limited range, with limited damage to property."

Unfortunately for the British establishment, however, not everyone in Israel agrees with such scenarios. Among these are Defense Minister Yitzhak Mordechai, who, when asked by the *Jerusalem Post* on Feb. 2 about the *Times* report, stated, "These reports are stupid. I don't know where they are coming from." Israeli Defense Force Chief of Staff Gen. Amnon Shakh, a reported critic of Netanyahu's war provocation policies, told the Knesset (parliament) on Feb. 3, that "the proba-



*Israeli Prime Minister Benjamin Netanyahu and President Bill Clinton, in 1996. Netanyahu is refusing Clinton's demand that Israel comply with the Oslo Accords, and, during a January 1998 visit to Washington, he participated in an anti-Clinton rally with Bush-linked evangelists.*

bility that Saddam Hussein will try to involve Israel in the dispute is, in our estimation, very, very low.”

The British press has uniquely claimed that the Clinton administration has given Israel the go-ahead to carry out such counterstrikes. According to the Feb. 2 London *Times*, U.S. Secretary of State Madeleine Albright has informed the British government that “the United States will permit Israel to defend itself in the event of an attack on Iraq,” which it said, “raises the possibility of a wider war.”

That same day, Uri Dan, longtime mouthpiece for Israeli cabinet strongman Gen. Ariel Sharon, wrote in Australian publisher Rupert Murdoch's *New York Post*, that Clinton has signed a Presidential directive “allowing the United States to drop atomic bombs on Iraqi weapons sites, if Hussein launches a major biological attack on Israel.” The State Department has denied the accuracy of the report.

### **Earlier chicken games**

British efforts to provoke an Israeli nuclear chicken game, in response to the global financial breakdown crisis, emerged last fall, just as LaRouche had warned, when Britain began pushing an Israeli showdown with Iraq, Iran, and Sudan, at the same time as it was trying to manipulate the United States into attacking the same targets.

The trigger for such a crisis at that time, LaRouche stated, was to have been bloody terrorist actions against Israel, by British-controlled, nominally “Islamic” terrorist gangs, with the purpose of mobilizing Netanyahu's two prime constituencies on behalf of war: his lunatic clique within Israel, and the British-Israelite, evangelical cults based in the British Com-

monwealth and the United States, typified by televangelists Pat Robertson and Jerry Falwell.

Since then, *EIR* has led an international campaign exposing British control over international terrorism. The related efforts of Egyptian President Hosni Mubarak, and other leaders of the Islamic world, to expose this fact, taken after the London-headquartered Islamic Group's massacre in Luxor, Egypt, on Nov. 17, have made it more difficult for Britain to use terrorist gangs for such purposes.

One of the first to push the nuclear conflict scenario, was British intelligence official Kenneth de Courcy, and his son Joseph, publicists of *Intelligence Digest*, a mouthpiece of the British-Israelite cult, which reported in its November 1997 issue that Netanyahu was considering preemptive nuclear attacks on Iran, over its alleged acquisition of a nuclear missile capability. It also said that a strike on Syria, allegedly already possessing chemical and biological warheads, was also being considered. A Nov. 16 dispatch in the London *Sunday Times*, claiming that Iraq was secretly making “poisonous gas” in Sudan, for the benefit of both countries, added that nation to the Israeli hit list.

A bellicose article in the Nov. 7 issue of the Israeli daily *Maariv* was another contribution to the nuclear Armageddon push at that time. “Sooner or later Iran will have missiles capable of reaching Israel, on which they will be able to load chemical, biological, or nuclear warheads,” Ben Caspit wrote. “There is also no doubt as to the essence of the response: It must be made clear to the Iranians that the moment they decide to make use of this weapon—the return strike will be severe and fatal. And here lies the dispute:

how to do so. Israel demands immediate action. The Americans are hesitant.”

Shortly following that threat, Netanyahu travelled to Britain, where he told the House of Commons on Nov. 14, that “if the supply of Russian technology is not stopped, then within a year, Iran will become self-sufficient and would be able to create missiles of its own.” *Jane’s Defense Weekly*, the British defense establishment outlet, lent its aid to the scenario when it wrote that Iran would be a nuclear power in four months.

Netanyahu’s trip to Washington later that week, where he was to have met Vice President Al Gore to talk to him on the Iranian nuclear threat, according to *Maariv*, was less well received. In an unprecedented snub, President Clinton refused to meet him, because of Netanyahu’s continuing efforts to rip up the Oslo peace accords negotiated by his murdered predecessor, Yitzhak Rabin.

Netanyahu returned to the United States on Jan. 19, where he staged an anti-Clinton, anti-Muslim hate rally with Jerry Falwell, Pat Robertson, and other Bush-linked evangelicals, who yearn for a Mideast Armageddon to bring on the “Rapture.” During his meeting with Clinton, Netanyahu adamantly refused the President’s demand that Israel comply with the Oslo Accords. The trip had been called the “last chance” for the peace process, by both the Egyptian government and the Palestinian Authority. Netanyahu’s defiance provoked newspapers in almost every Muslim country to write that Clinton had completely capitulated to Israel, enhancing the ability of Britain to set up the United States for the blame for any Israeli atrocity.

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## Documentation

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## Responses from the Mideast

### Egypt

**President Hosni Mubarak:** “Time Not Right,” Egyptian Radio Network, Jan. 31. “President Hosni Mubarak has called on the international community to make further diplomatic efforts to resolve the Iraqi crisis. In a statement to Jalal Duwaydar, chief editor of *Al Akhbar* newspaper, he said the time is not right for any military operations, and the use of force would increase tension in the region. President Mubarak said it is important to make greater efforts to find alternatives that lead to respecting the UN Security Council resolutions.

“On Richard Butler’s statements that Iraq possesses weapons capable of destroying Tel Aviv, President Mubarak said that Butler was not successful in that regrettable state-

ment, which suggests, that what is being done, seeks not to implement the UN resolutions, but to serve Israel alone, irrespective of the negative impact on world security and stability, and on the interests of the states of the region.”

**Jumhuriyah**, the government paper, on Feb. 1, said that hitting Iraq would cover up for Clinton’s scandals. “U.S. Secretary of State Madeleine Albright’s recent statement, that the United States is running out of patience with the crisis between Baghdad and the UN inspection teams tasked with destroying Iraq’s weapons of mass destruction, confirms our expectations. We speculated that President Bill Clinton would resort to the solutions that are always ready for facing his domestic crises, namely, military actions against Iraq, even if the United States acts alone, in order to create a hullabaloo that covers up his sex scandals. What really is noticeable is that the United States has apparently decided to coordinate this strike with Israel. The energetic Secretary even announced that Iraq has biological weapons, threatening Tel Aviv, without providing a single piece of evidence.

“We assert to the Americans, that hitting Iraq this time, will have grave consequences for all the Middle East, including U.S. interests themselves. No one agrees to the humiliation of the Iraqi people still further. We also assert that the ‘hullabaloo’ that will be created by such an aggression, will not cover up the President’s nauseating scandals.”

### Jordan

**Crown Prince Hassan** fears civil wars would result from an attack on Iraq, according to statements reported by MBC TV, from London, on Feb. 1. “Once again we are talking about destabilization in the region. Why? Is it about Richard Butler’s inspection teams’ entry into the sensitive Iraqi installations? Does Iraqi pride rest on a principled stand that is securing a decent living for the Iraqi people in this manner? We are talking about escalating strikes, which means total devastation. For what reason? For preventing inspectors from visiting the palaces, of which there are scores it seems.

“The region cannot live through a continual crisis, nor can it shoulder the cost. Therefore, I believe that the coming strike will be more devastating than any one before it. On our part, we have contacted our friends around the world, in a bid to find a solution to the crisis, and to ward off a military strike on Iraq. I believe that the coming conflict will bring with it a widespread devastation, and maybe internal conflict, or civil wars. Therefore, we hope we will not witness this nightmare in the coming weeks or months.”

### Saudi Arabia

**Riyadh al Jazirah**, the government paper, on Feb. 1, said that diplomacy is the solution to the Iraq crisis. “It is now clear that the United States is exercising immense pressure on its Western allies and friends in the Arab states, to secure their support for its belief that the diplomatic efforts with the Iraqi regime to resolve the crisis of weapons inspectors did

not produce any result, and that a military option is now necessary, to force this regime to implement the UN resolutions, and allow arms inspectors to visit any site where they suspect weapons of [mass] destruction or material used to produce them may be concealed.

“A military strike will provide a pretext to the Iraqi regime, which has now exhausted all its energy and reached a low point of despair and hopelessness, to stop any relationship or cooperation with the UN commission charged with arms inspections. This may mean another complication to the crisis, which will make it difficult to find a solution in the near future, and which may prolong the sanctions that are harming the Iraqi people, and not the rulers.

“We also believe that intensifying political and diplomatic pressure against the Iraqi regime, and besieging the regime with such pressures, will force it to implement the UN resolutions as quickly as the world community wishes, to lift the sanctions that are imposed on the brotherly Iraqi people.”

### **Qatar**

*Doha AlRayah*, the government paper, on Feb. 1, said that the United States is opposed to a diplomatic solution. “The fact is that the United States did not give, and does not want to give, diplomacy a chance. By moving so rapidly toward the use of force, it leaves no chance or time for diplomacy to succeed. Madeleine Albright announced that the potential strike is going to be a major one. Britain said it will not evade its responsibility. And so, Washington and London agree on a military

strike that we believe will only bring further instability to the region and more power for the Iraqi regime. Nothing will change, but the suffering of the Iraqi people will increase, and more Iraqi children will die for nothing. The only advantage of an attack on Iraq would be to lessen the impact of the American President’s sexual scandal.”

### **Turkey**

**Deputy Prime Minister Bulent Ecevit** warned of “grave consequences” of a strike on Iraq, the newspaper *Hurriyet* reported on Jan. 31. He told the press on Jan. 30, “A new military operation against that country, before all diplomatic avenues are tried, and exhausted, may produce very grave consequences for the region, especially for Turkey.”

### **Palestine**

*Al Quds*, the newspaper of the Palestine Liberation Organization, in Jerusalem, on Feb. 2 condemned the United States for using a double standard. “The United States is continuing to exert efforts on all levels, to mobilize international support for inflicting a military blow on Iraq, under the slogan of implementing the resolutions of international legitimacy, despite the fact that diplomatic efforts are being exerted by Russia, and other quarters, to solve this crisis in a peaceful manner. The same United States is still renegeing on international resolutions pertaining to the Palestinian cause, and even on the Palestinian-Israeli agreements, which bear the signature of its representatives, in an attempt to create pretexts, and raise ‘ideas’ or ‘proposals,’ which are contradictory to what



*Egyptian Prime Minister Hosni Mubarak and President Bill Clinton. Mubarak warns that U.S. action against Iraq will have a disastrous effect on the entire region.*

has been agreed on, so that it can become closer to the hard-line Israeli government's position.

"What is happening now can only strengthen the conviction of any Arab that the United States is pursuing a double standard policy, by its flagrant bias toward Israel, and its attempts to conceal the real causes that endanger the peace process, while spreading all its weapons against the besieged Iraqi people. This means also that further blows will be inflicted on U.S. credibility, and its role in sponsoring the peace process."

## Iran

**The Iranian Defense Minister** warned of an oil grab, the Iranian Republic News Agency reported on Feb. 2. "Iranian Minister of Defense and Armed Forces Logistics Rear Admiral Ali Shamkhani said on Monday, that the current tranquility and security prevailing in the Persian Gulf, thanks to the cooperation and goodwill of the neighboring littoral states, are on the verge of collapse with the U.S. new armada deployment. Shamkhani called on the Islamic states, especially the regional states, to stand against the U.S. military provocations in the region. He appealed for cooperation among the Islamic states, to help resolve the crisis in the Persian Gulf, and prevent the U.S. from waging a new war. Shamkhani termed the U.S. claims to the leadership of the world, as illogical, and said the White House has attempted to escalate tension and war in the Persian Gulf, to find an easy access to the energy resources of the region."

## Syria

*Al Bath*, the ruling party newspaper, predicted more wars if Iraq is attacked, as reported by the Syrian News Agency on Feb. 1: "The newspaper *Al Bath* has urged the U.S. administration to resort to compromise solutions which (the world hopes) would restore rationality, and not to do anything reckless with regard to Iraq. The paper emphasizes that the use of force will expose Iraq and the region to new dangers, further complicate the problem, and leave the door wide open for bad options.

"The paper points out that Washington's enthusiasm for military action derives from numerous U.S. objectives and designs, the least among which is to take over the international decisionmaking process, and leave out the major role played by the United Nations. However, the paper adds, the international community's enthusiasm for diplomatic solutions prevents Washington's policy from being implemented. The position of the international community proceeds from several facts, chief of which is that the use of force will cause even greater suffering for the Iraqi people, under the embargo already imposed on them.

"The paper notes that Arab states have affirmed their total rejection of using force against Iraq. The use of force will be an unjustified hostile act, that will return the region to the cycle of violence and tension."

## Lebanon

**Foreign Minister Faris Buwayz** warned of repercussions of an attack on Iraq, Radio Monte Carlo reported on Feb. 3. "Although we urge Iraq to comply with the UN resolutions, we are surprised at the current muscle-flexing, that we do not witness when it comes to the implementation of other UN resolutions. We do not see similar muscle-flexing, when many other UN resolutions are not implemented. Nor do we see it, when Israel refuses to sign the nuclear Non-Proliferation Treaty. This makes us feel that UN Security Council Resolutions are selectively implemented, and are backed by military power only selectively, and according to the wishes of some parties. Hence, we do not think that a military strike will solve the problem. Indeed, we warn of the negative repercussions that such a military strike might have."

## Yemen

**Parliament Speaker Shaykh Abdallah al Ahmar** sees an anti-Islamic bias, *Al Sharq al Awsat* reported on Feb. 2. "Any strike against Iraq, or for that matter against any other Arab country, is a strike against all the Arabs, and any insult to Iraq is an insult to the entire Arab nation. The Americans' aim is clear. They will never be content until they obliterate the identity of the Arab and Islamic nation. This is because the United States considers the Muslims and the Arabs to be the enemy, now that Communism has ended."

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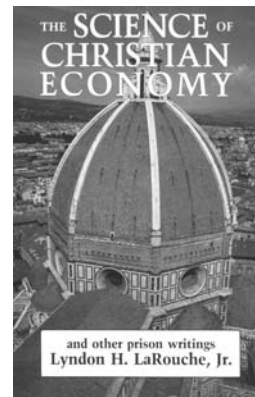
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# Clinton would rapidly lose nearly all Eurasia

by Lyndon H. LaRouche, Jr.

February 4, 1998

During the recent thirty-odd years, since the cultural and other relevant strategic shifts which have occurred since the 1962 Cuba Missiles Crisis, the self-imposed, post-1966 devolution of the physical economies of North America and Europe, has shifted the strategic center of gravity throughout this planet, from the Atlantic crossing, to the Eurasia land-mass, including its immediately associated Pacific-Indian Ocean archipelago.

Recently, up to this present moment of renewal of the London-manufactured, 1990-1991 Middle East crisis, a moment when western Europe has come near to destroying itself through puppet-master Britain's manipulation of the strings controlling the "Maastricht" dummy, the crucial strategic relationship in the world as a whole, has been the U.S. strategic relationship to Eurasia, a relationship whose viability hinges upon, foremost, the U.S.A.-China "summit," and, also, the maintenance of decent relations with the nations of the former Warsaw Pact and Soviet Union itself.

Now, however, the net effect of a massive accumulation of reports which *EIR* has obtained, through both public and *EIR*'s private channels, from high-ranking authorities in various regions of Eurasia, shows, that should President Clinton continue to act as a virtual pawn of Britain's Prime Minister Tony Blair in the matter of Britain's proposed bombing and break-up of Iraq, that Clinton will be quickly excluded from all further significant influence throughout the strategically decisive continent of Eurasia. Notable are the warnings to this effect from high-ranking circles which have been, heretofore, supportive of Clinton's efforts, and tolerant of his increased tendency for foreign-policy blundering, the latter, notably, since about the time of the assassination of Israel's Prime Minister Yitzhak Rabin.

Under those conditions in which previously sympathetic establishment circles in Eurasia—including western Europe, view Clinton's foreign-policy role as, predominantly, at least, an overall disaster,<sup>1</sup> the President's domestic political de-

1. This does not include the initiatives of the White House and Treasury Department in the field of financial and monetary reforms. Here, the Clinton administration's performance, while politically weak, has been a counterfoil to the hysteria-driven strategic incompetence of the U.S.A.'s traditional NATO and related allies, and also the government of Japan. However, should the Clinton administration lose strategic credibility on other crucial strategic

fenses against the fraudulent impeachment attacks of Prosecutor Starr et al., would quickly evaporate, marginally but decisively inside the U.S.A. itself. In that case, as noted elsewhere, Vice-President Al Gore would be successfully urged into early retirement by the vicious *Washington Post*, into what might be fairly described as the category of "prematurely elderly statesman." The thinking U.S. citizen can calculate, and rue the implications of such a development, accordingly.

Every leading indication gleaned from throughout Eurasia, leads to the conclusion, that exactly this would be the overwhelmingly probable, and early chain-reaction outcome of the President's decision to assume responsibility for Britain's demand that Iraq be bombed again, and destroyed by aid of a British SAS-coordinated "civil war," deployed more or less simultaneously against the Saddam Hussein government.

The thinking citizen should consider the leading parameters of the effects of the Iraq-bombing policy throughout Eurasia.

## Eurasia as a political galaxy

Like our Solar System, Eurasia is not, of course, simply homogeneous, but, as Johannes Kepler was first to recognize the relevant point, both are each governed by its own characteristic, single, subsuming principle of internal relations, internal relations which present each as functionally an indivisible unity in effect. In both cases, the principle exists, and efficiently so, whether we choose to recognize the principle or not. More precisely, it exists to be discovered. Beyond that principled point of similarity, the specific principles of each, are, respectively, quite different: as different as the conscious, willful role of cognitively driven consciousness, distinguishes social processes from all others.

With due respect to the relevant genius of Johannes Kepler, Gottfried Leibniz, and Leibniz's leading successor in such matters, Carl Gauss, consider the principal interacting cycles which oblige us to view the Eurasia strategic complex

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matters, even its presently indispensable role in the field of international financial and monetary reform will be critically damaged accordingly. Who could argue, that public, or official opinion today, internationally or within the U.S.A., is fair, or that the majority of citizens have shown any recent inclination for secreting political wisdom? Today's world and U.S.A. opinion, also in respect to matters under consideration here, is usually unjust, immoral, and even often insane.

as functionally subsumed by a unifying strategic principle. In other words, this principle is expressed for the purpose of attempted analysis, by the colligating permutations of interaction among the various distinct impulses, each considered as acting pairwise, if only in first approximation, and, more accurately, among all impulses taken as a functional totality.

Since the Netanyahu-wracked Middle East conflict is the relevant strategic hot-spot of the moment, let us begin there.

The British monarchy's intervention into the internal affairs of the Byzantine Empire's Ottoman dynasty, during the period of the Napoleonic wars, established Britain's process of takeover of Egypt and the founding of the first foothold for a future British puppet-state of Israel, as a perpetual factor of ever-new destabilizations within what became the oil-rich region of the Middle East. Later, in the course of Britain's post-1876 efforts to break U.S. influence on the Eurasia continent (leading into World War I), and the British monarchy's (personal) stealing of what became the British Petroleum subsidiary known as Kuwait, for the purpose of fueling Britain's conversion of its navy, from coal-fired, to oil-burning ships, the strategic factor of the politics of petroleum, came to supersede the earlier emphasis upon the strategic role of the dying Ottoman dynasty.<sup>2</sup>

Hence, we have the Arab world, of North Africa and the Middle East, which has become defined during the post-World War II period, as the perpetual strategic ulcer of the Arab-Israeli conflict. As a by-product of the same operation, we have the British operations deployed to create the endemic conflict between Arab and Black Africans, which the father of the Hollinger press's Ambrose Evans-Pritchard dedicated his life to creating in British-occupied southern Sudan.

The Arab world, with its associated Arab-Israeli conflict, and the related strategic issues of oil, is a special sub-set of the Islamic population of Asia as a whole. This is the Islamic world which British asset and Trilateral Commission flunky Samuel P. Huntington proposed to adopt as the leading strategic hate-object for the post-Soviet world.

India, together with Pakistan, Bangladesh, and Sri Lanka, constitutes a South Asia "island," cut off from most of the

rest of Eurasia by the high-mountain ranges sometimes called "the roof of the world." This part of Asia is chiefly a blend of ancient Dravidian and (Central Asia) Vedic cultures, both of which are at least as old, as civilized cultures, as China's culture. Southeast Asia, including today's Myanmar, Thailand, Laos, Vietnam, Malaysia, Indonesia, and, to a large degree, the Philippines, are reflections of the millennia-long interactions among Dravidian maritime culture, Vedic culture from Central Asia, and China culture, including large-scale migrations of populations from south China, such as the principal cultural-language stock of Laos, Thailand, and Cambodia. The northern archipelago, and Korea, are dominated by interactions with China, including the powerful influence of classical China culture upon the educated tradition of Japan. The entire region, including South, Southeast, and East Asia, is powerfully impacted by Buddhist cultural influences, with special emphasis upon the later influences radiated about a thousand years ago, from Sri Lanka.

From the North and West, the strongest impact upon Transcaucasus, Central, South, and East Asia comes from post-"Mongol" Russia, especially from the Sixteenth Century onward. The Venice-promoted Mongol depredations, into China, Central Asia, and Europe, represent a powerful disruption of earlier land-route connections between Europe and East and South Asia. On the latter account, although we can not overlook the deeper cultural implications of earlier connections, it is from the Sixteenth Century onward, that direct European influence upon South, Southeast, and East Asia developed significant implications for today.

The principal distinction to be apprehended, to account for the strategic dynamic characteristic of Eurasia as a whole, is the impact of Christianity upon shaping the conception of man, and relationship between man and nature, which supplied the source of special strength in the post-Fourteenth Century spread of western Europe's civilization as the most powerful form of culture, per-capita, on this planet, until the so-called "cultural paradigm-shift" introduced during the 1964-1972 interval.

Thus, the divisions within Christianity, first between Augustinian Christianity and the Byzantine imperial tradition, and, later, Venice's orchestrations of the division of western European Christianity between a collection of sundry Protestant sects and the Papacy, plus the implications of the rise of Islam, became the crucial features of the interaction between western Eurasia, and the southern and eastern regions.

There is one, most difficult difference between western Eurasian culture, on the one side, and eastern and southern Eurasian culture, on the other. That is, putting aside the recent centuries' influence of Christianity and Islam, with the conditional exceptions of the Confucian tradition in China culture, and one of the two principal branches of the Vedic tradition in South Asia, that the two regions are separated by an axiomatic difference in the conceptions of both the nature of man, and the nature of the relationship between man and nature. On this account, Gottfried Leibniz's ground-breaking study on

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2. Relevant is the case of London's use of its planted Saloniki freemasonic lodge to launch its "Young Turk" puppet into power in Istanbul, with the resulting deployment of land-grabbing Kurds in slaughter of the Armenians in eastern Anatolia, that was part of the Transcaucasus aspects of London's "Great Game." Notably, the Saloniki lodge's "Young Turk" operation featured the future Jewish fascist protégé of Benito Mussolini, Vladimir "Hitler" Jabotinsky, founder of the Likud, as the editor of the "Young Turks' " propaganda-organization. This Saloniki-based British intelligence operation, served also as the base of 1907-1916 operations of Jabotinsky crony, and British asset, Alexander ("Parvus") Helphand, who had been recruited into British intelligence (Fabian Society) circles, in London, during the mid-1890s. "Parvus," who made millions in the Saloniki-Odessa grain traffick, and as sales representative for British arms interests during the pre-1914 Balkan Wars, was planted by the British on war-time German intelligence, and used the British-controlled "Northern Route" from Copenhagen, via Sweden, into Finland and Russia, for the famous 1917 operations featuring Parvus's sub-agent Karl Radek.

axiomatically manifest ancient roots of the culture of China, is an already influential pioneer work on locating a Christian's point of reference within the Confucian tradition of China.<sup>3</sup>

Before turning to the other features of the dynamics between western and other parts of Asia, focus upon the most characteristic practical, strategic implications of this issue of the nature of man, and of the nature of man's relationship to nature.

## Two models of civilization

Let us summarize the relevant argument as elaborated more fully in earlier published locations.

The rise of the modern European form of post-Fifteenth-Century Renaissance civilization, is premised upon what first appeared as the Christian notion of the universal equality of all men and women, without permissible ethnic distinctions on this point. To bring this message of Jesus Christ to the world, Apostolic Christianity, as typified by the work of the Apostles John and Paul, relied upon the work of Classical Greece, the work of Plato most emphatically. Christianity located the notion that each man and woman is made equally in the image of God, in the function of Reason, as Plato defined *Reason*. This notion of Reason, and the notion of the sacrosanct quality of the individual personality which follows from the notion of Reason, is the central feature of all of the outstanding accomplishments of the modern European form of civilization.

*Reason*, in this usage, does not mean formal, deductive logic. It signifies those *Socratic* functions of cognition, by means of which the mind of the individual person may either effect an original, validatable discovery of universal principle, or, as in the role of a student, may replicate the original act of such discovery within the sovereign confines of his, or her own cognitive processes. This is a view of human nature unlike that found generally in the more familiar institutional forms of Asian society. This consideration is foremost among words of caution to be borne in mind, whenever a person of European cultural extraction begins to speak of Asian cultures.

The most relevant of the practical implications of these distinctions, for the purposes of strategic study today, is the effect of the Fifteenth-Century, first establishment of the modern European nation-state, upon Europe's emergence to global supremacy in terms of per capita productive powers of labor. This gain, represented a break with all earlier, known forms of society, including the so-called Asian model, as well as the intrinsically evil characteristics of not only the ancient Roman and Byzantine empires, but also all of the essential features of medieval European feudalism.

The principles were, chiefly: 1) that the sovereign form of nation-state must be the highest political authority on this planet; 2) that the highest social rank in society, is the citizen,

who is defined as made in the image of God, as Reason defines that quality of potential inborn; 3) that the state must exist, to defend these principles against all tyrannies and other usurpations; 4) that the state must ensure the development of the cognitive potentials of the individual, and ensure the opportunities for the fruitful expression of the individual's such developed potentialities; 5) that the state must foster scientific and technological progress in economy, and otherwise, including the maintenance and development of the territory of the state, in such a fashion as to permit individuals to pursue their proper economic and other functions in as fruitful a manner as may be reasonably required of the state.

There was a radiating impact of this political revolution, flowing from the A.D. 1439-1441 sessions of the Great Ecumenical Council of Florence and the fostering of the first modern nation-state, that of France's Louis XI, by the same circles who had played the crucial leading roles in organizing that Council. The result of these initiatives was the greatest rate of increase of per-capita productivity, and improvement of demographic characteristics of populations, wherever these principles were meaningfully expressed.

The highest form of development of modern society achieved to date, on these accounts, was the principled design, derived largely from the radiated influence of Leibniz, of the 1776 Declaration of Independence and 1787-1789 drafts of the Preamble and other central features of the Federal Constitution, of the U.S.A. The highest form of political-economy yet realized on this planet, was the Lincoln-Carey version of the American System of political-economy as developed during the interval 1861-1876. This was the model imitated by Japan, by post-1876 Bismarck's Germany, and by the Russia of Alexander II, D.I. Mendelyev, and Count Sergei Witte. In general, this is the best form of political-economy yet found in practice anywhere during the recent six centuries, or earlier.

The success of such forms of economy depends upon accepting the Christian notion of the individual person, in the same way U.S. President Abraham Lincoln expressed this in doctrine and thrust of his practice.

To the degree, that a society embraces such conceptions of the nature of both the human individual and of man's proper relation to nature, that society acquires a corresponding potential for economic and strategic superiority, per capita, over all known alternative forms. Thus, during the period of World War II (in particular), the characteristic aspiration of the people of India and other so-called developing regions of the world, was to secure the efficient access to a sovereign nation existence, and the efficient access of that nation to the technologies enjoyed by any other nation of this planet.

The last gasp of that policy, at the UNO, was Secretary-General U Thant's 1967 *Second Development Decade*. That policy died with the rise of the 1964-1972 youth-counterculture in North America and western Europe. The 1971-1972 first establishment of the "floating exchange-rate" monetary system, the London petroleum-marketing cartel's, Kissinger-orchestrated oil-price-shock of the mid-1970s, and the 1975

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3. Gottfried Wilhelm Leibniz, *Discourse on the Natural Theology of the Chinese*, Henry Rosemont, Jr., and Daniel J. Cook, trans. (University of Hawaii: Monographs of the Society for Asian and Comparative Philosophy, no. 4, 1977).



Rambouillet monetary conference, crushed the aspirations of developing nations as a newborn baby might be subjected to infanticide within the delivery-room. The August 1976, Colombo, Sri Lanka conference of the Non-Aligned Nations group, was the last gasp of any significant agreement among even developing nations for true sovereignty. By the time of the Fall UNO General Assembly meeting, only Foreign Minister Fred Wills of Guyana, was still defending publicly the resolution adopted overwhelmingly at the August, Colombo conference.

These factors, as they intersect economy as such, are the foremost determinants of what we recognize as strategic relations, and correlations of forces, in recent centuries to date.

The assisted economic, “post-industrial” suicide of the U.S. economy and Europe’s, during the recent thirty years, has created the circumstances of the actual form of a qualitative shift in the strategic correlation of forces in the world today, in contrast to the correlation existing as recently as the 1970s, or even early 1980s.

Led by the post-“Gang of Four” change in economic and related policies of the People’s Republic of China, there has emerged a powerfully expressed, long-term commitment to increase the rate of development of the productive powers of labor, reaching toward the elevation of both the population and land-area, each as a whole. Even a relatively tiny net growth in per-capita productivity, in the region where most of the world’s population, and population-growth, is concentrated, becomes, under present circumstances, the most crucial consideration in long-term world economy. This would be the case, even if the U.S.A. and western Europe economies were not destroying themselves most efficiently. Under present actual conditions, the strategic economic significance of China-spearheaded East, Southeast, and South Asia becomes relatively overwhelming, dominant, strategically.

Thus, the presently underlying strategic position of continental Europe, since the 1989-1991 collapse of the Soviet system, has been shaped by two opposing economic trends. First, the destruction, at accelerating rates, of the economies of both eastern and western Europe, through, chiefly, the Thatcher-Mitterrand-Bush agreements of 1989-1992, shaped to keep Germany down, and to prevent eastern Europe from ever rising from rubble to potency again. Second, as much as remains viable of European economy’s elements, looks chiefly to actual and potential, long-term markets in East, Southeast, and South Asia, as replacements for the other, domestic and foreign markets for Europe’s machine-tool and associated sectors.

Thus, anything the U.S. does, especially in concert with the British monarchy, in Islamic or other regions of Asia, has an immediate, even existential political-economic impact on the perceived, most vital interests of the nations of the former Soviet Union, led by Russia, and, secondly, Ukraine, as well as continental Europe otherwise.

This brings us to President Boris Yeltsin’s Russia. President Yeltsin, speaking for a consensus of influential factions

and institutions of Russia — and also other nations which will join with Russia on this point, has warned the U.S.A. and others, repeatedly, and with absolute accuracy, of the deadly strategic lunacy of President Clinton’s continuing to support the murderous assaults on Iraq demanded by both London and London’s Israeli puppet Netanyahu. It is of absolute existential importance for Russia, that the world avoid the inevitable consequences to the entire world, especially throughout Eurasia.

The natural, historically determined, present self-interest of Russia, is to find a basis for effective revival of the most advanced technological elements of the former Soviet economy, as a basis in machine-tool-design capability, for participation in the large-scale, continental Eurasian infrastructure-building, denoted by the term “Eurasia Land-Bridge.” Without that Russia dies; Russia is therefore impelled to defend its own existence, by means of whatever resources it has to bring that about.

Putting the rest of Eurasia in hopeless crisis, while menacing the continued existence of entire productive sectors of the economies of continental western Europe, and driving a desperate Russia up against the wall of threatened extinction, while conducting a virtual declaration of war against the Islamic world, is not a particularly sane, or friendly policy to recommend to a President of the United States.

### **Being a soldier might be necessary**

It is not absolutely indispensable that we exclude from the office of President citizens who have not experienced wartime military service, but the suggestion of the idea makes an important point. The point is illustrated by its bearing directly on the role of the President’s displayed lack of nerve in dealing with the developments in Israel since the assassination of Prime Minister Rabin.

As Andreas Ranke recently emphasized, in the pages of *EIR*, in contrasting the cases of Germany’s great strategist, Alfred Count von Schlieffen, with his unfortunate successor, “young” Helmut von Moltke, Schlieffen planned to win war, and would, like the General William Tecumseh Sherman he admired, have taken the risks indispensable to winning it, had he been in command; “young” Moltke, by placing the emphasis upon minimizing risks, lost the war. That is precisely what President Clinton has done in numerous critical situations,<sup>4</sup> particularly in handling the Middle East situation since the assassination of Rabin. This is not only my judgment; this is the considered judgment of leading strategic thinkers in western Europe.

President Clinton, like most post-1967 U.S. Presidents, is

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4. The hopeful point to be made, is that his more forthright reaction, supported by Mrs. Clinton, to Starr’s latest atrocities, may signal a more combative, and therefore more effective President Bill Clinton. If so, we must desperately hope that such combative qualities spill into other areas, and that benefit is not spoiled by an intervening, politically suicidal repeat of George Bush’s atrocities in attacking Iraq earlier.

terrified of London's nastiest puppet, the so-called "Zionist Lobby," inside the U.S.A. The trouble has been, that Presidents who themselves, have a streak of thinly-veiled latent or other anti-Semitism within them, are misled to regard the thuggish Anti-Defamation League (ADL), or the homicidally inclined "fundamentalist" cults of New York's Long Island, as representing "the Jews." No one raised, as was the present writer, among a large ration of Jewish friends, could ever make such a foolish, and unfair mistake. We, my friends and I, understood clearly the meaning of the thugs you would not invite to dinner, and certainly not permit to marry your sister, such low-class types as the local gangster, or, sometimes the same thing, the thug from the ADL.

It is in fact, as much an insult to Jews generally, to confuse them with the ADL thugs, as it would be to regard a black ghetto drug-pushing gang-leader as secreting the spirit of Frederick Douglass or the Rev. Martin Luther King. It is a natural impulse, often confirmed by closer investigation, that many who are first to identify the ADL as representing "the Jews," usually turn out to be persons who have good reason to wish to cover over a discoverable history of anti-Semitism in themselves.<sup>5</sup> Unlike the ADL, the typical Jewish American, is not a thug, and would not wish his sister or daughter to end up married to a Netanyahu.

In any case, the hard-core of ADL support inside the U.S. does not come from Jewish-Americans, but, rather, from circles typified by televangelists Robertson and Falwell, circles which are often able to bark their lunatic message into a large ration of the fifty to sixty millions estimated "low church" evangelicals. As Robertson and Falwell have not hesitated to make clear even to the densest citizens, they are hard-core, Heritage Foundation-type yahoos, of the same Phrygian type as those hyperventilating, Newt Gingrich devotees, which the Heritage Foundation sent bleary-eyed into the opening session of Congress in January 1995.

Thus, as President Clinton has bent, more and more, to what dirty Dick Morris defined as "triangulation," and as the impact of the search for Hollywood campaign-support impacted the 1996 campaigns, the President's tendency to waffle, like "young" Moltke, has increased perceptibly. This is what close observers of relevance in continental Europe see as a pattern; these include relevant European circles, which,

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5. Since the writer himself was fairly often assumed to be Jewish, either because he was associated with Jewish friends, or was the kind of "intellectual" which American, anti-Semitic yahoos tend to identify with "Jewishness," he has had the advantage, so to speak, of seeing the issue of anti-Semitism in America from both sides: both as a victim of directed anti-Semitism, and as a person to whom an anti-Semite confided those anti-Semitic views which he, or she would seldom, or never confide to a Jew. Some of the ostensibly more committed friends of the ADL are known to be qualified as card-carrying anti-Semites. Such is the nature of politics and popular opinion in these United States. I have sometimes wondered if we must not elect a Jewish-American to the Presidency, as the only likely way to get the ADL's and the Pollard-types' paws out of the back rooms of our Federal government's most sensitive institutions.

otherwise, tend to be most pro-U.S.A., and more likely to defend, or at least be tolerant of Clinton's better foreign-policy efforts.

The best, and worst thing about these criticisms from Europe, is that such critics are absolutely right.

## Finally, Israel

The best and worst thing to be said about President Clinton's Middle East policy, since the murder of Prime Minister Rabin—by the very circles to which the President is bending today, is that the President is being "blackmailed" on several relevant points, not only including the "swing factor" of the so-called "Zionist Lobby" in the matter of sex-maniac Kenneth Starr's threats of creating an impeachment pretext, but in the recent months' continuing, and escalating threats, by the gang behind Netanyahu, to launch air assaults against highly sensitive targets in Iraq and Iran, and also possibly Sudan, under the umbrella of Israel's nuclear and thermonuclear arsenal.

This aspect of the Eurasia factor is crucial. It is the targeting of the combined Arab and Islamic worlds, by an act on behalf of Israeli right-wing nuts, which is the detonator threatening to turn all of Eurasia against the President, and also the U.S.A. Some more intelligent leaders from Arab and other Islamic states, such as Egypt's President Hosni Mubarak, know of, and have either identified, or alluded to the British authorship behind the actions of London's Israeli assets. In any case, a U.S. participation in a bombing of Iraq, will be read throughout much more than the Islamic world, as an attack on the interests of the general population of Asia, by the U.S.A., on behalf of Israel. That perception can not be effectively denied, because it is both widely known, and true. There lies President Clinton's strategic dilemma.

That targeting happened in 1988, and was a crucial part of the mechanism by which Prime Minister Margaret Thatcher pushed President George Bush into both "Desert Storm," and, later, "Thyroid Storm." In 1988, I was warned, that I would be sent to prison, if I failed to commit myself in credible terms, to support an Israeli attack on Iraq. This warning came from a high-level source in London, and was indicated as the included cause of the legal process against me, in an allocution on the record. This was the basis for the setting up of Saddam Hussein, according to his profiled susceptibilities, in the case of Kuwait, and this was the basis for President Bush's submission to Thatcher's ". . . do it, George" orders to the President. That is what is being replayed.

The issue is not Israel. The issue is that of an ongoing global, financial and monetary, systemic crisis. Under these circumstances, the British monarchy is committed to destabilizing the government of the U.S.A., in order to ensure that the U.S.A. does not assume its natural leading role in reorganizing a bankrupt world financial and monetary system. The Iraq operation has been selected by the British monarchy, not *despite* the fact of the global political destabilization it will detonate, but precisely *in order* to bring about that effect.

There are some lunatics, who witnessing the discharge of a bullet, which kills a targeted victim, will shriek, "Another conspiracy theory!" at anyone who suggests the existence of the intent to injure the victim. In reality, outside the mind of such lunatics, the words of a celebrated German motion-picture comedy come to mind: "Die Hauptsache ist der Effekt!" — the important thing is the effect.<sup>6</sup> Usually, the intention is whatever the perpetrator should have readily anticipated as the effect. This is the time to send all such lunatics off on vacation, to some place where their screams will be heard only by other lunatics such as themselves.

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## Documentation

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# Responses from Eurasia

### Russia

**State Duma Deputy Speaker Mikhail Gutsiriyev** said on Jan. 28 that any use of force against Iraq by the United States or Britain would be inadmissible and against international law, according to Itar-Tass. Gutsiriyev added that such actions could pose a real threat of a large-scale military conflict in the region, which "would be big tragic mistake that may cost millions of lives."

He believes that any decision calling for the use of force against Iraq should be considered by all members of the UN Security Council, adding that "diplomatic solutions are not used up either." Gutsiriyev deals in the Duma with the Middle East, including Iraq.

His views were shared by **Aleksei Mitrofanov**, chairman of the Duma Geopolitics Committee, who told Itar-Tass that strikes on Iraq would be "a terrible mistake which must be prevented by all means." He stressed that if the U.S. delivers a strike on Iraq, practically the entire Duma would condemn it.

Mitrofanov, who is the "chief ideologist" of the Liberal Democratic Party faction in the Duma, told journalists that the reaction would range from strong condemnation (by the Communists and the Liberal Democratic Party of Russia) to a softer position (by Yabloko and Our Home Is Russia), but that no faction would support such actions.

Jan. 29, Itar-Tass report: "Moscow has paid attention to the fact that, in the past few days, Richard Butler, the chairman of the UN Special Commission to Oversee the Destruction of Iraq's Weapons of Mass Destruction [Unscm], and some of its staff have been making public statements claiming that they have information about reserves of weapons of mass destruction being stored in Iraq as well as about a secret plan for the production of biological weapons," **Valeriy Nesterushkin**, the deputy director of the Information and Press Department

of the Russian Foreign Ministry, said at a briefing today. He noted that the contents of the abovementioned statements do not correspond to the information being constantly reported by Unscm to the UN Security Council. "This means that either the Security Council has been receiving, to put it mildly, incomplete information, or the commission staff have been setting out distorted information in their interviews to the press," Nesterushkin said. "Both these things are inadmissible."

"Moreover, Richard Butler has been saying that Iraq allegedly has missiles and biological weapons sufficient to destroy the population of Tel Aviv and has been discussing possible steps which, in his view, the UN Security Council could take, including extending the so-called no-fly zone and the blockade of the Iraqi port of Basra to prevent contraband export of oil.

"The Russian Foreign Ministry spokesman believes that such recommendations are now 'particularly inappropriate,' since 'they only exacerbate an already tense situation, while a balanced and responsible approach is required from all sides.' 'Any word said imprudently and reproduced by the press has real consequences for very many states in the region,' said Valeriy Nesterushkin."

**Vladimir Zhirinovskiy** of the Liberal Democratic Party of Russia (LDPR) said on Jan. 30 that, if the United States uses armed force against Iraq, his party "will demand severing diplomatic relations with the United States, recalling our ambassador from that country and expelling the U.S. ambassador from the Russian Federation." He expressed the hope the Duma would back the demand. Washington's intention to use force against Iraq is "intolerable in present-day international relations and is a barbarity," Zhirinovskiy said, according to Moscow Interfax.

**Foreign Minister Yevgeni Primakov**, according to Radio Free Europe/Radio Liberty, told a closed special session of the State Duma on Feb. 3 that Russia was prepared to use its UN Security Council veto to block adoption of a resolution authorizing the use of force against Iraq. This statement was met with cheers from members of the Duma.

The Foreign Ministry also indicated that **Deputy Foreign Minister Grigori Karasin**, in Beijing, discussed Iraq with his Chinese counterpart Zhang Deguang, on Feb. 3. RFE/RL quoted a Chinese Foreign Ministry spokesman, who said that "both countries oppose military action against Iraq."

**President Boris Yeltsin** told reporters at the Kremlin on Feb. 4 that if President Clinton orders an attack on Iraq, it could start World War III. He commented that making threats of military force against Iraq was not typical of Clinton. Yeltsin added he had made it clear to his U.S. counterpart that Russia is against any attack on Iraq. The Russian President also spoke by telephone with French President Jacques Chirac and British Prime Minister Tony Blair. Noting that they have endured such problems with Iraq for seven years, Yeltsin asked whether they could they not wait another few months to allow more time for diplomacy.

Wire services quoted Yeltsin as saying, regarding Clin-

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6. *Spukschloss in Spessart*.

ton: "With his actions in Iraq, he can lead to a world war."

"He is acting too noisily there," Yeltsin was quoted. "One must be more careful and not threaten with such weapons, and fight with planes and bombs."

Presidential spokesman Sergei Yastrzhembsky, in a clarification of Yeltsin's statement, said that it would be "absurd and ridiculous" if the press, particularly in the U.S., were to interpret that statement to mean Russia would take retaliatory measures if Clinton ordered an attack on Iraq.

On Feb. 5, Yeltsin reiterated his warning: "We have firmly adopted a stance of saying 'no' to the force scenario. It is impossible; it means a world war."

The **State Duma** on Feb. 4 approved a non-binding resolution asking President Yeltsin to review Russia's adherence to UN sanctions if the United States carries out a military attack on Iraq without the consent of the UN Security Council. Deputies approved the resolution by an overwhelming margin of 323 to 19, with one abstention. The document also calls on Russia to provide humanitarian aid to Iraq. During the debate over the resolution, **First Deputy Foreign Minister Igor Ivanov** told Duma deputies that Russia does not have the right to unilaterally review the UN embargo on Iraq. During the Feb. 3 Duma session, **Foreign Minister Primakov** also criticized the proposed resolution, saying the government will not unilaterally withdraw from UN sanctions. Primakov argued that the Duma should instead pass a statement condemning the use of force against Iraq.

Communist Party head **Gennadi Zyuganov**, at a press conference at Russia's State Duma on Feb. 4 to discuss his meeting with NATO officials, also discussed the crisis between the U.S. and Iraq.

In answer to the question of whether he agreed with Yeltsin that "if the United States delivers a strike against Iraq, this may be the beginning of World War III," Zyuganov replied, "I believe that the third world war in qualitatively new forms, financial, economic, information-psychological forms, is already raging on the expanses of Russia. And we are witnessing a redivision of the world."

## China

**Foreign Ministry Spokesman Zhu Bangzao** said on Jan. 27 that China was "deeply concerned about tensions caused by UN weapons inspections in Iraq," and that China was "asking all parties concerned to resolve their disputes through dialogues and other peaceful ways to avoid any further deteriorating situation that could affect the peace and stability of the region." While China maintains that Iraq should implement UN resolutions completely and effectively, Zhu said, "at the same time, Iraq's concern about its sovereignty and security should be respected by the international community and Iraq's efforts to implement UN resolutions should get an objective and just evaluation." The after-effects of the Gulf crisis over the past seven years had caused "some serious disasters," Zhu said.

**Beijing Central People's Radio Network**, Jan. 30: "In the past few days, the United States has issued one threat after another to use force against Iraq. As a result, the Gulf situation has again become tense. At the same time, the United States, Russia, and France have intensified their diplomatic activities surrounding the Iraqi weapons inspection crisis.

"In its diplomatic maneuvering, the United States is lobbying for the support of its possible military action. France and Russia, on the other hand, are hoping to find a peaceful settlement of the crisis through diplomatic efforts.

"The threats from the United States and Britain have darkened the clouds of war in the Gulf and aroused the utmost concern of the international community."

**Foreign Minister Qian Qichen** told U.S. Secretary of State Madeleine Albright on the telephone on Feb. 5 that "China does not favor the use of force against Iraq." He said that Beijing is "quite uneasy" with "the increasingly deteriorating" situation with Iraq over weapons inspection. "The Chinese side hopes that the parties concerned would adopt restraint . . . and continue seeking the settlement of differences through dialogues."

Qian Qichen also was on Chinese national television, to state: "China is extremely and definitely opposed to the use of military force, because its use will result in a tremendous number of human casualties and create more turmoil in the region, and even could cause new conflicts."

China is closely coordinating its position with Russia. A spokesman for the Russian Embassy in Beijing said: "Our views coincide. . . . We want a peaceful solution."

## India

**Prime Minister Inder Kumar Gujral** said on Jan. 31 that his country would not tolerate a military attack on Iraq, because it would "jeopardize the peace in the entire Middle East region, where more than 2.5 million Indians live."

## Malaysia

**Kuala Lumpur Voice of Malaysia**, Jan. 30: "Malaysia wants the crisis between the United States and Iraq over Baghdad's refusal to allow weapons inspectors into the country to be resolved through negotiations and not through military action. **Prime Minister Datuk Seri Dr. Mahathir bin Mohamad** said the best way to resolve the crisis is through negotiations. He said this when asked to comment on the standoff between the U.S. and Iraq with Washington warning that it would take military action against Iraq, if Baghdad disallowed the inspection of dangerous weapons to continue.

"The Russian and French leaders, as well as United Nations Secretary General Kofi Annan, also want the crisis to be resolved through diplomacy. Dr. Mahathir also welcomes Russia's move to bring the U.S. and Iraq to the conference table in a move to diffuse the crisis. He said if the United States will proceed with its plan to take military action against Iraq, many innocent lives would be lost."

# The delusion called ‘triangulation’

by Lyndon H. LaRouche, Jr.

February 4, 1998

The most deadly, sometimes fatal delusion found in today’s popular opinion, is the fallacy of presuming that “the facts speak for themselves.” In fact, I defy any sane person to argue that any specific fact, or set of statistics, has ever spoken, let alone responded to cross-examination on the matter of its ostensibly stated or implied opinion.

What we commonly name as “a fact,” is, in fact, an act of judgment. That judgment is, in turn, a product of the influence of ideas upon the interpretation of some actual, or imagined experience. The principal influence, shaping, or misshaping that judgment, is those ideas, perhaps combined with naked prejudices, which function as axioms, or postulates, of judgment-making. By “axioms,” we signify a notion of function which is broadly analogous, in effect, to the role of an interacting set of definitions, axioms, and postulates, in a consistent, schoolbook geometry.

Such combinations of often unacknowledged, axiomatic ideas and prejudices, affect the making of policies of governments, for example, in two distinguishable ways. In some cases, the adopted policy is directly a product of such axiomatic influences. More often, as in the case of the Clinton administration’s opportunistic adoption of Britain’s demand that helpless Iraq be bombed again, these assumptions do not determine the policy simply and directly, but do supply a deceptively marginal degree of “spin” to a series of policy-decisions. Often, as in the case at hand, the cumulative effect of marginal spin may have a more subtle, less easily identified, ultimately more devastating impact on cumulative policies of practice, than the relatively more obvious case of a policy directly derived in entirety from more readily identified, false, axiomatic assumptions.

## ‘Consensus’ politics

It is from this standpoint in Socratic method, that we must judge the influence on President Clinton’s policy-shaping, of what the notorious Roy M. Cohn’s cousin, and sleazeball huckster, Dick Morris, is supposed to have named a policy of “triangulation.”<sup>1</sup> By “triangulation,” we understand an at-

1. Interesting is the connection of widely despised Lucianne Goldberg, currently of Linda “Bad” Tripp and Kenneth Starr notoriety, to the late, right-

tempt to shape one’s policies to appeal to the prejudices characteristic of an adduced present, or emerging consensus. The President’s apparent commitment to a new bombing of Iraq, is a reflection of the same adaptation to “triangulation” witnessed in the July 31, 1996 announcement of the decision to allow the murderous Welfare Reform bill to become law.

The currently widespread delusion, the belief in “consensus” politicking, which we shall reference hereinafter as a doctrine of “consensus,” or “mainstream” politics, is to be recognized as an outgrowth of the influence of the irrationalist fads of moral and cultural relativism, introduced through the university-student generation of the 1964-1972 interval.<sup>2</sup> We refer to what Britain’s leading psychological-warfare think-tank, the London Tavistock Clinic and adjunct Tavistock Institute, labelled a 1964-1972 “cultural paradigm-shift” launched among university-student populations — the so-called “Sixty-Eighters,” in both the Americas and western Europe.

The term “irrationalist,” is not to be brushed aside as a mere expression of opinion; it references the relevant, axiomatic claims to irrationalism, the denial of a universalizing

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wing sleazeball Roy M. Cohn, Murray Chotiner, organized crime bosses, et al. The correlation between the common, “sleazeball” characteristics of Cohn and his cousin Morris, is of unignorable relevance in assessing the impact of Morris’s dogmas on such aspects of the Clinton administration’s policy, as the President’s politically nearly fatal error of electing not to veto the relevant Welfare Reform act. It is the opportunistic indifference to truth and morality, as in the behavior of Special Prosecutor Kenneth Starr, or the Nixon era’s “White House Plumbers,” or the Jack Keeney-led Criminal Division of the Justice Department itself, which underlies, axiomatically, the “sleazeball” factor in political judgment.

2. The separation of the 1964-1972 interval from the later 1970s, is marked by the “reality shock” represented by the outbreak and immediate aftermath of the August 15-16, 1971 collapse of the Bretton Woods monetary system. This event, which had been proclaimed as rendered “absolutely impossible,” by Paul Samuelson’s and other Economics 101 pablum; this shock, of mid-August 1971, was followed by the sudden, cruel effects of the Hjalmar Schacht-echoing austerity measures of Nixon’s “Phase I” and “Phase II” gouging of popular incomes and “life styles.” This was followed by the establishment of the catastrophic “floating exchange-rate monetary system,” and the Henry Kissinger-orchestrated oil-price-shock crisis of the mid-1970s. The world of endlessly upward prosperity and apparent “capitalist power,” against which the “Sixty-Eighters” had railed, was clearly ended — at least, for the time being. The single-goal-oriented, united mass-rallies of the late 1960s were superseded by the sodden, “multi-cultural” anarchy of the “Rainbow Coalition” type. There was a cultural paradigm-shift within the cultural paradigm-shift. Hence, the 1972 dating for the end of the first phase.

principle of truthfulness, in choices of moral and cultural values.

That term, “irrationalist,” also references the method and manner employed in inducing a politically hegemonic stratum of this 1964-1972 student generation to accept such radical flights from reality, as induction into the “rock-drug-sex youth-counterculture” and neo-Malthusian “post-industrial” utopianism. The method was exploitation of *shock*, a method initially developed through aid of the Tavistock Clinic’s studies of the kinds of behavioral change — featuring greatly enhanced lability and greatly heightened suggestibility — common to the so-called “shell shock” cases from the protracted trench warfare experiences of World War I’s western front.

In this case, the protracted 1946-1972 experience of the age of nuclear terror, condensed into a shock-effect by the 1962 Cuba Missiles Crisis, that followed by the assassination of President Kennedy, and that followed by the nightly TV spectacle of butchery in Southeast Asia, combined, modularly, to supply the “non-linear” shock which made it feasible to induce such a cultural paradigm-shift on such a large scale, so quickly. Think of the draft-age student population on the campus of that period, as a type of “shell shock” victim in its own right.

It was in the early 1970s, as signalled by the initial, post-1968-1969 division of the existentialist left-wing of the “Sixty-Eighter” movement among sexual and other cultural fragments,<sup>3</sup> that the Rainbow coalition emerged, and, with

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3. The principal germ of Sixty-Eighter existentialism, was the Freudian Marxism of the Georg Lukacs who had served as the culture minister of the short-lived, 1919 Communist dictatorship of Bela Kun in Hungary. Lukacs was one of the by-products of the emergence of an influential satanic cult, steered by the British theosophists, since the 1880s, in Vienna, Budapest, and the Bayreuth of satanic “high priest” Richard Wagner and the British Scottish Rite’s Quatuor Coronati freemasonic research lodge. The circles of Ernst Mach, of Gustav and Anna Mahler, of Sigmund Freud, and of Lukacs, were among those whose intellectual character, and characteristic features of work-product, were shaped by the radically decadent influence of this collection of cultural degenerates. Lukacs, during the 1920s, was, directly, the principal intellectual architect of the so-called “Frankfurt” School of such creatures as Walter Raymond, Theodor Adorno, Hannah Arendt, et al. The influence of Lukacs’ follower Herbert Marcuse, and his *One-Dimensional Man*, in shaping the U.S. side of that Sixty-Eighter ferment, in conjunction with McGeorge Bundy’s Ford Foundation and the Washington, D.C.-based Institute for Policy Studies (IPS) is relevant. The other principal influence was that of a French by-product of German fascist existentialism, that of Nazi Martin Heidegger’s cothinkers such as Jean-Paul Sartre, et al. The “Situationist International” influence among the trans-Atlantic Sixty-Eighters, typifies the French branch of the sewer-pipe. The late 1930s movement of Sigmund Freud and the international psychoanalytical movement of Sigmund and Anna Freud and Melanie Klein, to the London Tavistock Clinic of Brigadier Dr. John Rawlings Rees and Eric Trist, led to the establishment of the post-war Tavistock Clinic/Institute network inside Julian Huxley’s functions within the United Nations Organization and in the U.S. psychological and sociology professions, which, together with the imported “science fiction” cult of H.G. Wells et al., and creatures such as the Josiah Macy, Jr. Foundation’s Margaret Mead and Gregory Bateson of “mind wars” notoriety, developed the seed-crystals of the 1964-1972 cultural paradigm-shift inside the U.S.A.

that, the beginning of the kind of search for unprincipled “consensus” politicking, which the case of Dick Morris illustrates.

It is President Clinton’s capitulation to related policies of “triangulation,” as conspicuously visible beginning the May-August 1996 interval, which is significantly key in seeking the roots of such unprincipled consensus politicking as the President’s statement on the subject of Iraq, within his recent State of the Union message.

### **But, there is also reality**

Consider the widespread popular rallying to President Clinton’s defense, in the instance of the latest attempted swindle concocted by the dirty mind of steamy-sex-obsessed, run-away Special Prosecutor, Kenneth Starr.

Starr is fairly assessed as a present-day caricature of England’s most notorious Seventeenth Century prosecutor, the Bloody Assizes’ foul-mouthed, dirty-minded, former whore’s court judge, Lord George Jeffreys.<sup>4</sup> Starr has been able to keep his floundering “get Clinton” effort afloat, through the aid of plain political corruption allowed by a Republican Party-dominated Congress and backing of the Bush-league “secret government” operating under the pretext of Executive Order 12333. That Bush-era “secret government,” otherwise known as the “Iran-Contra” conspiracy of “crack cocaine” notoriety, features Starr and Pepperdine patron, Pittsburgh’s London-linked LaRouche- and Clinton-hater, Dennis King backer Richard Mellon Scaife; the apparently deranged, obsessed Mellon Scaife, has been an active, leading part of this band of Bush-league burglars for more than a decade.<sup>5</sup>

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4. Thomas Babington Macaulay’s *The History of England Since the Accession of James I*, provides a deliciously elegant literary portrait of this Jeffreys, who also served as the role-model imitated by Roy M. Cohn’s Senator Joe McCarthy (R-WI) in McCarthy’s own “Bloody Assizes” of the early 1950s. Jeffreys did not actually vanish from history in his nightshirt, but telling it that way is poetically truthful, and prettier prose, if not exactly accurate on every fine point.

5. Mellon Scaife first appeared in a Bush-linked, secret-government operation against Lyndon LaRouche, et al., during 1983. This was a secret intelligence operation run, at the prompting of former U.S. Secretary of State Henry A. Kissinger and FBI Director Webster, under the provisions of Executive Order 12333, covering secret operations combining official and private agencies within the U.S. and abroad. This operation was set in place in January 1983, and went into general operation a few weeks after the relevant announcement of the U.S. Strategic Defense Initiative (SDI) by President Ronald Reagan. The propaganda operation run out of the George Bush/Ollie North corner of the National Security Council was set into motion in April 1983, under the direction of “fully witting” New York banker John Train, who brought together a combination of government agents and representatives of news media, such as NBC-TV, the *Wall Street Journal*, and others, all of whom played a leading part in what became the most massive black propaganda campaign ever run internationally by a corrupt press against any private personality, in this case Lyndon LaRouche. The operation was run along the lines of the policy of “public diplomacy” directed on Bush’s and North’s behalf by former CIA operative Walter Raymond. At the prompting of the John Birch Society’s John Rees, Richard Mellon Scaife arranged for the



*President Clinton signs the welfare reform bill, August 1996. The President's apparent commitment to a new bombing of Iraq, is a reflection of the same "triangulation" witnessed in the signing of that bill.*

On or about January 12, 1998, the combined forces of the President's enemies, those within the *Washington Post's* wing of the Democratic Party, and others, including Starr, launched an array of new, diverse assaults against the President, onslaughts whose combined effect was the kind of shock which might be wishfully designed to break the President's will, and to disorient him into the kinds of politically fatal blunders on which Starr's floundering prosecution is relying. It failed, partly because of clear and simple, public counterattacks by the President and his wife, and also because of widespread revulsion against the latest manifestation of the ever-prurient mind of political pornographer Kenneth Starr himself.

That fortunate turn in popular opinion, should have alerted the President to the reality, that any misperceived, apparent 1996-1997 trends toward "consensus politics," are now being overturned by the same kind of sharply increased, political polarization of the population witnessed in the explosion of popular hatred of the British monarchy, in both Britain

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funding of a hack-writer, Dennis "Caspar the Ghost" King from the stable of the notorious and odious Roy M. Cohn. Curiously, every "wired in" enemy of LaRouche from those 1983-1989 operations, has turned up as a deadly enemy running similar kinds of operations against President Bill Clinton. Kenneth Starr is part of precisely this set of dirty connections.

and the U.S.A., following the Paris vehicular homicide of Princess Diana. The traditional Democrats and the young knuckledraggers of Speaker Newt Gingrich's "Contract on America" cult, are not converging upon a future point of reconciliation, but upon the field where they will fight a long-overdue, hard-fought, political life-or-death battle for supremacy, against one another.

On the surface, the Democratic Party apparatus is dominated, for the moment, at least, by "New Era" Democrats of the type which appear to be allied with Katharine Graham's *Washington Post*. These "New Era" Democrats, opposite to the former mass-base of what had been the traditional post-war, pro-minorities, justice-oriented, pro-labor, pro-social security, pro-growth (i.e., Franklin Roosevelt, Kennedy) Democratic Party, are indeed converging, together with ex-leftist neo-conservatives such as Irving Kristol and his son, upon the "Third Wave" ideology of New Gingrich's Phrygian horde. These "New Era" Democrats are part of a Fowler kind of party organization, whose outstanding accomplishment is the usual loss of one critical election, such as the 1996 Democratic Congressional campaigns, after the other, on both the state and national levels. The correlative of such Democratic Party defeats, accomplished under leadership of the "New Era" Democrats, is the fact that a growing margin of traditional Democratic voters, and independents, avoid the elections,

largely out of disgust with the “New Era” Democrats’ current, temporary stranglehold on the party’s platforms and programs.

The result of such “New Era” influences, is the perception of a very special kind of Dick Morris-style, triangulated consensus-point as a goal. This becomes the search for a “new American majority,” a “new political mainstream,” which a growing majority of the citizenry does not support at the polls. Thus, we witness a very interesting notion, the tyranny-soaked, dangerous delusion, of a ruling consensus shared by

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*These are not the times to leave the shaping of events to contemporary Caligulas such as Texas Governor George Bush, or Kenneth Starr, or the shaping of policy on public improvements to the flaming Neros of editor Robert Bartley’s Wall Street Journal. These are times, in which either men and women of good will take the making of history in their own hands, or, otherwise, the worst outcome is virtually assured before the close of the present century.*

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a shrinking political minority, as illustrated by such historic cases as the Nazi Party which came to power in 1933 Germany.

Apart from the President’s appeal to the votes of women, the core of the current moment’s swing factor in politics, is found outside the “New Era/Third Wave” convergence, among those citizens who are repelled by the “New Era” Democrats, the type of disgusted citizen who, nonetheless, rallied in sympathy for the President, out of disgust for Starr’s newest edition of his appeal to the dirty-minded side of low popular opinion, his remake of Britain’s 1963 Profumo soap opera.

This recent, happier turn of events does not signify that the President is “home free.” Without appropriate changes in direction of White House policy-shaping, this happier turn could be only a temporary one. These are very dangerous times, in which the now increasing rate of accumulation of new, frightening shocks, in economy, and otherwise, tends to induce a “shell-shock”-like lability and suggestibility in the majorities of populations around the world.

The political danger here, is that the hard-core of a potential, lurking American fascism, a trend toward such fascism

typified by the bleary-eyed, wildly irrational cult-followers of televangelists Robertson and Falwell, will congeal as a new political force under conditions which are more or less analogous to those of Weimar hyperinflation Germany of Fall 1923, when Adolf Hitler’s Nazis first emerged as a significant future force in that country.

These are not times in which to sit before a television set, sitting like one of the cheering mob of spectators in the imperial Roman arena, yelling “Thumbs up!” or “Thumbs down!,” uselessly watching the horrid parade of our rapidly degenerating culture. Sometimes, “rooters” means vegetables. These are not the times to leave the shaping of events to contemporary Caligulas such as Texas Governor George Bush, or Kenneth Starr, or the shaping of policy on public improvements to the flaming Neros of editor Robert Bartley’s *Wall Street Journal*. These are times, in which either men and women of good will take the making of history in their own hands, or, otherwise, the worst outcome is virtually assured before the close of the present century.

The possibilities we need are there; but, we must seize them while they still exist.

### **The principles of policy-design**

In discussing the issues of policy-formation, we situate ourselves within the domain of what has become, for most U.S. persons, a lost science of psychology. In addressing this area, as we do here, we must situate the discussion to follow by a few words to situate the core of the topic being addressed: How the human mind formulates and understands policy.

As we have noted in published locations, the following: the quality of education and culture in the U.S.A., as reflected in terms of the cognitive content of the student year in public and higher education, has collapsed during the course of the now-concluding century.

Until the assassination of President McKinley, that marking a major turning-point, downward, in the quality of intellectual life of educated Americans, during the Eighteenth and Nineteenth Centuries, Benjamin Franklin’s City of Philadelphia was the center of intellectual life in the U.S.A.

Philadelphia’s leading intellectual celebrities, such as Mathew and Henry Carey, and Benjamin Franklin’s great-grandson, Alexander Dallas Bache, were the central figures of science and related matters of intellectual and political life. It was Carey, Bache, and their heirs, who, through the political role of President Abraham Lincoln, made the U.S.A. the foremost economy in the world, and the most advanced in technology, during the interval 1861-1876. The work of Thomas Edison, who electrified not only the U.S.A., but Emil Rathenau’s Germany, typifies the direct outgrowths of Philadelphia’s role as the dynamo of U.S. intellectual life during the Nineteenth Century.

The technological achievements centered in that city during those centuries, reflected chiefly, during the Eighteenth Century, the intellectual patrimony of the world figure of



science and philosophy, Gottfried Leibniz, and French technological progress. In the Nineteenth Century, first, the French science of Lazare Carnot and Gaspard Monge's Ecole Polytechnique, and, from about the 1830s onward, the early hegemony of the German science and Classical culture, of Friedrich Schiller, Carl Gauss, and the von Humboldt brothers. It was on this foundation, that French and German science were combined with the American System of political-economy, to produce the most successful models of modern industrialized economy according to the "American model" of 1861-1876, throughout various leading economies of the world.

From comparing the leading intellectual product of successive generations of the Twentieth Century with the leading product of the preceding two centuries, Americans had progressed, until the mid-1960s, in their intellectual qualities as learned "bread-winners," but with an accompanying erosion of the quality of scientific and cultural thinking which we have inherited from leading thinkers of earlier generations.

After the double-impact of the 1930s Great Depression and the game of "catch-up" played by the veterans returning to university at the end of World War II, the emphasis upon secondary-school and university studies, was to prepare for more prestigious, more lucrative employment, rather than to develop the cognitive powers of one's own mind. With the descent from an emphasis upon the Classical tradition traced back to Plato's Classical Greece, upon which the thinking of our republic's founders had been premised, to that mere *bread-learned* kind of educated mind against which Jena Professor Friedrich Schiller had famously warned, the moral quality of intellectual life among the leading educated circles of the U.S.A. declined over the course of the successive generations of this now-concluding century.

The available literature composed and read by the university and secondary-school graduates of this century's successive generations, like a comparison of the content of the titles offered by 1930s, 1950s, 1970s, and 1990s bookstores, reflects a deep, generally accelerating decline, not only in the intellectual quality of U.S. life, but, more emphatically, a collapse in moral quality, and even widespread loss of even simple degrees of rationality.

To sum the matter up: *The test of culture, the place to make the relevant measurements, is what a people profess to enjoy, when they profess to "let their hair down," in their so-called "free time."* On that account, we have fallen way down, especially since the middle of the 1960s. With the increased interest in the psycho-therapy group and related, Tavistock styles in "social engineering," there has been a precipitous collapse in the ability of the population to discover how the individual mind actually works.

On that account, principles of Socratic method which were more or less widely comprehensible to literate persons from among earlier generations, appear forbiddingly strange to most putatively educated strata of "Sixty-Eighters" and

"Xers" today. This erosion does not make those principles less valid, or less relevant, but, directly the opposite. Without their use, we shall not rise above the wretched intellectual and moral condition to which our population has fallen, even relative to the generations of World War I and World War II veterans. Even the survival of our nation, and this civilization, depends upon the degree to which at least a few leaders among us practice those "lost arts," as we do here.

By "Socratic method," we signify the study of human knowledge and of the workings of the human mind, from the standpoint of *hypothesis*. The correct, Classical meaning of that term (as opposed to ignorant, popular usages in today's university classroom), is typified by the notion of the role of a set of interacting definitions, axioms, and postulates, as in an ordinary schoolbook geometry. To wit, in the rational process of determining whether or not a given proposition shall be adopted as a valid theorem for practice, we require not only that that proposition be consistent with the supporting evidence, but not inconsistent with any among the elements of the hypothesis containing the relevant set of definitions, axioms, and postulates.

However, in the case that the kinds of theorems preferred by a given hypothesis are in direct contradiction to the relevant evidence, we must then employ Socratic method to adduce the relevant fallacy within the hypothesis employed.

Those notions, as indicated by the role of a set of definitions, axioms, and postulates, of which an experimentally validated hypothesis is composed, are known to Classically educated persons as Platonic *ideas*. The great achievement flowing out of the successive discoveries of Nicholas of Cusa, Leonardo da Vinci, Johannes Kepler, Leibniz, Gauss, Bernhard Riemann, and my own original contributions to the science of physical economy, is the reduction of all definitions, axioms, and postulates, to those kinds of experimentally validated Platonic ideas, which correspond to the "dimensions" of a physical geometry based on the Kepler-Leibniz-Gauss-Riemann notion of what is termed, variously, *Analysis Situs* or *modular functions* of hypergeometry.

These distinctions apply not only to the principles of nature associated with the work of experimental physical science, but also those adducible principles of the human mind, by means of which we discover the new dimensions of a superior form of physical geometry, the added physical principles of a qualitatively improved form of physical science.<sup>6</sup>

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6. Bernhard Riemann himself sensed the importance of work of discoveries in this direction. See his posthumously published papers on this subject: *Bernhard Riemann's gesammelte mathematische Werke*, H. Weber, ed. (New York: Dover Publications reprint edition, 1953), pp. 507-538. However, the explicit connection to physics and physical economy had to wait until the work of the present author, beginning a project undertaken during the 1948-1952 interval. The "Four-Step Method" of cognition reflects the core of those original discoveries from the 1948-1952 project, as these notions have been refined through successful applications during subsequent decades.

In those terms of reference, the same issues of method appropriate for scrutiny of fundamental scientific progress, apply directly to the making, and effects of policies located within the domain of both art and political science.

Broadly speaking, the first step in examining any systemic problems of policy-formulation, is to apply the Socratic method to reduce the terms of each such problem to the forms of hypothesis, as we have summarized that again here. *What are the underlying, axiomatic-like assumptions which prompt the adoption of some proposition (e.g., policy-decision) as a virtual theorem of that hypothesis?*

There are three bench-mark types of cases to consider, if we are to appreciate the connection of the fallacious axiomatic assumptions of “consensus” politicking, to the shaping of the President’s susceptibility to Britain’s proposed new bombing of Iraq. The first bench-mark is typified by the case of a policy which is either derived directly from, or shaped by “spin” supplied by, some underlying set of axiomatic assumptions. The second type of bench-mark case involves a policy based upon common sub-sets of two otherwise incongruent hypotheses, the bastard kind of policy-making implicit in the “triangulation” doctrine popularly associated with the Dick Morris of the 1996 Presidential campaign.<sup>7</sup> The third type of bench-mark case, is a Riemannian-like process of successive changes in geometries, changes associated with a procession of newly validated “dimensions.” The first two types represent relevant kinds of special cases; the third, represents the fundamental case.

Classical American patriotic thinking on the subject of the second type of case, is supplied by the precedent of Secretary of State John Quincy Adams’ argument for what became the U.S. “Monroe Doctrine” of 1823. It is this tradition which President Clinton has explicitly violated by both his general concessions to “consensus” politicking, as in the case of the non-veto of the 1996 Welfare Reform bill, and his adaptation to the British demand that the U.S. adopt London’s policy, that Iraq be bombed again (on the customary “cacomamy,” diplomatic pretexts).

Britain was never a model of military genius, but rather, like its role-model, medieval Venice, a master of those evil arts of diplomacy which the Mephistopheles of Christopher Marlowe’s *Dr. Faustus* practiced upon the duped Faust. Es-

pecially during the Twentieth Century, the United States has too often, too long, played the duped Faust to Britain’s ever-lying Mephistopheles. Nothing suits the British Crown better than a general muddle, the more muddled, the more to its liking: the more maneuvering room for deceiving the relevant suckers. As France’s Louis XVI was to discover, and as today’s Germany is in the process of discovering, to become Britain’s treaty-partner, is to take the first step toward becoming Britain’s ruined victim. This point was clearly understood by the greatest of all our republic’s diplomats, Secretary John Quincy Adams.

The common ground for the Vienna Congress’s pact between the rival powers of Britain and Clement Prince Metternich’s Holy Alliance, was a shared hatred of the U.S.A. The British and the Habsburgs were commonly determined, that the defeat of Napoleon would be taken as the opportunity to stamp out everything resembling the American model, on the continent of Europe and also in the areas of Central and South America. London and Metternich disagreed on the division of the spoils, notably including the case of Central and South America. In due course, Jeremy Bentham’s protégé, Lord Palmerston, deployed his London-based agent Giuseppe Mazzini, to destroy Metternich’s power, but, throughout the period 1814-1863, London and the Habsburg realms were committed to the destruction of the United States.

In this setting, British Minister Canning hoped to dupe the Monroe administration into allying with London against the Habsburg attempts at regaining control of Central and South America. Actually, contrary to London’s controlled asset, Walter Lippmann, and, as Simón Bolívar later warned, while the Holy Alliance was engaged in such bloody-handed efforts, the anti-U.S. British themselves were running Jeremy Bentham’s freemasonic revolutions throughout that region.

Quincy Adams was not deceived. He warned President Monroe to reject Canning’s offer, emphasizing that there existed no basis for a “community of principle” between the British Crown and our republic, just as there is today, no “community of common moral or political principle” between honest patriots and the policies of promoting free trade in large-scale morbidity-increases among Americans, by that quasi-fascist, Phrygian horde of wild-eyed “Third Wavers,” which was deployed into the Congress, beginning January 1995, by the London-controlled, Washington, D.C.-based Heritage Foundation.

Thus, Morris’s “triangulation” outlook represented unprincipled political opportunism at its worst. However, once one recognizes the connection between a “Baby Boomer”-dominated government’s adoption of such immoral types of “consensus-building,” and the emergence of the cultural relativist’s “Rainbow Coalition” of the early 1970s, the axiomatic basis for this White House blunder can be viewed with a compassionate, clinical insight.

Although the organization behind the creation of *EIR* was chiefly drawn from those “Sixty-Eighters” who, during the late

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7. Imagine two hypotheses, one corresponding to the lunatic assumptions of the Gingrich Phrygian horde customarily stabled at the Heritage Foundation, the other the “New Era” Democrats’ ideology. “Triangulation” presumes that the two are on a converging course; in other words, that, if present ideological trends persist, the axiomatics of the two distinct ideologies will overlap increasingly, as a Boolean image of such an overlap suggests. Thus, although the two will disagree on political philosophy as a whole, they will concur in respect to those policies associated with a common sub-set of the axiomatics of each. The joining together will be facilitated by the presumption that the gain in power to be shared between them, is the advantage which must enable them to adopt certain common policies in respect to the common sub-set.

1960s and 1970s, rejected the existentialist, sociological, virtual-reality irrationalism adopted by the majority of the student Baby-Boomer generation, even many among those who shared in founding of *EIR*, suffered elements of the same symptoms as those typical of official Washington today. If one with knowledge of that experience thinks back, today, to the character-formation of the adolescent and young-adult campus “Baby Boomer,” then, the axiomatic roots of certain current social-political phenomena are more readily recognized.

Especially during the interval from May through August 1996, the Clinton White House underwent a phase-change in axiomatics of policy-shaping, lured into the false promise of creating a new “mainstream consensus” through evolutionary convergence of the radical minorities represented by “New Era” Democrats and “New Age” Republicans. This turn lost the Democratic Party its hope of regaining a majority in the U.S. House of Representatives, and led to a tragic loss of many elections since then; nonetheless, despite that self-discrediting performance, for the moment, the “New Era” Democrats remain in the top-most positions of control over party organization. This “New Era” adaptation, exerts a marginal, corrosive, politically suicidal element of influence on the shaping of administration policies and tactics. The appearance of the administration’s support for Britain’s demand that we bomb Iraq again, is a cumulative result of the biased thinking affected by the combined “New Era” political’s influence and the orientation toward the search for a new middle based upon a “New Era”/“Third Wave” convergence.

## The alternative

In the validated features of the London Tavistock Institute’s doctrine of induced cultural paradigm-shifts, it is recognized, that the general effect of those fearful shocks which may be used to effect induced cultural paradigm-shifts, such as that induced among the campus Sixty-Eighters, is a flight of the victim, away from painful fears, into the realm of consoling fantasy.

On this account, whether, commonly, among the terrorized students of the mid-1960s campuses, or the cult-followers of barking-dog televangelists such as Robertson and Falwell, the most prominent reflection of the flight from reality is obsessive sexual fantasies, whether as the “rock-drug-sex youth-counterculture” of the 1960s, or the obscene fascinations shared by the new evangelicals and their “Elmer Gantrys” in the pulpit. “More souls conceived, than saved,” is still the apparent obsession which grips putative “evangelical” Kenneth Starr, and is the wind that still fills the air, whether outside the revivalist’s tent, or blowing from off-stage, onto the TV screen.

As in the case of the effects of the Versailles conditionalities imposed upon Weimar Germany, the great present danger is, that, unless President Clinton escapes from the grip of those assumptions which have apparently biased Administration policy-shaping since the May-August 1996 interval, that the

lack of a reality-oriented leadership in the relevant key places, will make the presently inevitable new round of global, financial, monetary, and economic shocks, the occasion for a worse sort of flight from reality, than we witnessed during the 1964-1972 interval.

President Clinton has the intellectual capability for making such needed shifts back to reality. This fact is illustrated by his bold and commendable proposals on equitable health-care reforms and science policies within the laundry-list reading euphemistically described as the 1998 State of the Union address. His declaration on Iraq, and his anti-scientific sophistry in defense of the Global Warming hoax, in the same address, illustrate the fact that “the jury is still out” on which way — back to reality, or on to ever-wilder, consensual fantasy — the President will turn as the crisis worsens. All concerned citizens should agree; we have to work on that problem.

The danger is, that as in Weimar Germany, the lack of effective leadership back to reality, means that something equivalent today to the Nazi taking of power then, could become the miserable fate of the U.S.A. Looking back to 1932-1933 Germany: when the German Social-Democrats, on orders from London, toppled the von Schleicher government, they deprived a ruined Germany of its last hope of a rational government, and thus paved the way for the tyranny of a minority party, the Nazis, instead. The impeachment of Clinton, and its virtually inevitable sequel, the dumping of Vice-President Gore, faster than you could say “Spiro Agnew,” would create such an awful possibility in the U.S.A. Imagine a President Gingrich!? If that were not a new Hitler, it would fill in, as London’s new Ramsay MacDonald, Prime Minister Tony Blair, is presently filling in, in London: until the real product could be put into place.

This brings us to the third case referenced above: the case of a succession of successively validated new hypotheses, a succession of validated discoveries of principle. Such a hypothesis underlies a program of commitment to ongoing progress in the condition of all mankind, through both advances in culture, and in the form of benefits of forced-draft scientific and technological progress.

At the time, during the middle 1960s, the London Tavistock Institute was contributing its role in the induced cultural paradigm-shift of that time; it argued strongly, in its Rapoport report, for massive cut-backs in the Kennedy “crash” aerospace program. Its argument to the Johnson administration’s relevant “wonks,” was that the achievements of the space-program in progress, were inspiring an excessive faith in rationality, within the population. After the submission of that report, that space program, the most profitable investment the U.S. economy ever made, was cut back savagely during the following fiscal year: with no sound *economic* reason for doing so!

What this nation, and the world generally, needs, is the articulation, with great substance, and with a pungency and

force reminiscent of President Franklin Roosevelt, of a great global program of rebuilding the world economy through reform of the bankrupt, present international financial and monetary system, and by state-sponsored, vast infrastructural development programs, aimed at stimulating the highest possible rates of growth and technological progress in private entrepreneurship in machine-tool-design-driven forms of scientific and technological progress. We conclude this report now, with a summary argument on that point, referencing what we have identified as the third case of hypothesis.

### How to measure real progress

The crucial problem which the 1964-1972 cultural paradigm-shift has introduced to the shaping of economic policy, is the substitution of the virtual reality of ideological gratification, as the standard of measure of effectiveness of policy, for the pre-1964-1972, predominant standard: real, physical-economic performance. Real, physical-economic performance was measured, ultimately, in terms of the measurable increase of mankind's physical power to command nature, as this result might be measured in terms of improvement of per-capita, and per-household demographic characteristics of the population considered as, functionally, an indivisible unit-whole.

That change in yardsticks of performance for policy, from real to emotional-ideological criteria, correlated with a shift from emphasis on happiness, to emphasis upon the immediate perception of "pleasure-pain." The Sixty-Eighters' "Don't go there!" rejection of reality, or, the kindred syndrome, "Whatever," reflect the flight from happiness, to sense of momentary pleasure. The "new sexual freedom" syndrome of the 1960s, expresses that flight.

Two additional trends of the recent thirty-odd years also express this shift. One is the enhanced price of an article of apparel, associated with the large and loud display of a brand-name as the dominant feature of that item. *Speak of alienation!* The second was the shift from quality of physical product produced, to money, and to conjecturable financial assets per se. The current obsession with delusions such as monetarism and "free trade," typify the latter aspect of a general flight from reality. In former times, going without means for satisfying urgent physical needs, or health care, was the perception of disaster. For the Sixty-Eighter, catastrophe would be a loss of one's wishful, fictional self-image, or loss of the several millions dollars nominal capital gain which had existed only as a fictional value on paper, or only in the fantasy-world of off-balance-sheet cyberspace futures.

The urgent task, is to return as much of the population as possible, away from cyberspace and politically correct, "sensitivity group" dream-worlds, to reality. Value must be relocated, psychologically, once again, in the functional realm within which the physical determination of demographic characteristics of the whole population is effected.

So, proceed accordingly here.

Looking at scientific and technological progress only in terms of the experimentally validated discoveries of new physical principles involved, we have the following first-approximation picture.

The axiomatic expression of increase of the effective productive powers of labor, per capita, is the addition of a newly validated physical principle, which has the effect of shifting the axiomatic basis of human scientific knowledge, from a manifold (physical-geometry hypothesis) of " $n$  dimensions," to a higher manifold of " $n+1$  dimensions." This defines the characteristic action of that physical-economic space-time. This action is located, primarily, within the second step of what we have defined in other locations as the four-step cognitive function.

This is expressed as a special kind of modular function, in which " $n$ " corresponds to a number of cycles of action, analogous to astrophysical cycles. The colligating action among these " $n$ ," defines a highly non-linear characteristic unit of curvature and action in the extremely small (e.g., "infinitesimal"); that action corresponds to a unit-action of human cognition, for the case that cognition generates a validatable discovery of principle solving an otherwise insoluble ontological paradox of experimental physical science.

Wilhelm Weber's mid-Nineteenth-Century proof of the existence of Ampère's longitudinal (e.g., angular) force for electrodynamics, revolutionized electrodynamics relative to Maxwell, for example, and also opened the gateways to development of a rational sub-atomic physics. This case illustrates the notion of progress from a manifold of " $n$  dimensions," to a superior one of " $n+1$  dimensions."

This characteristic unit of action, so defined, expresses the primary form of activity, which is mankind's functional relationship to our species' continued existence, in terms of our efficient relationship to the universe as a whole.

To restate what is admittedly a challenging conception for the novice. Respecting mankind's physical relationship to the universe, there are two principal considerations. First, that we are able to adduce experimentally validatable physical principles which have, as axiomatic considerations, the effect of increasing mankind's power, per capita, over the universe. Second, that the utilization of scientific and technological progress, so defined, results in a gain in the demographic characteristics of the population as a whole, and also in the demographic characteristics of the individual household. That defines reality; that reality is rooted in the successful development and use of those cognitive powers of the individual mind, through which validated discoveries of principle are generated.

This pathway back, from linear cyberspace, to non-linear reality, expresses more than man's practical increase of our species' physical ability to maintain and improve present levels of population and living conditions. When we place the emphasis where it belongs, on that developable, creative power of cognition, which sets mankind absolutely apart from

and above such self-professed “great apes” as the british World Wide Fund for Nature’s Prince Philip, we foster the circumstance in which the essential nature and equality of all men and women are the determining basis for the moral sense of moral and other social values. We thus foster not only the kind of morality needed to guide us to actions which meet material requirements of the individual person, but to forms of social relations, of value placed upon man by man, the which are consistent with the proper image of man, and the proper moral definitions of social relations.

The notion of the statistical-social middle ground, the notion of the emerging new consensus, is an essentially inhuman view of the nature of both man and the universe. It denies that principle of universality upon which the idea of equality among all persons depends absolutely. It denies the existence of any truth common in its effective relevance for all persons. It substitutes the *Weltgeist* of G.W.F. Hegel, and the Romantic radical positivism of the *Volkgeist*, of Karl F. Savigny and Nazi law, for validatable principles of universal truthfulness. Remove the constraint of universal truthfulness from law and other statecraft, and substitute the radical positivism of consensus, and we are soon back to the satanic world of Thomas Hobbes.

Thus, the corrosive, if marginal influence, of thinking in terms of “consensus politics,” has supplied a cumulative ef-

fect of bias into the misshaping of many kinds of policy-decisions, under the Clinton administration, as earlier. Under Clinton, this bias was accelerated in effect by the more marked shift to “consensual” politicking, which became apparent during the May-August 1996 interval. The recent adoption of the British policy for a new bombing of Iraq is a typical expression of the effect of such cumulative bias.

Then, in the course of such developments, we reach the point, that some horrid effect looms before us. The popular, naive impulse, among many, perhaps most of those who recognize the dangerous effect so posed, is to attempt to change *only* the specific policy which they see as proximate to that effect. This view errs, in overlooking the fact, that that specific policy is a product of a cumulative reshaping of the underlying array of axiomatic-like assumptions, which guide, or misguide a government, such as the Clinton administration, to the policy in question. Without addressing that underlying axiomatic structure, it were unlikely that efforts to change merely the relevant policy could succeed in anything but the failure which such an approach virtually guarantees.

Whoever does not place the emphasis on understanding the historically determined character of the axiomatic under-structure of decision-making, knows no more than a little bit about real politics, and virtually nothing about the making of history.

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## 'Porn-again' Starr on prowl for scandals vs. President

by Edward Spannaus

With the news media filled daily with leaks from Whitewater prosecutor Kenneth Starr's office, each one more salacious than the last, a mighty backlash is now building against the independent counsel. Because what started as an investigation of a failed 1980s real estate deal in Arkansas, has now become a frenzied search for more and more dirt concerning the President's personal life and alleged sexual affairs.

This didn't just begin last month. Back in November 1996, Starr's agents were already interrogating Arkansas state troopers about Clinton's sex life—supposedly under the pretext that this would help them prove "Whitewater" crimes! Last summer, after the reports came out about Starr's efforts to dig up dirt on Clinton, a local columnist in Arkansas wrote that "the real game here is extortion." Max Brantley, writing in the *Arkansas Times*, said that "Starr's jackboots hope that people with potentially embarrassing private pasts might offer up something, anything on Clinton, to protect themselves from public humiliation."

And now, Starr has become a veritable "peeping Tom," hauling witness after witness before his Washington grand jury, to tell him who can see what, in and around the Oval Office. According to various press accounts, beginning in late January, Starr's prosecutors have been asking witness after witness about the layout of offices in the West Wing of the White House, about who worked where, what access they had, and what could be seen in the Oval Office and adjoining study. George Stephanopoulos was reportedly asked to describe "sight lines" in the area around the Oval Office and, according to the *Washington Post*, "whether other people could observe activities in Clinton's private space."

At the same time, Starr's office has been leaking to the news media, lurid details of grand jury testimony and other statements of people claiming to have some knowledge of alleged sexual trysts involving the President.

In light of this fixation by Starr and the news media on "oral sex," accounts of which are often run side-by-side with news reports of how Starr is supposed to be such a pious church-goer, *EIR* Contributing Editor Lyndon LaRouche recently labelled Starr a "porn-again Christian."

"Kenneth is one of these so-called Elmer Gantry types of so-called Christians," LaRouche said in a radio interview with "EIR Talks" on Feb. 4. LaRouche compared Starr to the preacher who, "when he starts talking about sex from the pulpit, his eyes begin to gleam, and he begins to look among the female parishioners in the church? Ha! And he just delights to get to this sex part: 'Oh, sex is terrible, it's sinful, what people do with sex,' and so forth. 'Oh, it's terrible!'"

LaRouche said that Starr, "this moral degenerate," has now come up with another sex scandal, because what he is doing is "appealing to those Americans who are also pornographic . . . sexually pornographic."

Starr is displaying a decidedly sadistic streak. He has kept Susan McDougal, a friend of the President's who has already been convicted and sentenced to a two-year prison term, in various jails for almost 18 months on a separate, civil contempt charge, often under horrendous conditions. McDougal has repeatedly charged that Starr has offered to release her if she would lie about Bill Clinton, and now, she says, Starr's office is threatening to indict her for criminal contempt of court after she is released, as she must be under the law, around March 6.

Susan McDougal expressed sympathy for Monica Lewinsky, because of the similar pressure Starr has put on her. It has been reported that Starr threatened Lewinsky and her family, and tried to get Lewinsky to wear a body wire to record conversations and entrap President Clinton and/or Clinton's friend and adviser Vernon Jordan. During an ABC-TV interview on Feb. 4, McDougal said: "I was surprised at how much

it bothered me when I saw this happen to this young woman [Lewinsky]. In fact, it was almost a déjà vu. I felt like I was living through it with her, as I saw her problems.”

McDougal said that Starr had threatened her family with indictment, just as he did Lewinsky, during the afternoon that Starr’s agents detained Lewinsky for eight hours. “I don’t believe there’s any pressures that he would not bring to bear to get this President,” McDougal said. “I will tell you that from my first day with them, they were offering me the world for a proffer against Bill Clinton.”

### **The ‘rocket docket’**

Starr already has two grand juries sitting, one in Little Rock, Arkansas, and another in Washington, D.C. There are now rumors, that Starr has opened a third grand jury in the Eastern District of Virginia, in Alexandria. There have been reports that Monica Lewinsky’s first lawyer, Francis Carter, had received a subpoena to deliver his records concerning Lewinsky to a Federal grand jury in Virginia. It is also said that Starr is planning to drag Vernon Jordan before a grand jury in Virginia. Since both Carter and Jordan are black, the reasoning is that Starr would find it much easier to obtain indictments and convictions from a predominately white grand jury and trial jury in Virginia, than from a heavily black jury in the District of Columbia.

While various accounts attribute this to a racial motivation, this is only part of the story. The Alexandria Federal court is known as the “rocket docket,” and it is notorious for its almost 100% denial of pre-trial defense motions, its quick trials, and its rapid and almost certain convictions of defendants. This was the district in which the Justice Department railroaded Lyndon LaRouche and a number of associates to prison in a matter of months in 1988, after Federal prosecutors had spent four years trying to prosecute and convict LaRouche in Boston, and had failed miserably and embarrassingly.

This news service had received a report from a knowledgeable source over a year ago, that Starr was maneuvering to find some jurisdictional “handle” to get into the Alexandria court, where he would be much more likely to get convictions, than in the District of Columbia. *EIR* has also confirmed that, about one month ago, Starr brought one of the principal criminal prosecutors from the Alexandria U.S. Attorney’s Office, onto his own staff.

### **Starr’s conflicts of interest**

Starr is also now facing two active complaints over his gross prosecutorial misconduct and his myriad conflicts of interest.

On Feb. 5, Rep. John Conyers (Mich.), the ranking Democrat on the House Judiciary Committee, announced that he was preparing a letter to Attorney General Janet Reno, asking Reno to investigate repeated abuses of power by Starr. A statement issued by Conyers said that his letter “will detail the allegations regarding improper leaking of grand jury material,

intimidation of witnesses, unauthorized investigations, and conflicts of interest.”

“Just today we learned that Starr’s office may have leaked confidential information from Ms. Lewinsky’s supposed grand jury proffer and may have been engaged in a course of improper pressure and intimidation against Ms. Lewinsky,” Conyers’s statement continued. “Although these latest disclosures shock the conscience, I believe they may be just the tip of the iceberg when it comes to potential misconduct by this Independent Counsel.”

Second, the 8th Circuit U.S. Court of Appeals has announced that it will hear the appeal of the dismissal of a conflict-of-interest complaint first filed in 1996 against Starr. The complaint, filed by Francis Mandanici, a Bridgeport, Connecticut public defender, cited two principal areas of conflict—that between Starr’s law firm Kirkland & Ellis and the Resolution Trust Corp., and that involving the right-wing multimillionaire “philanthropist” Richard Mellon Scaife, particularly Starr’s acceptance of a position at Pepperdine University, which is funded by Scaife’s foundations. Mandanici’s complaint also cited Starr’s leaks to the news media.

Mandanici first filed his complaint with the Federal district court in Little Rock in 1996; the court forwarded it to the Justice Department’s Office of Professional Responsibility (OPR), which rejected it in February 1997, saying that the Attorney General should only use her removal power in “extreme” cases. Mandanici then renewed his complaint with the district court, asking it to appoint a counsel to investigate Starr’s conduct and conflicts of interests. In August, the complaint was effectively killed, after four judges recused themselves because of their ties to President Clinton, and the remaining four judges, mostly Republicans, did not recuse. A majority of the eight judges would be needed to act on the complaint. One of the four who did not recuse himself, Judge Thomas Eisele, a Republican, wrote a powerful memorandum, declaring that Starr should be investigated and removed. (See *EIR*, Sept. 5, 1997, p. 52.)

After Federal Judge Susan Webber Wright then dismissed Mandanici’s complaint altogether in October 1997, Mandanici filed an appeal with the 8th Circuit. Two weeks ago, as Mandanici advised this news service, Starr filed his opposition to the appeal, declaring it “frivolous.” But now, the Appeals Court has decided to hear the appeal, and has scheduled oral argument for March 5 in Fayetteville, Arkansas.

Mandanici said that he believes that Starr is only doing what he is doing today, in the Monica Lewinsky matter, because he was emboldened by the action of the three judges who “gave him a pass” last August; Starr took this as a “green light,” Mandanici said.

In light of Starr’s rampage in recent weeks, and the torrent of illegal leaks coming out of his office, there is no doubt that Starr deserves to be fired—and then investigated and prosecuted himself, for flagrant misconduct and abuse of his office.

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## Clinton hopes for good relations with Iran

"I hope . . . the day will soon come when we can enjoy, once again, good relations with Iran," President Clinton said in a greeting to the world's Muslims, issued on Jan. 28 on the occasion of Id Al-Fitr, the celebration for the end of the holy month of Ramadan. Though in the past President Clinton has acknowledged Muslim festivities and invited Muslim-American leaders to the White House for celebration—the first President to do so—this is the first time he has directly addressed his greetings to the Iranians. It is also the first time in nearly two decades that an American President has greeted Iranians in this way.

"To the people of Iran," the President said, "I would like to say that the United States regrets the estrangement of our two nations. Iran is an important country, with a rich and ancient cultural heritage of which Iranians are justifiably proud. We have real differences with some Iranian policies, but I believe these are not insurmountable. I hope that we have more exchanges between our peoples and that the day will soon come when we can enjoy once again good relations with Iran. . . ."

"On behalf of all Americans, I want to extend my personal greetings to the entire Muslim community, in the United States and around the world."

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## Karla Faye Tucker is executed in Texas

Karla Faye Tucker, 38, was put to death in Texas on Feb. 3 for the pick-ax murder she committed in 1983. The execution drew international attention for two reasons. Tucker was the first woman to be put to death in Texas since 1863, and only the second woman to be executed in the United States since the death penalty was reinstated by the Supreme Court in 1976. More important was Tucker's religious conversion while in prison, and her rehabilitation from a drug-

dependent criminal to a model prisoner. If anybody should be spared execution because of having changed in prison, opponents argued, Karla Faye Tucker should be.

Tucker's fate could have been decided differently in three ways. Texas Gov. George W. Bush could have independently stayed the execution for 30 days. But Bush is seeking reelection this year and is also mooted as a Republican Presidential contender in 2000; and Bush's famous father, Sir George, is a knight of the British Empire.

The Texas Board of Pardons and Paroles, largely comprised of Bush appointees, could have commuted her sentence or reprieved her, based on her rehabilitation. The Board instead voted 16-0, with two abstentions, against Tucker's requests for commutation of sentence or reprieve.

Tucker's fate also lay in the hands of the U.S. Supreme Court, most of whom were appointees of Presidents George Bush and Ronald Reagan. That court is under the philosophical misguidance of Justice Antonin Scalia, an outspoken proponent of the death penalty, in defiance of the teachings of the Catholic Church, to which he claims to be an adherent. Even the intervention in the Tucker case by Pope John Paul II and the Catholic bishops of the United States seeking clemency for her, failed to dissuade the justices, who turned down her two appeals without comment.

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## The high cost of cutting health care

Los Angeles County's attempt to bring health care costs down by preventing caesarean births, resulted in \$48 million in legal costs, the *Los Angeles Times* reported on Jan. 29. For about a decade, from about 1985 to 1995, doctors at county hospitals sought to prevent costly caesarean-section deliveries by developing policy guidelines that mandated attempted vaginal delivery by nearly all women who came to public facilities to have their babies.

Since 1992, the county has paid out \$24 million to settle 49 claims involving women or children who were killed or injured by failure or delay in performing caesarean sec-

tions. No one denies that the policy was mandated out of strictly budgetary concerns. It has now been revealed, three years later, that this policy resulted in so many deaths and injuries, that the practice ceased in 1995.

In a related story, the same newspaper reported on Jan. 30 that the state of California plans to begin denying subsidized prenatal care to tens of thousands of illegal immigrant women on March 1. The approximately 70,000 existing recipients who lack legal immigration status will be removed from the rolls as of April, said a spokesman for Gov. Pete Wilson.

Wilson wants to cut the \$84 million a year which the state allegedly pays out on prenatal aid for undocumented women. Critics point out that the aid reduces the health threats to mothers and children, and helps curb the incidence of preventable diseases.

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## African-American paper hit by arson attack

The offices of the *Jackson Advocate* of Jackson, Mississippi, one of the nation's oldest and most outspoken African-American newspapers, were firebombed on Jan. 26. The arsonist broke through the front door, doused the office with gasoline, went back outside the building, and threw two Molotov cocktails. The bombing left the newsroom a charred shell. Flames melted computers and copiers, with damage estimated at \$100,000.

According to an article published in the newspaper *New Federalist* on Feb. 2, this is not the first time that the *Jackson Advocate* and its courageous publisher, Charles Tisdale, and editor Ali ShamsidDeen, have been the target of threats and violence. On Jan. 23, a death threat was made to Tisdale on his weekly radio show.

The *Advocate* has a tradition of publishing the truth, regardless of consequences. As Tisdale said after the bombing, "Some people can't stand the light of day and scrutiny of a newspaper—a newspaper is supposed to tell the truth, and that's what we do."

Tisdale is a signer on the call to President Clinton to exonerate Lyndon LaRouche, and has collaborated with the Schiller Institute



**HILLARY CLINTON**, speaking at the World Economic Forum in Davos, Switzerland on Feb. 2, noted that “there has been a great deal of useful conversation here” about how to manage crises such as that in Asia, including “even suggestions as to what could be done to create more of a global regulator atmosphere, along the lines perhaps of a new Bretton Woods.”

**DEFENSE SECRETARY** William Cohen testified before the House Banking Committee on Jan. 30, and underscored the danger to national security posed by the Asian financial crisis. He said that national security cannot be separated from economic policy: Some people have had the false idea that once the Cold War was over, economic concerns could be separated from security concerns.

**FORMER MAYOR** of Boston and ambassador to the Vatican Raymond L. Flynn announced his campaign for governor of Massachusetts on Jan. 29. “The Democratic Party is currently in danger of being dominated by the socially elite and of being controlled, like the other party, by the power of big money campaign contributors,” he told supporters.

**SEN. TED KENNEDY** (D-Mass.) on Jan. 27 introduced a new bill to increase the minimum wage from the present \$5.15 an hour to \$6.65 over the next three years, and then index it to inflation thereafter. Kennedy pointed to the fact that the minimum wage, at the current level, is worth less in terms of buying power than it was in 1968.

**INFLUENZA** or pneumonia killed at least 798 people in Los Angeles in December 1997. According to the Los Angeles County Health Services Department, this is a 20% increase over the 667 deaths in December 1996. County hospitals were overwhelmed with patients seeking treatment, as a new flu strain, “A-Sydney,” swept through the country.

on a number of initiatives. During 1996 and 1997, Tisdale and others in Jackson joined with the Institute in a series of town hall meetings to expose the role of George Bush in the Contra running of crack cocaine. Tisdale was one of the few newspaper publishers in the nation courageous enough to break with the standard coverup blaming the CIA for running the crack, instead running full-page ads for the town meetings which documented the role of Bush and his “secret government” in the Contra drugs-for-guns trafficking.

Tisdale has accused city officials of “creating the climate where this arson could take place.” He was referring to ongoing battles with the City Council, and particularly Council President Louis Armstrong.

Tisdale’s office has been vandalized or bombed more than 20 times since he took over the newspaper in the late 1970s. However, while in past periods, it was Ku Klux Klansmen who did the dirty work against newspapers like the *Advocate*, more recently the FBI, Justice Department, and private foundations tend to employ “black-faced” nationalist agents, and organizations like the Anti-Defamation League, to do the job for them.

## Asian crisis ‘threatens 1.1 million U.S. jobs’

The Economic Policy Institute, a labor- and Democratic Party-linked think-tank, has released a report on expected U.S. job losses from the Asian financial crisis. Institute economists Robert Scott and Jesse Rothstein, along with Chairman Jeff Faux (who is also an economics adviser to House Minority Leader Richard Gephardt), gave a briefing on Jan. 23 at their office, on the report they were releasing, “Asian Crisis Threatens to Destroy 1.1 Million Jobs.”

They said the crisis would hit the manufacturing sector hardest, with an expected job loss of 1.1 million if the U.S. trade deficit rises by \$100 billion as a result of increased Asian imports. They attribute the expected rise in imports to International Monetary Fund conditionalities which will reduce consumer demand in Asian economies, and spur

increased exports of manufactured goods. The states hardest hit with job losses will be California, Texas, New York, Illinois, Michigan, Ohio, North Carolina, and Pennsylvania.

The economists’ chief polemic was a warning to the Federal Reserve not to raise interest rates to slow down the economy, since higher unemployment is right around the corner.

Their policy recommendation was deflation, with economic stimulus packages for the Asian economies. They were told by a reporter from this news service, that, because of the magnitude of the debt crisis, a policy that didn’t include bankruptcy protection for the productive sector, and debt write-down on a large scale, would lead to hyperinflation. In response, Scott argued that IMF restructuring of the banking sector (which they don’t disagree with) is different from governments spending money on economic stimulation.

## Greenspan: Asian crisis will cut U.S. wages

Federal Reserve Board Chairman Alan Greenspan told the Senate Budget Committee on Jan. 29 that the Asian financial crisis could prove very helpful in slowing down the U.S. economy. “First, it is clear that the U.S. economy has been exceptionally healthy,” he affirmed. Second, he said, the financial difficulties of our Asian trading partners “will be showing through here in reductions in demand for our exports and intensified competition from imports. All of this suggests that the growth of economic activity in this country will moderate from the recent brisk pace.”

“Third,” he said, “such a moderation would appear helpful at this juncture. . . . Pressures in the labor market likely contributed to the acceleration of wages in recent months. . . . The likelihood that we shall be seeing some lower prices on imported goods as a result of the difficulties in Asia may afford some breathing room from inflation pressures. But they will not permanently suppress the risks inherent in tightened labor markets.”

## Editorial

### *What do you expect from the Whore of Babylon?*

Back in 1976, senior *Washington Post* editorial writer Stephen S. Rosenfeld outlined the policy of Katharine Graham's newspaper, as to how the *Post* would cover U.S. political leader Lyndon LaRouche. In a Sept. 24, 1976 slander of LaRouche and his philosophical association, the National Caucus of Labor Committees, Rosenfeld wrote: "We of the press should be chary of offering them print or air time. There is no reason to be too delicate about it: Every day we decide whose voices to relay. A duplicitous violence-prone group with fascist proclivities [sic] should not be presented to the public unless there is reason to present it in those terms. . . ."

The message was clearer than most which the *Post's* obfuscatory drivel delivers: Only libelous coverage of LaRouche and his associates will ever appear in the major newspaper of the nation's capital.

The *Post* has stuck to this policy, satanically. It ran major libelous features against LaRouche, in the run-up to his railroad trial in Alexandria, Virginia, in 1988. It has assiduously avoided any honest, straightforward coverage of LaRouche's political activity and proposals.

On Feb. 5, 1998, the *Post* did it again. Two days before the world-historic concert of the St. Thomas Boys Choir of Leipzig, Germany, the Thomanerchor, scheduled to be held on Feb. 7 at the Basilica of the National Shrine, the "Arts Beat" column on page B7, by Michael O'Sullivan, ran a smear piece about the association of the Schiller Institute with the upcoming concert, and a symposium scheduled to accompany it.

The article used Iago-style language to insinuate that something was wrong. "The Schiller Institute—ostensibly the non-ideological cultural arm of LaRouche's fringe political organization—has in the past paid for newspaper ads alleging such conspiracies as a 'game plan to make the United Nations the centerpiece of a new world empire . . . in which the nation-state will disappear.' [This is from the Institute's *Post*

ad against the one-worldist plans of the United Nations' 1994 Cairo population conference—ed.] Along with Louis Farrakhan's Nation of Islam, the Institute has also sponsored events addressing supposed crimes committed by the Jewish Anti-Defamation League against the black community."

What any of this has to do with LaRouche and the Schiller Institute's promotion of the historic appearance of the 850-year-old boys choir, is left unclear. What's clear, is that Katie Graham's *Post* doesn't like it.

"What do you expect from Katharine Graham, the Whore of Babylon?" commented LaRouche, upon hearing about the latest smear.

Just look at the cultural icons which the *Post* has promoted in the recent past. (This is not to mention its support for drug decriminalization, the right to die, and other expressions of the culture of death.) They are nothing less than Satanic.

Start in 1993, with the Style section's feature on Jerry Garcia, the lead guitarist of the Grateful Dead, and his ability to "communicate" with even the deaf. "So many smells: the incense, bare feet, marijuana fog, the sweat of thousands of shirtless young men rising and mixing," the *Post* wrote, in adoration.

Then take 1996, with the death of self-avowed drug-promoter and Satanist Timothy Leary. There the *Post* Style section graphically described how the man who launched the counterculture slogan of "turn on, tune in, and drop out," popped psychedelic drugs in his last days, and quoted admirers calling him a contributor to "human consciousness" and a "spiritual revolution." (Sure, like the entire drug culture.)

Then there was the Style section's 1997 coverage of Marilyn Manson, who directly promotes Satanism, Nazism, and fascism in his rock performance. This, however, the *Post* dismisses as "theatrical, not theological." Certainly not as bad as Lyndon LaRouche, in its view.

But, what do you expect of the Whore of Babylon?

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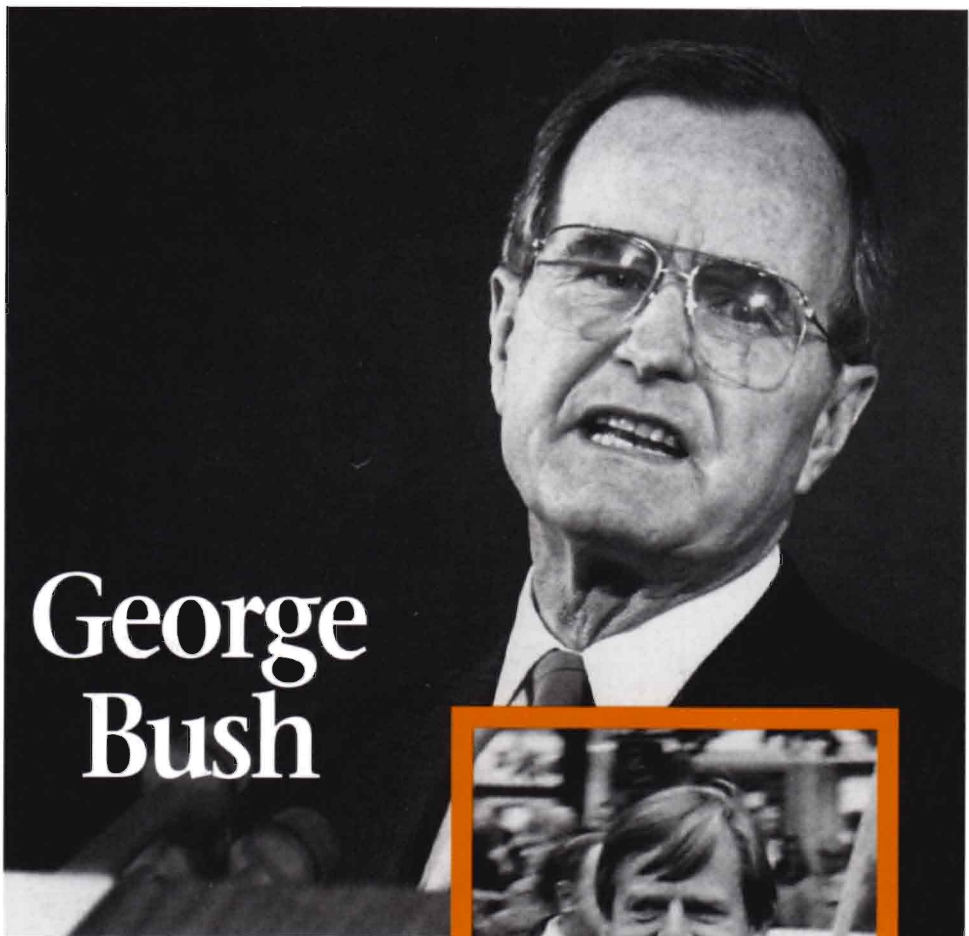
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# George Bush



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