

EIR

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LaRouche: a dialogue on Africa's future
Clinton takes bold steps for Mideast peace
How Japan can judo its debt problem

**Spannaus, LaRouche campaign
to stop political lynchings**



The cults of 'political correctness,' the world of make believe into which the frightened '68'ers had fled, are no longer the unchallenged wave of the future. The back-to-reality cultural paradigm-shift, is the changed political opportunity to which wise statesmen will hitch the destiny of their nations.

—LYNDON H. LAROCHE, JR.
March 5, 1998

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European Headquarters: Executive Intelligence Review Nachrichtenagentur GmbH, Postfach 2308, D-65013 Wiesbaden, Otto von Guericke Ring 3, D-65205 Wiesbaden, Federal Republic of Germany
Tel: (6122) 9160. Homepage: <http://www.eirma.com>
E-mail: eirma@eirma.com Executive Directors: Anno Hellenbroich, Michael Liebig

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

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From the Associate Editor

With this issue of *EIR*, the LaRouche movement is launching a new strategic initiative to secure Lyndon LaRouche's exoneration. As our *Feature* emphasizes, the fate of the Clinton Presidency, and the prospects for restoring the rule of natural law, depend, more than ever, on the exoneration of LaRouche. This point is further underscored by Edward Spannaus's article in the *National* section, which documents the fact that Clinton's enemies are the same as LaRouche's enemies (in this case, former U.S. Attorney Henry Hudson, the prosecutor who jailed LaRouche and is now publicly boosting Kenneth Starr's efforts to do the same thing to the President).

Between now and Memorial Day, we shall organize an intense lobbying effort on Capitol Hill, including a top-level delegation of signers of the petition to the President calling for LaRouche's exoneration. Every U.S. Congressman should get gift copies of the videotapes of the 1995 hearings of an independent blue ribbon commission on the prosecutorial misconduct of the U.S. Justice Department's permanent bureaucracy.

In his testimony to those hearings, LaRouche underlined that "until we remove, from our system of government, the rotten permanent bureaucracy, which acts like contract assassins, using the authority of the justice system to perpetrate assassination, this country is not free, nor anyone in it."

He was then asked by JL Chestnut, the noted civil rights attorney from Alabama, what the chances were of success. "I've got serious reservations," Chestnut said, "about whether we can save this country, about whether this country even *wants* to be saved."

LaRouche replied, with his characteristic optimism, that we *can* succeed, provided "enough people in this country stand up on their hind legs, and stop voting for what they don't want." It comes down to a question of leadership, as the example of Martin Luther King shows: leaders with the courage to act as history demands, to revive our economy and uplift people morally and culturally. "I think," LaRouche concluded, "if enough of us assemble today around these kinds of issues, and show the nation that *there is something moving*, something which is of concern to the average citizen, that from among those we gather together for that purpose, we will find the leaders we need."

Susan Welsh

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Corrections: In last week's *Feature*, the by-line was inadvertently left off of the article on page 27, "Recommendations for Peru's War on Drugs." The author was Luis Vasquez.

In "London's São Paulo Forum Declares War on the United States," page 21, Free Bolivia Movement leader Alonso Alem was incorrectly identified as having been named Bolivia's Foreign Minister, after traveling to Europe for the São Paulo Forum. It was Antonio Aranibar, his fellow party member who accompanied him on that 1992 trip, who was so named.

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Greenspan echoes LaRouche, warns of ‘financial implosion’

by Marcia Merry Baker

On May 7, Federal Reserve Board Chairman Alan Greenspan addressed a conference sponsored by the Federal Reserve Bank of Chicago, and in his prepared text, warned of dire consequences associated with today’s financial system. After making reference to rapid and punitive “cross-border financial flows,” Greenspan stated: “It is urgent that we accelerate our efforts to develop a sophisticated understanding of how this high-tech financial system works. Specifically, we need such an understanding if we are to minimize the chances that we will experience a systemic disruption beyond our degree of comprehension or our ability to respond effectively.”

Well should Greenspan speak of chances for *systemic disruption*. The disintegration of the global financial system is proceeding apace right now, already at the point of social explosion in East Asia, and approaching the stage of financial blow-out and ensuing chaos even in the so-called invincible financial centers of the North Atlantic nations.

Greenspan’s response? In Chicago he spoke of central banks’ supreme powers to print money, override the decisions of the governments of nations, and decide what the “public burden” will have to be. Have a problem with that? Greenspan concludes, well, problems are the “price of progress.”

In fact, Greenspan’s “systemic disruption” is precisely the state of affairs forewarned of by economist-statesman Lyndon LaRouche in January. He said that, “phase one” of financial disruptions in the second half of 1997 (Asian-centered currency devaluations, debt crises, non-payments, insolvency chain reactions) would seem like a picnic, compared to what lies ahead in the second quarter of 1998. All the while, LaRouche has mobilized for urgent action toward a “New Bretton Woods” financial replacement system.

In particular, LaRouche has warned of the explosive “reverse-leverage” effects when the \$140 trillion pyramid of international derivatives contracts, and other speculative obligations, starts to blow. On May 7, Greenspan said, “With financial leveraging there will always exist a possibility, however remote, of a chain reaction, a cascading sequence of defaults that will culminate in financial implosion if it proceeds unchecked. Only a central bank, with its unlimited power to create money, can with a high probability thwart such a process before it becomes destructive.”

LaRouche’s January warning

Interviewed on Jan. 14, on the radio show “EIR Talks,” LaRouche was asked, “Your forecasts of the great financial crises of ’97 were found to be prophetically accurate by many. What’s going to happen in the first and second quarters of 1998?” LaRouche responded, by first drawing attention to the lack of political will of leaders and institutions to intervene.

“We are in a peculiar kind of situation, in which what happens is not going to happen mechanistically, that is, it’s not automatically out of human hands. You don’t go to some fortune teller or some tea leaf reader and say, ‘What have the gods prepared for 1998?’ It doesn’t work that way.

“What happens is, at present, we see that while people like [U.S. Treasury Secretary] Bob Rubin and some others, with the President’s support, are moving in useful directions, and generally correct directions, the administration as a whole is not telling the truth. That is, while there are those in the administration, together with people in Europe and elsewhere, who realize that the system is disintegrating, are willing to do something about it, they are unwilling to take on

the overwhelming majority of the world's power brokers, politically and in finance, who at this point are sticking to something like the IMF's hyperinflationary policy.

"The situation is going to become impossibly worse. As we enter the second quarter, or as we enter March—one can not predict a precise date on this, but you get the general picture of how things are going—by the time we're approaching, or entering the second quarter of 1998, we're going to be in the most hellish crisis we've ever imagined, something far more hellish, more profound, than anything that has been seen so far in the 20th century.

"For example, you see the implications of the threatened spread of this crisis out of Southeast Asia, and Asia generally, not only into Brazil and Argentina, Chile and so forth; but, also, they're already beginning to hit New Zealand, which means, next, Australia. And, we can see, very rapidly, particularly when you look at some of the figures of the debt ratios, who is owed what, you see that Europe is going to be hit *very* hard, much more difficult than the United States, within a very short period of time.

"If you think things are bad now, wait until March or April come around. It's going to be impossible. At that point, I think there's going to be a tendency for people to scream, 'Help us! Help us! Help us!' And, that's what I have to prepare for. Because if people, by the second quarter of this year, do not come around to accepting my leadership role in shaping policy response on this question, then I can tell you, *this system is going into something far worse than anything like the 1930s Depression, worldwide. This is going into a virtual New Dark Age.*

"So, this is a very important period. The next weeks, as to what my fate is in the next weeks, will, essentially, probably determine the fate of the nation, and of civilization."

New Bretton Woods or bust

As of May 1998, the drive for the New Bretton Woods approach forged by LaRouche, has taken the form of political election campaigning in the Congressional mid-term races in the United States, and for elections and policy campaigns in key nations around the globe. The April 16 conference in Washington, D.C. of 22 nations, hosted by U.S. Treasury Secretary Rubin, which met on the topic of the world financial crisis, could have been a milestone occasion, but the outcome was to form three study groups—commissioned to report next fall! The pace of the intensifying crisis won't wait, as even Greenspan's remarks make clear.

Early May's tumult and protests in Indonesia underscore the fact that in East Asia, the global financial crisis has entered the phase of social explosion. The International Monetary Fund (IMF) is proceeding on an agenda of cutting productive economic activity; this, combined with the cumulative impact of two rounds of financial crises so far (summer 1997 to December; then January 1998 to the present), have created circumstances that are intolerable.

During the first week in May, Indonesia went through days of protest demonstrations and riots, triggered directly by IMF-ordered price rises of 25-71% for fuel and power. In Seoul, South Korea, where unemployment is soaring each day, mass rallies and strikes may be in the offing for later May or June.

The economic and social breakdown situations in Indonesia, in South Korea, and elsewhere, pose a leadership challenge to nations the world over: The IMF-era system is done for. Will there be a replacement system for the benefit of mankind? Or will the doomed IMF system lead to more strife and suffering, ending in global catastrophe and a Dark Age? Internationally, the expiring financial system is being held together day-to-day by the rapid printing of money, and the crushing of living standards and production. But, its days are numbered.

One gauge of the urgency of facing the breakdown, and acting, is that even the Asian-based non-governmental organizations, not oriented in the past to economic fundamentals, issued a united appeal in early April for action on the international hot money flows that have shot down whole national economies in the region. Below, we provide the full text of this Asian NGO appeal to control foreign speculation.

However, the institutional policy response has so far continued its stall-out. As we go to press, finance ministers and

LAROCHE ON THE NEW BRETTON WOODS

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

**It can not be reformed, it
must be reorganized.**

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

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central bankers are gathering in London, for a Group of Seven meeting on May 8, and foreign ministers are meeting on May 9, preparatory to the heads-of-state gathering on May 15 in Birmingham, England. But no counter-IMF actions are planned.

In Washington, D.C., the House of Representatives has balked at providing the \$18 billion of pledged money to the IMF—a useful move, but still the Congress has not had the sense to organize the funeral ceremony for the failed agency. The IMF, as the events in Indonesia make clear, cannot be “reformed,” or “improved.” It must be buried. IMF Managing Director Michel Camdessus said on May 5, in Melbourne, Australia, that the Fund could face the biggest crisis in its 53-year history, if the U.S. Congress doesn’t cough up the \$18 billion. So be it.

Asian NGOs demand action on financial crisis

The following memorandum, on the Asian economic crisis and the role of currency speculation, was signed by a number of Asian non-governmental organizations on March 27, and addressed to the Asia Europe Meeting (ASEM) summit in London on April 3-4. It shows that even the politically correct are dragged toward reality because of the physical economic collapse and the failure of institutions. Many of the signatories, such as “back to nature” Sulak Sivaraksa, represent the worst sort of “third worldism,” but the statement of the crisis, and the demand that ASEM take action, indicate the severity of the global financial crisis. A subhead has been added.

Memorandum to the Asia Europe Summit in London, 3-4 April 1998 from non-governmental organizations and individuals in Southeast and Northeast Asia:

We, the signatories to this memorandum, are deeply concerned about the devastating impact of the present financial crisis upon the people of Southeast and Northeast Asia. Millions of women and men have lost their jobs. There is severe deprivation within the poorer segments of society as a result of the dramatic increase in the prices of basic necessities. The crisis has made indigenous communities, migrant workers, and other marginalized groups even more vulnerable than before. In some parts of the region, there is hunger and starvation.

While the causes of the crisis are varied, it is undeniable that it was triggered by the massive outflow of short-term, speculative capital from the region. It was this outflow which led to the rapid depreciation of a number of currencies and the decline of stocks and shares. The adverse consequences of this continue to be felt in almost every sector of the economy.

It is because short-term, speculative capital is so fickle, moving in and out of money markets in search of quick, huge profits, that it has wreaked havoc upon many Asian economies just as it had caused a lot of damage to various European and Latin American economies in the past. It is not widely known that speculative capital, which is massive in size and scale, dominates global financial transactions today. It wields much more influence than long-term capital investments in the real economy. This is why it is in a position to make and unmake economies.

Currency speculation should be curbed and controlled at the global level. There should be effective mechanisms for regulating currency trading itself, out of which has arisen currency speculation. Currency traders should be made accountable while currency trading should be made transparent.

Though calls for curbs upon currency speculation have become more frequent in recent months, international institutions, charged with ensuring global financial stability, and most international organizations, have been rather lukewarm in their response. The International Monetary Fund (IMF) for instance, has not gone beyond a promise to study the problem. The G-7 [Group of Seven] has not shown any inclination to address the issue. It is only organizations such as the G-77, the G-15, and ASEAN [Association of Southeast Asian Nations]—all linked to the South—that are concerned about currency speculation and the volatility of the international financial system.

It is our earnest hope that the Asia-Europe (ASEM) Summit in London in April 1998 will show some empathy for the sufferings of the people of Northeast and Southeast Asia. Since countries in both continents have been victims of currency speculation, they should realize the importance of taking concrete measures to bring some order and stability to the money markets of the world.

Curb speculation

We therefore urge the ASEM Summit to put forward tangible proposals on curbing currency speculation and regulating currency trading.

At the same time, as individuals and organizations espousing the incorporation of moral values in the economic order, we are deeply conscious of the fact that the present international financial system is almost totally devoid of ethical principles. That money, a medium of exchange, has now been transformed into a commodity of profit, is a moral indictment upon the entire system. Everything today, from nature to culture, has a monetary value to it. Indeed, the system itself is sustained by the constant manipulation of interest rates—an institution which is abhorrent to all the major religions of the world.

If we are disturbed by the lack of ethics in international finance and international economies, we are equally distressed by the inability of certain national elites to uphold moral principles in the governance of their societies. In these

societies, the present financial crisis has, in a sense, served to expose a deep moral malaise; the concentration of wealth and power in the hands of a few; the lack of accountability and transparency in both the economic and political spheres; and widespread corruption and cronyism.

It is our sacred duty, as citizens of Southeast and Northeast Asia, to overcome these and other challenges in our societies. At the same time, however, we are acutely aware of the global dimension of the financial crisis that confronts us. It is this dimension that we expect the ASEM Summit to address—for the sake of our people.

Signatories:

Mr. Adi Sasono, president, Center for Development Studies, Indonesia

Mr. Ahmad Azam Abdul Rahman, president, Malaysian Muslim Youth Movement (ABIM), Malaysia

Dr. Amien Rais, president, Muhammadiyah Movement of Indonesia, Indonesia

Mr. Amidi bin Hj. Abdul Manan, president, Association of Muslim Students (PKPIM), Malaysia

Dr. Chaiwat Satha-Anand, Peace Information Center, Faculty of Political Science, Thammasat University, Thailand

Prof. Chandra Muzaffar, president, International Movement for a Just World (JUST), Malaysia

Mr. Charles Hector Fernandez, president, Society for Christian Reflection, Malaysia

The Hon. Ms. Delgermaa Banzragchiin, chairman, Subcommittee on Human Rights, Member of the State Great Hural (Parliament), Mongolia

His Excellency Bishop Julio Xavier L. Labayan, executive chairperson, Socio-Pastoral Institute, Philippines

Prof. Kinhide Mushakoji, secretary general, International Movement Against Discrimination and Racism (IMADR), Japan, and member of the International Advisory Board, JUST

Mr. Loka Ng Sai Kai, president, Young Buddhist Association of Malaysia, Malaysia

Dr. Mina M. Ramirez, president, Asian Social Institute, Graduate School of Economics, Sociology, and Social Work, Philippines

Prof. Makoto Katusumata, director, International Peace Research Institute, Meiji-Gakuin University, Japan

Mr. Michael O. Mastura, president, Islamic Welfare Society of the Philippines, Philippines

Prof. Sangjin Han, Department of Sociology, Seoul National University, South Korea, and coordinator, Friends Group of Korea, JUST

Mr. Sulak Sivaraksa, president, Santi Pracha Dhamma Institute, Thailand

Prof. Tian Jin, executive member, United Nations Association, People's Republic of China

Mr. Vaithilingam, president, Malaysian Hindu Sangam, Malaysia

The 'New Europe' is not quite a union

by Rainer Apel

The ship has not even weighed anchor to leave port, as fist fights erupt among the crew and the officers—fights about basically everything: the route, the speed, and who should be captain. After hours of exhausting wrangling, the only agreement that can be reached, is to weigh anchor.

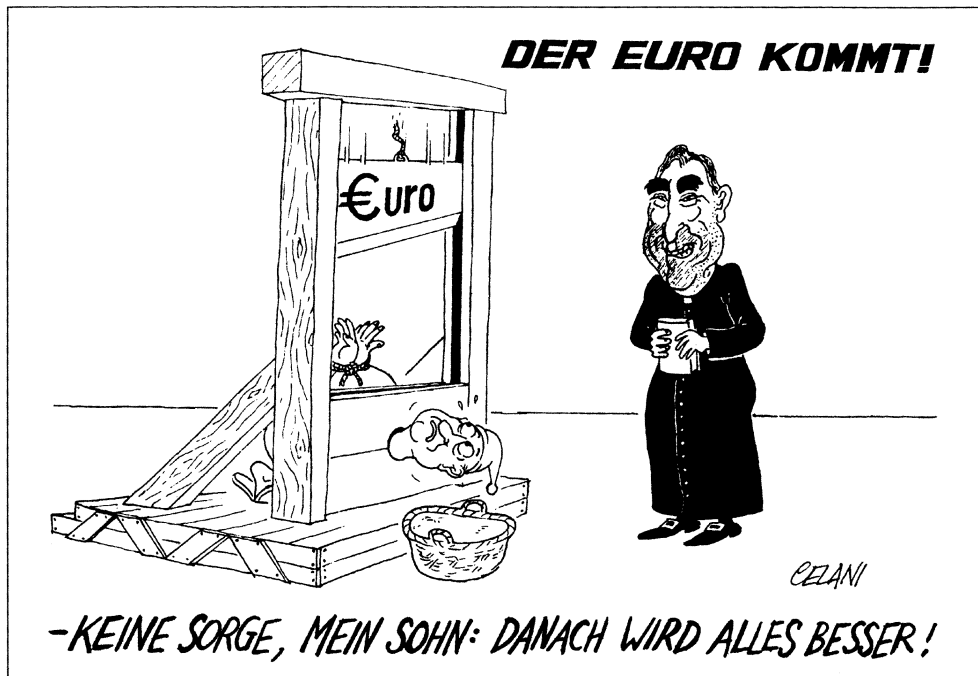
A script for a new movie, something like *Titanic II*? No, it's reality; it happened in Brussels, at the summit of the European Union (EU) governments on May 2-3. Not all the inside facts are known, but all the leaks and reports from the talks converge on the one crucial fact, that, instead of setting an example for the unity of Europe under the European Monetary Union (EMU), the summit turned into pandemonium.

The first governor of the ECB

The lack of agreement became apparent, when the heads of government and their finance ministers convened for the summit luncheon on May 2. The most important issues had already been decided beforehand: the official start-up date of the EMU, on Jan. 1, 1999; its initial member-states, of which there will be 11; and the establishment of the European Central Bank (ECB), on July 1, 1998. But, a fight over a seemingly secondary issue, namely, who should be the first governor of the ECB, caused the meeting to explode.

Granted, it had been known that the French opposed the generally agreed upon nomination of former Dutch Central Bank Governor Wim Duisenberg to head the ECB. France's President Jacques Chirac had proposed his own candidate, French central bank Governor Jean-Claude Trichet. But, the other EU leaders did not take the French seriously. The French would back down, as they have always done, the German delegation, led by Chancellor Helmut Kohl, assumed. The French would complain for a while, but otherwise, everybody would enjoy the luncheon, and after two hours or so, everybody would fly home. Kohl and German Finance Minister Theo Waigel had already checked out of their hotel rooms, before they drove to the luncheon.

But, the French did not back down that easily, and the meal did not proceed in harmony. Nor did it last only two hours: It dragged on for 11 hours. And, in the end, a "compromise" was apparently reached on the ECB, on the nature of which each participant gave a different account. Nominally, it had been agreed that Duisenberg would be first governor of the new ECB, and that Trichet would follow him on that job, and that the transfer of chairs would occur some time mid-



A view from the German newspaper *Neue Solidarität*: "The euro is coming!" German Finance Minister Theo Waigel proclaims: "Don't worry, my son; everything will be better afterwards!"

term: Duisenberg would serve about four years, and Trichet would then replace him for a full term of eight years. There was no written document to that effect, however, and the puzzled media learned at the various midnight press conferences after the session, that there was no such document, because "it is not a habit to write protocols of luncheons, which are just informal gatherings," as one luncheon participant put it.

No less puzzling were remarks at a press conference by Duisenberg himself, when he said that before the end of the full, official eight-year term, he would retire, for "personal reasons." He would do so, however, he added, only on his "own decision," a formulation which he repeated three times during his three-minute statement. The absurdity of this statement provoked laughter among the press — most of whom had been waiting for 11 hours, and now this. Making things even worse, President Chirac indignantly scolded reporters, "Do not laugh!"

This did not succeed in calming down the journalists, naturally, and when French Finance Minister Dominique Strauss-Kahn held his own press conference, he was jeered from the floor, when the press asked him, "How is anyone supposed to believe these lies?"

Massive dissension

Rarely has a summit ended in such a turmoil, rarely have political leaders enraged the press to such an extent, and, rarely, too, has a united propaganda front of participating governments disintegrated so rapidly. Leaks to the media after the summit, documented that the meeting had been on the brink of total failure throughout its entire 11 hours. Not only was there dissension between delegations, but even

within the delegations themselves.

For example, in the German delegation: Beginning with leaks from the British Reuters news agency on May 3, which were corroborated by other reports in the German press, it became apparent that Chancellor Kohl did not want to listen to some of his advisers who told him to back down to the French at an early point, because he would have to back down eventually, and this way, he could avoid a long, unproductive meeting. Kohl characterized the warnings of these advisers as "rubbish." He called in other advisers who backed his views, whose "expertise" then locked him in there for the next 11 hours. Kohl was close to letting the summit blow apart. He told the press afterwards, that this summit had been "some of the most difficult hours ever experienced. . . . There were many moments when I was not sure if we would get an agreement. There were some critical moments."

From many other reports, it has become evident, that not only "some moments," not only the ECB issue, but the entire summit exposed deep disorientation and discord among the EU governments over future EMU policies. As *EIR* reported last week, *Der Spiegel* magazine published an article on the eve of the Brussels summit, which included excerpts from hitherto-classified German government documents showing that Kohl had been forced to agree to the EMU scheme, as the price for German reunification, back in 1989-90. French President François Mitterrand, in particular, wanted the EMU in order to keep a reunified Germany economically and politically contained. Kohl admitted that the EMU was "contrary to Germany's interests," but apparently concluded that he had no choice.

With such clashes now coming into public view, it is a mystery how the new monetary union will be able to function.

Danish strikers demand share of 'prosperity'

by Poul Rasmussen

On April 27, more than 400,000 industrial workers went on strike in Denmark, shutting down almost all of the country's industries, construction companies, and truck transport. In addition, most of the air traffic in and out of Copenhagen International Airport was grounded, most newspapers were shut down, and within days, gas stations throughout the country ran out of gasoline.

Panic-stricken consumers raided the supermarkets for milk, bread, and meat, leaving behind rows of empty shelves that looked like the stores in the old days of communist eastern Europe. Yeast for baking bread became the focal point of this frenzy, although all the small, private non-industrial bakeries insisted that they had enough flour, yeast, and sugar in store, to supply Danes with fresh bread for months to come. In just three days, there was not a single package of yeast to be found anywhere in the country.

Part of the reason for this panic, was the general unfamiliarity with such a situation. This was the first major strike in Denmark in 13 years, and only the second in 25 years. Of course, there have been numerous small and local strikes, but many young families had no recollection of what a nationwide strike means. In addition, the strike came as a great surprise. A nationwide wage agreement had been reached between the National Employers Association and the National Labor Union. Catching everyone off guard, the agreement was voted down by the rank-and-file union members, making the strike an immediate reality. This was the first time since 1956, that a nationwide labor agreement had been rejected by the union membership.

From an American perspective, the demands of the Danish labor unions—one extra week of paid holiday, bringing the annual paid vacation up to a total of six weeks—might seem somewhat excessive. But, in major industrial western European nations such as Italy, Germany, and Sweden, industrial workers have enjoyed more than six weeks paid time off for years. The large “no” vote came because the employers association would only agree to add two days' vacation, specifically Christmas Eve day and New Year's Eve day, two days when 90% of the labor force was already off work, but unpaid. Now, the employers were offering to pay for them. This was seen as a provocation, and the strike was on.

A major element in the creation of the strike atmosphere was the illusion of prosperity created by the emergence of a bubble economy in Denmark, especially over the past five

years. Danish bankers insist that this is not a bubble, but a real economic upswing, with a small, but significant increase in the real wages of the working population. But, this “upswing” has to be seen in the context of the severe economic downturn of the preceding seven years, from 1987 to 1994. And, not least, the increase in real wages does not in any way match the increase in value gained by Danish stockholders. The Danish stock exchange has manically participated in the recent frenzy seizing the western stock markets.

This was the background to the strike. The Danish workers demanded their share of the prosperity, when they read about it in the newspapers or saw it on television, but which were intangible in their daily lives. Why, then, the demand for an extra week of vacation, and not a substantial wage increase? The answer is twofold: From past, bad experience, Danish workers know very well, that any wage increase above what the economists deem “acceptable,” will immediately be sucked up by the government, in tax hikes or austerity measures. A week of vacation cannot be stolen by anyone. Second, the speedup at the factories and the constant demand for higher productivity makes the demand for more free time a human necessity.

The government intervenes

On May 5, negotiations between the National Employers Association and the National Labor Union broke down, and on May 6, Prime Minister Poul Nyrop Rasmussen announced a government intervention, that, when duly passed by the Parliament, would end the strike by midnight on May 7. By law, the workers got two extra days vacation, and in addition, families with children under the age of 14 were granted two paid “care days” to spend with their children.

Both the National Employers Association and the National Labor Union reacted strongly against the government intervention. Most agitated were the labor unions and the rank and file members, who immediately threatened to unleash an endless series of wildcat strikes. For them, it was an outrageous scandal that a Social Democratic-led government would intervene to end a law-abiding and well-organized strike.

But, Prime Minister Rasmussen had his reasons. On May 28, the Danes go the polls to vote on the Amsterdam Treaty of the European Union. The biggest nightmare of the Danish establishment, is the threat of a rerun of the 1992 referendum, when Danes rejected the Maastricht Treaty on creating the European Union. A strike ending with a government intervention just a few days before the referendum, could have provoked rage in the population, resulting in a massive anti-establishment vote. That is why Rasmussen intervened so early in the strike. Undoubtedly, many workers will now vote against the Amsterdam Treaty in protest against the government intervention, but most likely, far fewer than would have had the Prime Minister waited to intervene. Nevertheless, there is still a chance for a Danish “no” vote to the Amsterdam Treaty on May 28.

Repair of U.S.-Japanese relations key to solving financial crisis

by Our Special Correspondent

The state of the U.S.-Japanese partnership is a matter of constant concern to both parties. This concern is becoming quite serious now, as both sides trade accusations back and forth about the motives of their recent policy announcements. During the past several weeks, the United States government has exerted enormous pressure on Japan to change the direction of its financial and economic policies. Statements issued by Treasury Secretary Robert Rubin and other U.S. officials are aimed at pressuring Japan to “do more” to deal with aspects of the global financial breakdown.

To the Japanese, such pressure represents not only an “insensitivity” to Japan’s problems, but is seen as intended to divert attention from the growing asset bubble in the U.S. stock market. Leading Japanese politicians from the ruling Liberal Democratic Party have publicly stated that the U.S. stock market is way overinflated. For example, Koichi Kato, secretary general of the LDP, recently visited Washington to discuss the Hashimoto government’s stimulus package. On his return to Tokyo, he warned that one of the financial dangers is the U.S. stock market bubble, and that Japan may have to go for a yen bloc, in self-defense. The Japanese believe that they are being scapegoated by the Clinton administration, because of fear that the U.S. “bubble economy” may burst.

But, the tension between the two allies is not limited to financial and economic policy. President Clinton’s announcement in early May that there would be no traditional courtesy stopover in Japan following his June trip to China, caused political tremors. Many wondered, “Was this decision a new policy, or another pressure tactic?”

CFR says, break with Japan

Before outlining the thinking behind the Clinton administration’s actions, it is necessary to identify the debate taking place within U.S. policymaking circles. Certain factions within the establishment are trying to move U.S. policy toward Japan in a different direction, as reflected in an article in the New York Council of Foreign Relations’ journal *Foreign Affairs* (May/June 1998).

In an article entitled “Japan’s Financial Mess,” Eric Lincoln, a Senior Fellow in Foreign Policy Studies at the Brookings Institution, called on the U.S. government to essentially

abrogate its historic partnership with Japan. After a diatribe against Japan’s unwillingness to face its financial crisis, Lincoln not only criticizes Japan, but attacks the U.S. government for not exerting even more pressure on Tokyo. Lincoln writes:

“Washington has found it difficult to exert pressure on Tokyo. It is time for the United States to send less-than-subtle signals in other areas of its relationship with Japan. The bilateral relationship includes broad consultative arrangements, within which American officials could simply stop consulting. Through cancelled meetings, unreturned phone calls, and a lack of advance notice of American policy moves, the United States can send the message that it no longer regards Japan as a global partner. This may seem like a heavy-handed way to treat the world’s second largest economy, but under the present circumstances it may be the only way to move Japan off a path that is destructive for us all.”

Although Lincoln’s article does not represent the official policy of the Clinton administration, it has found a resonance among certain government officials. According to Japanese sources, the Japanese Embassy in Washington sent a flurry of diplomatic cables expressing outrage at the article. So upset were Japanese officials that State Department personnel were deployed to reassure the Japanese that this was *not* U.S. policy. However, most Japanese officials believe that when the CFR articulates a policy line, this means that U.S. government policy will soon follow. In fact, this simplistic interpretation of how policy is made does not accurately reflect the Clinton administration’s thinking.

Adding fuel to the fire, was the publication of a more insightful, but also flawed examination of the so-called Asian financial crisis: a special report issued by the Congressionally funded United States Institute of Peace (USIP). Entitled “Beyond the Asian Crisis: Challenges and Opportunities for U.S. Leadership,” the report emphasizes that “Asia’s financial crisis may mark a shift in relative long-term influence in favor of China *at the expense of Japan*. An effective regional strategy that would avoid this outcome but respond to the crisis would mobilize Japan toward instituting market liberalization measures and growth-oriented policies” (emphasis added).

Again, a major policy-shaping institution is signalling that Japan may no longer play a dominant partnership role

with the United States. However, the USIP's "market liberalization" formula fails to address for the Japanese, and for that matter, the rest of Asia, the real underlying reasons for the financial crisis: the unsustainable speculative bubble in the global markets and the launching of the European single currency, the euro. Although the USIP report touches upon the "hot money flow" problem and the need to reform the International Monetary Fund (IMF), it misses the essential point about why the leading British and European financial institutions launched their offshore-hedge-fund attack against the Asian currencies.

The currency-bloc problem

Only from a strategic standpoint can this British-led geopolitical assault against Asia and the United States be properly understood. The move to establish a European Central Bank (ECB) and a single currency, was primarily aimed at challenging the supremacy of the U.S. global position and the dollar as a reserve currency. The British and their European partners, especially in France, eventually want the euro to function as an "alternative reserve currency." When British-directed speculator George Soros's Quantum Fund and other currency speculators attacked the dollar-peg system of the Asian countries in the summer of 1997, the primary aim was not only to force a devaluation of those currencies, but to target the United States' entire Pacific Basin strategy and its key trading partners, China and Japan.

Skeptics claim that this is just another "conspiracy theory," but the Bank for International Settlements (the central bankers' central bank) issued a report showing that the overwhelming majority of speculative funds came from British and European banks. These "hot money flows" not only wrecked the viable sectors of the Asian economies, but when the IMF imposed its draconian austerity measures to try to save the speculative bubble, the Asian currencies went through another round of devaluations.

Given the speed at which the international financial system is careening toward a catastrophic breakdown, the British scenario of using the euro to challenge the dollar as a reserve currency may very well end up in the dust-bin of history. But it would be foolish for American and Japanese policymakers to ignore the plan. Despite Secretary Rubin's public pronouncements about the euro not being a threat, any major shift of funds from the dollar into the euro could trigger a collapse. In this context, certain pro-British European and Japanese financial institutions are looking at the possibility of organizing a yen bloc to support the euro against the dollar. Historically, the "imperial impulse" of certain Japanese institutions would lead them to seek a return to a warmed-over version of an "Asian Co-Prosperty Sphere."

Clinton's dilemma

Notwithstanding the euro threat and the Japanese temptation to dump the dollar and go for a yen bloc, the systemic

nature of the crisis may be dawning on President Clinton. Even though he continues to tout the non-existent expansion of the U.S. economy, Clinton acknowledged in an interview with the *Wall Street Journal* on May 3, that "Asia's financial crisis is the biggest threat to a vibrant U.S. economy."

And, all the latest statistics show that the physical productive capacities of the Asian countries are rapidly shrinking. The Clinton administration's response has been to try to get Japan to absorb Asian exports at a rapid rate. Clinton made this point in the *Wall Street Journal* interview, when he said if the \$125 billion in spending and tax cuts were to be "implemented rapidly and vigorously—I think it will be a plus."

However, Eisuke Sakakibara, Japan's Vice Minister for International Financial Affairs, warned that if there is no improvement in the Japanese economy by October, "then the yen may drop to 150" to the dollar. In other words, the U.S. pressure to get Japan to "do more" may not work. Privately, Clinton administration officials have told the Japanese that only a reorganization of the entire financial sector, including getting rid of the huge bad bank debt (around \$1.5 trillion), can turn this situation around. What the Japanese know is, that unless there is a serious proposal coming from the Clinton administration, along the lines of the proposal for a New Bretton Woods system put forward by Lyndon LaRouche, no amount of jerry-rigging will work.

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Meiji Restoration shows how Japan can judo its debt problem

by Kathy Wolfe

It's time for Japanese patriots, who are tired of lectures from Washington about economics, to make a command decision. Tokyo's top banks are legally bankrupt, with more than \$1 trillion in bad loans. This debt is the blackmail now held over Japan's head by British-directed speculator George Soros, the City of London, and its Wall Street clones such as J.P. Morgan. Since the credit-rating agency Moody's downgraded Japan's national credit in March, blaming bad bank debt, global speculators are now threatening to "sell Japan," to dump Japan's government bonds, stocks, and yen. They aim to bring Japan's economy lower than they have already dragged South Korea.

There will be no chance for Japan to export its way out of this crisis, to earn profits to cover up the bad debt. Tokyo's only advantage is that Western banks are also legally bankrupt, with some \$80 trillion in bad derivatives assets held by European banks, and another \$40 trillion held on Wall Street, as compared to \$15 trillion in derivatives held by Japanese banks.

Japan must now use the debt as a weapon, as patriots did during Japan's 19th-century Meiji Restoration. Those nations with the courage to reorganize the debt first, will have the critical strategic advantage.

Tokyo bureaucrats today protest that "bank debt is sacred," like some solemn promise to one's ancestors, but such nonsense is to be found nowhere in Confucius. Rather, it was probably learned at Harvard Business School in the 1960s, along with Adam Smith and other Opium War-era free-trade fairy tales.

"Debt is only paper," to be used as a servant for national development, as Meiji Finance Minister Okuma Shigenobu put it. In 1868, Okuma, Okubo Toshimichi, and their allies made a command decision to industrialize Japan, by overthrowing warlord feudalism and restoring central government under the Emperor Meiji. Travelling to the United States during 1870-73, Meiji leaders studied the writings of America's first Treasury Secretary, Alexander Hamilton, and of his followers, Mathew and Henry Carey. Hamilton's method had just won the Civil War for the Lincoln Republicans, who issued greenbacks to fund the war, and the development of the American West.

Okuma modelled the Meiji's 1872 National Bank Regulations on Hamilton's Bank of the United States, transforming Japan from a backwater into a world power.

Debt: liability or capital?

Hamilton viewed debt not as a liability, but as the basis for expanded capital formation. After the American Revolution, the colonists' "Continental debt" was about \$80 million, equivalent to several trillion dollars today. Hamilton proposed to turn the debt into *capital* by circulating it as America's currency. "In countries in which the national debt is properly funded [i.e., converted into interest-bearing bonds], it answers most of the purposes of money," he wrote in his January 1790 *Report on Public Credit*. "Transfers of public debt are there equivalent to payments in specie [currency] . . . or in other words, [debt] stock passes current as specie. . . . The benefits of this are various and obvious. Trade is extended; agriculture and manufactures are promoted."

Hamilton did insist that the debt must be "funded," i.e., paid. "These good effects of a public debt are only to be looked for when, by being well funded, it has acquired an adequate and stable value," he wrote, and thus is generally acceptable as "a substitute for money."

The key was the use of the debt to expand credit for industry, rather than to contract the economy.

Hamilton used the debt as part of the capital to found the Bank of the United States in 1791, America's first national bank. A national bank is "a political machine of the greatest importance to the state," he wrote in his December 1790 *Report on a National Bank*. "The combination of a portion of the public debt in the formation of the capital, is the principal thing, of which an explanation is requisite. The chief object is, to enable the creation of a capital sufficiently large to be the basis of an extensive circulation. But to collect such a sum in this country, in gold and silver, may be pronounced impracticable. . . . This part of the [debt] fund will be always ready to come in aid of the specie. It will more and more command a ready sale and can therefore expeditiously be turned into coin."

Hamilton's purpose was to industrialize the United States, then a developing country. With "vast tracts of waste land, and a little advanced state of manufactures . . . it is immaterial what serves the purpose of money, whether paper, or gold and silver," he wrote. "The effect of both upon industry is the same; and that the intrinsic wealth of a nation is to be measured, not by the precious metals contained in it, but by the quantity of the productions of its labor and industry."

The Meiji ‘debt revolution’

At the time of the restoration of the Emperor Meiji in 1868, Japan was an agrarian society, whose population was 85% peasant serfs and 8% merchants and craftsmen, ruled, as the Shogun’s power withered, by a few dozen *daimyo* warlords, leaving the country fractured. Taxes and most other exchanges were paid in rice, while warlords printed their own paper money. During 1868-69, the new Tokyo central government had to borrow over 20 million yen from Osaka and Tokyo merchants for the war for unification.

Add to that the warlords’ debt of 50 million yen, and by 1871, Japanese government domestic debt was 74 million yen, against government revenues of 50 million yen. Since one yen was worth one U.S. silver dollar, this was a disaster of roughly the same magnitude that Hamilton had faced.

Warlords and other nobles working with British consul Sir Harry Parkes called for a “private bankers’ central bank,” modelled on the Bank of England, to cut central government operations, slash credit to the economy, and cut spending for defense, to repay the debt.

Ōkubo and Ōkuma, however, agreed with Prince Ito Hirobumi, who had just returned from a study of banking in America, to mobilize the debt: to centralize it, and turn it into specie (currency), as Hamilton had done. In 1871, they unilaterally dissolved the feudal *daimyo* system, transferring the 70% of Japan’s land owned by *daimyo* to the ownership of the peasants who farmed it and to the Emperor. In return, the central government agreed to assume the *daimyo* debt, as Hamilton had insisted the United States assume the \$25 million in debts of the 13 colonies. They argued, as had Hamilton, that national credibility was at stake. Many *daimyo* were also paid for lands in new central government bonds.

Ōkuma’s Finance Ministry reorganized the 74 million yen debt into government bonds, cancelling debts incurred before 1844 and reducing interest rates. In a 1871 currency reform, the warlords’ paper currency was recalled, and replaced with central government bonds.

Ōkuma’s National Bank Regulations of 1872 then *capitalized* much of the government bonds in national banks “upon the basis of the American National Bank Act,” as Ōkuma wrote in his later book, *Fifty Years of the New Japan*. Starting with the First National Bank, founded in 1873, Ōkuma “persuaded, nay, ordered” large government bondholders to form private-public banks. Government bonds had to be deposited back with the government as capital, Ōkuma wrote, which “enabled the government more quickly to redeem” and reduce the government debt.

The national banks, in return, were granted the privilege of issuing paper bank notes. These far outstripped the sums of government debt being reduced, greatly multiplying the amount of productive credit available for Japan’s industrial development. By 1880, there were over 150 national banks with 34 million yen in national bank notes in circulation.

Turning debts into assets

There were other ways in which Meiji leaders turned debt into an asset for national development. Japan’s large *samurai* noble military caste, which lived on annual stipends paid in rice, payments that ate up one-third of the central government’s tax revenue, was compelled in 1876 to accept a lump sum payoff of government bonds.

“Useful state enterprises must be established and encouraged by making full use of economic measures in accordance with the national ability to do so. This is the basic principle of national economy,” wrote Ōkuma in his March 1876 *Proposal Concerning the Abolition of the Fief System by the Issuance of Government Securities*. “The first thing to be done is to regard all the fiefs and stipends of nobles, *samurai*, and even commoners, as debts of the government. To redeem these within thirty years, government securities should be issued. . . .

“Upon receiving all at once an enormous amount of money . . . those who wish to pursue their own livelihood can go into the appropriate enterprise. . . . Even those who cannot make up their minds will in the end plan some way to support themselves. The accumulated customs of several hundred years will all at once be changed . . . making a useless group occupy itself in useful occupations.”

From 1876 to 1882, over 310,000 *samurai* received public bonds amounting to 113 million yen. Nearly 200 individual *samurai* businesses were established as a direct result, creating Japan’s shipbuilding, construction, cement, fertilizer, and other industries.

The lessons for today are obvious. Proposals to “globalize” the problem away with more deregulation, will only result in Japan’s best assets being sold off to foreign financiers, just like Britain’s Sir Harry Parkes proposed in 1871, leaving Tokyo more, not less vulnerable to bank runs. Japan’s banks, like the warlords and *samurai*, must accept their losses for foolish loans, such as the 1980s real estate speculation. Japan’s taxpayers must not bail this bad debt out, or Japan will face hyperinflation. Useless debt must be written off.

Japan’s banks also hold huge loans for productive purposes to the rest of Asia and to Japanese industry, and cross-share stocks in industry, all of which are now grossly undervalued because of foreign speculation. These loans can be saved. Useful debt can be capitalized in a government development bank, and the banks provided with fresh government bonds as capital—provided globalization policies are dumped, so that the money doesn’t leave the country. The banks’ ledgers must be cleared of bad debt, and made to issue fresh credits for productive purposes.

Japan should propose to Washington a joint project, to include a similar cleanup of Wall Street’s derivatives mess. It would then be possible to fix reasonable currency exchange rates, and found a New Bretton Woods monetary system. Yet, if Washington lacks courage, Tokyo must act alone, or the strategic window of opportunity will close.

Thailand battles against its first colonization

by Michael O. Billington

Thailand has always taken pride, and rightly so, in the fact that it has never been a colony of a European power. Every other Southeast Asian nation was colonized during the 17th, 18th, or 19th centuries, only winning their independence in the post-World War II era—in several cases through brutal wars of liberation. But Thailand remained an independent kingdom throughout.

Today, however, in the turmoil of the global financial crisis, which broke out in Asia last year, Thailand is faced with its most severe test in history: the loss of control, ownership, and sovereignty over its economy to the international financial oligarchy, centered in London. This oligarchy uses the International Monetary Fund (IMF) in much the same way that the British used the British East India Company, as a market-vectored “business” for looting and seizing political power over target nations.

Thailand’s historically unique freedom from colonization was in part due to its willingness to compromise with demands of belligerent European powers, provided it could retain its national sovereignty. This was tolerated by the British, who controlled the nations to Thailand’s west and south, and the French, who controlled those to the east and north, as a sort of buffer between their respective colonial claims, while demanding and receiving general freedom of movement and business operations within the Thai kingdom. The British managed to impose much of the same evil upon Thailand, which it had upon its colonies, including especially the introduction and mass distribution of opium. But, nonetheless, Thailand prized its independence and maintained relative economic stability, even while its colonized neighbors suffered military repression and colonial forms of looting in the mining and plantation sectors.

It is of note that the United States has more than once contributed to the defense of Thailand’s sovereignty against the British and French empires. In the mid-1800s, the networks associated with Abraham Lincoln, the American System economists and nation-builders around Henry Carey, supported Thailand’s King Mongkut and his son King Chulalongkorn, in combatting the diplomatic and military intrigue of the colonial powers. (See Anton Chaitkin, “Mission to

Asia: Report on Dan Beach Bradley and the American Missionary Movement,” unpublished manuscript, 1986.)

Then, following World War II, the British attempted to impose colonial-style conditions on Thailand, declaring the kingdom to be a defeated enemy, due to Thailand’s formal declaration of war on the side of Japan. It was clear to the world, however, that Thailand had allowed Japanese occupation, and formally declared itself to be an ally of the Japanese war effort, only because it had no choice. The British had been unable to defend their own colonies, and would certainly not lift a finger to defend Thailand—so Thailand retained relative peace and sovereignty by allowing the Japanese a military presence and becoming a passive ally. However, a “Free Thai” movement, led by Pridi Bhanomyong, provided intelligence to the allies through the U.S. Office of Strategic Services (OSS), both from underground cells in the countryside and through secret networks within the top levels of the government, which was “officially” allied to the Japanese. After the war, the British insisted that their forces occupy and control the “enemy government” in Bangkok, and demanded reparations from Thailand in the form of free rice supplies for the reestablished British colonies.

Although Franklin Roosevelt’s untimely death undermined his intention to prevent the re-colonization by the European powers, the United States nonetheless intervened forcefully to deny London’s *new* colonial grab against Thailand. Supporting “Free Thai” leader Pridi as the new head of an independent Thailand, the United States helped to preserve the kingdom’s sovereignty and integrity.

Enter the IMF

Despite many painful compromises with colonial powers, Thailand always preserved its sovereign control over its land and its national economy. It is precisely this sovereignty which is now being challenged by the conditions imposed by the IMF, in return for a partial bailout of Thailand’s bankrupt financial system. The \$17.2 billion IMF package, however, is going *almost entirely* to pay massive derivatives losses to foreign speculators, who ran the attack on the baht,

the Thai currency, in 1997. In exchange for bailing out the predators who destroyed Thailand, the IMF has demanded that Thailand turn over its banks, industries, infrastructure, and land to the predators themselves, for a fraction of their actual worth.

In December, a new, allegedly more “IMF-friendly” government was brought into power. For several months, it appeared that Thailand might acquiesce to every demand put forward by the IMF. However, there are now many voices of protest against the looting and the threatened loss of sovereignty from across Thailand’s social and political structure—including from the government itself.

A review of the destruction of Thailand’s economy and its population brought on by the IMF demands makes it clear why all but those who defend the sanctity of “the markets” over the general welfare of the population, are screaming “Foul!” Massive speculation by the hedge funds, led by British-owned mega-speculator and drug legalizer George Soros, during the first half of 1997, depleted the Bank of Thailand’s foreign reserves, forcing a free float of the baht, which was driven down by at least 50%. Speculators also sold the Bank of Thailand more than \$25 billion in forward swaps—derivatives contracts which locked the Thai government into the delivery of dollars at the pre-float rate in either three months, six months, or one year. With the “success” of the speculators in breaking the baht, they made off with a cool \$12 billion-plus profit from the swaps alone—all out of the pockets of the Thai people. This is the criminal reality of financial market “liberalization.”

All foreign debts, of course, increased automatically by 50% in local currency, while domestic markets collapsed across the board. As for the population, unemployment has skyrocketed, and a recent study found that 7 million Thais live on less than the equivalent of 60¢ per day. A bowl of noodles from a street vendor costs nearly 40¢. This is a nation, which until last year, needed millions of foreign workers to meet the demand for labor.

This is the process which led to the IMF “rescue package,” a prescription for colonization. The conditions included massive budget cuts of over 20%, interest rates of over 20%, the scrapping of nearly all infrastructure development programs, privatization of all state-sector industries and banks, lifting of subsidies on kerosene and other necessities, lifting restrictions on foreign ownership of businesses and land, and so on. The effects on the economy, sector by sector, were devastating:

Banking

EIR warned in a Sept. 12, 1997 article, “Thailand Heads ‘Down Mexico Way,’” that Asia would be subjected to the same treatment as Ibero-America following the 1994 Mexican financial crisis; namely, that foreign, primarily British Commonwealth banks, would swoop in to take over

national banking institutions. One of the IMF conditions in the Thai package required the “recapitalization” of the banks—even those which were not facing severe bad-debt problems. Since there was virtually no domestic credit available, the banks are putting out the “fire sale” sign for foreign takeover. Under the gun of the IMF, the government rammed through new laws, lifting the legal limits on foreign ownership of banks and financial institutions. Even the oldest, most conservative banks are threatened with closure if they don’t find foreign partners. The Nakornthorn Bank, the flagship of the Wanglee conglomerate, one of the largest of the Chinese-Thai merchant family businesses, going back over 100 years, is being subjected to a humiliating takeover by one of the premier British Commonwealth drug banks, the Bank of Nova Scotia. (See *Dope, Inc., The Book that Drove Kissinger Crazy*, 3rd edition [Washington, D.C: *EIR*, 1992]). The Canadian bank is demanding an enormous discount, control of management, and a name change.

Many local banks are trying to find Asian buyers, especially from Taiwan, Singapore, or China (including Hong Kong), but all the Asian economies are in difficult straits. The European banks, and certain Wall Street interests, flush with liquidity from the biggest financial bubble in history (and hyperactive printing presses), are picking over the Thai banking system. The bad debt in the banking system is expected to reach as high as 40% during this year, but the foreign purchasers are demanding that the government swallow the bad debt, and sell the viable assets at steep discounts, on top of the currency and market devaluations. The government has now issued decrees (perhaps fearing that growing anger in Parliament would have prevented passage of such legislation), allowing the issuance of about \$10 billion in “Yankee bonds” (i.e., U.S. dollar-denominated bonds), half for the Bank of Thailand to meet payments on the swaps from last year, and half to the Financial Institutions Development Fund, which is taking over the bad debt of financial institutions and selling them off mostly to foreign buyers. Since Moody’s, Standard & Poor’s, and other rating agencies continue to rate Thai debt at junk-bond status, it is assured that Thailand will be charged usurious interest rates for its new dollar bonds.

The demise of Thailand’s sovereign control over its banking system is expressed in two recent developments. The first was the acknowledgment by the head of the Bank of Asia, which is itself now 75% owned by the Dutch ABN Amro Bank, that the Thai Bankers Association may as well simply dissolve itself into the Foreign Banks Association, since there will soon be at most four banks owned by Thais! The second was the announcement by Finance Minister Tarin Nimmanahaeminda that he has created an international commission which would “advise and oversee the reform of the Bank of Thailand.” Candidates for the commission initially included a former governor of the Bank of England

and former U.S. Federal Reserve Board Chairman Paul Volcker, the person responsible for implementing the Thatcherite strangulation of the U.S. productive economy in the late 1970s and early 1980s, a process Volcker himself dubbed “controlled disintegration.”

Industry and agriculture

The industrial sector has fared no better. The IMF has demanded privatization of all state-sector firms, although there is considerable resistance. As expressed by the *Bangkok Post*: “The standard rationale for privatization is that it leads to increased investments, technology transfer, and efficiency. In the case of Thailand, however, the justification for the recent round of privatizations is primarily economic. The government needs funds to pay its foreign debts and ease the nation’s financial crisis. Understandably, many critics wonder if this is an acceptable reason.”

A leader of Thai Airways International, a firm scheduled to be divided up among British Airways and others, said: “The government should keep in mind that it has a responsibility not just to the IMF, but to the public. The government must also ensure that the rights of consumers and workers are protected.”

The Electricity Generating Authority of Thailand (EGAT), with support from the electricity workers’ union (the strongest union in the country), has stalled the planned shock-therapy approach to privatization. While the union threatened a crippling strike, and a potential general strike over the privatization question, the company hired the U.S. firm Arthur Anderson to put forward an alternative to the original plan, which is run by British experts. The alternative plan would both slow down and limit the extent of privatization in the power industry.

In the oil industry, the refiner and marketer Bangchak Petroleum, which is 72% owned by the government, is fighting a sell off to Kuwait Petroleum (which has headquarters in Kuwait and London). The company’s director for 20 years, Sophon Supapong, has support throughout the country for his argument that the still-profitable company funds numerous social programs for the rural population, which would be scrapped if it were privatized.

The chairman of Thai Telephone and Communications, Dr. Adisai Photharamik, gave a more ominous warning: “Foreigners, Caucasians, and Japanese will eventually control politics in Thailand. It will be a battle that will use money to facilitate their takeover and order us to do what they want.” In regard to the mass of foreign debts of both private and public corporations, Dr. Adisai pointed out that, in the heyday of the Asian Tiger bubble, “we were encouraged [by foreign investors] to take projects which we did not want to do at first.” The result, with the forced devaluation, is unpayable foreign debt.

Then there is the case of Siam Cement, the nation’s

biggest conglomerate, owned in part by the royal family. The company has always been enormously profitable, but has a foreign debt of more than \$4 billion. The result was a huge \$1.3 billion loss in 1997 on foreign exchange alone. When the “international community” tried to blame these losses on Siam Cement itself, for failing to hedge its foreign debt (i.e., play the derivatives game to cover the eventuality of a currency collapse), the company pointed out that if it had hedged, the baht would have been forced to depreciate because of its “bets” against the nation’s currency. Besides, it added, the bet would have wiped out their entire profit. Such is the insanity of the “globalization” of financial services.

The most stunning case is that of the Nakornthai Strip Mill, a state-of-the-art, recently completed facility, which is facing insolvency due to foreign exchange losses. Soros, the architect and lead speculator against the Thai and other Southeast Asian economies, and one of the greatest thieves of history, presented himself as a latter-day Robin Hood, friend of the poor and troubled, and benevolently offered to buy a piece of Nakornthai for a fraction of the loot he extracted from the country last year. It is important to note that, although Soros portrays himself as “American,” he is British-trained (Rothschild) and British-inspired (his mentor is arch-positivist, Sir Karl Popper), and he keeps his money in offshore British havens, outside the purview of U.S., or any other, regulators.

Rice production has not suffered as badly from the crisis, although the drought that is now devastating much of Asia has taken its toll. The production of pigs and chickens, however, heavily dependent on imported feed, has collapsed by 30% and 25%, respectively. Such a collapse must be measured in the decline of the protein content of the diet of Thai people.

Will Thailand fight back?

Last December, then-Prime Minister Chavalit Yongchaiyudh was forced to resign under the pressure of the continuing speculative collapse of the currency and the economy. In his place, Democratic Party head Chuan Leekpai formed a government with his close ally Supachai Panichpakdi as Deputy Prime Minister and Commerce Minister, and Tarrin Nimmanahaeminda as Finance Minister. Tarrin, educated at Harvard and Stanford, reflects the crisis in education today — that much of what is taught in leading institutions and then re-exported, especially in economics, is absolutely deadly. Tarrin’s early experience in the 1970s was at Citibank. From 1989 through the early 1990s, Citibank stood out among American banks; it was under “informal” U.S. Federal receivership, at the same time that it was secretly funding Soros’s attacks on the British pound and Italian lira. More recently, Citibank has been exposed, due to its aggressive solicitation of such clients as former Mexican President Car-

los Salinas de Gortari's cocaine cartel-connected brother Raúl, as a leading U.S.-based money-laundering center for Dope, Inc. As Finance Minister in Chuan's previous cabinet in the early 1990s, Tarrin brought to Thailand some of the less desirable practices of Citibank, including deregulation policies, which helped create the hot-money bubble. In particular, he established an offshore banking operation, the Bangkok International Banking Facility, in 1992, which allowed untraceable and unregulated short-term lending throughout the Thai economy. The BIBF was first proposed by former Prime Minister Anand Panyarachun, who headed an interim government in 1991, and guided the first Chuan administration.

It was also under Tarrin that derivatives markets were established. Tarrin tapped former Bank of Thailand Governor Nukul Prachuabmoh to run a commission, investigating the failed defense of the baht in 1997, which largely blamed the previous Chavalit administration for the disaster. While that administration is not blameless, the fact is that the hot-money bubble, and the derivatives mechanism that bankrupted the nation, were the creation of Tarrin himself. As an investigative report by *The Nation* revealed on April 3: "Rerngchai Marakanond, former Bank of Thailand Governor, as well as all the strategists of the baht defense, had virtually no understanding of the implications of the foreign exchange swap contracts they accumulated as a smokescreen to conceal the Bank's dwindling reserves." Like Orange County, California and dozens of other U.S. municipalities, schools, and pension funds which have been bankrupted by derivatives shysters, Thailand was set up for the kill by the globalizers and the derivatives traders, years before the bubble itself burst.

The return of Chuan and Tarrin in 1997 was heralded by the financial community, but the baht continued to fall, and the economy continued to collapse. Chuan was touted as the superstar of IMF policy in Asia, even getting a cover story in *Time* magazine. However, back at home, Thais were far less enthusiastic. The country's largest circulation newspaper, *Thai Rat*, denounced Tarrin for accepting every demand put forward by the IMF. "Foreign creditors will certainly get their money back," editorialized *Thai Rat*, "but the Thai people will soon shrivel up and die because they cannot obtain loans. . . . Only the IMF can be happy with the way the problem is being solved, but the Thai people can only drop dead. . . . All of this is the current government's achievement that the creditor countries are so proud of."

In the past weeks, especially in the wake of the IMF and G-22 meetings in Washington, D.C. the week of April 13, where the reality of a global financial collapse was on everyone's mind, but was *not* reflected in the official documents, Prime Minister Chuan's public statements reflect a growing determination to put the general welfare first, ahead of "market" demands. Although Tarrin continues to

insist that interest rates must remain high to satisfy the "international community," Chuan is reported to have exploded at a cabinet meeting, blasting the Bank of Thailand for an "inadequate response to the acute shortage of funds that is making life miserable for Thai manufacturers and exporters," as paraphrased in the Singapore *Business Times* of April 23. He ordered the Bank to report to the cabinet in one week with a solution. Of course, the high rates are IMF policy, so a confrontation is looming.

Although Prime Minister Chuan has not attacked his Finance Minister by name, Deputy Prime Minister Supachai, senior to Tarrin in the cabinet, and Chuan's closest ally, according to some Thai press, is widely reported to be at odds with Tarrin on such policy issues. Supachai told a press conference, "We don't want foreign firms to come and buy out our businesses." He has also insisted that liquidity for industry is as important as foreign debt. The regional press has carried such headlines as, "Growing Dispute Between Two Economic Czars," and "Supachai-Tarrin Rift Dilutes Thai Efforts in Tackling Crisis."

Two days after the Prime Minister's explosion over the credit crunch, the Bank of Thailand announced that it will allow commercial banks to lend into arrears, meaning "lending additional amounts to contractors of non-performing loans, without booking the new loans as non-performing." Such loans "should not be used for refinancing purposes, and documents should be ready for inspection at all times," according to a Bank of Thailand official. Such a policy, reminiscent of the Hamiltonian approach to debt which succeeded in freeing the young United States from British economic control, has been publicly supported by U.S. Treasury Secretary Robert Rubin, as part of his call for a "new architecture" for the world financial system. It is definitely frowned on by the IMF.

On May 4, the Bangkok daily *The Nation* reported that the chairman of the Federation of Thai Industries (FTI), Tawee Butsunthorn, announced that the FTI, the Board of Trade, and the Thai Bankers Association will make a joint proposal to Finance Minister Tarrin calling for help to small and medium-sized firms, by negotiating a suspension of principal payments on their debts until the second half of 1999; in other words, a de facto debt moratorium. At best, Tawee said, these firms can only pay the interest on their debts, and, if they can pay that much, they are considered "a prime customer." He added that several major businesses have already suspended payment on their debts, and that some 4,000 members of his association are facing severe liquidity problems. Initial reports on the meeting with the Finance Minister on May 7, reported in *The Nation*, quote the chairman of the Thai Bankers Association, Banthoon Lamsam, saying, "In principle, we have agreed that all parties must make sacrifices. The debtors will take a hit and so will the creditors, otherwise real restructuring cannot

take place.” Tarrin also signaled a possible lowering of interest rates.

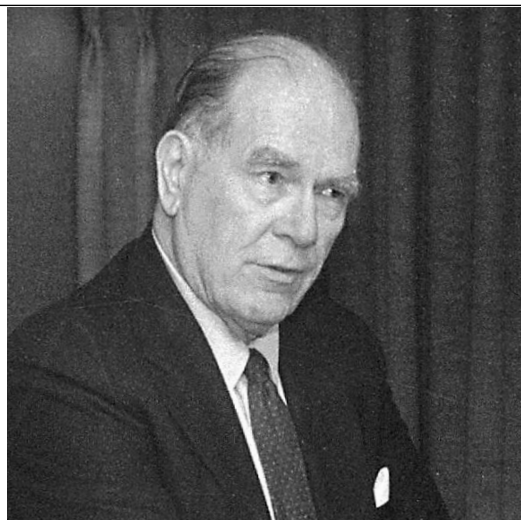
Prime Minister Chuan has taken other steps as well, which indicate that he is unwilling to allow the IMF program to destroy his country. At the April 19 meeting of the UN Economic and Social Council, Asia Pacific (ESCAP), in Bangkok, Chuan warned of the intolerable social costs of the continuing crisis in Asia. “It is time we viewed people as more than just resources, more than cheap labor to fuel Asia’s growth machine. It is time we viewed people not as the means to development, but as the end.”

Also, the Chuan administration has decided to recall two bills before the Parliament, which would have gone a long way to lifting restrictions on foreign ownership of land in Thailand. The bills would have permitted anyone willing to invest over \$650,000 to own Thai land. Soros and other mega-speculators have, in fact, been purchasing huge tracts of land in Ibero-America, and would certainly do the same in Thailand and elsewhere in Southeast Asia, if given the opportunity. One can imagine what would happen if drug-legalizer Soros were to buy territory in the famous Golden Triangle in northern Thailand, adding that to his stake in the coca-growing area of Bolivia.

Great projects renewed

But by far, the most dramatic sign of a new approach by the Chuan government was the signing on April 23, by Chuan and Malaysia’s Prime Minister Dr. Mahathir bin Mohamad, of a \$2.4 billion oil and infrastructure development project in southern Thailand. The joint venture, linking the Thai and Malaysian state oil firms with the American oil firm Triton Oil, includes oil and gas exploration in once-contested waters of the Gulf of Thailand, pipelines, and a gas-separation plant. Chuan described the project as “a powerful catalyst” which could “restore stability and economic prosperity.” Dr. Mahathir said that the development would revitalize both countries. At the same time, plans for a new seaport in the region, and other large-scale projects that have been on hold since the IMF moved in, are again on the table.

This kind of optimism, combined with the willingness to identify the crisis as a global, not a regional, breakdown, and one requiring a new global financial structure based on growth and development, can not only *prevent* the colonization of Thailand, and its neighbors, but will contribute to the international political momentum necessary to create the new institutions needed to replace the IMF.



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The lunatics take over

Just when you might have thought that nothing crazier could happen in New Zealand . . .

In 1984, a Labor government took power in New Zealand. Under the dictates of the British Crown's Mont Pelerin Society, it initiated what has been touted as "the most fundamental free-market revolution in the Western world."

However, the "New Zealand revolution" calls to mind nothing so much as the short story "The System of Doctor Tarr and Professor Fether," by American poet and patriotic intelligence operative Edgar Allan Poe. There, a young man travelling in southern France drops in to observe the private insane asylum of Monsieur Maillard, famous for its system of "soothing," in which the inmates are allowed to wear normal dress and to act out their particular lunacies, instead of being chained, as in public asylums. Maillard graciously greets his young visitor, but reports that he has regretfully had to resort to the method of physical restraint developed by the eminent specialists, Doctor Tarr and Professor Fether. Maillard and his "staff" begin acting more and more crazy, until, in a chaotic denouement, the original staff of the asylum—who had been tarred and feathered by the inmates and chained in a dungeon—break loose and reassert control. Maillard, it emerges, had himself gone crazy and led the inmates against the staff.

Poe's story, complete with an insurgent lunatic named LaPlace (after the radical empiricist who destroyed the Ecole Polytechnique of Monge, Carnot, et al.), is a metaphor for the French Revolution, in which British intelligence sponsored a lunatic rabble led by Danton and Marat, to overthrow

a government which had backed the American Revolution. But, the comparison fits New Zealand perfectly, particularly since it was "free trade" (which the French government had adopted at the Treaty of Paris in 1783) which drove both countries mad.

Though begun by Labor, lunatics of all parties have intensified the "reforms." Two years ago, Lyndon LaRouche's Australian collaborators in the Citizens Electoral Council published a devastating critique of the reforms, entitled "Nazi Reforms Rip New Zealand—Australia Next," in the *New Citizen* newspaper. The developments cited here are some brief updates on what the New Zealand inmates have done since then:

- Notwithstanding that New Zealand has the highest youth suicide rate in the world, spending on mental health has been slashed ruthlessly; seriously ill people walk the streets, or have to be tied up in their own homes for hours a day, to prevent them from injuring themselves or others. The rate of usage of Prozac (prescribed for depression) has tripled, just in the last year.

- Waiting lists for operations have grown to more than 100,000, with another 100,000 people who need them not even allowed on the lists—this, in a nation of 3.4 million. Despite its current \$2.9 billion budget surplus, the government plans to slash staff further, even though people are already dying unnecessarily in hospitals, and to eliminate elective surgery in all hospitals serving areas of fewer than 75,000—which means shutting those operating theaters, because they allegedly won't be economically via-

ble. Even where funds have been available, surgery has sometimes not been performed because of the lack of doctors.

- The government has announced a major police inquiry, aimed at cutting funding and privatizing many police functions. Already, police have to call the emergency 111 line for backup, because they have no money for radios. Even here, police have started advising citizens, if attacked or burglarized, to call their neighbor first, then 111, because no one may answer at the latter.

- The country's biggest city, Auckland, recently lost all electric power for *two and a half months*, but the government specified that its "inquiry" into the affair may not examine whether privatization (with its savage cuts in maintenance and staff) is what caused the problem.

- The government has just announced that all air traffic controllers at the country's busiest airport, Ardmore, will be sacked, and that pilots should negotiate with each other on landing rights. That deadly crashes will result, is a foregone conclusion.

- The government recently floated plans to privatize all roads. Only a fierce public outcry, and charges that this was "going back to the Middle Ages," has caused the policy to be put temporarily on hold.

- A vicious workfare plan is to be initiated, under which all those who receive sick leave or disability payments are to be "tested" for their ability to perform work.

It has often been argued, that Mont Pelerin free-market reforms wreak more havoc on a nation than a bombing campaign. No wonder then, that Iraqi refugees from "Desert Storm" recently told an Auckland newspaper that they want to leave the country, because, "New Zealand is a terrible place to live."

Business Briefs

Industry

Study ties R&D to productivity, profit

A Singapore government study, carried out jointly by the National Science and Technology Board, the Economic Development Board, and the Department of Statistics, shows that R&D spending correlates directly with higher value added per worker and higher profit margins, the Singapore *Business Times* reported on April 24.

The study focussed on five industrial groups, comparing value added in dollars per worker in companies that spent heavily on R&D, versus industry averages. In life sciences, for example, with an investment variance as high as 240%, R&D-intensive firms earned S \$127,800 per worker, compared to S \$53,200 per worker for the industry as a whole. In information technology, with a variance of 210%, R&D-intensive firms grossed S \$236,200 per worker, versus S \$112,200 per worker overall. The variance was also marked in relatively low-technology sectors such as chemicals (154%), electronics (153%), and engineering (133%).

Singapore needs to increase its rate of investment per capita in R&D, and increase the ratio of scientists and engineers, the *Business Times* says. The article seconds the study's conclusion that if investment in R&D significantly increases profits and productivity during good times, "it stands to reason that when times are tough, R&D ought to be the last post to be axed."

Asia

Possible default by CP Pokphand causes tremors

On April 23 and 24, the stock of Hong Kong-listed manufacturer CP Pokphand lost 18% and 20%, following an announcement that the firm could default on a \$92.8 million floating-rate note with a year 2000 due date, after noteholders asked for early redemption. CP Pokphand is the first Hong Kong-based manufacturing firm to signal serious problems, following the failure of invest-

ment firm Peregrine Group and brokerage CA Pacific. CP Pokphand is the Hong Kong branch of Thailand's biggest diversified conglomerate, Charoen Pokphand Group (CP Group), which in turn is one of the largest foreign investors in mainland China, with over \$1 billion in diversified projects, the leading component of which is chicken farming.

The aftershocks of the CP Pokphand announcement could have serious effects on leading banks. CP's bankers include Bankers Trust, which arranged the year 2000 note; Standard & Chartered led arrangements for two other floating-rate notes, valued at \$285 million, due in 1999 and 2001. According to the April 25 Singapore *Business Times*, Standard & Chartered and Hongkong and Shanghai Bank "have a huge exposure to CP Pokphand," but both declined to discuss how huge. On April 2, CP Pokphand met with 90 banks to discuss its debts, and to ask all noteholders to revoke all redemption notices in view of needs for working capital and cash flow.

Economic Policy

Mahathir tells IMF: no more austerity

Responding to the International Monetary Fund (IMF) annual review, Prime Minister Dr. Mahathir bin Mohamad asked ruling UMNO party leaders, "How much tighter do they want [monetary policies] to be? We have tightened them so much that businesses are screaming because they cannot breathe." Also, he asked, exactly what does the IMF mean by a bailout? "If a company is badly managed and we move in using public money, then it is wrong. However, if they devalue the ringgit [Malaysia's currency] and depress the value of the shares, any company will collapse. For example, when Chrysler lost almost 50% of its share capital and the U.S. dollar was depressed, the U.S. government stepped in to help. Of course, it was not a bailout, because it was not in Malaysia. But if it had happened in Malaysia, it would have been called a bailout." As for the IMF's recommendation to jack up interest rates, a Finance Ministry official told

reporters that Malaysia would leave that "to the markets."

Mahathir told reporters that UMNO leaders wanted to know when the crisis would end. He answered that it was quite difficult to know, "because there were external factors that we had to contend with," such as "those who dictate whether to impoverish or enrich the country."

The IMF's annual report on Malaysia, released April 20, emphasized "improving corporate governance and transparency," urged Malaysia to steer clear of government-backed bailouts or guarantees, and to avoid using public funds for such purposes. (The recent rescue of Sime Bank drew on funds from the national pension fund.) The IMF recommended that Malaysia rely on "forceful use of interest rate policy" to deal with currency market pressure, and speed up the sell-off of the financial sector to foreigners by raising the current 30% limit. While praising Malaysia's intention to lower domestic credit growth of 28-30%, the IMF says the lower end of 12-15% would be more appropriate. The IMF predicted that these measures would lead to recovery in the "medium term."

Eastern Europe

French philosopher calls for new 'Marshall Plan'

French philosopher André Glucksmann challenged both Germany and France to break with their provincial political views and undertake a new "Marshall Plan" to help build up eastern Europe, including the member-states of the Commonwealth of Independent States (CIS), in an interview with the *Berliner Morgenpost* on April 29.

"Around us there are countries which since the end of the Cold War are threatened with sinking into dramatic poverty," Glucksmann said. "There is so much work to do, and the fact that we have such high unemployment is proof of the fact that we did not use our industrial capacities to serve the other half of Europe which suffers and wants freedom. When the Americans helped Europe with the Marshall Plan, they also helped themselves economically by creating a mar-

ket for their products. We have to do the same with eastern Europe and North Africa.”

Such a program would not come a moment too soon. Under International Monetary Fund-enforced conditionalities, the industrial output of Russia and 10 of the 11 other nations of the CIS has gone straight down. Figures prepared by the UN Economic Commission for Europe, reported in the April 29 *Washington Post*, show that the 1996 industrial output of nine of the CIS nations, based on an index of 1989 = 100, is less than 50% of their 1989 industrial output: Uzbekistan, 107.7; Turkmenistan, 79.5; Belarus, 62.4; Ukraine, 49.7; Kazakstan, 47.8; Russia, 47.0; Moldova, 43.6; Armenia, 43.3; Azerbaijan, 41.6; Tajikistan, 35.2; Kyrgyzstan, 35.1; and Georgia, 17.1.

Iran

President pushes for increasing production

In a speech delivered to a conference at Tehran University, Iranian President Seyyed Mohammad Khatami called for increasing national productive growth as the means to achieve social and economic justice. He focussed on creating manufacturing jobs, as the driving force of the national economy, and stressed the need to increase non-oil exports, including engineering services. Oil revenues should be used for infrastructure investments, he said, for the good of future generations, which are “the actual inheritors of the country’s oil resources.”

Meanwhile, several reports in the Iranian press on April 22 indicated further worsening of the domestic economic situation. The price of bread has risen 20-50% as a result of the increase in the price of flour, decided in March. The parliament discussed the problem in a closed session on April 21.

On April 20, President Khatami met with representatives of consumer protection agencies and “instructed price-control officials to take stronger measures to confront economic saboteurs,” according to the Iranian News Agency. Khatami suggested that there has been manipulation of prices. “The rise in price of certain goods and services is the work of a handful of opportunist ele-

ments following the rise in the price of oil,” he said.

Member of Parliament Alireza Mahjoub was quoted saying that many factories were contributing to worker layoffs, and that many production facilities are “running at 40% of their full capacity.” He said that 390 trillion rials (\$130 million) in investments would be required to create jobs, instead of the 227 trillion allocated. Unemployment, officially 9.1%, is actually 12%. And, 44.5% of the labor force, according to the statistics center, is employed in the service sector.

Banking

France’s Crédit Lyonnais demands bailout

The chairman of France’s state-run Crédit Lyonnais bank, Jean Peyrelevade, stated on April 27 in Paris, that comments by the European Commission have further damaged the troubled bank, by precipitating withdrawals of 1 billion francs (about \$200 million), the London *Financial Times* reported on April 28.

Karel van Miert, the European Commissioner responsible for “competence” matters, who has taken a hard-line against government subsidies for German industrial companies, has given the French government an ultimatum, that it must present more far-reaching proposals to reorganize the bank, or the EC will declare all previous bailout measures for Crédit Lyonnais illegal. In that case, Crédit Lyonnais would have to repay about \$9 billion in subsidies. According to the German daily *Frankfurter Allgemeine Zeitung*, the bank, formerly the biggest in Europe, would be unable to meet such a requirement, and would inevitably have to file for bankruptcy.

Peyrelevade attacked the EC figures, which estimate that the overall cost of the bailouts as approaching \$35 billion, as fraudulent. In an interview with the French daily *Le Monde*, Peyrelevade asked, “What would the world say if a high public authority like the IMF [International Monetary Fund] caused the bankruptcy of the Japanese banks, which have or will receive more state aid than Crédit Lyonnais?”

SOUTH KOREAN domestic car sales in the first two months of the year were down 70% compared to the year before, Hyundai group head Mong-Gyu Chung stated in Seoul in April. For 1998, he estimates a 50% drop in domestic car sales, to 800-900,000, and the layoff of about 20% of the 500,000 workforce.

POLISH Deputy Labor Minister Janusz Galeziak said nearly 6 million people, or 13% of the population, were given welfare assistance in Poland in 1997, *Gazeta Wyborcza* reported on April 29. Galeziak said that he believes that the welfare system is too big a burden for the state, and local government agencies should take over more of the burden.

KAZAKSTAN has signed deals with foreign banks to sell shares in oil and gas companies, the *Wall Street Journal* reported on April 27. Earlier in April, President Nursultan Nazarbayev had opposed privatization of oil and gas for the next two generations.

AUSTRALIAN banks were given control over their liquidity on April 24, when the Reserve Bank of Australia eliminated the prime asset requirement, which mandated that banks hold a minimum of 3% of assets in high-quality instruments like government securities, as an emergency source of liquidity.

THE MONT PELERIN Society, the British-run free trade outfit, will hold its general meeting on Aug. 30-Sept. 4 at the Capitol Hilton in Washington, D.C., under the theme of “Free Markets and Free People.” The host of the meeting is Edwin Feulner, head of the Heritage Foundation.

PHILIPPINES central bank Gov. Gabriel Singson on April 30 warned speculators that the bank would “take necessary actions” to defend the peso. But Deputy Gov. Edgardo Zialcita said that dependence on hot money is “the price you now have to pay,” because it is the “new reality of globalized, open economies.”

Exonerate LaRouche, to stop America's political lynchings

by Susan Welsh

The fact that 111 U.S. Congressmen, from both parties, have now signed on as co-sponsors of the Citizens Protection Act of 1998, shows the growing concern of many Americans, at the political lynchings that are being carried out by the permanent bureaucracy of the U.S. Department of Justice. The bill would establish standards of conduct for DOJ employees, and set up a Misconduct Review Board to assess wrongdoing and impose stiff penalties.

In this *Feature*, we present documentation of some of the most outrageous examples of prosecutorial misconduct, which should come under investigation by such a Congressional review panel: the railroad trial of Lyndon H. LaRouche, Jr.; the battle of the LaRouche Democrats in Virginia, led by Nancy Spannaus, against the friends of former Democratic National Committee chairman, racist Don Fowler, who are trampling on their constitutional rights; "Operation Fruehmenschen," the FBI's racist targetting of African-American elected officials; and, the Internal Revenue Service's politically motivated persecution of many citizens, including Congressmen and other national leaders.

Then there is the assault against President Clinton himself, which is being conducted by the very same DOJ permanent bureaucracy, in collusion with British-steered networks outside the government (Richard Mellon Scaife, the *American Spectator*, Ambrose Evans-Pritchard).

Anyone who wants to stop these abuses, should start with the LaRouche case, which is uniquely suited to the task.

Former U.S. Attorney General Ramsey Clark, who served as LaRouche's attorney on appeal, commented that the LaRouche case represented "a broader range of deliberate cunning and systematic misconduct over a longer period of time, utilizing the power of the Federal government, than any other prosecution by the U.S. government in my time or to my knowledge."

That shocking and far-reaching character of the operations by the public-private "Get LaRouche" task force, which resulted in LaRouche's imprisonment on "con-



Lyndon H. LaRouche, Jr. testifies on Aug. 31, 1995, before an independent panel of attorneys, civil rights activists, and other dignitaries, convened to investigate prosecutorial misconduct by the U.S. Department of Justice. The commission was chaired by JL Chestnut, Alabama's most renowned civil rights attorney (right), and former Congressman from South Carolina James Mann (third from right).

spiracy” charges from 1989 to 1994, makes this case the most efficient way to dismantle the whole corrupt apparatus of which the DOJ’s permanent bureaucracy is a part.

During the past decade, *EIR* and LaRouche’s legal team, in an effort to secure LaRouche’s freedom and exoneration, have painstakingly documented the prosecutorial misconduct that went on. Six volumes of evidence were presented to the Federal appeals court in 1993, but never received a hearing. Demands for a Congressional investigation were also rejected, starting in 1994.

Yet, had the evidence in the LaRouche case been given a full and open hearing in 1994, the actions that are now being taken against the President and others, would have been impossible. Every single one of the prosecutorial tricks and violations that are now being used against the President, were used first against LaRouche, ranging from the collusion of DOJ prosecutors with agents in the news media, to the obliteration of the supposed “Chinese wall” between civil cases and criminal prosecution.

Even the personnel are the same, as we showed in a recent *EIR* cover story (“Any Enemy of LaRouche Is an Enemy of Clinton,” *EIR*, April 3). Take just one prominent example: Richard Mellon Scaife. Scaife was a top operative of the “Get LaRouche” task force, a participant in the infamous spring 1983 “Train Salon,” of Wall Street investment banker John Train, which mapped out a media slander campaign, to promote fraudulent government criminal and national security probes of LaRouche and his associates. Today, Scaife has

emerged as the moneybags of the “Get Clinton” assault.

Reading the Citizens Protection Act of 1998 (also known as the McDade-Murtha bill, see p. 36), one is struck by the fact that each of the categories of prosecutorial abuse identified there, was a substantial issue in the LaRouche case. There is no other legal case in America in which the vital issues are so sharply posed.

The strategic setting

The importance of LaRouche’s exoneration has a further dimension, beyond the issue of simple justice. Until his name is cleared from the scurrilous charges against him, LaRouche, although paroled, is not free. At a time when the world is hurtling toward a financial breakdown crisis of untold proportions, LaRouche’s creative solutions, and his hands-on role in implementing them as an adviser to governments, are urgently required.

The fact that the Clinton administration has not acted to exonerate LaRouche is a big factor in how many foreign governments, especially from the developing sector, view the administration. “How can we expect anything good from Clinton,” their representatives ask privately, “when he is not willing to act for justice in this matter?”

But it is ultimately not President Clinton, but the American people, who have the crucial role to play. Only once they make it clear that they will settle for nothing less than full and open hearings on the LaRouche case and the DOJ permanent bureaucracy, will this matter be put to rest.

Will Don Fowler's friends destroy the Virginia Democratic Party?

by Nancy Spannaus

As a candidate for the Democratic Party nomination for Congress in Virginia's 10th Congressional District, I am seeking to arouse substantial numbers of Virginians in my district, 51% of whom did not vote in the last elections, to help me take leadership of the Democratic Party on behalf of Lyndon LaRouche's policies. Many citizens have been disgusted with the lies that say the economy is fine, and with the trashing of the Presidency through the McCarthyite operations of Kenneth Starr and his backers. They know that LaRouche not only forecast the financial upheaval that is in process, most visibly in Asia, but that he uniquely has proposed the solution. They know that he has fought injustice tirelessly—against overwhelming odds—in both his own case and that of others.

I began my campaign in May 1997, with a street mobilization against incumbent Republican Frank Wolf's complicity in the worst holocaust in 50 years, then occurring through forces deployed by Ugandan warlord Yoweri Museveni in Zaire, Rwanda, and Burundi. Wolf, an associate of Christian Solidarity International, a de facto British intelligence front, supports Museveni, and especially Museveni's war to carry out genocide in Sudan, his neighbor to the north. "Never Again!" I said, demanding that the Congressman take a moral stand. Wolf never said a word against the British-run genocide, earning his nickname as "Boxcar" Wolf, when Hutu refugees were forcibly repatriated in boxcars reminiscent of Hitler.

In the context of the ongoing financial collapse—and given Wolf's preference for the speculators over the people, and his willingness to sacrifice Social Security, health care, and decent transportation to the interest of the bankers—it was clear that an effort to unseat the 18-year incumbent could be successful, especially as more and more Americans undergo a paradigm shift toward "bread-and-butter" issues of economic survival.

In stepped the friends of former Democratic National Committee Chairman Don Fowler in the Virginia Democratic Party. Their first step was to create an "insider" movement for another Democratic candidate, Washington lawyer Cornell Brooks, in such a way that it was clearly impossible to beat Wolf. The party mounted no primary election to mobilize the voters, scheduled no debates, deployed virtually no money—in effect, in an operation to "stop the LaRouche candidate," not the Republican incumbent.

The second step was to mobilize the lunatic fringe of the

Virginia party, centered in Loudoun County, where I live, to oppose the seating of myself and other LaRouche Democrats on the local Democratic Committee. While this has no legal bearing on my status as a candidate, in a Federally supervised election for Congress, the move to oust us was intended to reinforce the McCarthyite atmosphere of fear around LaRouche and his associates, many of whom live in the county.

The Loudoun lunatics took a page directly from Fowler's 1996 manual against Presidential candidate LaRouche, when Fowler intervened to dictate that duly elected delegates pledged to LaRouche not be seated at the Democratic National Convention. Using outrageous lies which have been crafted by the same sources—including Richard Mellon Scaife—which are now mounting the assault on the Clinton Presidency, Fowler prevailed in his strongarm move. LaRouche and his delegates' legal challenge, which stated that the ruling violated the Voting Rights Act, was initially dismissed, but is still in the Appeals Court. The argument by the DNC, and its co-defendant Virginia Democratic Party, was that LaRouche's case is "moot," because the action was unique to the 1996 election campaign—an argument that has been substantially destroyed by the Loudoun Committee's action.

The big move

At first, it appeared that the Loudoun lunatics would be put in their place. The leadership, which I and the LaRouche wing of the party have provided in the fight to stop Oliver North's 1994 campaign against Sen. Chuck Robb and to expose the British assault on the Presidency, has had a substantial impact in mitigating the fears which many Democrats have had in associating with LaRouche. Thus, the leadership of the 10th Congressional District Committee of the Democratic Party acted to overturn what it correctly characterized as a violation of due process of law, in the Loudoun County Democratic Committee's (LCDC) rejection of membership by LaRouche associates.

During the arguments in late February, I stressed that the move against me was nothing less than McCarthyism, like that being used against the President, and that it was being taken, in effect, to benefit the Republicans, who fear LaRouche's leadership in the Democratic Party. Well aware of the pro-Republican proclivities, as well as lies, of the Loudoun Committee representatives, the 10th District ruled

in my favor.

To the surprise of many, the LCDC appealed to the Virginia Democratic Party's state steering committee. A hearing was held May 2 in Richmond, which pitted the frothing representatives of the LCDC against the 10th District Chairman Eve Wilson and her counsel Bob Weinberg—with only two minutes given to me for a brief comment. In a subsequent executive session, the steering committee voted, by the narrow margin of 11 to 10, to uphold the Loudoun lunatics.

Profound implications

Formally, the decision taken in Richmond merely permits localities to establish their own rules for committee membership, even if such rules are based on unconstitutional procedures and lies—as in the case of the Loudoun party. Politically, the implications are much more profound, and the LaRouche wing of the party is beginning to mobilize to reverse the atrocity.

In a May 5 statement, after I had finally received the formal ruling, I put it this way:

“This action will not go unchallenged, since what is at stake is the ability of individuals like myself to campaign for LaRouche's indispensable ideas on economic policy and on the defeat of judicial corruption. Fowler's temporary legal success against LaRouche in 1996, taken over the objection of over 100 leading Democrats nationwide and nearly 600,000 votes for LaRouche in 27 Presidential primaries, helped sink the chances of the Democrats retaking Congress; if this move in Virginia were successful, the consequences would be equally disastrous for the party, the Commonwealth, and the nation.

“It's time that Virginia Democrats—especially those who have left the party in disgust—realized that they have to deal with a Fifth Column that is committed to the destruction of the party and nation. This Fifth Column has guaranteed so far that the party ignores the fundamental issues of our time, especially the worldwide financial collapse now in progress. Unless the casino economy, which is sucking the blood out of populations internationally and here, is declared bankrupt and replaced with a system like LaRouche's New Bretton Woods, we are headed into a New Dark Age. Unless citizens rally to destroy the political lynch mob in the Department of Justice and 'private' media and other associations who carried out the witch-hunt against LaRouche, and are now assaulting the Presidency, our republic will be destroyed.

“With such stakes, we have no choice but to fight to overturn this immoral ruling, and remove from power those who would destroy their party and their country on behalf of the institutions who hate LaRouche because he stands for policies that foster man's development as made in the image of God. Virginians must reject the McCarthyism and Mississippi-style tactics shown by the Loudoun Committee's current leadership and its high-level supporters, for the sake of the highest principles of our nation.”

The front lines

The immediate battleground against Democratic Party treachery lies in the 10th District caucuses. The Virginia party, rather than hold a primary, which would have drawn voters to debate national issues and embolden them to defeat Wolf and his Hunt Country backers, opted for a complex system of caucuses. Each city or county within northern Virginia's 10th CD, will hold caucuses to elect delegates to a district convention, which will then choose whether Cornell Brooks or myself will represent the Democratic Party against Frank Wolf. Not only has the party not advised its membership that the caucuses are taking place, but each caucus takes place on a different day, at a single site, for only a few hours—not what one would characterize as a “get out the vote” mobilization. Three caucuses have already occurred, drawing a grand total of 155 people. While the “insider favorite” Brooks has won all three, getting 19 out of a final total of 200 delegates to the District nominating convention, his totals, and percentages, are going down with each caucus. In Rappahannock County, he won 60-2, in Front Royal 34-10, and in Manassas City 30-18.

Given the almost underground nature of the election, I have chosen to run some high-profile radio ads identifying what's at stake—the need for LaRouche's New Bretton Woods in the face of the financial blowout, and the urgency of defending against the treasonous assault on the Presidency. The ads also announce that caucuses will be occurring—something which the Democratic Party leaderships are only publicizing with one tiny ad in the local newspaper of each jurisdiction.

In the first caucus, the local leadership went into flight forward, calling delegates pledged to me and intimidating four of the five into withdrawing. This led my campaign to send a letter to the Virginia Democratic Party, warning of further action in the LaRouche suit against Fowler, which names the Virginia party as co-defendant. While the next two caucuses appeared to be run fairly, the fourth one—Prince William County, where 27 delegates are at stake—has occasioned a complaint by my campaign to the Department of Justice, since the election procedure is being held in an obscure office far outside the 10th Congressional District.

“What if they held an election, and nobody came?” asks one of my ads, as well as a leaflet announcing the caucuses: “It's time Democrats in the 10th CD took their party seriously. Thousands of you didn't vote in the last election, out of disillusionment or disgust. This time, there *is* a candidate running who is telling the truth. . . .” The Virginia Democratic Party practice of backroom candidate choice takes full advantage of the relative apathy among the population. Only a tiny handful of thinkers, still, are prepared to come out of virtual reality, to recognize and fight the disaster which the cancerous financial bubble, International Monetary Fund conditions, and police-state prosecutions represent.

Baltimore coalition mobilizes against ‘hit squad’ in the DOJ

At a town meeting organized by the Schiller Institute in the heart of Baltimore’s black community on April 24, a coalition of forces came together to combat the “hit squad” in the U.S. Department of Justice, which is responsible both for the railroad against Lyndon LaRouche, and for the “Operation Fruehmenschen” political prosecution of hundreds of African-American elected officials — including several who were in attendance at the meeting.

In the following pages, we publish excerpts of the keynote speeches by two Schiller Institute leaders, Debra Hanania-Freeman and Theo Mitchell. Mitchell, as noted below, is also a former South Carolina state senator. Following their speeches, several Maryland elected officials delivered extemporaneous remarks. We excerpt from those of former State

Senators Larry Young and Clarence Mitchell III, both of whom were victims of the “Operation Fruehmenschen” attacks. Among the others who addressed the gathering were Delegate Clarence Davis, one of the first Maryland legislators to call for LaRouche’s exoneration; Sen. John Jeffries, who was selected to fill Young’s seat, “after Larry was temporarily taken prisoner by the enemy”; and Sen. Ralph Hughes, who defended Young on the floor of the Maryland Senate, despite attempts to intimidate him.

The meeting, which was the first to bring Baltimore’s east and west side political machines together, and to include representatives from outlying counties, was the first step in the formation of a formidable coalition for justice in Maryland, and the nation.

Investigate the DOJ permanent bureaucracy

by Debra Hanania-Freeman

Debra Hanania-Freeman is the national spokeswoman for Lyndon H. LaRouche, Jr. She played a key role in organizing the 1995 hearings of an independent commission of American legislators and international observers, into the Justice Department’s politically motivated prosecution of various groups and individuals. She gave the following speech at the town meeting in Baltimore on April 24 sponsored by the Schiller Institute.



I want to try to give a broad overview of what it is that we face in the United States today, on this question of the incredible

misconduct, in fact criminal misconduct, by our own Department of Justice. For those of you who saw the leaflet that we circulated advertising this meeting, the leaflet began by posing the question: If you were around 30-odd years ago, and you had information that would shed light on who and what was behind the assassinations of Dr. Martin Luther King, of the Kennedys, of Malcolm X, and you knew something about this, you knew who was behind it, would you have done something about it? Or, would you have said, “That’s not my job. There are Federal agencies designed to deal with this.” Would you have been too afraid, because it might be politically controversial to do something about it?

That is the situation that we face today. I want you to just consider the fact that it was more than ten years ago, in January of 1988, that Mervyn Dymally, who at that time was chairman of the Congressional Black Caucus, rose to his feet, on the floor of the United States Congress, and placed before the House of Representatives sworn testimony from an FBI agent, from a *sitting* FBI agent, who at that time was deployed out of the Atlanta office of the FBI. In that sworn testimony, this FBI agent talked about an FBI policy that he had been carrying out, and that FBI agents all over the nation had been carrying out, called “Operation Fruehmenschen.” *Fruehmenschen* is the German word for “early man,” or “primitive man.”

Now, according to the testimony of this agent, Operation Fruehmenschen was an FBI directive that called—and I’m quoting from his affidavit—for the “routine investigation, without probable cause, of prominent elected and appointed

black officials in major metropolitan areas throughout the United States.” He testified that “the basis for this policy was the accepted assumption, by the FBI, that these African-American officials were intellectually, socially, and morally incapable of governing major governmental organizations and situations.”

Dymally also introduced, at that time, two studies that had been done by Dr. Mary Sawyer, who is a law professor, who functions out of the University of Iowa. One was done in 1977, called “The Harassment of African-American Elected Officials.” In the first study, which was done before this testimony came to public light, Dr. Sawyer documented what was simply a statistical pattern of disproportionate attacks against African-American elected officials. She documented that at any given time, 40% of all of the African-American elected officials in the United States were either under indictment, under investigation, or had been, within a period of one year. In her first study, she did not say, and she did not propose to know, what was responsible for this policy, except the most obvious thing, which was racism. Ten years later, when she did her second study, the number of African-American elected officials had increased, but so had the attacks. And this time, of course, her study was done when we were all in possession of this sworn testimony.

Congressman Dymally did the responsible thing. He didn’t say, “Fire everyone in the Department of Justice.” He simply said that the House of Representatives should exercise its oversight responsibility and conduct an investigation. That was *ten years ago*. Today, the pattern has continued, the pattern has accelerated, the pattern has spread. But to this day, there has still been *no investigation*. The FBI agent who gave this sworn testimony has never been questioned before a single body of the United States Congress.

I want people to think about that, because, outside the U.S. Department of Agriculture, the Department of Justice is the largest department of our Federal government. They have close to 100,000 employees. It’s like a small city! And they are, without question, the most politically biased and powerful institution that we have.

The permanent bureaucracy

Those of us in the LaRouche movement, over the course of years, came by this in kind of a funny way—actually, not so funny. About ten years ago, the LaRouche organization was targeted by the Department of Justice. I won’t go through every detail of what occurred in that case. But after years of harassment and investigation, Mr. LaRouche was in fact charged, put on trial, sent to prison, along with a dozen of his associates, some of whom are *still* in prison. Mr. LaRouche is not, but it took a full-scale international mobilization to get him out.

But, when we were investigating what was involved in what came to be known as the “Get LaRouche” task force, what we discovered was something that, to me, was absolutely

shocking: We found that inside the Department of Justice was a permanent bureaucracy, a group of men who had been there for decades, whose careers went beyond the tenure of Presidents, beyond the tenure of Attorneys General. The person who, right now, is serving, for the ninth time in his career, as the director of the Criminal Division of the Department of Justice, Mr. Jack Keeney, came to work at the Department of Justice in 1951. That’s three years before I was born! And he has been there. How many Presidents have come and gone? How many Attorneys General have come and gone? But Jack Keeney goes on, and on, and on. And the people under him: Mark Richard. He’s a newcomer, he’s only been there since 1961.

What you have, sitting at the heads of these various divisions, is a bureaucracy that has a stranglehold on this department, and functions as a political assassination bureau. Lo and behold, what did we find, as we pursued our investigations? The very same individuals, Jack Keeney and company, who were coordinating Operation Fruehmenschen, were also coordinating the “Get LaRouche” task force. And something which is even more remarkable: They are the same individuals who, today, are coordinating the assault on the Presidency.

They make up about 20-25 people. When you talk about Operation Fruehmenschen, you’re talking about hundreds of cases, broad cases, far-reaching cases. When you talk about the LaRouche case, former Attorney General Ramsey Clark, who served as Mr. LaRouche’s attorney, said that the LaRouche case was the broadest case, involving the largest use of Federal law enforcement agents, of any case that he had ever come across. You look at some of the other cases: the targeting of trade union officials. And always, despite the fact that these are broad cases, complicated cases, it’s always the same 20 guys who are coordinating them.

Any person would ask, especially in these days of budget cuts, “With just 20 individuals running all these cases, what are the other 99,980 employees of the Department of Justice doing?” It really does make you step back and wonder. And the reason why I say this, is that when we say it’s time to root out the misconduct in the Department of Justice, what many people will say, is, “Well, gee, my nephew works over at the DOJ, he’s not a bad guy; he’s not a racist; he’s not trying to lynch black elected officials.” And probably he’s not. I’m not prepared to condemn 100,000 people. I’m prepared to condemn this permanent bureaucracy.

When will Congress act?

And, at this point, I’m also prepared to condemn the United States Congress. Because Mervyn Dymally put this information before them ten years ago. A year later, we provided ample documentation in the LaRouche case. They did nothing! In 1992, after we had some meetings with the Congressional Black Caucus and others, they gave us what I consider some very solid advice. They said, “You can scream about the LaRouche case from now until the day you die,

and the Congress will *never* investigate misconduct in the LaRouche case. It just isn't going to happen. If you are serious about rooting out this permanent bureaucracy, you're going to have to broaden your call for an investigation. You're going to have to take a series of the most outrageous cases, you're going to have to develop a pattern, and you're going to have to bring it to the Congress. If you can do that," we were told, "there will be oversight hearings."

So, we did that. We brought together witnesses from all over the country. We brought in international legal experts. We talked to the 1,000 attorneys, from all across the United States, who had joined as friends of the court in the LaRouche case, and we provided that documentation to the Congress. Did they investigate it? No! Privately, many members told us, "Oh, yeah, I know those guys. I know all about them. They've come before my committee. I know about their dirty work." And we said, "Okay, will you investigate?" "Oh, no! If you get somebody else to call for an investigation, I'll support them. But I'm not going to do it." So, we just kept on working, kept on trying to get an investigation. We were putting together more and more information on Operation Fruehmenschen, and all of the various cases that we were involved in.

Some people here may remember what happened with Congressman Harold Ford, from Tennessee. Congressman Ford was put on trial *three times* by the Department of Justice.

Videos Provide Evidence of DOJ Corruption

In August-September 1995, a group of distinguished state legislators and others, with the aid of the Schiller Institute, pulled together independent hearings "to investigate misconduct by the U.S. Department of Justice." They examined three types of cases: Operation Fruehmenschen against black elected officials; the LaRouche case; and the cases brought by the DOJ's Office of Special Investigations (OSI), including that against John Demjanjuk.

The panel authorized the circulation of videotapes and transcripts of the proceedings. Two videos are currently available:

- Overview (90 minutes)**, order number SIV-95-002, \$35.
- LaRouche Case (60 minutes)**, order number SIV-95-005, \$25.
- Or, **both videos** for \$50.

Order from: Schiller Institute, Inc.
P.O. Box 20244, Washington, D.C. 20041-0244.
Telephone orders (toll-free): 1-888-347-3258.
Visa and MasterCard accepted.

They would put him on trial, but couldn't get a conviction, so what would they do? They would move to another county in Tennessee, where they thought they could get a jury of a different composition, i.e., a jury with no blacks on it. And they would try again. They just kept moving the case around. Finally, in 1992, they tried to move this case into a county which was, literally, a stronghold of the KKK.

At that point, the Congressional Black Caucus had had enough. This was just before Bill Clinton was elected President. And Senator Carol Moseley-Braun marched the Congressional Black Caucus over to the Department of Justice (at the time, she sat on the Senate Judiciary Committee; she was promptly removed from the Judiciary Committee, after she did this), and demanded a meeting with George Bush's Attorney General. And she said: We're filing complaints: miscarriage of justice. We have oversight into this matter. We *insist* that this operation be brought under control.

The person who was running the operation against Harold Ford was a U.S. Attorney from Tennessee, whose name is Hickman Ewing. Hickman Ewing is someone who is well known in Tennessee. He ran the investigation of Dr. Martin Luther King's assassination, and we all know what a great job he did in that investigation! His name may be familiar to you, not because you know so much about the Harold Ford case, but because today, he is the number-two person in the Whitewater investigation of President Clinton. He is Kenneth Starr's chief assistant. And, as some of you may know, Ken Starr has not had much experience in court; no illustrious career in the courtroom. Ken Starr is a politician; he runs for office when he can. He's somebody they put up front, when the microphones are on. But, Hickman Ewing is the guy who's running this operation on the ground. He's the pit bull that they send into court.

Now, what do you think the result was, when Carol Moseley-Braun, of the Black Caucus, went over to demand an investigation? The Attorney General at the time — it may have been Bill Barr, I'm not quite sure — said that they'd take it under consideration. Within about three hours, he called a press conference, and threatened to indict Carol Moseley-Braun and the entire Congressional Black Caucus, for conspiracy to obstruct justice, because he claimed that they were interfering in an ongoing legal investigation.

Here we have a group of Congressmen, exercising their oversight responsibility, and he wants to indict them! And this is, undoubtedly, the way that much of the damper was put on any drive to actually have an investigation.

Assault on the Clinton Presidency

Then, Bill Clinton was elected President. And one of the priorities of the Clinton administration, one of their stated priorities, when they were still running the transition out of Little Rock, was to clean out the permanent bureaucracy in the Department of Justice. They set up a task force of 120 individuals, who were to investigate the permanent bureau-

cracy and come up with recommendations as to how it should be dealt with. That was Clinton's operating idea, when he came to Washington.

You may also remember, that when Bill Clinton came to Washington, he couldn't get an Attorney General confirmed by the United States Congress. It was the last cabinet position he was able to fill. It wasn't until March of his first year in office, that Janet Reno was brought up, and finally was confirmed as Attorney General. But what happened to Janet Reno, was that within three weeks of being sworn in as Attorney General, she had to face the final phase of the confrontation at Waco. And it was under advice of the permanent bureaucracy, Mark Richard, the person who is right under Jack Keeney in this monstrous apparatus, that Janet Reno ordered Federal troops to move against that situation. A situation that had been going on for weeks! It wasn't any worse than it was the day that it started. Now, I'm not going to go through the details of what happened at Waco. But just imagine, sitting in the Attorney General's seat for three weeks, and being confronted with a situation like that. And I'll tell you, from that day on, Janet Reno became a hostage of the permanent bureaucracy. And any idea that Bill Clinton had previously, of rooting out this permanent bureaucracy, was gone. It was simply gone. There was no discussion about it ever again.

Now, there was a public outcry about the events at Waco. And just around the same time, you had a situation that broke in a remote area of the American heartland, where an alleged white supremacist, who was holed up in the mountains somewhere, had a run-in with Federal agents. People may remember the Randy Weaver case. Before Randy Weaver fired a single shot, the FBI agents on the scene murdered his wife, and his oldest child, and, I believe, also killed his dog.

Regardless of what anybody thinks about Randy Weaver, there was no question in anybody's mind that what had occurred was an outright act of murder by the Federal government. And there was, again, a big outcry on Capitol Hill, this time led by John Conyers, who was the senior member of the House Judiciary Committee.

By the spring of 1995, we had agreement that, in fact, there would be a full-scale, broad, oversight investigation of the Department of Justice. And the cases that would be examined would be very, very far-reaching: the OSI cases, the Office of Special Investigations, the supposed Nazi-hunting unit, which functions as a political arm of the Anti-Defamation League, investigating any eastern European whom the ADL deemed undesirable; Operation Fruehmenschen was to be investigated; the LaRouche cases were to be investigated; the Waco massacre was to be investigated; the Weaver case was to be investigated. There were other important cases. There was broad, bipartisan support for such an investigation. Because a number of Republicans who didn't really care that much about Operation Fruehmenschen, or about the LaRouche cases, were in fact very concerned about the OSI

case, about Waco, about Randy Weaver. Their constituents were clamoring for an investigation.

But in the process of this, the tide turned. You had the Gingrich Revolution, and those hearings were hijacked, and were essentially turned into a lynch mob against the President.

It was at that time that the Independent Commission was pulled together. Senator [Theo] Mitchell was one of the witnesses before that commission. He had just been released from prison, after having been a victim of Operation Fruehmenschen. The hearings were chaired by Jim Mann, a former United States Congressman, who served 12 years on the Judiciary Committee, who had played an important role in the Watergate hearings; they were co-chaired by JL Chestnut, one of the foremost civil rights attorneys in the United States; and the testimony was heard by a panel of prominent state legislators from across the United States, with a broad group of international observers sitting right behind them. Absolutely rivetting testimony. The attorney for John Demjanjuk, one of the OSI victims, came all the way from Israel to give testimony. Many of the Fruehmenschen cases were presented. Ramsey Clark and Odin Anderson presented testimony on the LaRouche case, as did Mr. LaRouche himself. Rivetting testimony.

This body called on Congress to conduct an investigation, in the summer of 1995. The proceedings of the hearings were delivered to every member of the United States Congress.

No investigation.

Six months later, during their national convention, after a presentation by Sen. Theo Mitchell, the National Black Caucus of State Legislators passed a resolution, supporting the findings of the Mann-Chestnut Commission, and calling on Congress to conduct an investigation. *No investigation.*

And now, here we are today. What do we find? Because this murderous apparatus has been allowed to proceed unchecked, what are we faced with? Every person of color in the Clinton administration is either under investigation or has already been pushed out. Ron Brown, Secretary of Commerce, was under investigation, about to be indicted, and "conveniently" died. Mike Espy, Secretary of Agriculture: currently standing trial. Henry Cisneros: forced out of office, with an agreement that if he resigned, the case against him would not be pursued, currently on trial; Alexis Herman, Secretary of Labor, who already answered charges during her confirmation hearings, now again under investigation.

A political lynching in Maryland

During the last six months, we've seen a whole new round of indictments of black state legislators around the country. We, here in Maryland, witnessed what was nothing less than a political lynching, in the Larry Young case. The Larry Young case is a classic. I don't care what people think about Larry Young; some people really like Larry, are very dedicated to him, think he does a fine job; other people don't like him at all. I don't really care. If you live in Senator Young's district,

and you don't like him, then you shouldn't vote for him! But the fact of the matter is that he was elected to office, he also was targeted by the *Baltimore Sun*.

In every bit of testimony that has ever been taken on these cases, it always works the same way: Somebody in the Department of Justice leaks a story to their favorite reporter, at some newspaper somewhere. The reporter does an exposé. That exposé becomes the basis for an investigation. The story came from a leak from the DOJ in the first place, and then, after that, it's all history.

In the Larry Young case, what was absolutely amazing to me, was that within one month of that first *Baltimore Sun* story, the Ethics Committee took their evidence, in a star chamber proceeding, in a closed hearing. I don't know what they discussed; do you know what they discussed? Did you see the evidence that was presented? No. Was Senator Young given an opportunity to present his case? No. Was he represented by attorneys before the Maryland State Senate? No. Within one month of that first story being presented, Senator Young, who was not charged with a crime at that time, was not even being investigated—there was no sitting grand jury. Simply based on this story, and whatever went on behind closed doors in these Ethics Committee proceedings, he was out of office. The first legislator since Reconstruction to be expelled from office! And it was only after he was expelled, that the Department of Justice said, "Well, there were all these allegations in the newspaper, and furthermore, this esteemed body, the Maryland State Senate, saw fit to expel him. Certainly, we should form a grand jury to investigate."

Now, there are many questions are on the table in this case, and many people have talked about the fact that Young's rights were violated. I'm not an attorney, but I think that's probably true. But the fact of the matter is that Larry Young is a very intelligent person, and I'm confident that he knows how to run his legal defense. The question that I have, is what about all the people who live in Larry Young's district, who voted for him, who were deprived of representation? And the last time I checked, the state of Maryland was still actually under watch, for the Voting Rights Act. And the one question that I would really like to see looked at, in particular, in these Fruehmenschen cases—and the Larry Young case is a classic example of it—is that, aside from the rights of the individuals who were targeted, there is no question in my mind that this entire operation is a direct violation of the Voting Rights Act, because people are being deprived of elected representation. And nobody has been prepared to take that question on.

The responsibility lies with us

This has proceeded unchecked. It is now escalating. And what we now find ourselves faced with, is a situation where this group, which is so arrogant, which is so dizzy with power, now sees fit to attack the highest office in the United States, and are now conducting an assault on the Presidency. And we are able to document this completely. We actually made a grid; we looked at every individual, public and private. We

took a white board, as long as this dais, and we wrote down all the names of the people in seven different categories, who were involved in Operation Fruehmenschen. Then, we made a plastic overlay, and did the exact same thing, with the LaRouche case. And then, we did a third overlay, and looked at every single person, public and private, involved in this operation against Bill Clinton. Coincidence of coincidences! All the same people involved. All the same private institutions financing it. Richard Mellon Scaife, who people think is some billionaire, right-wing conservative. Well, he *is* a billionaire, right-wing conservative, but he also has very close ties to foreign intelligence services, to British intelligence services.

Look at what we've allowed to happen! Because this went unchecked, unchecked when Mervyn Dymally brought it up; unchecked when the Congressional Black Caucus complained about the court case; unchecked when we brought delegations from all over the world to talk to members of Congress about what was going on with the LaRouche case; unchecked after the Independent Commission did a broad investigation of all of the cases, heard what the U.S. Congress was too afraid to hear. Unchecked. Now, they are assaulting the highest institution in the United States, and they are doing it legally!

My question is, when is the population going to do something about it? These are nothing short of lynchings. And the fact is, that you have the very nation itself under assault. And I'll say the same thing about Bill Clinton that I said about Senator Young: I don't care what you think about Bill Clinton. I don't care if you like him, you don't like him, I don't care if you voted for him or not. This is much bigger than Bill Clinton; this is the institution of the Presidency, and it is under attack.

You have a permanent bureaucracy that can target the President of the United States with impunity, based on the allegations—of whom? Paula Jones? Monica Lewinsky? Linda Tripp? Don't get me started! These people give white women a bad name! I never saw such a group of women! (One of the things that I would normally not say, in front of a microphone, in front of a public audience, is that if Bill Clinton should be indicted for anything, it would be for hanging out with some of the ugliest women I've ever seen! Paula Jones has had seven makeovers, and she's still ugly!)

It really is up to us. We've presented some of this. Lavonte Somersall, who's done some of the articles [in *New Federalist* newspaper] on the Larry Young case, made a presentation the other night, before a small meeting in our office. And people were up and complaining, "I'm not interested in Larry Young! I'm not interested in Bill Clinton!" The very people who are the victims of the operation, are profiled into going out and buying the rope and delivering it for the lynching. Why? Because they're cynical, because they have all kinds of problems, because they don't step back and look at the pattern. When you look at the pattern, this is not about the individuals. It's not even about the guilt or innocence of the individuals involved.

We right now are in a crisis as a nation. We face a financial crisis, a global financial crisis. We cannot be served by the people we elect for office, if we have a political assassination bureau functioning in our Department of Justice, where anyone who steps out of line, anyone who speaks out, speaks out for the have-nots, speaks out against the establishment, or anyone who even shows the potential to speak out, can be targeted, driven out of office, sent to prison. If that is allowed to happen in this country, then there is no freedom anywhere in the world. And the responsibility at this point, as far as I'm concerned, is out of the hands of Congress, and in the hands of the people. And it is only when we organize a stampede in Washington, that this will be heard.

There are opportunities. Right now, there is a bill before the Congress, called the Citizens Protection Act, sponsored by 66 members [now 111 members—ed.] of Congress. Some people who are among the sponsors of the bill have actually been victims of this DOJ operation. One of the things that

they are demanding, is that this apparatus be investigated, and that prosecutorial misconduct be actually treated as a criminal charge. It's *not nearly enough*, not nearly enough to deal with a professional assassination squad, but it's a step in the right direction. And, if we start to do our job, and if we make sure that when town meetings like this are held, in the wake of the lynching that we just saw in the state of Maryland, the issue should not be that people came in late because they hit the traffic going to the Orioles game! The issue should be that the Orioles game starts late, because of the traffic coming into the town meeting! Because that's the nature of the problem.

And I do hope that people will take some of the information presented here. We have all of the documentation—I've just glossed over it. Theo Mitchell will enlighten you much more than I possibly can, because he's lived through it. But I do hope that people will walk out of here armed with information and ready to fight, because there is not very much time left for us to do that. Thank you.

'A republic, if you can keep it'

by Theo Mitchell

Mr. Mitchell served for two decades in the South Carolina Legislature, first in the House, and later in the Senate. In 1990, he was the Democratic nominee for Governor of the state, when an FBI sting operation known as "Operation Lost Trust" brought down virtually the entire South Carolina Legislature (the convictions were later overturned). In 1994, while campaigning for the office of Lieutenant Governor, he came under heavy attack by the Justice Department, as a result of which he was sentenced to 88 days in Federal prison. On Jan. 17, 1995, when he was within 10 days of completing that sentence, he was ejected from the State Senate, without ever having had the opportunity to defend himself. Today, he maintains a law practice in Greenville, S.C., and serves on the national board of the Schiller Institute.



In a speech to the Schiller Institute-sponsored forum in Baltimore on April 24, he recounted the history of Operation

Fruehmenschen, beginning with the assault on Adam Clayton Powell. He described two decades of abuse and political targeting: Richard Arrington, Floyd Flake, Harold Ford, Michael and Clarence Mitchell, Operation Lost Trust, his own case, and the case of Larry Young in Baltimore. He hailed his friend Lyndon LaRouche, who remains, Mitchell said, "undaunted in boldly telling the truth, and fighting for it."

Here are excerpts from Senator Mitchell's speech:

I hope that there is something I can add to what Dr. Freeman has given you, in regards to a major problem facing our nation.

I am reminded that at the conclusion of the Constitutional Convention in Philadelphia, as the delegates were disembarking and going their separate ways, amidst the crowd of people. Benjamin Franklin came out of historic Independence Hall, and someone called to him, "Dr. Franklin, what kind of country, nation have you given us?" And the history says he said, "A republic, if you can keep it."

That is the battle in which we find ourselves tonight. In this city, where the "Star Spangled Banner" was written, in a war that tested the American will against Britain, at a time when America as a young nation was testing itself as to whether it would endure and survive, in a place that certainly has no second place as a great city in a great state. I believe Maryland has on its license plate "The Free State," isn't it? I'm from a state where cotton used to be king, South Carolina. . . .

There are those out there who are hell-bent on seeing to it that only a handful of people benefit from the bounty of this great nation and its blessings, which are unlimited. So we must come from behind, ladies and gentlemen, and stop hiding. Because it takes guts to be able to mobilize into this coalition that is so needed and necessary, and essential, to deal with this. For as long as we run, and think that our silence is going to be something that we can get away with, it doesn't

work that way. All you've got to do is say the wrong thing, at the wrong time; if you make a speech, or issue a statement, the hounds of hell will soon be on your heels.

How long must we, in this free land, remain hostage to those whose only mission is to destroy? How long are we going to remain impotent when we see our neighbor get "busted" by the Feds, an IRS audit, an FBI investigation, a Department of Justice indictment and prosecution? . . .

I just want to say to each of you, that this is not going to go away on its own. It needs some help. You must help it find itself. We must find the conscience of this country, again. We must *be* the conscience of this country, if necessary. . . .

This is the time that we continuously need your help. We need each other. People who are of like minds coming together is what is needed. We don't have to be the same color, we people who realize that we have a nation to save, for future generations to enjoy. None of us can do it alone, but together we can preserve the decency and dignity which all nations hopefully will be able to enjoy after we are gone.

We owe it to our children. We owe it to those who fought down through the generations, down through the years, so that there would always be a fair judicial system, a fair law enforcement system, a fair and equitable Congress to appropriate the resources for the education, the health, and the wel-

fare, and the dignity and the decency for senior citizens after they have reached their golden years, after giving so much in building this nation.

We owe it to them, to defend an idea that was never utilized before in bringing about representative government, where people are citizens and not subjects, of their country; not slaves to any oligarchical system. We owe it to those whose ideas were imaginative and bold, who dreamed dreams of the greatness of this great nation, and the perpetuation of it, in a written Constitution that has lasted longer than *any* constitution, the first and the greatest that was written, and still allows amendments from time to time, to protect the individual's rights to life, liberty, and the pursuit of happiness.

America is indeed the melting pot of the world. It is the rainbow. It is the nation of nations that no one ethnic, racial, or religious, or any other type of group can claim ownership to, a nation in which we, the people, are the ones in which government enjoins and leads.

We owe it to ourselves to make real the answer to the question that Dr. Franklin gave, "What kind of nation have you given us, Dr. Franklin?" The answer was, "A republic, if you can keep it." We must keep it. For never again will the world have a chance to have this experiment repeated.

Thank you, and God bless you.

It's time to launch a counterattack

by Larry Young

Mr. Young served in the Maryland State Legislature from 1975 to 1998, and was chairman of the Black Caucus. In 1988, he assumed the Senate seat held by Clarence Mitchell III, after Mitchell was targeted in the FBI's "Wedtech" sting. On Dec. 3, 1997, the Baltimore Sun printed an article charging that Young had used his Senate office to boost his personal business. Within hours, an ethics probe was launched, and on Jan. 16, he was expelled from the State Senate, the first such expulsion in the Senate's 221-year history. At the time of his expulsion, he had been charged



with no crime, although both Federal and state criminal investigations were later opened against him. Here are excerpts from his remarks to the Baltimore town meeting on April 24.

. . . Let me just say to you especially Senator [addressing Theo Mitchell], I came by, because they told me you were going to be speaking. And I just thank you, because you have really raised us up tonight; you have allowed us to understand that this thing, this pattern of attacks, is bigger than you, and it's bigger than me; and it's certainly bigger than all of us here. You've got to understand that they take us on one at a time; we think it is only one attack, on one individual, but it becomes like a snowball, and it grows. . . .

I want to also thank the LaRouche organization and *EIR*. And, I can say this: For 23 and a half years, I had some concerns about their agendas. But you've got to be careful who you say is or is not going to be with you on certain issues. Because on this issue, they have stood up when some of our so-called civil rights and other groups have not even stood up. And for that, I wanted to not only thank you, but tell you I appreciate you for standing on this issue. I mean that. . . .

And, I do want you to understand this. I have learned over the last 116 days and 19 hours and 30 minutes of this ordeal I've been put through, that you have got to have some sure-enough stuff in you, to withstand what they will do if they begin to target you. And I have come full circle now to understand that. It's almost to the extent that I have become immune

to their attacks, but not so immune that I don't mind being unjustly attacked. And what I want to start doing now, is, well, there comes a time when you've got to start attacking back. You've got to start gearing up.

And, that is what we're going to do. You've got to not always listen to your lawyers. You've got to start attacking back. And so, you're going to start seeing and hearing more, because, quite frankly, we've got to do it. We have to do it. And, more importantly, it is important that they see that every time they make an attack on us, there's going to be a response to it; a counterattack. Because you simply don't have the liberty or the freedom to think, if they just constantly bombard you, and bombard you.

And I decided that beginning tomorrow, 2:00, on my radio show, they're going to feel our first salvo. And then we're going to talk to you about returning back to the *Baltimore Sun*

some of their own medicine. Wouldn't it be nice if the *Sun* never rose in this town? And so, we're going to start talking about it. . . . I'm now able to give you documented evidence that they [the *Baltimore Sun*] fleeced money, millions of dollars, from this community. So, why don't we return the "favor" to the *Baltimore Sun*? And maybe then they will understand that some of us are not going to sit back and let them constantly bombard us with attacks, after attacks, after attacks.

Now, just in case there's any doubt about it, I love Sen. John Jeffries, who is seated up front here. He's done an excellent job in Annapolis. He stepped in there for us, on Feb. 22 or 23, after they stole my Senate seat, and he did a great job. But, John, I want my seat back! And, I'm going to get it back the old-fashioned way; the only way I know how. I'm going to get out there on the street, and I'm going to earn it back!

Thank you.

We need a coalition for justice in America

by Clarence Mitchell III

Clarence Mitchell III is one of the most respected black political leaders in Maryland, and served for 24 years in the Legislature. His father, Clarence Mitchell, Jr., was for many years the NAACP's lobbyist in Washington. Clarence III was a founding member of the Student Non-Violent Coordinating Committee (SNCC), and worked with Dr. Martin Luther King, Jr. As he describes in the speech excerpted here, he then ran for office, becoming the youngest person elected to the Maryland Legislature. In 1986, when his uncle Parren Mitchell retired, he ran for his Congressional seat, against Kwesi Mfume. During that race, Clarence and his brother were caught up in the Wedtech sting. He was one of the founders of the National Black Caucus of State Legislators (NBCSL), and has become a national spokesman against Operation Fruhmenschen.



I'll be very brief. You've heard from some very eloquent

young elected officials. And I am now in the posture of trying to share the experience and the knowledge that I gained over the 24 years that this community allowed me to serve them in the Maryland Legislature, and the experience that I gained, having an opportunity to work with legislators from all over this country, like Theo and others, when I was one of the founders of the National Black Caucus of State Legislators. I am still the longest-serving president; I served for seven years, while I tried to institutionalize that organization, with the help of those like Theo and others. You see, we were gearing up to fight this attack, this method of attack, long before I became a victim. . . .

It is important for us to understand that the words of Frederick Douglass are as true today as they were when he first said them: "As a community, we can afford no permanent friends and no permanent enemies, only permanent interests. If our interests are true, then our allies will be true as well." And I say to you, I salute the members of the LaRouche organization, and the work that you've done. The first time I read about Mellon Scaife and the role that he was playing in funding those organizations that seek to suppress not only us, but anybody who is outspoken, or anybody who does not agree with the right-wing philosophy, was in the LaRouche newspaper. Yes, I get the paper in the mail, and I read the paper. And certainly there are some issues that we disagree on, but I also know that there are issues we agree on. And it's important for people of good will to all come together and sit down, and determine those issues on which we agree.

The only way we were able to build a National Black Caucus of State Legislators, was, we set up issues that everybody could agree upon. We did not take up those issues where there was disagreement. Those issues could be dealt with outside the confines of the caucus. We were about building a caucus and an organization. And you have to

focus on those things that you have in common. And I'm here tonight to join with this effort.

Time to wake up

When I first came out of prison—and I don't apologize; I never hung my head when I went to prison. Those of you who know, before I walked in those gates, my head was high, and my fist was in the air, and I walked through those prison gates with my head held high and strong! Because I knew that this was the attack of enemies. It was a confirmation. And I came out of that prison still just as strong, and began to put on forums all over this country. I went to the National Bar Association, had people like Bill Kunstler, Alcee Hastings, others who had been victims of these attacks. I went to my own caucus. And unfortunately, a lot of those brothers and sisters were not—some of them were even out shopping while I was putting on the forum. One good little lady, Pat Davis, out of Birmingham, told me, she said, "Oh, I missed your forum. I was downtown, shopping." She is presently in a Federal prison, a former state representative from Alabama.

I don't say that in a derogatory way. What I say to you is that, unfortunately, too many of our people are asleep. Theo just said it: You don't know how hot it is, until you touch it, or it touches you. And in so many instances, that is what happened.

We put together a Center for the Harassment of African-Americans. I raised over \$300,000 from a white church. But when black folks wouldn't support it, including black elected officials, the white church said, "Well, obviously they don't think it's a problem. We don't either. We're not going to continue to fund that kind of effort." And so, we closed.

Shortly after we had to close our doors for lack of funding, I got a call from Theo Mitchell. He was running for lieutenant governor of South Carolina, and had been indicted. And what was he facing? He was facing the possibility of going to court to fight scurrilous charges, and draining all of his resources, what little resources he had. Theo Mitchell's never been any corrupt official. He ain't got no money! I mean, he looks like a million dollars, but Theo has no money. Because Theo Mitchell always stood up for his community. That's why he was attacked.

And, as you know, we began to build a database which showed that outspoken leaders who remembered where they came from, and who stayed close to their community, were the first targets. But we also found out that anybody else who got into power, eventually they got to them too. Now, [Baltimore Mayor] Kurt Schmoke has done everything our enemies wanted him to do—and they're still going after him. They're *still* going after him. . . .

The bottom line, my friends, is people in power will do whatever we let them do, as long as we sit on our hands, and as long as we don't turn out in numbers. When the walls of communism fell, they didn't fall because of missiles, they didn't fall because of threats from this country. The communists couldn't care less about what we were threatening. They

knew we weren't ready to be blown up, either. . . . What happened? Millions upon millions of people mobilized, and they finally got in the streets. And the soldiers weren't going to kill their cousins, their mothers, and their fathers. Soldiers started laying down their weapons, and joining the crowds. And the walls of communism fell.

Why do I say that? Because I want you to understand that no matter how powerful this government thinks it is, all of that power comes from *us*. We are the people who put those people in office. We are the people who, once we make up our minds, can take them out of office. Do you have any doubt about that? Just think back to Oct. 16, 1996, when a million—more than a million—African-American men, and some women who said "No, you ain't going to leave us behind," and went anyway, stood out there in the capital. The President left town, the Congress closed, half the businesses in D.C. closed. They didn't know what a million folks were going to do, and they didn't want to be around to find out.

So, I'm saying to you, I came to understand a long time ago—I was one of the founders of SNCC [Student Non-Violent Coordinating Committee]. I worked for two years with Martin Luther King before I came back home, because I could not continue to be non-violent. And I told Martin Luther King, "I love you, my brother. I admire your courage. But the next white boy that spits on me, or throws something at me, is gonna get it. And I don't want to hurt your movement. I'm going back home."

And I came back home and ran for office. And with all the political machines that controlled this city! I was only 22 years old. I had \$536, but I knocked on 11,000 doors, and got elected. So don't tell me that the people can't be brought around, if we go to the people, and if we mobilize the people, if we are willing to do the hard work that's necessary to get our people out, and have the kinds of issues that the people can respond to.

So, I say to you, as I seek your support—in the legislature folks used to call me "The Bear." Well, folks have been trying to get me to write a book, and I'm going to do a book. And the title of it is going to be *Still the Bear*. I make no apologies for understanding political power, and the importance of our participation in that political power. I see my good brother Rev. Aaron Powell, who's 81 years old, is here. And, that's the kind of energy that put me in office. He was up there on Pennsylvania Avenue at our headquarters. He was going to get out literature, he was mobilizing communities, as well as hundreds of others. And that's how we did it.

And we can do it again. And we've got to march on City Hall, we've got to march on the state capitol of this state, and everywhere else. We've got to have the kinds of coalitions that will enable us to work together, and to address the issues that are common. You can't come to the table and want all the issues that you are about, and expect others to join with you. We have to sit down and say, "Debbie, what are your issues?" "Theo, what are your issues?" And

“Stu, what are your issues?” And everybody sits around the table, and you come up with an agenda, a set of issues that everybody can agree upon, and then go to work.

The Wedtech sting

So, I say to you, I’m in no way tired. Anybody who thinks that Clarence Mitchell is finished, [I’m not.] A black Republican came to me, after leaving a meeting with [then-Attorney General] Ed Meese, and told me that Meese said in that meeting, “I want Clarence Mitchell’s ass!” I said, “Let him come. Let him come. I haven’t done anything wrong.”

And that was naive. Because the people who are running our system of justice will corrupt that system to the extent necessary, to accomplish whatever they want. We got to court. My brother Michael Mitchell and I were indicted. And poor Michael, he had just won my Senate seat, after I retired to run for Congress. Michael had just won his seat, but he was also my lawyer. The prosecutor had been up against Michael on three different occasions before, and Michael had beaten him. So, what did they do? They reconfigured the sting. Everything that was in the original papers, focussed on me. They reconfigured, and came back with an indictment that included both of us, so Michael couldn’t represent me.

Then, we went to court, with an initial hearing, after they read the indictment, which said, “no criminal charge.” The Federal government brought an indictment, and we had

it, in writing, that stated “no criminal charge.” So we filed a motion to throw out the indictment. We didn’t even know what we were defending ourselves against! In response to our motion, the prosecutor said, “Well, Your Honor, we didn’t know what to charge them with.” And the judge said, “Well, that’s kind of strange, however, what we’ll do, is, we’ll give the prosecutors a continuance, and I’m sure they’ll find something.”

Sure enough. Sure enough, after an extensive search, they went back and found a law that was passed in 1910. Michael Mitchell and Clarence Mitchell made history. We were the first people to be prosecuted under a law that was passed in 1910 that applied to administrative violations. We were alleged to have corruptly attempted—not that we influenced, but that we attempted to corruptly influence our uncle, Congressman Parren Mitchell.

Now, that prosecution has been written up in journals across the country. And what they’ve called it, is a “creative prosecution.” It’s darn creative!

So then, we really didn’t know what we were going to defend ourselves against. And the prosecutors finally, in their closing argument to the jury, said—this is the record—“We don’t have any evidence that Clarence or Michael Mitchell did anything wrong. But we think that they *intended* to.” That was the whole case of the government versus Clarence and Michael Mitchell.

Bridge Across Jordan

by Amelia Platts Boynton Robinson

From the civil rights struggle in the South in the 1930s, to the Edmund Pettus Bridge at Selma, Alabama in 1965, to the liberation of East Germany in 1989-90: the new edition of the classic account by an American heroine who struggled at the side of Dr. Martin Luther King and today is fighting for the cause of Lyndon LaRouche.

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It was a four-count indictment. The jury was out for three days. They couldn't reach a verdict. The judge threatened to keep them in over the weekend, and the foreman said, "Wait a minute, Your Honor, I think we can work this out." They went back to the jury room. They said, "All right. Those of you who are holding out for guilty, we'll give you two counts, those of you who want not guilty, we'll give you two counts."

So we were found "not guilty" on conspiracy, "not guilty" on one of the wire-fraud counts. But then we were found guilty of aiding and abetting a conspiracy that we were found *not* guilty of being a part of, and we were convicted on a wire-fraud count that consisted of one of the Wedtech Corp. people having made a phone call to my answering machine, with no evidence that I ever even responded to the message that was left on my answering machine. But that was what we were convicted of.

Why do I share that? Not because I want you to feel sorry for Clarence or Michael Mitchell. We ain't looking for no sympathy. When we got out there, we expected that the enemy would go to any length. And we're still fighting. They only wounded us. They sure didn't take us out. But I want to say that, and share that with you, because I want you to understand, that as you look at what's happening with Larry Young, you will begin to understand that the prosecutorial arm of our system will go to any lengths, *to any lengths*, to destroy outspoken leadership that doesn't toe the line that they want.

Another example of that is Lyndon LaRouche. Another example where they were willing to stoop to all kinds of things, just to get him off the street. Now, I have to admit, I'm one of those who sat back and said, "Well, you know, that's LaRouche's problem." And I'm sure LaRouche sat back when he saw me and said, "That's Clarence's problem." And while we were all sitting back and saying that's somebody else's problem, who gets hurt in the process? The people are hurt, masses of people who depended on leadership that would tell them the truth, and that would help to guide them in a direction that would enable all of us to enjoy a better way of life.

So, we're now coming together. Time tends to cause things to happen that maybe should have happened earlier, but I believe that everything happens at the right time for a reason. So, I'm happy to be here with you, and to share with you. I apologize for taking the time that I took, but I wanted to help to try to put it into perspective, as one who has been in the war. They only wounded me slightly. . . .

And that's where we are today. Fortunately, our people are beginning to wake up. . . .

One of the major strengths of any fight that we fight, is coalition. And I'm here tonight, in coalition, and hope that we will continue to flesh out this coalition that will enable all of us to realize the proper solution of the issues that we know are important for the people that we seek to be of assistance to.

Thank you very much.

Documentation

McDade-Murtha 'Citizens Protection Act of 1998'

The following bill, H.R. 3396, was introduced into the U.S. House of Representatives on March 5 by Reps. Joseph McDade (R-Pa.) and John Murtha (D-Pa.), and was referred to the Committee on the Judiciary.

To establish standards of conduct for Department of Justice employees, and to establish a review board to monitor compliance with such standards.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Section 1. short title

This Act may be cited as the "Citizens Protection Act of 1998."

Sec. 2. Interpretation

It is the intent of this Act that the term "employee" shall be interpreted so as to include, but not be limited to, an attorney, investigator, special prosecutor, or other employee of the Department of Justice as well as an attorney, investigator, accountant, or a special prosecutor acting under the authority of the Department of Justice.

Title I— Ethical standards for Federal prosecutors

Sec. 101. Ethical standards for Federal prosecutors

(a) In general—Chapter 31 of title 28, United States Code, is amended by adding at the end the following:

"Sec. 530B. Ethical standards for attorneys for the Government

"(a) An attorney for the Government shall be subject to State laws and rules, and local Federal court rules, governing attorneys in each State where such attorney engages in that attorney's duties, to the same extent and in the same manner as other attorneys in that State.

"(b) The Attorney General shall make and amend rules of the Department of Justice to assure compliance with this section.

"(c) As used in this section, the term 'attorney for the Government' includes any attorney described in section 77.2(a) of part 77 of title 28 of the Code of Federal Regulations."

(b) Clerical amendment—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

"530B. Ethical standards for attorneys for the Government."

Title II—Punishable conduct

Sec. 201. Punishable conduct

(a) **Violations**—The Attorney General shall establish, by plain rule, that it shall be punishable conduct for any Department of Justice employee to—

(1) in the absence of probable cause seek the indictment of any person;

(2) fail promptly to release information that would exonerate a person under indictment;

(3) intentionally mislead a court as to the guilt of any person;

(4) intentionally or knowingly misstate evidence;

(5) intentionally or knowingly alter evidence;

(6) attempt to influence or color a witness' testimony;

(7) act to frustrate or impede a defendant's right to discovery;

(8) offer or provide sexual activities to any government witness or potential witness;

(9) leak or otherwise improperly disseminate information to any person during an investigation; or

(10) engage in conduct that discredits the Department.

(b) **Penalties**—The Attorney General shall establish penalties for engaging in conduct described in subsection (a) that shall include—

(1) probation;

(2) demotion;

(3) dismissal;

(4) referral of ethical charges to the bar;

(5) loss of pension or other retirement benefits;

(6) suspension from employment; and

(7) referral of the allegations, if appropriate, to a grand jury for possible criminal prosecution.

Sec. 202. Complaints

(a) **Written statement**—A person who believes that an employee of the Department of Justice has engaged in conduct described in section 201(a) may submit a written statement, in such form as the Attorney General may require, describing the alleged conduct.

(b) **Preliminary investigation**—Not later than 30 days after receipt of a written statement submitted under subsection (a), the Attorney General shall conduct a preliminary investigation and determine whether the allegations contained in such written statement warrant further investigation.

(c) **Investigation and penalty**—If the Attorney General determines after conducting a preliminary investigation under subsection (a) that further investigation is warranted, the Attorney General shall within 90 days further investigate the allegations and, if the Attorney General determines that a preponderance of the evidence supports the allegations, impose an appropriate penalty.

Sec. 203. Misconduct review board

(a) **Establishment**—There is established as an independent establishment a board to be known as the "Misconduct

Review Board" (hereinafter in this Act referred to as the "Board").

(b) **Membership**—The Board shall consist of—

(1) three voting members appointed by the President, one of whom the President shall designate as Chairperson;

(2) two non-voting members appointed by the Speaker of the House of Representatives, one of whom shall be a Republican and one of whom shall be a Democrat; and

(3) two non-voting members appointed by the Majority Leader of the Senate, one of whom shall be a Republican and one of whom shall be a Democrat.

(c) **Non-voting members serve advisory role only**—The non-voting members shall serve on the Board in an advisory capacity only and shall not take part in any decisions of the Board.

(d) **Submission of written statement to board**—If the Attorney General makes no determination pursuant to section 202(b) or imposes no penalty under section 202(c), a person who submitted a written statement under section 202(a) may submit such written statement to the Board.

(e) **Review of Attorney General determination**—The Board shall review all determinations made by the Attorney General under sections 202(b) or 202(c).

(f) **Board investigation**—In reviewing a determination with respect to a written statement under subsection (e), or a written statement submitted under subsection (d), the Board may investigate the allegations made in the written statement as the Board considers appropriate.

(g) **Subpoena power**—

(1) **In general**—The Commission may issue subpoenas requiring the attendance and testimony of witnesses and the production of any evidence relating to any matter under investigation by the Commission. The attendance of witnesses and the production of evidence may be required from any place within the United States.

(2) **Failure to obey a subpoena**—If a person refuses to obey a subpoena issued under paragraph (1), the Commission may apply to a United States district court for an order requiring that person to appear before the Commission to give testimony, produce evidence, or both, relating to the matter under investigation. The application may be made within the judicial district where the hearing is conducted or where that person is found, resides, or transacts business. Any failure to obey the order of the court may be punished by the court as civil contempt.

(3) **Service of subpoenas**—The subpoenas of the Commission shall be served in the manner provided for subpoenas issued by a United States district court under the Federal Rules of Civil Procedure for the United States district courts.

(4) **Service of process**—All process of any court to which application is made under paragraph (2) may be served in the judicial district in which the person required to be served resides or may be found.

(h) **Meetings**—The Board shall meet at the call of the

Chairperson or a majority of its voting members. All meetings shall be open to the public. The Board is authorized to sit where the Board considers most convenient given the facts of a particular complaint, but shall give due consideration to conducting its activities in the judicial district where the complainant resides.

(i) Decisions—Decisions of the Board shall be made by majority vote of the voting members.

(j) Authority to impose penalty—After conducting such independent review and investigation as it deems appropriate, the Board by a majority vote of its voting members may impose a penalty, including dismissal, as provided in section 201(b) as it considers appropriate.

(k) Compensation—

(1) Prohibition of compensation of Federal employees—Members of the Board who are full-time officers or employees of the United States, including Members of Congress, may not receive additional pay, allowances, or benefits by reason of their service on the Board.

(2) Travel expenses—Each member shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

(l) Experts and consultants—The Board may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, but at rates for individuals not to exceed \$200 per day.

(m) Staff of Federal agencies—Upon request of the Chairperson, the head of any Federal department or agency may detail, on a reimbursable basis, any of the personnel of that department or agency to the Board to assist it in carrying out its duties under this Act.

(n) Obtaining official data—The Board may secure directly from any department or agency of the United States information necessary to enable it to carry out this Act. Upon request of the Chairperson of the Board, the head of that department or agency shall furnish that information to the Board.

(o) Mails—The Board may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

(p) Administrative support services—Upon the request of the Board, the Administrator of General Services shall provide to the Board, on a reimbursable basis, the administrative support services necessary for the Board to carry out its responsibilities under this Act.

(q) Contract authority—The Board may contract with and compensate government and private agencies or persons for services, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5).

Subpoena power

(1) In general—The Commission may issue subpoenas requiring the attendance and testimony of witnesses and the

production of any evidence relating to any matter [under investigation by the Commission] [which the Commission is empowered to investigate by section]. The attendance of witnesses and the production of evidence may be required from any place within [the United States] [a State] [a judicial district] at any designated place of hearing within the [United States] [that State] [that judicial district].

(2) Failure to obey a subpoena—If a person refuses to obey a subpoena issued under paragraph (1), the Commission may apply to a United States district court for an order requiring that person to appear before the Commission to give testimony, produce evidence, or both, relating to the matter under investigation. The application may be made within the judicial district where the hearing is conducted or where that person is found, resides, or transacts business. Any failure to obey the order of the court may be punished by the court as civil contempt.

(3) Service of subpoenas—The subpoenas of the Commission shall be served in the manner provided for subpoenas issued by a United States district court under the Federal Rules of Civil Procedure for the United States district courts.

(4) Service of process—All process of any court to which application is made under paragraph (2) may be served in the judicial district in which the person required to be served resides or may be found.

IRS gestapo is scrutinized by Senate

by Suzanne Rose

Four days of hearings before the Senate Finance Committee on April 28 to May 1, have begun to lift the veil from the gestapo-like functioning of the Criminal Investigative Division (CID) of the Internal Revenue Service, an arm of the permanent bureaucracy within U.S. government law-enforcement agencies. This apparatus has been contaminated through its service to a financial oligarchy which operates outside of effective control of elected U.S. government officials.

Testimony on day three of the hearings began to bring out the extent to which the CID has been used in pursuing political targets. Tom Henderson, a CID special agent who was stationed in the Knoxville, Tennessee District during 1987-89, testified that he became privy to a plot involving a subordinate to charge three prominent Tennessee elected officials on trumped-up allegations of bribery and money-laundering. When he blew the whistle to his superiors, Hen-

derson said, he was harassed and demoted, and ultimately driven out of the district, as were two co-workers who stood by him. But the agent running the dirty operation, was protected by the highest levels of the state and Federal bureaucracy. In fact, Henderson said, the agent enjoyed a close relationship with the chief of the criminal division for Tennessee, and was able, unobstructed, to send the contents of his "investigation" to the U.S. Attorney and Washington headquarters.

Although this agent was depicted as an out-of-control berserker type who harassed women and drank on the job, it was clear from Henderson's testimony that the agent was protected at the highest levels of the IRS. When questioned by the Senators, Henderson said that he thought the abuses he reported involving his district were widespread, and that the agent had been protected because he knew of other instances of wrongdoing within that district.

Henderson's testimony was followed up by a dramatic, surprise appearance by the three political targets: former Sen. Howard Baker (R-Tenn.), former Rep. James Quillen (R-Tenn.), and District Attorney General from the First Judicial District, Tennessee, David Crockett. Senator Baker expressed his outrage at the attempt to frame him, and gratitude to the committee for holding hearings which might serve to protect others from being similarly victimized, particularly those who, unlike himself, might not have the resources to defend themselves against unjust charges. Representative Quillen testified that he had been targeted for an IRS investigation and audit after introducing a bill to protect one of his constituents from an unjust IRS investigation. Such testimony prompted Senate Majority Leader Trent Lott (R-Miss.) to acknowledge that Congress had perhaps not been as vigilant in overseeing the IRS as they might have been, because even sitting members of Congress are afraid of IRS retaliation.

'An air of fascism'

Two days of testimony from both IRS employees and taxpayers victimized by the IRS bureaucracy, illustrated the fact that the IRS, like other elements in a permanent civil service bureaucracy, serves the interests of the rich and powerful. A major theme was that powerful corporations which can afford top-flight accountants and attorneys are often protected by bureaucratic policies which reward early closure of cases, and that smaller taxpayers and businessmen are mercilessly hounded for collections, often with the use of gestapo-like techniques. On day one, attorneys representing smaller taxpayers and businesses testified about cruel and heartless collection practices. More significantly, they testified that the IRS will take aim at attorneys who represent such people and set them up for bogus criminal investigations.

Misconduct during investigations by the Justice Depart-

ment was reported, including violation of Fourth Amendment rights, illegal surveillance, lying in court, and failure to provide evidence of innocence to defendants. Sen. Daniel Patrick Moynihan (D-N.Y.) commented that testimony of these activities had "an air of fascism" about it.

On April 29, three taxpayers who owned small businesses testified before the committee that they had been subjected to having armed agents from the IRS and the U.S. Marshals Service invading their homes and businesses at gunpoint. John Colaprete, a restaurant owner from Virginia Beach, Virginia, had his home and office invaded and ransacked by 60 armed agents on the word of a disgruntled former employee. Charges were never brought. The informant was used by the IRS, even though she had a record of embezzlement and stealing. Colaprete told the committee, "I used to believe that such things could only happen in a Communist bloc country, or a police state. I don't believe that anymore."

Investigate the Justice Department's role

Another businessman, William Moncrief of Moncrief Oil Co. in Dallas, Texas, a family-run oil company with 35 employees, was raided by 65 armed IRS agents. The charges were brought to the IRS by a former accountant who was motivated by a large bounty from funds he promised the IRS it would collect. This testimony led Senator Moynihan to comment on the involvement of the Justice Department in bringing charges in CID investigations, and to call for an investigation of the Justice Department's role as well.

Other aspects of the internal culture of corruption within the IRS bureaucracy were brought out by experienced investigators on the third day. An examiner from the Manhattan District documented that the bureaucracy favors those who curry favor with the rich and powerful. These careerists are often angling for lucrative employment in the private sector in return for favors dispensed while at the IRS. The examiner pointed out that the Manhattan District is the lowest revenue-generating district in the nation. Employees who don't go along with such practices, or report them, are often brutally suppressed.

One day prior to the hearings, the Clinton administration announced new oversight of the IRS Criminal Investigative Division, to be headed up by former FBI and CIA chief William Webster. Webster has himself been deeply involved in the political use of the Justice Department: He was the recipient in 1982 of a letter from Henry Kissinger, which led to the formation of the "Get LaRouche" task force which railroaded economist and political leader Lyndon LaRouche to prison. Nor is the bill to restructure the IRS, which has been passed in the House and been debated in the Senate, likely to lead to reform, without a thorough investigation of the stringpullers who deploy this agency, and who operate, for the most part, outside of the government.

Documentation

The following are excerpts from Senate Finance Committee hearings on IRS oversight, chaired by Sen. William Roth (R-Del.), on April 30.

Ms. Jarvis: . . . My name is Ginger Jarvis. . . .

Senators, I appear before you today to inform you of what I consider to be outrageous abuses that flourish within the Manhattan District. These offenses are committed by IRS's own management, and I truly believe the policy is more widely spread than I have personally witnessed in Manhattan.

At the sole discretion of individual managers, millions, even hundreds of millions, of tax revenues owed to the U.S. Treasury by some of the largest taxpayers in the country are literally forgiven—zeroed out. This is an outrage, predicated on the need of certain managers to improve statistics, to gain personal awards, or who seek solace in careers outside the IRS. The Manhattan District is a haven for this type of behavior, and I will describe situations that I have personally witnessed during my tenure in this office. . . .

Mr. Henderson: My name is Tom Henderson and I've been a special agent with the Criminal Investigation Division, Internal Revenue Service, IRS, for over 25 years. . . .

As the months passed, I began having some serious problems and misgivings concerning one of the senior agents assigned to my group. He was a close friend and drinking buddy of the chief of the Criminal Investigation Division and had been in the district for a number of years. . . .

In May of 1989, the agent's conduct reached intolerable proportions. He was intoxicated on the job for at least a week. During this period the agent called me with information that a sitting United States Congressman and former United States Senator were involved in a bribery and money-laundering operation. I immediately called the chief of the Criminal Investigation Division with that information.

According to the agent, the sitting United States Congressman and former United States Senator were both receiving \$300,000 to \$400,000 in currency every month for a period of seven years from a well-known national company for favorable legislation and/or political considerations. The agent, without authorization, transmitted the information to the United States Attorney's office in Greenville, Tennessee and to the FBI.

As a senior IRS special agent, he was attempting to establish a grand jury investigation without any authorization. . . .

Had it been true, this obviously would have been an enormous case of national importance and a tremendous boost to the agent's career. . . .

From that, I learned that all the information was bogus. What I had uncovered was an attempt to create an unfounded criminal investigation on two national political figures for

no reason other than to redeem the agent's own career and ingratiate himself with his superiors.

Incredibly, this entire situation was also covered up by the chief and assistant chief of the Criminal Investigation Division and later by the district director.

On June 1, 1989, after I had discovered the agent's activities, I informed the assistant chief that the agent was out of control, that I believed him to be dangerous to himself, to the public, and to the Internal Revenue Service. . . .

However, I was told by the assistant chief to say and do nothing.

I was then informed that I was the one in trouble and was refused any information from the assistant chief. . . .

Senator Roth: Well, first of all, let me thank each of you for being here. I apologize for the kind of treatment you've received as dedicated public servants. It should not have been. . . .

And I would now like to introduce the three targets of the IRS investigation: former Senate Majority Leader Howard Baker, former Congressman James Quillen, and the District Attorney General for the First District of Tennessee, Mr. David Crockett.

With that, I'd like to call on you, Senator Baker, for any comments you may care to make.

Sen. Howard Baker: Mr. Chairman, members of the committee, I thank you very much for the opportunity to be here. I commend you for having these hearings. My name is Howard H. Baker, Jr. I had the honor of serving in the United States Senate for 18 years, beginning in January of 1967, until January of 1985. And, during that time, I had the privilege of serving as Minority Leader for two terms, and then in the last four years of my final term, I served as Majority Leader. . . .

On leaving the Senate in 1985, I returned to my profession as a lawyer, and have practiced law since then, except for a 16-month period in 1987 and 1988, when President Reagan asked me to serve as his chief of staff.

Mr. Chairman, a few weeks ago, I was visited in my law office here in Washington by a member of this committee's staff, and was told that as a result of the committee's inquiry into IRS activity, it had learned that I was at one time the target of an investigation by an agent of the IRS Criminal Division, an investigation that was based on totally fabricated facts.

I knew nothing of that investigation, either before, during, or after the time it was terminated. I knew nothing of it until I was informed by this committee staff. I must repeat, Mr. Chairman, that the allegations were absolutely and totally without foundation and did not occur.

Senator Roth: Inexcusable.

Senator Baker: Mr. Chairman, I find it very disturbing indeed that the criminal division agent attempted to frame me, and reported his bogus allegations to the FBI and to the Justice Department. I may say that I am grateful to the extreme that others within the Service, particularly including these

three IRS employees who are here today, were able to terminate this malicious plan, and I regret, however, that apparently the three IRS employees who challenged another employee's fabricated criminal investigation, themselves suffered retaliation. They should not have been retaliated against, they should have been commended. . . .

Had this matter proceeded, I am confident that I would have been in a position to employ the best lawyers and accountants, and to demonstrate the fallacy of these allegations.

But, Mr. Chairman, I am deeply troubled that others who are perhaps less fortunate but who might find themselves in a similar situation with such charges leveled against them might not have the resources and might not be in a position to defend themselves. And it is for that reason, more than any other, that I commend this committee for inquiring into these matters, for ventilating these facts, and to protect those American citizens who might in the future be subjected to such indignity and humiliation. . . .

But I must tell you, Mr. Chairman, I have never been so infuriated by an event such as this. And—

Senator Roth: With good reason. . . .

Representative Quillen: Thank you, Mr. Chairman. I appreciate the opportunity of being here with such a distinguished group. . . .

I am James H. Quillen of Kingsport, Tennessee, now retired from the U.S. Congress as a member of the House of Representatives, after 34 years of continuous service. I am one of the three targets referred to in this testimony you have just heard.

Early on in my congressional career, a prominent businessman had been sued by the IRS. And he won the case. However, he had to pay the legal fees even though he won. When this was brought to my attention, I introduced a bill which stated specifically, in the event the IRS lost a case against a taxpayer, the government had to pay the legal fees of that taxpayer.

Following this, the IRS sent a team in to audit my personal tax return.

Later on in my Congressional career, for reasons unbeknownst to me, I was targeted by a special agent of the Criminal Division of the IRS. He would often visit several local bars and after a few drinks would loudly state my name, saying, "We're going to get that crook, Congressman Quillen." This happened not just one time but many times.

As a result of those verbal assaults, the IRS group manager Special Agent Tom Henderson felt it was necessary to put the special agent's alleged charges to rest. As a result, Special Agent Henderson conducted a preliminary investigation to determine there was absolutely no basis of the fact in the special agent's claim. That, however, didn't stop him. Not only did he not lose his job, but continued to boast that was still going to bring me down.

I so greatly appreciate the efforts of Special Agent Tom Henderson on my behalf, as well as those of former IRS em-

ployees Patty Gernt and Barbara Latham, for having the courage to stand up against what they knew as wrong, despite the considerable cost to their own careers and future livelihoods. . . .

Senator Roth: Have you ever been aware of CID agents who have created other false cases against either taxpayers or employees? Would you say this has happened with some frequency, Mr. Henderson?

Mr. Henderson: It has happened with frequency.

Senator Roth: Have you ever been made aware of agents conducting illegal wiretaps or surveillance against either taxpayers or employees? Mr. Henderson?

Mr. Henderson: Yes, sir. . . .

Senator Roth: Have you ever been aware of the destruction of evidence that may have benefitted a defendant? Mr. Henderson?

Mr. Henderson: Yes, sir.

Hearing of the Senate Finance Committee on April 29. Witnesses included John Colaprete, Jewish Mother Restaurant, Virginia Beach, Virginia; Richard Gardner, Gardner's Tax Service, Tulsa, Oklahoma; and William Moncrief, Moncrief Oil Co., Fort Worth, Texas.

Sen. Don Nickles (R-Okla.): Mr. Chairman, thank you very much. And some people were questioning whether we should have this second round of hearings. I think yesterday's hearings and coupled with today are certainly evidence that we need these hearings. I think the Criminal Investigative Division is out of control. The IRS is out of control.

Mr. Colaprete, how many agents busted your restaurant and your home and your staff member's home?

Mr. Colaprete: It was between 20 to 30 men in each establishment.

Senator Nickles: 20 to 30?

Mr. Colaprete: Four raids simultaneously — two homes, two restaurants.

Senator Nickles: You have two restaurants in Virginia Beach?

Mr. Colaprete: I did have two restaurants. One, of course, was closed six, eight months later because I just couldn't keep it together. They had — when you have a business that's out there in the community like a restaurant, you don't recover from an armed intervention such as this. You just don't recover. . . .

Senator Nickles: Mr. Gardner, how many people raided your IRS office?

Mr. Gardner: There were 15 IRS agents and approximately five U.S. Marshals.

Senator Nickles: Mr. Moncrief, how many did you say hit your business?

Mr. Moncrief: There were 64, absolutely, 64. They had to get 'em from Waco, Dallas, and surrounding areas to have that big a group.

Clinton undertakes bold steps for Mideast peace

by Muriel Mirak-Weissbach

As *EIR* goes to press, it is not yet clear whether Israeli Prime Minister Benjamin Netanyahu will accede to the demands made by President Clinton, as a precondition to hold talks on the Middle East in Washington. What is clear, is that the U.S. stance has shifted, decisively, away from unconditional support for Israel, to increasing understanding of and alignment with the Palestinian Authority (PA) of Yasser Arafat. President Clinton has acknowledged the fact—through deeds, not just words—that the single most significant obstacle to peace is the head of the Israeli government; and, it appears that the U.S. President has decided to wield the unique power of his office, which is the only way the deadlock that has lasted more than one year, could possibly be broken.

Whatever Netanyahu decides to adopt as his next delaying tactic, the fact remains that the events of the first week of May, have irrevocably altered the position of the chess pieces on the board. And, unless Netanyahu decides to face the new reality, he may find himself checkmated.

Although American irritation with Netanyahu's intransigence has been growing visibly over months, to the point that the U.S. President refused to receive him in Washington on his last visit, relations between Washington and Tel Aviv approached the breaking point on May 4, when Secretary of State Madeleine Albright and British Prime Minister Tony Blair held talks with Netanyahu and Arafat. The talks had originated as a U.S. proposal, which Blair attempted to hijack.

No one on the American side had any illusions that the talks, conducted separately with each of the partners, would yield anything of substance. As State Department spokesman James Rubin said after the first sessions had been fruitless, and Albright had convinced the two sides to prolong their stay one day more, "We are hoping for the best and preparing for the worst." He added that there were no signs of a breakthrough, and warned of "grave risks of disillusionment and

violence in the Middle East," should the talks fail. Arafat, who looked terrible after the first day of talks, said that Netanyahu would "have to bear the responsibility of the repercussions and the chaos that will ensue because of the breakdown of the peace process, because of his negative attitude to the American proposal."

On the second day, Netanyahu refused to compromise on the amount of occupied land Israel would hand over to the PA's autonomous control. Although the Oslo peace accord had stipulated that Israel would withdraw in three phases from most of the occupied West Bank and Gaza Strip, in the interim period leading up to negotiations on the "final status," it has conducted only one withdrawal. Netanyahu has refused to respect the accords, on grounds that Israel's security would be threatened. He has flaunted America's role, by stating that he would not accept any "dictates" regarding security. Albright was to try to convince him to accept the proposal (not yet made public) to withdraw from another 13% of the territories, which Arafat had accepted, despite the fact that it falls far short of the original withdrawal plans in Oslo.

With Netanyahu's refusal, the United States got tough. Albright presented him with an ultimatum: Netanyahu should convince his cabinet to accept the withdrawal, and only then travel to Washington for talks in mid-May. In an interview with the *Financial Times* after the London fiasco, Albright made clear that the United States was not bluffing. Describing the process as "instead of glue, it's been sandpaper," Albright said that if Netanyahu were to refuse to accept the U.S. ultimatum, the United States would "reexamine" its approach to the peace process. The *Financial Times* interpreted this to mean that the United States would "spell out in public why the process has broken down, which would put intense pressure on Israel."

Albright said, that though she understood Netanyahu's

difficulties in Israel, she thought “he [was] in a pretty strong position in his cabinet,” and could “persuade them of what we’re all persuaded,” that although “Israel’s security is obviously for Israel to decide upon, a nation is inherently much more secure if it can get along with people who are living cheek-by-jowl as well as with its other neighbors.”

As the *International Herald Tribune* commented on May 7, the London events manifested a “growing estrangement” between the United States and Israel, as the United States began more visibly to “treat Israel as an adversary than traditional ally,” and “Mr. Clinton and Mrs. Albright [are] no longer hiding their antipathy for Mr. Netanyahu.” Inside Israel, more level-headed people tried to warn Netanyahu of the risk he was running. Yossi Beilin, the Labor Party figure associated with the Oslo Accords, said in a radio interview on May 6, that Netanyahu was risking a break with the United States, which would constitute a greater threat to Israel’s security than anything else. Beilin ridiculed Netanyahu’s quibbling over percentages, arguing that Israel would not be “more secure” if it withdrew from only 9% than if it withdrew from 10%. At the same time, Israeli sources said that either Defense Minister Mordechai or Chief of Staff Shak had stated that there was no difference between 11% or 13%, from a military security standpoint.

Mark Heller, from the Jaffe Center for Strategic Studies in Tel Aviv, summed up the earthquake Netanyahu’s intransigence had provoked: “The most significant transformation is that Israel is not negotiating with Palestinians, but negotiating with the U.S., acting on behalf of the Palestinians,” he said. He called this “revolutionary,” and added, “it’s a major failure of this government to have transformed the process that way.”

A Palestinian state

While Netanyahu, back in Israel, was going through the motions of discussing the issue with his security cabinet, the White House went into high gear. Hillary Clinton dropped a bombshell in a speech to a conference of Arab and Israeli students, in Villars, Switzerland, on May 6. Without any forewarning, the First Lady endorsed the idea of a Palestinian state. “I think it will be in the long-term interests of the Middle East for Palestine to be a state,” she said, “and for it to be a state that is responsible for its citizens’ well-being, a state that has responsibility for providing education and health care and economic opportunity to its citizens, a state that has to accept the responsibility of governing.” Speaking via WorldNet satellite with the 70 or so youth gathered there, she added, “I think that is very important for the Palestinian people, but I also think it is very important for the broader goal of peace in the Middle East.” In answer to a question, she added, “The territory that the Palestinians currently inhabit and whatever additional territory they will obtain through the peace negotiations should be considered and evolve into a functioning modern state that is responsible for the well-being of its people and is seen on the same footing as any other state, in terms of dealing responsibly

with all the issues state governments must deal with.”

With these words, obviously not impromptu personal opinions, but clearly formulated policy statements, the First Lady sent a powerful message to Netanyahu. The substance of her speech not only endorsed the Palestinian view of the Oslo Accords, but went beyond them.

As if to drive the point home, the President spoke at a forum of the Arab American Institute, on May 7, the “first sitting President,” he pointed out, to address an “Arab-American conference.” He said, “In almost every area of human endeavor, opportunities do not last forever. They must be seized, and I hope this one will be.” He added, “We have got to get this one done.”

The ball is in Netanyahu’s court

If Netanyahu decides not to cooperate, the onus of responsibility for the failure of peace will be laid on his shoulders, and a concerted international effort to force through the accords will come into being. Egyptian Foreign Minister Amr Moussa, who had forecast the London farce, said on April 28 in Gaza, that if the talks failed, an Arab summit, which Arafat has been calling for, would be convened. Speaking to Palestinian Television, Moussa said, “Contacts are going on between [Arab] foreign ministers [for a summit] more than at any time in the past. . . . It the London talks fail, and this is probable, the alternative is not just to hold an Arab summit. It must be an international effort.”

Moussa blasted Netanyahu for rejecting the U.S. plan for 13% withdrawal. “Peace cannot come at any price,” he said. “Peace has a meaning, and it is not that which Netanyahu calls for.” Moussa said Israel must withdraw to the 1967 borders, and leave both the Golan Heights and southern Lebanon. He called on pro-peace groups inside Israel to “take a historic stance against any policy which opposes peace and puts it out of our reach. . . . A stand by the forces of peace in the region, both Arab and Israeli, will open a new page in Arab-Israeli relations and bring hope for a better future in the region.”

If such an Arab summit were to take place, there would definitely be proposals on the table, to break relations with Israel and reinstitute an economic boycott. It is not to be excluded that even Jordanian King Hussein, who has publicly expressed his disgust with Netanyahu’s antics, would acquiesce. It is also not to be excluded that Laith Shubeilat, the leader of the opposition in Jordan, now on trial for his criticism of the peace treaty with Israel, may be given a mild sentence on May 12.

An Arab summit in and of itself would not bring peace, but, if embedded in a broader “international effort,” as Moussa mentioned, with the United States taking the lead, it could create a situation in which the current Israeli government could be brought down. If, for example, President Clinton were to threaten to withhold the \$3 billion per year in aid to Israel as a stick, there is no question as to what the effect would be. Such action by Clinton would be supported throughout the world.

A confident Chinese general visits India

by Ramtanu Maitra and Susan B. Maitra

The chief of the Chinese People's Liberation Army, Gen. Fu Quanyou, completed a six-day visit to India on April 30. The visit, the first ever by General Fu, was marked by "free and frank" talks between the two sides on matters related to the security concerns of both nations.

General Fu's visit to India is significant in light of his high-profile visits to Myanmar, Vietnam, and the United States during the past nine months. In the United States, General Fu met with U.S. Secretary of State Madeleine Albright and U.S. Secretary of Defense William Cohen, and visited the U.S. Pacific Command headquarters in Hawaii. General Fu is a member of the Central Military Commission nominated by Chairman Jiang Zemin at the Ninth National People's Congress in March 1997. He has been identified as one who is vocally critical of the concept of a large military, and

has urged China's military establishment not to depend on imported weaponry, but to develop indigenous high-technology weapons of its own.

Security concerns

While in India, General Fu, who is also the commander of the Strategic Nuclear Missile Forces, met with Indian Prime Minister Atal Behari Vajpayee, Defense Minister George Fernandes, and the Indian Army Chief of Staff. It is with the Indian Defense Minister and the Army chief that General Fu had extensive discussions on such wide-ranging security matters as the demarcation of borders between the two countries, and China's alleged supply of missile know-how to Pakistan. Defense Minister Fernandes, who is highly critical of India's official policy on Tibet, urged General Fu to take up the demarcation of borders at an early date. General Fu, who called the talks "very fruitful," agreed to take up the border demarcation issue, and assured New Delhi that China would "make special efforts to safeguard regional stability."

Indian Prime Minister Vajpayee called for resolution in a "friendly atmosphere" of "some problems" along the Line of Actual Control. "Improvement of relations between the two countries should be based on the recognition and respect of each other's concerns," he said.

General Fu's visit took place a few days after a U.S. delegation, led by the U.S. Ambassador to the UN Bill Richardson, had left India. The U.S. team was here as part of an ongoing strategic dialogue with India, and, significantly, had for the first time made it clear that Washington acknowledges New Delhi's security concerns caused by the expanding Chinese nuclear arsenal. At the same time, the U.S. team did not endorse India's latent desire to keep its own nuclear option open.

Talks overdue

In the wake of these talks, it was widely expected that the newly installed Vajpayee government would take the opportunity to discuss India's security concerns candidly with General Fu. With the advent of a moderate and friendly regime in Beijing under Prime Minister Zhu Rongji, there appears to be a new understanding in New Delhi that to push India-China relations ahead substantively, such basic issues as security and border demarcation can no longer be sidestepped. According to most Indian analysts, such talks were overdue and should not be read as having been caused by any ill will on either side, despite some speculation to the contrary in the Indian media.

Since 1993, when India and China signed an agreement to maintain "peace and tranquility" along the Line of Actual Control, the border dispute which gave birth to the Sino-Indian military clash of 1962 has been deliberately kept off the agenda during a series of meetings and talks to improve relations. Moreover, New Delhi has never officially expressed to Beijing its concern about China's nuclear weapons

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development program.

However, a section of the Indian media critical of China's Tibet policy played up the noisy demonstrations organized by Tibetan refugees based in New Delhi and abroad, to undermine General Fu's visit. The very day the Chinese General arrived, one senior Tibetan activist tried to immolate himself, to protest the Indian authorities' forcible termination of their fast unto death. The activist later died in the hospital. There were some noisy demonstrations in front of the Chinese Embassy in New Delhi organized by the Tibetan Youth Congress, an international outfit formed in 1970 in Japan by Tibetan migrants seeking an independent Tibet.

There are indications that Beijing did not like the way New Delhi handled the Tibetan demonstrations during the General's visit, but remained hopeful that the Indian government would stick to its policy of not allowing the Dalai Lama, who is based in Dharamsala, India, to carry out anti-China activities on Indian soil. One New Delhi-based news daily reported that Beijing sources, speaking on condition of anonymity, made it clear that Tibet is a closed issue, but that China is willing to speak directly to the Dalai Lama, provided he gives up his demand for the "so-called independence of Tibet." These sources acknowledged that although Tibet is one of the main issues that will determine future relations between India and China, "the common interest between the two countries will prove bigger than the differences."

While the Vajpayee government, with the sole exception of the Defense Minister, repeatedly assured Beijing that there will be no change in India's long-standing policy vis-à-vis Tibet, New Delhi has expressed serious concern to Beijing on its alleged transfer of missile technology to Pakistan. The Indian Defense Minister had earlier accused China of being the "mother" of Ghauri, the intermediate ballistic missile recently test-fired by Pakistan. The issue was brought up at length during the talks with General Fu.

It is evident that New Delhi is not ready to bury the missile issue. Indian Foreign Secretary K. Raghunath, who was recently in Washington to participate in the ongoing strategic dialogue with the United States, told U.S. officials that the test-firing of Ghauri by Pakistan is part of a "long-standing, clandestine program for developing missile capability aimed at primarily one country — India."

During his Washington visit, Foreign Secretary Raghunath met with National Security Adviser Sandy Berger, Deputy Secretary of State Strobe Talbott, Undersecretary of State Thomas Pickering, and Director of the Arms Control and Disarmament Agency John Holum. Raghunath emphasized to the U.S. authorities that Pakistan's missile capability was "not an indigenous one," and that Pakistan has used "covert means" to attain this capability. He also singled out the U.S. firm Holmes and Nerver for its involvement in Pakistan's covert nuclear weapons program.



Dr. Natalya Vitrenko, co-initiator, with Helga Zepp-LaRouche, of the Appeal to President Clinton to Convene a New Bretton Woods Conference.

Ukrainian judge rules to reinstate Vitrenko

In a preliminary decision on May 6, the deputy chairman of the Supreme Court of Ukraine has overruled the invalidation by the Konotop Municipal Court (Sumy Province), of parliamentary election results for that region. The Konotop court's decision, announced on April 17, tried to cancel the landslide election victory of Dr. Natalya Vitrenko, pushing the Progressive Socialist Party of Ukraine (PSPU), which she chairs, below the 4% threshold for representation in the Verkhovna Rada, or Parliament, as a bloc. According to a PSPU spokesman in Kiev, the final outcome depends on the preliminary decision being confirmed by the Civil Affairs Collegium of the Supreme Court, which, as we went to press, was scheduled to meet on May 11. The Verkhovna Rada opens its new session on May 12. If the March 29 election results are upheld, the PSPU will be present with a bloc of 17 deputies.

Dr. Vitrenko, co-initiator of the Appeal to President Clinton to Convene a New Bretton Woods Conference, ran as a vigorous foe of the International Monetary Fund's destruction of the economy of Ukraine.

The PSPU spokesman also reported that a Sumy Province prosecutor, V. Sukhonos, is attempting to overturn the election of PSPU leader Volodymyr Marchenko. Despite the fact that Marchenko outpolled Sukhonos by 31,000 votes, court hearings have been going on for two days in the town of Lebedino.

The essential features of statecraft to ensure Africa's development

by Lyndon H. LaRouche, Jr.

Mr. LaRouche gave the following address in Rome on April 3, to a seminar that included priests and students from several African countries, especially from the Great Lakes Region.

I'll just say two things, which may anticipate some part of the questions which will be asked, and therefore perhaps it's better for me to anticipate. Two things, two points I'll make: Number one, if any of you are ever in a spaceship, and you have been sleeping, and you wake up next to a strange planet, before you open the door, find out where you are. This is especially necessary for when you talk about Africa, particularly with Africans, because the problems of Africa are so cruel, so bloody, so forceful; the pressure for change is so immediate, that all is lost, except a narrow focus on the situation in Africa. And, that's a danger, because you have to find out what planet you're on, in order to determine what solutions are available.

The second aspect of the problem is the nature of the struggle. Lives are being taken, great suffering is occurring. But, to whom is it occurring? For example, Museveni will say to you, or he says to some, that this loss of life is "necessary," that these deaths are "necessary," that the horrors, the atrocities, are "necessary." Because, he says, Africa must purge itself by bloody violence, must find salvation through bloody violence. So, it is necessary that many die, so that Africa would have a future. You tell a man like Museveni of the many deaths, he will laugh at you, and say you're being childish, immature.

So, the question is, what should be the motive for the struggle?

Well, let's look at history as a whole. Again, know the planet you're on before you open the door. How long mankind has lived on this planet, we don't know. We know it's for more than a million years. We can find locations which are more than a million years old, in which the tools we find show a mind which has made those tools, which is like the minds of human beings today.

But, the history of mankind is a miserable one, in many parts. What we know of human history, that is, of ideas more than physical artifacts, is about 8,000 years old, or slightly more, which is only a small part of the total period of human existence on this planet. But, what we know of that period, is nearly all people in every culture, 95%, lived as slaves, as serfs, or worse. Some people were human cattle, and other

people, a few people, owned the cattle, and used it, and killed it, as they killed cattle.

The general idea of a society in which people could not be human cattle, began with the ministry of Jesus Christ. Many of the ideas which are incorporated in Christianity, in the ministry, came from periods before Christ's ministry. But, it was the ministry itself which, for the first time, established that every person, man and woman, without distinction of race or ethnic origin, is created in the image of God, and must be nurtured and developed in accordance with that.

So, the first thing in the struggle is to define the nature of each and all human beings. If man is in the image of God, and that by virtue of the cognitive potentials which are born with the human individual, how must we treat men and women? How must they live? How must they understand their lives, which end with death? What is the meaning of a person who has died, to those who come after him? Is a human life an accident, or is it a mission? Is human life itself supposed to be a vocation, and must this principle be the law?

Must not the nature of man be the law that governs man's behavior toward man? The development of those qualities which set man above the beast, the power of cognition, the power to change; the nurture of the child, so the child can develop to the fullness of this potential; the opportunities for expression in life, which are in accordance with a creature with a mission, with a vocation, that of being a living human being; to treasure also the gifts which people give, as a part of their mission, and to treasure those benefits, and pass them on to coming generations.

This is a society with happiness; not momentary pleasure, but happiness. You live. You can take joy in living, even in the moment you die, because you know your life was necessary. And, when we speak of giving happiness to people, that is what we should mean: the conditions under which a person who is dying can, in the last moment, smile with happiness, to know that their life was necessary, that they have done their mission.

And, most of what you get in Europe and the United States, for example, when the suffering in Africa is acknowledged, is a regard for Africans like a regard for suffering animals—not the violation of law concerning the treatment of creatures made in the image of God. In my view, not only as a matter of observation, but as a matter of principle, I do not believe, that the fight can be conducted well, except by



President Clinton and South African President Nelson Mandela in South Africa, March 27, 1998. Says LaRouche, of Clinton's visit: "The good thing is, that he was there and said that the policy of the United States toward Africa is a matter of concern of the U.S. President, not merely the State Department."

people who understand that, that I've just described. Unless one conceives of man, the individual as made in the image of God, one can not find the law in one's own heart, so to speak. One can not find the strength to do what is necessary.

The second point is that the President of the United States has recently made a trip to Africa, as I think everybody knows. What will come out of that, is uncertain. But, it is a good thing that it happened, because it creates a new consciousness of Africa, among Africans as well as among people in the United States. And, he has said the suffering must change. This comes to a point of political realities.

In the recent period, the United States had no policy toward, or influence in Africa. The policies of the United States toward Africa were an affair of the State Department, not the Presidency. The policies of the State Department were copied from the policies of the British Colonial Office, and the similar French institutions. In a recent period, we made a fight in the United States to make the President aware of the fact that he must take a personal interest in Africa. We can not have an American policy, a U.S. policy toward Africa, which is a carbon copy of the British policy toward Africa, or the French policy.

Therefore, the good thing is, that he was there and said

that the policy of the United States toward Africa is a matter of concern of the U.S. President, not merely the State Department. In that connection, the President is now seized by what the rest of the world is seized by. We're now in the last weeks, or months, of the end of a whole financial and monetary system. We had a severe crisis at the end of the year, which was misnamed the "Asia crisis"—it was, indeed, a crisis which struck Asia, but it was not an "Asia crisis." It was an international financial and monetary crisis.

In January, the crisis was brought, so-called, under control, by insane methods. These methods are now blowing up. They're all failures, as we see in the case of Japan. We have now entered into, this quarter, that is, April through June of this year will be the period of a new crisis much more severe than that of October through January. The effect on Europe will be fierce, much stronger than was experienced in October through January. It is impossible to say *how* severe, but it will be *much more* severe than anything experienced previously. If nothing is done to change the system, it will cease to exist, probably before the end of the year.

What I'm concerned with centrally at this point, is to force through, somehow, a change in the monetary and financial system. The fight is centered on the relationship between the President of the United States and the President of China, and other forces, including certain forces in Europe. We're trying to get a conference to establish what I've called a New Bretton Woods System, which will be a system somewhat like that which prevailed in Europe and the United States during the 1950s, which was the great period of reconstruction after the war. The big difference, one of the most important differences between then and now, is that China and India, the two most populous countries of the world, will be central features of this new system. The great economic development, if the system is established, will be centered in Asia, Eurasia.

Africa's development potential

Then the question is: What is the future of Africa, under such conditions? You know Africa. You know some of the best parts of Africa, in the sense of areas where, formerly, the level of culture of the population as a whole was relatively high. You have a taste of what might be possible. Africa still has the largest underdeveloped agricultural area in the world, in a world which is increasing in population, and which is hungrier and hungrier. The obstacle to development of Africa's food-growing potential, is largely the absence of infrastructure. There is adequate water in West Africa, but it's badly managed. There is a terrible shortage of water in the Sahel region, especially around Lake Chad, but too much water in the Congo. So that the problem is manageable with large-scale infrastructural development.

There is also no effective transportation. Food spoils. You can not deliver technology or assistance to vast areas, because you don't have an effective transportation system. There's a terrible shortage of electrical power, and other power.

If the infrastructure were provided, and the main routes

of infrastructure, rail, power lines, water management, all these things, then it would be possible to re-structure the economy of Africa, to bring the benefits of modern society to the village. Once that can be done, a revolution in terms of economy can occur in Africa, under proper political conditions, which is what your role is. You represent those who, students and others, who are the cadre for building Africa.

If the world, for example, simply says, "Forget the debts of African nations; they were mostly a swindle, anyway, and don't worry about whether Africa can pay for large-scale rail systems or water management systems, don't worry about it; the benefit to the world of the development of Africa is so great, we don't care what it costs." For Asia, Africa is the future source of its children's food. The development of the agriculture and infrastructure of Africa, creates the immediate basis for the development of industry and other things. So, that's the environment. And, under those conditions, if we can succeed globally, we can succeed in Africa. If we can not succeed globally, the forces we must defeat will crush Africa.

Fortunately, the history of mankind is a history of ideas. What you know, are principles which you have re-created, principles which originally were discovered by people hundreds of thousands of years before. The legacy of knowledge of principles makes each of you who assimilates those principles a living embodiment of history. Each of you is a vehicle of ideas. Ideas are the most powerful thing in history. They *are* history. The great discoverer dies. His house disappears. All the physical objects associated with him, disappear. His grave becomes unknown; and yet, his ideas live on in others.

Ideas are the most powerful force, in the long run, in history. In my view, therefore, the *idea* of what the world must be, the *idea* of what must be done for Africa, are the principal forces by which this issue can be fought. Above all, the idea that the African must understand, he or she must understand that whatever they suffer, whatever they achieve, they are an individual made in the image of God. And with that approach, I'm sure that somehow we will have victory.

So, in anything that I say in response to things you say, or questions you ask, assume that what I've just said to you, is said again.

Discussion

Most of the questions asked of Mr. LaRouche were translated from Italian, and are paraphrased here.

Q: What you said about the Europeans—for example, that they see us as if we are animals. You see their reaction to what is happening in Africa. It looks like there is some type of design of certain forces behind what is happening in Africa. Then you said, also, that we can also have some ideas, and we can present these ideas, but these ideas are not going to be

taken up, because they [Europeans] command—they have the last word about it.

LaRouche: That's not the danger. It's true that there are certain forces in Europe that *do* look at Africa that way. There is, for example, the legacy of Britain's Cecil Rhodes. The particular present policy toward Africa, is chiefly dictated by the Prince, the consort, of the Queen of England, who says, he himself, that he is a great ape: Prince Philip.

The World Wildlife Fund, which was formed in 1961, is the source of most of the murder that is done in Africa today, in sub-Sahara Africa today. It's the same thing: It's the British idea that Big White Bwana Makout is going to keep the population of Africa down to the size that he finds convenient. And they think that Africa is overpopulated. They say Africa is overpopulated. And, they're using the usual methods to reduce the population of Africa, in the Great Lakes Region, for example, which is *not* overpopulated.

But, if you want to put a lot of Europeans down there to supervise looting of the mines, where can they find a suitable climate for Europeans? The reason there's a concentration of population in Rwanda and Burundi, is because the conditions are favorable to human beings, the natural conditions, without much intervention. So, a lot of Africans went to the place which is the best place to live. Now, somebody wants to steal it. So, they remove the present occupants. And, we know the history. We've published this, we've studied it. We know this history very well.

But these are not "Europeans." That's the wrong word to use. Because the European culture was the first culture which said, "This is wrong."

Then, what's the problem? The problem is, there is in Europe, as in other parts of the world, an oligarchy, which believes that 95% of the human species should be human cattle. If you go to England, and you compare what has happened to the English population in the past thirty years with what you see in other parts of the world, you'll see that these British oligarchs have done the same thing to the English people, although in less degree, than they do in Africa. Another generation of the current trend in Britain, and the inhabitants of Britain will be incapable of human speech.

You look at the United States, you look in education: The people of the younger generations today are less intelligent, by far, than those two generations earlier. Look at the education system: People are now running around with university degrees, who would not have qualified twenty years ago, or twenty-five years ago, for a high school diploma.

You look at education in Europe or the United States today, and look at things such as history: For most students, history is never taught. The Classical culture is no longer taught. What is taught, is largely material which is not worth learning. As a matter of fact, you'll be much happier, and more useful, if you don't learn.

Look at the news media. Look at the entertainment media. There is no happiness in Europe; there is pleasure. What is

If you're talking about saving human life in Africa, you have to say kick the British out! If you don't say, "Kick the British out," you're not serious about stopping the loss of human life in Africa. Get the murderer out of the baby's bedroom! Don't talk about saving babies' lives.

pleasure? Pleasure is the excitement of the senses, either by sense, sensibility, or fantasy. What is that? A life of pleasure is a life with an automobile which has a half-gallon gas tank. And, every time it fills up, it can only go a short distance before it has to fill up again.

The life of most people in Europe and the United States, of the majority of people, is going from suffering and suffering to pleasure and pleasure, never experiencing *happiness*, never having a sense that their being alive is worth anything. People don't tell you what they think, they tell you what they *feel*.

So that the problem here, is that we're dealing with a class, an oligarchy, which wants to destroy European civilization. Because European civilization was a form of civilization developed *to end* the condition in which 95% of the human race was treated as cattle.

There's a very important psychological factor, political factor, in this problem for Africa. You see this in the worst aspects of Zionism in the Middle East. For example, you read the book of *Genesis*, Chapter 1, verses 26 through 30: God made man and woman equally in His image. It doesn't say anything about black, or white, or yellow there. This is authentically the first Book of Moses, the first chapter.

Presumably, this is a book of law for the Jewish religion, Hebrew religion. Therefore, there can be no difference in human rights between a Palestinian and an Israeli. There can be no property rights, divinely given property rights, for a certain territory on this planet. All people have equal rights, because they're equally made in the image of God.

You see, in particular, then, the significance of the ministry of Jesus Christ, and the ministry of apostles such as, most notably, John and Paul. Christianity is not an ethnic religion. *All men and women are equal.*

Now, over the years, the greatest fight we've had, is the attempt to impose the system of oligarchy, by setting one group of people against another on the basis of ethnic or racial distinctions. In the history that I know of, of Asia, and Africa, and Europe, and, of course, the Americas, in the past 6,000 years, the most concentrated victimization practiced by oligarchy of all countries, was the treatment of the African as a different species. If you wish to destroy the idea that the individual is in the image of God, get him to treat an African as not-human. You have not merely made him a racist, you've destroyed his own sense of his own humanity. And then, he becomes like a beast. The oligarchy has always understood—

if you read the history of slavery, the practice of slavery by the Canaanites, by ancient Rome, by Byzantium, by the Venetians, by the extension of the Venetians—by the Portuguese, the Dutch, the British, and so forth—consistently, this has been the practice: "The Africans are special."

For example, when Spain brought Indians back from America, after the discovery of America, Queen Isabella demanded that they be freed and returned home as free persons. But some people in Spain, especially those who belonged to the pro-Venice faction, said, "All right. We will consent not to enslave Indians. But Africans are traditionally, naturally, slaves."

And, it's *that* current in Europe, which opposed the Renaissance, which opposed the nation-state, which was the oligarchical opposition to the American Revolution, for example, which has always been the issue.

In the United States, for example, you have the perfect way to see this, if you study U.S. history on the question of slavery. You find there's an absolute correlation between oligarchy and slavery, and other kinds of oppression. These attitudes are always a product, either of the oligarchy itself, or the stupid fools who allow themselves to be corrupted by this kind of nonsense. It's impossible to fight this, except by (as I said, I won't repeat it again), except by emphasizing that *every person is made in the image of God.*

Unless you can reach inside a person, and make them aware of that principle in themselves, you can not rid them of that kind of racism. See, we're dealing with people in Europe and the United States who are behaving like beasts; morally, they're behaving like *beasts*. Our job is to uplift them, to make them aware of what they should see in themselves, as in others.

One of the great African-Americans, Frederick Douglass, who was a contemporary of Abraham Lincoln, made it a point in saying that the first step toward freedom of the slave, is freedom of the slave's mind. *And the freedom of the mind comes through things like literacy, the ability to participate in the ideas of mankind.*

In the United States today, we have people who are involved in pleasure-seeking, who don't read. They watch television, and it's very bad television they watch. And they become like beasts in their mentality. This is our problem.

To be a real politician in dealing with these issues, you have to be half a missionary. Because you have to reach into

If you say you want an end to the killing, you can not just publish a decree. So, what you actually do, is, you get in the position of trying to get people to do the things that are going to ensure the result which you must get, a just peace. Only a just peace will endure.

the best part of the population, and lift them up, inspire them. My experience is that most people can be reached. But, unfortunately, there are some people who *can't* be reached. And often, these people who can't be reached, have too much money and power for their own good. They can't get through the eye of the camel.

So, it's not a problem of the Europeans. If the Europeans will accept the kind of change that we have to make, in terms of monetary system, it will not be hard, particularly in Italy, for example. Italy is, of course, the European state which is closest to Africa, in terms of large-scale water projects, things of that kind. Italy is the leading European nation of the Mediterranean. Italy's natural economic interest is to export high technology to nations which need high technology. The development and progress of Africa is part of Italy's economic security. If the Italian believes that such policies can be carried out in Africa, the Italian will become the best advocate of the interests of Africa.

But here, you see what's happening to the Italian people, what the economic conditions are, and what the change in conditions are.

Q: The main point for Africa, is the defense of human beings. We see that these human beings are being killed everywhere. So, my question is whether the defense of human beings should be the priority, number one, rather than the effort to develop Africa.

LaRouche: In a sense, it is. This must be an integral part of the problem. I mean, it's not a separate question. It's an integral part.

For example, the United States policy toward Africa, from the State Department, has been strongly influenced by Britain, most strongly influenced. French influence is secondary. Every toleration of Museveni, of Kagame, and so forth, has all come—whether it comes from the United States, all comes from Britain. I know the details of that. In Washington, I can give you a list of the people, show you who the people are who make these policies. And they're all British-controlled.

The British Commonwealth policy is the depopulation of Africa. Nothing happens in Africa, in the way of mass slaughter, that does not come from the British monarchy. Nothing! You can look at, for example, Dar es-Salaam University, which is a center of the ideas which have been spread into the Great Lakes district, which caused this killing.

One of the people in the United States State Department who now pushes the worst policies for Africa, is Susan Rice. She is of African origin. She is close to the oligarchical circles in Nigeria. She is a British agent of influence. Her predecessor, Moose, was of the same type. All the same type.

So, the point is, therefore, if you're talking about saving human life in Africa, you have to say kick the British out! If you don't say, "Kick the British out," you're not serious about stopping the loss of human life in Africa. *Get the murderer out of the baby's bedroom! Don't talk about saving babies' lives.*

My approach has been: The United States has the power to kick the British out of Africa. My concern is to convince the President to do that. Now, this is several years later, because we went heavily on this issue of the Great Lakes issue about two and a half, three years ago, to try to get the President of the United States to have an actual U.S. presence in and policy toward Africa. Because no country can have a good policy toward another country, except through the direct activity of the head of state. Therefore, *President Clinton's personal position in Africa, is the first step toward the defense of human life in Africa.* It's not the last step, it is not the completed work; it is only a first step.

I can tell you some things which I know well. One of the things that was done, some time ago, was that the President of the United States adopted a policy of getting rid of Kagame, who is now outlawed in the United States. He is *persona non grata* in the United States. The center of the problem in the Great Lakes Region is Museveni; not Museveni as such, but Museveni as an agent.

Now, Uganda is not a nation. It's a constant state of civil warfare. You have the Lord's Army, the other things, the other wars that are going on inside Uganda. You must look at the way in which Museveni came to power, albeit from Tanzania, where he was put into power. But, the fact is that what Museveni represents, was a product of perpetual civil war. He came to power under conditions of perpetual civil war, in which British weapons, primarily, were being funneled into all the warring forces in Uganda.

So, the people around Clinton, or his advisers, came up with a proposal that they would concentrate on forcing Museveni to accept peace inside Uganda itself. That is, if you enforce peace inside Uganda, and a political resolution of the warring problem, you will find that Museveni will evaporate, because he can not live, except in a climate of civil war.

Work was done by us, and also by some people in the U.S. government, to contact all the groups in Uganda to see if it were possible to get them to force Museveni, under U.S. pressure, to say, "Yes, I will stop the war."

What happened was then, Madeleine Albright, the Secretary of State, went to Uganda. She was supposed to carry a policy from the President; but, she also carried a policy which she was advised on by her Assistant Secretary of State, Susan Rice. Now, Madeleine Albright is upset, because Susan Rice swindled her. She was supposed to make it public, what she had said privately to Museveni about peace, that the United States was saying to Museveni, "You make peace, *or else!*"

So obviously, Kabila, Kagame, and Museveni, typify the targets of a policy of bringing peace to Africa. If you get these people out of control, then you can begin to have peace, and end the killing. Because all this fruit comes from the same tree. And, if you cut the tree, the fruit is ended.

Now the President has gone on this mission to Africa. You notice that one of his big stops was in Uganda, where he said, himself, what Madeleine Albright should have said. Then he went to South Africa, where Mandela had been brought into the British policy, with respect to Uganda and the Great Lakes Region. The President of the United States has created a situation where Mandela now says he is going to take an independent position on Africa, knowing that he will have the backing of the United States on that position.

What I'm saying is this: If you say you want an end to the killing, you can not just publish a decree. That does not work. You can move in troops and start killing a lot of other people. And war should not be undertaken casually. St. Augustine's rules of justified warfare have to apply to this situation, too. So, what you actually do, is, you get in the position of trying to get people to commit themselves to do the things that are going to build the structures which will ensure the result which you must get, the peace. But it must be a just peace. Only a just peace will endure. And those are tough enough to keep anyway.

So, there is a process in that direction. I'm not guaranteeing anything. I simply know we did a lot of hard work, and a lot of other people did a lot of hard work, and certainly some things began to move, and they're now moving. They should have moved two years ago, but they didn't. It's necessary to have this view, that to win a fight like this, is a lot of hard work. Even though justice should be immediate, it is almost never immediately realized.

But, as Plato says through the mouth of Socrates, you must be motivated by what Plato called *agapē*, and what Paul called *agapē*, St. Paul: a stubborn commitment to seek truth and justice, relentlessly, and the willingness to move mountains, when necessary. And, I think we are now beginning to move some mountains in Africa, slightly. We have to do more. And it's important for people who are concerned about these matters, as you are, to understand as much as possible about

what is actually going on, and to judge whether it could be done better.

The point is, putting guns into Africa does not solve the problem. We've got to remove the problem at the source. As long as you allow the British to make Africa policy in Africa, or in the United States State Department, you will not have a solution. It's important to understand that the colonial system in Africa, since the defeating of the Dutch, has always been British. The French colonies in Africa were created *only as junior colonies of the British Empire*. The London School of Race Relations spreads pan-Africanism, the French spread *negritude*. In the end, they're the same thing: death and deprivation.

Whatever can be done better, if you see something that's not being done well enough, and you can do it better, we must do it better. But, it's a tough fight. And we have to make the things that are good now, work.

Q: There were also some ambiguities, during the Clinton visit, because de facto there was some type of support for certain dictatorships, in defining these dictatorships as democratic entities. And, at the same time, it has also been decided to give certain credit and financial support to these regimes. I am convinced that this money is going to be used only for continuing genocide and war.

LaRouche: Well, I think the dictatorship thing is a difficult problem. You can not make a fetish of democracy. No democracy, pure democracy, has ever worked. In history, every attempt at pure democracy has ended in dictatorship.

What's the concern here? There are political ideas which are spread about democracy and so forth, today, which are just pure nonsense. It's spread on the basis of people not knowing what history is.

What is the purpose of government? The first purpose of government, according to my view, as I indicated in my opening remarks, is that every person is made in the image of God. Within that definition of natural law, then the concern of government is to ensure *truth and justice*.

How do we find truth? If we don't know what truth is, how do we know what justice is? Because an untruthful decision is, by its nature, unjust. So, what do we do to enable society to discover the truth?

We educate the people: the right of the people to a complete education, including education in history, above all. So the people are then able to judge, not what their pleasure dictates them to desire, but what their knowledge warns them is what they must demand today, for the result they expect tomorrow.

And, a good society is based on generations, because it's based on the number of years that are required to turn a baby into a mature individual. The idea of the just adult, is to think about what their life means to the next generations, after they die. How will what I decide today, affect the coming generations? Otherwise, you say, "I want what I think is good for

me” — which is how the British destroyed Nigeria.

How did the British destroy Nigeria? Through Royal Dutch Shell. Through money. Because every little group is trying to compete for its share of Royal Dutch Shell money. Virtually all the leading people in Nigeria who are screaming about democracy, are on the payroll of Royal Dutch Shell.

Nigeria has large, modern steel factories. It has other things which are modern, which don't function. Why doesn't the country grow? Why doesn't it develop? Because Royal Dutch Shell says the important thing is that you get your special money for your little group next week.

So, the people don't vote for the policies of the country, they vote against each other. And, what happens? When the people behave like children, what do they get? They get hell, or a strong father.

So, therefore, the democracy is not a virtue. What is a virtue, is a just government. And the just government is one which ensures that the next generation is capable of deciding the truth. The protection and development of the people is the first responsibility of the government.

So, the point in Africa is this: The way you should judge governments, the way I judge governments, is, which side are they on? Are they against the enemy? The enemy is the British. Are they against the British? That's the first condition of justice — not the only one.

Secondly, do they have a policy which is committed to the development of the country for the benefit of its people?

Thirdly, do they care for the other nations around them, too?

Fourthly, do they try to provide justice to every individual who comes before them seeking justice? Do they insist on providing educational opportunities for their people? Do they insist on providing employment opportunities for the benefit of their people? And, do the people go with their heads hanging low, or their heads upright? Are they afraid of their government, or are they proud to be a member of their nation? Not ashamed of their own nation.

So, that is the situation in Africa today. Yes, wherever you have ignorance and great poverty, you can not have democracy. But you must have just government, by whatever means you have to get to get it. And it must love the people, and it must make the people proud of being citizens of their own nation.

You know what the true, just government is? It's one in which all the people can say, "You'll see. If I have a problem, I will go to my government, and my government will give me justice." If a people can believe, if each individual can believe, "I can go to my government, and I will be given justice by my government, if no one else gives it to me," that's what defines a just government.

Q: The Presidents we have in Central Africa, especially, don't care in general about their own population. For example, Museveni is presented as the "son" of the Americans, espe-

cially Clinton. . . . And the same with Kagame, who is now destroying the north of Rwanda. Yesterday, one of the press agencies reported that he is destroying, from house to house. . . . I don't speak about Kabila.

LaRouche: I agree. That's the problem.

Well, Clinton, you know, is not perfect. But Museveni is not his favorite boy. However, he is backed by certain people in the U.S. government. Let me give you an example of what the problem is here, on the U.S. side.

See, the largest political influence in the United States today, is — the biggest crowd of Zionists is not Jewish. This is a group of Protestant fundamentalists, so-called, who do not pray, they bark. You know, like a baboon. This is called the Pentecostalist movement, eh? It's something which the British established in the 1890s and so forth, first against the Zulu, and then against the Afrikaners in South Africa. And they spread it from the Zulus and Afrikaners into the United States. These are people who believe that if the Third Temple of Solomon is built in Israel, on the Dome of the Rock, that the Battle of Armageddon will come, and they won't have to pay the rent next month. I don't exaggerate. It's that bad.

This is typified by two fellows called Falwell and Robertson, who are the hard core of the right wing in the United States. These are the biggest supporters of the right wing in Israel, inside the United States. In other words, in the United States, the political support for the right-wing Israeli policies does not come from Jews, it comes from these people, these fundamentalist Protestants of this type, especially the Pentecostalist type.

You have many other forms of corruption. The President is weak, he vacillates. This group of Pentecostalists in the United States, is controlled from London. Well, you know, you can't teach a baby to bark like a baboon, unless you send him to a British something-or-other, right? Well, after all, the Royal Consort of Queen Elizabeth says publicly, repeatedly, that he is a great ape! What do you expect?

The Church of England is, you know, the first section of the British Royal Privy Council, which is the real government of Britain. The British Privy Council controls all the religions of the British Commonwealth, just the way that the Roman emperors controlled all the religions of the Pantheon. They control these Pentecostalists in the United States, *who they created*.

The entire operation against Clinton, the scandals against him, are all orchestrated from Britain, by British intelligence. So therefore, there are big problems in the United States, especially in places like the State Department and the Justice Department. I have great problems in dealing with the Clinton administration, in this respect, because of its mistakes.

Clinton is not a bad person, if you don't mind '68ers. But, he's a very stubborn person. He has, essentially, what you would call a good heart; but, sometimes it takes —

He's often pragmatic. He will say, "Well, you're right,

As a Good Samaritan, you recognize that Africa is suffering. The man by the side of the road, all of Africa—suffering. You have no wings, no magic, only your mind, and your devotion. Are you going to do something?

but I can't do that. The British won't let us." Or, "I'm not going to do it your way, I'll do it my way." So that there are many problems.

When I said this is a fight, to our friend earlier, on this question, this *is* a fight. It takes constant work, constant effort. It's like pulling a big sled uphill every day. There's not a morning I get up that I don't have two or three situations in the world which strike me, which means that we're going to have to fight desperately to try to get a certain thing done by the end of the day, or the next week.

We've developed an effective, though small machine inside the United States, and internationally also. We're so effective, that we get into a lot of trouble. We have managed to accomplish a number of things of importance by that method. But, it's not easy. It's very difficult. And every day, you wonder if it's going to fail.

It's what you feel in dealing with Africa policy today, every one of you. Every morning you get up, you wonder if you've failed. And you fight, and you fight, and you fight, and you think you have done nothing, and then suddenly you get a little bit. There are no magic words, no simple solutions. The truth becomes simple when you understand it; but it's hard to get there.

Q: Buyoya [of Burundi] does seem to be loved very much by the British, if you see how he's treated by Museveni. Do you think that Clinton intends to support Buyoya financially, via France?

LaRouche: I don't know. It's a complicated question. Clinton's policy is simply to give a little bit to everybody to quiet them down, and try to establish a U.S. presence in the area.

Let me explain what the problem is. You see, the way the African responds to the United States, the African responds to the United States based on State Department actions, and what the press says. When the African representative goes to Washington, or even a private African goes to Washington, and tries to say something to somebody in the U.S. about conditions in Africa, they go into a series of traps.

Most of the places they would go to try to talk to the United States about their problem, they're walking into a trap. There's a very large apparatus which catches Africans who try to do so. They take them in, they lie to them, they try to mislead them, and then they go back to Africa, completely—having done nothing, having never talked to the right people.

So, one of the great problems in the United States' policies

on Africa, is, Africans don't know who to go to, to get a response, and what the response might be.

Therefore, the importance of the President going to Africa with a small entourage, was *to make his personal presence in Africa* there, establish it, and also to give credibility to a number of U.S. representatives who do not have the Susan Rice line, who are in contact with various African groups.

From Washington and from Europe, with our friends in Africa, with what we know from various parts of European governments and the U.S. government, we know of many efforts that are made every day to try to do something about Africa. Most of these things do not succeed, because they don't have enough backing, or because people don't recognize what they are. And so, it was necessary to create a situation in which Africans could say that the United States is actually, actively, directly involved in Africa.

I think the President was right in going to both Uganda and South Africa, among the other countries. I would have liked to have him go visit the government of Sudan, too, which would have been a real political bombshell. But, to go to Uganda and say, "I'm here, we're here for peace, buddy, stop shooting!" and then go to South Africa and get Mandela to say that he's going to be pro-African rather than pro-British, because he now has the backing of the United States to be pro-African.

We function that way, and I function personally that way. What you and others from Africa tell us, we try to make sure that that expression is heard in the right places in Washington, for example. It's necessary to get this bridge started, where Africans know that they can talk to the United States, and how to talk to the United States.

See, the President doesn't know who the Africans are. He didn't meet them before. He doesn't know which African leader represents what. Diplomacy, a real diplomacy, has to be very personal: You have to meet people and talk to them, and have some experience with them, to know who you're dealing with. Because you have to do something *with somebody*. You have to know who is likely to be able to do the job they say they can do.

If three countries go in Africa, all of Africa goes. These are Sudan, Nigeria, and South Africa. If you destroyed one or all three, especially, of those countries, all of Africa becomes indefensible for some period of time. We've been working for years on long-range projects for the development of Africa as a whole. But we also recognize that there are certain strate-

gic points in Africa which must not be lost.

And, as I say, what we try to do, is, when Africans speak to us, people we work with and talk to, we tend to get a closer appreciation of what some of the problems are. And, through our discussions, and through our publications, we attempt to make sure that these ideas are known in places where they should be known, in Washington, for example, among other places.

The other thing that concerns us, of course, is maintaining among Africans in exile these important networks, among students and others, who are living outside of Africa, who are channels back to people in Africa. Because when groups like this are discussing, in exile conditions, discussing conditions in Africa, based on their communication with their families and friends and so forth back there, this is one of the most important aspects to consider in getting a picture of what's going on in Africa.

The African in Europe, or in the United States, has a special advantage: They not only know Africa (maybe not perfectly, but they know part of their own country), but they also have learned how to state ideas in terms that can be understood by people in Europe and the United States.

So, all we can do when these imperfections arise, is recognize them, respond to them, and try to correct them. . . .

Q: Taking into consideration the pro-Museveni IMF policy, as well as the continuous increase of the debt of these African countries, what is your perspective?

LaRouche: First of all, the IMF and World Bank are both essentially agencies of Britain, when they're not working for Satan. Their primary assignment is to work for Satan.

You look at, for example, the World Bank, Wolfensohn. What does he represent? What does this crazy Frenchman, Camdessus, represent, over at the IMF—the falling underwear, Cam-dessous, eh? Anyway, you see what these people do in Asia, what the IMF did in the Asia crises. *These are pirates, bandits, who come in to loot countries.*

We have to, on the question of the African debt, as Clinton opened his mouth on this one, one of the most important things he said, is talking about a debt moratorium for Africa. Because Africa can not pay these debts. They're unjust debts anyway. They're products of a swindle. Africa needs every bit of capital it has, in order to implement the projects on the basis of which you can have nation-building.

For example, what do we need? We need a development corridor, probably 100 kilometers wide, from Alexandria to Capetown, which is based on a high-speed modern railway and pipelines, and all the other things beside it. It needs another rail line from both Port Sudan and, ultimately, Djibouti, up across—into Nigeria, to connect with Dakar, which is the line which you use to fight the Sahel.

Africa needs several large-scale water management projects, a very important one in South Sudan. West Africa can be saved by water management projects. We can pump the excess water from the Congo/Zaire river system into the Sahel

area, through the Central African Republic. We can reclaim the entire area of the Sahel.

We can put in other communications lines, in the same way, other corridors; and by criss-crossing Africa in strategic ways, using natural lines of communication, develop development corridors. And these projects alone mean an end to African unemployment.

Together with power, water management, transportation, sanitation, we now have food preservation, we now have all the basis for beginning to develop an infrastructure in-depth throughout every country. If it is done properly, 5-10% of the capital for these development projects will come from the outside. Ninety percent will come from the utilization of presently wasted, idle labor and other resources inside Africa itself.

And, if we don't do that, nothing is going to work. So therefore, that's what must be done. Anyone with any knowledge of European experience of these things, knows exactly: That's what Africa needs. You want to help Africa? Help them do that. Foster stable nation-states in Africa, foster cooperation among the nation-states to participate in the benefits, mutual benefits of these projects.

Given peaceful conditions, what happens in Africa if you eliminate the factor of extreme spoilage of food in the field and in transportation? If you eliminate some of the problems of disease in animals which are raised by farmers? If you bring some land improvement, in terms of fertilizers and general land upgrading, and better crops? If you bring even modest degrees of technology, in terms of tools, and so forth, to assist in the process?

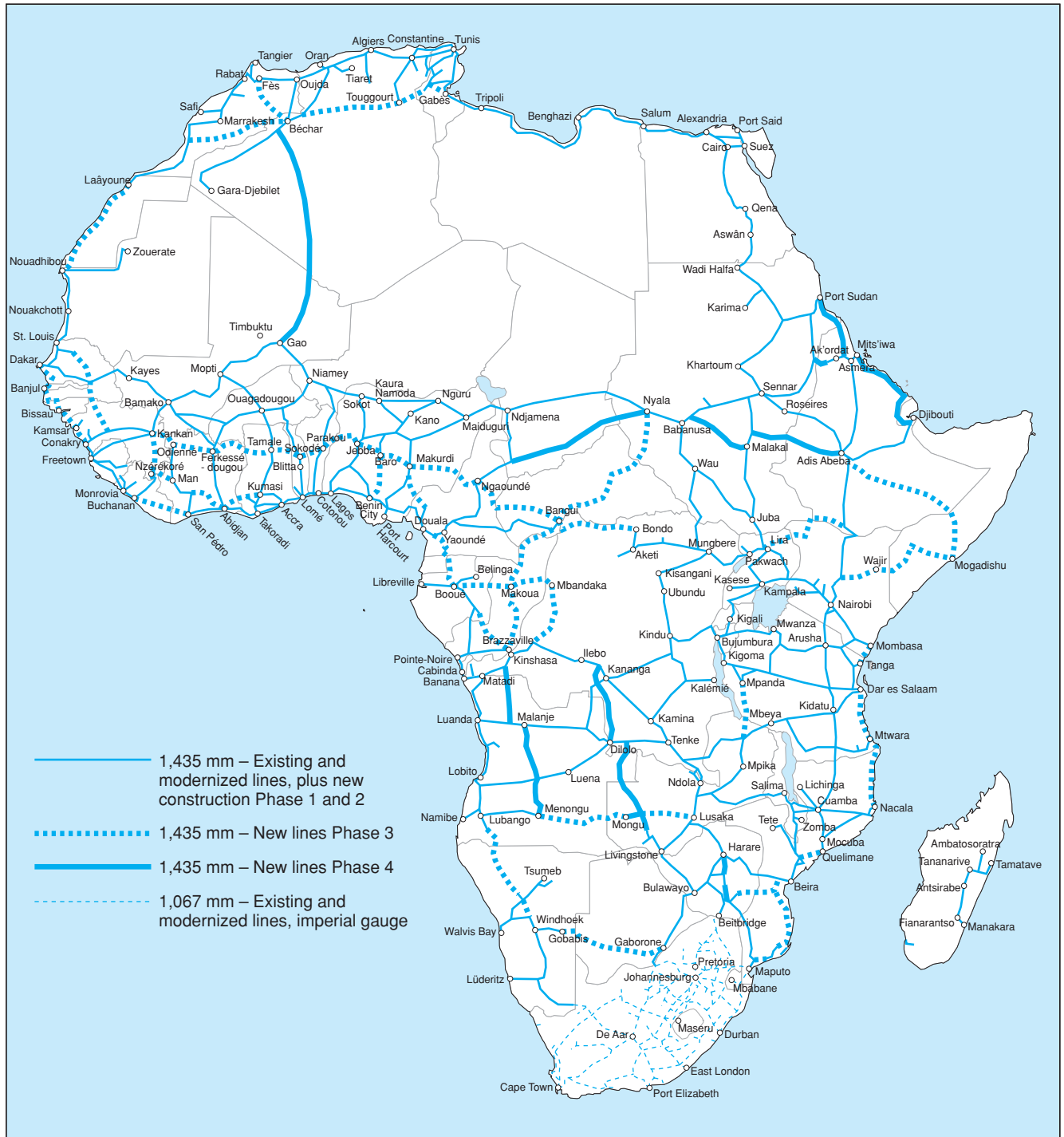
As we saw in Sudan, if you use those methods, you not only find that you can meet the needs of the population, in terms of present nutritional standards, but you can actually have a certain amount of surplus food, which gives you the margin for growth, economic growth.

If we study the history of the development of economy over thousands of years as we know it, certain things are obvious about Africa. If some banker comes in and opposes a project that proposes that, they're sane. If they don't propose that, they're crazy. And the point is, these organizations are Malthusian organizations which are concerned with population reduction, and that wish to starve and adjust populations to cut down the size of populations. These are the institutions that say "Africa is overpopulated." "Overpopulated"! They should see Belgium!

Q: On the question of man in the image of God: There are, in the world, many, many people who are atheists, who don't believe in God. So, they will have some type of ideological reaction to these kinds of ideas. How can one make this idea a driving idea in society, when a lot of people are either atheistic, or ignore the existence of God?

And the second point, also related to this, is the question of the British oligarchy, in which the Church of England is the leading aspect. They should know, these priests in the

Projected African railway network (main lines)



Sources: Fusion Energy Foundation, *The Industrialization of Africa*, Wiesbaden: Campaigner Publications, 1980; *The Times Atlas of the World*, New York: Times Books, 1990.

Church of England, this idea that man is in the image of God. Maybe they don't believe it, or they do something totally different with this idea.

So, how do we deal with these aspects?

LaRouche: First of all, there are often ideas about religion which you have to treat with a certain understanding. Very few people, even those who believe as Christians, know what they believe. They understand something, but mostly, they



Mother Teresa in Washington, June 19, 1995 (Cardinal John Hickey is speaking). The secret of Mother Teresa, LaRouche states, is that she would always go to the abandoned person by the side of the road, and, in that way, “could shake governments.”

don't understand, but they become devoted to things they do understand, and to things they do not understand.

I don't have that problem, but I recognize the problem of people who do. With my background, education, experience, and so forth, these questions are not mysteries to me, though they are to most, many of them.

In point of fact, the question of the reality of the Creator is a matter of certainty. It's not a matter of arbitrary “I choose to believe,” or “I do not choose to believe.” It remains true, whether you believe it or not. Now, I can prove it. I don't have to assert authority. I can prove it. As it says in Luke, sometimes the stones can speak. The problem for many people is a misunderstanding of man's relationship to the universe.

The other problem, apart from the atheist as such, the other problem is that most people who profess to be Christians, maybe aren't. There's a certain advantage in the fact that they may believe they are. Maybe you can blackmail them into doing some good. But the point is, they think if they go to church on Sunday, or something, and practice devotions, they can leave the church, call themselves Christians, and that's it for the rest of the week.

They actually are not really Christians, they're Freemasons. What they believe is that life is a test. It's like a maze: If you don't make any mistakes, you get to Heaven in the next life. They think God is stupid, or something. He goes through

all the trouble of sending these crazy souls into this life, for no purpose!

These are spoiled children: They don't believe they have any duties here. If they don't beat their wife on Sunday, they're going to go to Heaven! They don't realize that they're here to perform a mission. As Paul says in I Corinthians 13: Without *agapē*, you're as nothing. You're nothing.

You're on a mission. I explain it to people this way. I say, well, think of yourself as an angel. You don't have any wings. Get rid of that idea. You don't have any wings. You don't have any magic. You don't even know what you're here for. But you have a power, a power of cognition, to develop your mind, to develop your talent. And a talent first of all to recognize that there *is* a mission.

Like the Good Samaritan: a man beside the road is a mission, as Mother Teresa would explain to you, if she were still alive. That's a mission.

Now, you have a sick person beside the road. You don't know much of anything. You have got to figure out what you're going to do for that person. As a Good Samaritan, you recognize that Africa is suffering. The man by the side of the road, all of Africa — suffering. You have no wings, no magic, only your mind, and your devotion. Are you going to do something?

And, if you do that, you are going to be happy. When you discover that you are on a mission from God to serve humanity, and you do that, you're going to smile at Death. And you'll be happy.

Now, man has this power that no animal has. We can discover the laws of the universe, and the universe is so arranged that whenever man discovers a law, the universe has to obey man. In other words, God has built the universe so that it has to obey man. This is a power which you have, and everyone has it, if it's developed.

So now you know, or from that method you can know. *You are on a mission. You are part of the proof of the existence of God.* When you live so, you are proof, an absolute scientific proof. No question about it. Man can increase his power in the universe indefinitely, because the universe has been designed to obey man when man obeys the quality which is given to him.

So, when a person understands that, or can see that, and can see themselves as that, then life is beautiful. And it's not a falsity, it's not an illusion. When you know that you are on a mission given to you from the Creator, and you're not off running away from the mission, hiding in a whale, or something, you realize how the universe—in a certain real way, you get a sense of what this all means.

And so, therefore, if you think of yourself as being an angel, that will help you a lot. And people want to be angels. They'd rather be angels than devils. That's the secret of Mother Teresa. Mother Teresa would always go to the abandoned person by the side of the road, and, by these methods in dealing with poor people, could *shake governments*.

So, be angels.

Angola's 'black gold' and diamonds: Are they a nation's best friends?

by Dean Andromidas

Part one in this first-hand report from the author's trip to Angola, which appeared in last week's issue, explained why British-run security firms, including DSL and Executive Outcomes, have been thrown out of Angola for sabotaging the peace process, under way since 1997.

Driving through Luanda for the first time, one is struck by two contrasting images. One, is the stark poverty and ruin, the result of almost three decades of civil war. The other, is that almost every car on the road, and Luanda's thoroughfares are filled with them, is no more than one or two years old. Furthermore, while the most practical cars are four-wheel-drive Jeeps and Landrovers, one sees the latest BMW sports cars, so small that one would think they would disappear in the numerous huge potholes, which become small lakes after a heavy rain, making one of the many formidable hazards confronting the driver on Luanda's streets.

EIR was afforded a unique opportunity to examine the security aspects of the oil and diamond-mining industries, and was able to see what many hope will be the beginnings of the reconstruction of the war-torn country, and the reconciliation of its people, who have been divided by civil war.

There are reasons, other than avarice, for this contrast of ostentatious wealth and abject poverty. For better or worse, diamonds and oil have been integral to the tragic history of Angola, since it gained its independence from Portugal in 1975. Producing \$4.5 billion in revenue annually, oil is Angola's most important export and principal source of foreign exchange. And, with \$700 million in diamonds produced annually, mining has become a close second. Despite the long civil war, production in both sectors continued. The ruling Popular Movement for the Liberation of Angola (MPLA) had exclusive control over the oil territory, while the opposition Union for the Total Independence of Angola (UNITA) controlled much of the diamond region, which is in the interior of the country.

As the peace process initiated in 1997 deepens, and the new government of national reconciliation extends its control over all of the territory, these vital resources are coming under the authority of the central government. The big question now is, when, and if, peace finally comes to Angola, will these

resources be a key element in the country's reconstruction, or will they create another, perhaps more brutal division in the country?

Three decades of war and destruction

One cannot underestimate the economic impact of almost three decades of civil war on the Angolan people. Except for oil, all economic production figures were way below those of pre-independence times. Out of a population of more than 10 million, 3 million people are homeless. Once a major food exporter, Angola imports virtually all its food, and is dependent to a large extent on international food aid. Its infrastructure is in a state of total collapse, caused by the destruction during the war. The worst destruction was during the 1992-94 resumption of hostilities after the 1992 elections. Some 120 bridges were destroyed during this period. Of 72,323 kilometers of roads, only 8,317 are paved, and 60% of the paved roads are in need of major repair. The government estimates that it would take 10-15 years under present conditions to restore the road system to its pre-independence status. Although the Portuguese left behind three rail lines, these were unusable during the civil war, and are only now being repaired. The construction of new housing, schools, and industrial centers, and even the maintenance of those already built, was almost nonexistent.

While Angola exports \$2.5 billion worth of oil annually, it must import \$1.5 billion worth of commodities, especially food. Nonetheless, it has a current-account deficit of more than \$400 million, and a foreign debt of more than \$10.2 billion.

On top of this, are reports of rampant corruption that reaches up to the highest levels of the ruling elite. One source claims that all oil revenues are deposited in a bank account in London, and from there are transferred to accounts in France, Switzerland, and Luxembourg for disbursement to the Luanda-based nomenklatura.

The oil sector

Angola is Africa's second-largest oil producer after Nigeria. Oil was discovered in 1956 in Cabinda province, on the extreme northern coast of Angola. Cabinda is a small



A shanty town in Luanda, the capital of Angola. While small improvements in living conditions are visible in the city, the development that must take place requires massive capital investment in infrastructure, which must be conceived on an Africa-wide basis.

enclave separated from the rest of Angola by a narrow corridor that links Congo-Zaire to the Atlantic Ocean. Most of the oil is offshore, and therefore had been insulated from the fighting. The major player in the Angolan oil industry has always been American, with Chevron Oil, formerly Standard Oil of California, and Texaco sharing dominance. Of an annual production of 780,000 barrels per day (bpd), which is expected to reach almost 900,000 bpd by the end of this year, 60% is exported to the United States. Its high quality and low sulfur content makes it one of the most sought-after crudes on the U.S. market, and accounts for 5.5% of all U.S. imports, making Angola the United States' sixth-largest foreign supplier of oil. Throughout the civil war, American oil companies continued to pay royalties to the Marxist MPLA government, which used them to pay for Cuban and East bloc troops.

The French company Elf Aquitaine has become the leading non-American company operating in Angola, and has rapidly expanded its presence in the country. Led by Elf, France is making Angola a major strategic staging area for expanding its commercial and political presence throughout the southern African region. The British are also involved, via British Petroleum and the British independents Ranger Oil and its sister firm Branch Energy, which work hand-in-glove with the British-South African mercenary operation Executive Outcomes. We will hear more on them later.

One of the more interesting newcomers in the field is Norsk Hydro, a huge Norway-based multinational which has a dominant role in Norwegian North Sea oil industry. At the same time that it is investing in the Angolan oil sector, it has established joint projects with the Angolans in the agricultural sector, including in coffee and other crops.

With the advent of peace, the expansion of the oil industry has been dramatic, on the level of billions of dollars. Chevron alone will be investing \$700 million a year between now and the year 2000; Texaco has invested more than \$600 million in the last four years. Despite the fact that these investments are predominantly for the exploration and expansion of the oil industry itself, the effect can be felt in sometimes positive, and sometimes extremely disturbing ways. The scars of civil war and poverty contrast sharply with everything that has to do with the oil industry. For example, upon entering the Ministry of Education, one might think that civil war battles had been fought in the hallways, while the offices of Sonangol, the state-run oil company, have polished marble floors, have furniture imported from Portugal, and have state-of-the-art computer and communications technology. Decent housing that approaches Western standards is so scarce that foreign firms pay as much as \$25,000 a month for a two- or three-bedroom apartment that would rent for less than one-tenth that amount in the United States or Europe. And, there are the new cars which crowd

the almost impassable streets of Luanda, a product of the so-called “trickle-down effect” of petrodollars. (And speaking of petrodollars, the preferred currency is the newly issued U.S. hundred-dollar bill, affectionately known as the “*grande cabeça*,” or the “big head.” This nickname comes from the fact that, compared to the old hundred-dollar bill, Benjamin Franklin’s head is much bigger. The old issue has been officially withdrawn because counterfeits have flooded the international market.)

In an effort to keep oil dollars in the country, the government is putting pressure on the oil companies, other multinationals, and the foreign embassies, to recognize that “normalcy” has returned to Angola, and therefore they should encourage the families of their expatriate personnel to take up residence in Luanda. The challenge has been taken up especially by the French, where Elf Aquitaine is building a huge apartment complex of well over 100 units for its expatriates, in the middle of Luanda. The French are also building a new embassy compound. And Chevron, which has just completed construction of a huge new office complex in Luanda, is building a small city to the south of Luanda for its expatriates.

Nonetheless, because of privatization, the government is not involved in, nor does one see any signs of, modern housing construction for Angolan citizens.

Diamond mining

For most people, diamonds conjure up beautiful and fanciful images. For Angola, diamonds have been an evil curse. Over two decades, UNITA became one of the world’s major suppliers of diamonds, but it used the profits to finance arms purchases to prosecute a war of liberation—a war, that after more than two decades of fighting, began to take on the appearance of a massive killing machine. For the MPLA, diamonds were a source of income for corrupt military officers and government officials, who filled many a Swiss bank account through illegal mining operations in diamond-rich areas that came under their control.

On both sides, slave labor was utilized to extract the diamonds. In any one of the many illegal mines that dotted the Kuanga River basin, one would see thousands of half-naked laborers working primitive mines with their bare hands.

With most of the guns now silent, can supplying diamonds subsidize real economic development? Prior to 1975, Angola was the fourth-largest supplier of diamonds on the world market. During the civil war, it dropped to seventh place. Current annual production, both official and unofficial, stands at \$700 million. All official contracts are handled through agreements with the state diamond company, Endiame, which recently signed contracts with South Africa’s DeBeers, and several “juniors,” including the Vancouver-based DiamondWorks, which is linked indirectly to Executive Outcomes. Although unofficial production is illegal, these operations have no legal problems marketing their diamonds. In fact, DeBeers, and

the New York-based Lazard Kaplan International, maintain purchasing offices right in the middle of the diamond regions, and in Luanda itself.

All diamonds produced, both unofficially and officially, are sent to the Angolan National Bank for processing and export. Like Sonogal, it is an impressive structure, built during the colonial period and meticulously restored.

The security arrangements

The normalization of these two industries has been as integral to the peace process as has been the formation of a government of national unity. An agreement on how these resources would be shared between the two formerly warring parties continues to be as sensitive as the distribution of powerful ministerial portfolios. This is particularly the case with the diamond industry. There are many stories circulating about how this “resource sharing” agreement was eventually negotiated. Although none of these arrangements has been made public, it is clear that certain guarantees, most likely backed by the Clinton administration, have been given. This is indicated by the fact that UNITA forces have withdrawn from almost all the diamond-mining regions it firmly controlled for many years.

This process is also reflected in the way the Angolans have dealt with security arrangements for both the oil and diamond industry. This is crucial, because outside intervention, particularly mercenary operations, were integral to security. The most dramatic example, is that of the British-run, South African-based mercenary firm Executive Outcomes (EO). As detailed in the first part of our series, EO signed a contract with the MPLA in 1993 to supply a mercenary force that would arm, train, and give airpower and logistical support for a regiment of the Angolan army to conduct an offensive against UNITA. The intervention did not result in a decisive victory for the MPLA, but only served to extend the war another two years. Those two years were more destructive, in terms of the country’s infrastructure, than the previous 21 years of civil war.

The contract was most likely paid for through the diamond and oil concessions which were given to Branch Energy and Ranger Oil. While spokesmen for EO, Ranger Oil, and Branch Energy are quick to deny any formal connection, they all share the same suite of offices in London. The mercenary firm Sandline International, whose director, former British Special Air Services Col. Tim Spicer, is famous for his escapades in Papua New Guinea, also has offices at this address.

Such incestuous links existed throughout the industry. For example, America Mineral Fields, controlled by British subject and former Anglo American mining corporation executive Jean Raymond Boule, acquired a diamond concession in a disputed region in the Cuango River basin, and secured it with a mysterious Netherlands-based paramilitary firm called IDES. The latter was staffed by former Dutch

soldiers and Gurkhas. These heavily armed, “diamond mine security” forces became so numerous that UNITA considered them to be a replacement for the Cuban mercenaries who left the country in 1991, and it demanded their withdrawal as a precondition for any peace agreement.

The government sets up its own firms

The the peace process has made possible the withdrawal of these mercenary operations. With the advent of a ceasefire, the assertion of central government authority throughout the country, particularly in the mining regions, could proceed. In 1992, the government organized two Angolan private industrial security companies, Teleservice Security and Alpha 5, but only in the last two years, as peace began to be consolidated, have they been able to exercise their mandate. Teleservice provides security to oil companies. Its shareholders include the chief of staff of the armed forces, the commander of the ground forces, and the current Angolan ambassador to Washington. Alpha 5 was organized to provide security to diamond-mining operations, and its major shareholder is Endiame, the state diamond-mining company.

These two companies operate at a very high standard, comparable to Western standards generally. Their security guards received more than \$300 per month, plus food packets, transportation allowances, and bonus pay. This is far better than any other private security service in Angola, or any comparable level in government. It is much higher pay than a police officer gets, who receives only \$60 a month, and even that is often not paid on time. The dramatic difference in pay is the only way to prevent corruption. By contrast, policemen, some of whom have not been paid for two or three months, very often “freelance” as criminals when they are off-duty. Although these companies recruit primarily from the large pool of former military personnel, one of the more disturbing aspects is that many former schoolteachers have been hired, primarily because of demand for English-speakers. The ex-schoolteacher has no complaints, because the pay is so much better.

The security guard business typically has a poor reputation. Nonetheless, the standard required for effective industrial security in such strategic industries as oil and mining, should not be simply putting a body on guard at the front gate, but should be on the same level as any other skilled industrial activity, covering the full range of security, from perimeter and internal security, to enforcement of safety and emergency procedures. This can only be achieved through education, training, and supervision.

In an effort to meet this standard, both Teleservice Security and Alpha 5 have management consultancy contracts with Grey Security Services, a South African company. Representatives of Grey Security go to great lengths to demonstrate that they have nothing to do with Executive Outcomes or any similar mercenary operation. Grey’s representatives were



The general manager of Grey Securities in Angola briefs EIR correspondents on security operations in the diamond mines and oil fields, at Teleservice’s offices in Luanda.

more than willing to show the transparency of their operation in Angola. On the basis of the consultancy contract, Grey is introducing the same management, supervision, and training procedures used in Grey’s operations in South Africa. It was apparent that Grey’s approach contrasted sharply with Defence Systems Ltd. and other firms, in which poorly trained and poorly paid security guards are placed at the client’s front gate with supervision and management exclusively in the hands of foreign, expatriate personnel. In the case of DSL, it had 20 to 30 former SAS special forces and another 72 Gurkhas.

Grey Security, founded in 1980 by an industrial firm interested in providing upgraded security for itself, later expanded as an independent company. Among its clients are the leading South African banks and industrial firms, and government departments. It is expanding through mostly joint ventures in other parts of Africa, including in Botswana, Mozambique, Namibia, Nigeria, and Zimbabwe. It sees its job as not providing “armed guards”; in fact, a very small percentage of their guards are armed. It refuses to contract for the highly dangerous cash-in-transit business precisely for that reason. In addition, it is the only South African company that has been successfully qualified under the code of practice under the International Standards Organization, the body that sets standards for industrial enterprises. Because of these standards, it is the most expensive security firm in South Africa.

Under the management contract, Grey Security is com-

mitted to bringing both Teleservice Security and Alpha 5 up to Grey's standards. This entails placing Grey personnel from South Africa in key management and training positions in these companies. Alongside each Grey manager is an Angolan manager, who is being trained to eventually fill that position. Although the contract is for a long period of time, Grey's involvement will essentially be phased out in the lower levels of management, as more Angolans are trained.

We had an opportunity to see this process at every level, and were surprised at the results. To bring the security industry up to skilled industrial workforce standards, in a developing country, with the problems of poverty, culture, and lack of education, is a daunting task. According to the Grey managers we interviewed, this challenge had to be taken up at all levels of the business, from the gate guard up to the highest-level manager. One of the keys to their success, is giving employees the idea that they have a career, rather than just a job. That means not only decent salaries, but also the opportunity to advance in the industry, through additional training and education.

The development of Teleservices and Alpha 5 is impressive, but does this represent real development for the country? A trickle-down effect can be seen in the diamond-mining region, where the establishment of organized commercial

mining has brought an end to the most hideous abuses, while bona fide employment has been provided at relatively decent wages. In one case, we were told that miners went on strike for better wages and working conditions, and after four months, they successfully won their demands from the mining company. It is also seen in much smaller ways; for example, the streets are cleaner, because for the first time, a sanitation company has finally been formed and reconstruction is advancing. Roads that had been impassable six months ago, have been almost fully repaired. In the center of Luanda, a small park has been created that was not there a few months ago. The fact that one can get through the arrivals at the airport in less than half an hour, and without being shaken down for payoffs, is considered one of the minor miracles of 1998.

On the other hand, it is also clear that the development that must take place will not be accomplished piecemeal or by trickling down. It requires massive capital investment in infrastructure — roads, railroads, electrical power grids, ports, and housing — that must be conceived on an Africa-wide basis. Even if all the corruption ended, and as much money from oil and diamond resources were devoted to broad-based development, it would not be enough. This can only be brought about by a new international financial system conceived and dedicated for that purpose.

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International Intelligence

Power struggle rages in Croatia

The death on May 4 of Croatian Defense Minister Gojko Susak, and the resignation of Hrvoje Sarinic as head of President Franjo Tudjman's office, have brought to the surface a raging power struggle in that country, European newspapers report.

With Susak, the head of the powerful Herceg-Bosna faction of Croatian hard-liners (and enemies of the Dayton Accords) inside the governing HDZ party, has departed. Tudjman's position has been further called into question with the resignation the week before of his son Miroslav, as head of the Croatian intelligence agency. More such developments cannot be ruled out, in the coming days.

A catalyst in these resignations has been revelations about the role of key Herceg-Bosna figures in the privatization mafia, who are said to have prompted the collapse of Dubrovacka Banka, the nation's fifth-largest bank, in April. There is strong suspicion that Ivic Pasalic, a member of Tudjman's personal entourage, arranged the bank's collapse, in order to sell it off cheaply to Tudjman HDZ party cronies.

Russia, Uzbekistan cite 'fundamentalist' threat

Russian President Boris Yeltsin received President Islam Karimov of Uzbekistan on May 6, for talks on reviving economic and other relations. After their discussions, Karimov announced that they had agreed to combat the spread of "fundamentalist" groups, citing the situation in both Central Asia and the North Caucasus, Radio Free Europe reported, based on Russian television reports on May 1-3.

Uzbekistan now chairs the ministerial council of the Commonwealth of Independent States; newly appointed CIS secretary Boris Berezovsky is touring the member countries.

The week before Yeltsin and Karimov

met, Yeltsin's representative in Chechnya was abducted near the Chechen-Ingushetia border. The village of Assinovskaya, where Valentin Vlasov, his car, driver, and bodyguard disappeared, was described on NTV as under the control of Wahhabite irregular forces, not the Chechen authorities. The latter denied any involvement in the kidnapping of Vlasov, who was reportedly on his way to Baku, Azerbaijan, for talks of an undisclosed nature.

Security officials in Dagestan have recently expressed alarm about growing Wahhabite activities there. Chechnya, Ingushetia, and Dagestan are all regions within Russia in the North Caucasus, Chechnya having declared its independence. The Wahhabites are often identified with Saudi patronage, but in the North Caucasus they also include Chechen ethnic individuals who carry Jordanian passports.

German teachers call for education reform

The German Teachers Association, at a meeting in Berlin the weekend of May 2-3, called for a return to certain Classical features of the German *gymnasium* system of secondary education.

Josef Kraus, the chairman of the association, endorsed the initiatives in this direction that have been launched by the state governments of Bavaria and Baden-Württemberg (see *EIR*, April 24, p. 63). The association wants to convince the other 14 German state governments of the benefits of at least a substantial return to vital aspects of the system that existed before the 1972 "Brandt Reforms." This would include the reintroduction of mandatory core courses for all students.

Kraus recommended that grades 10-13 of the *gymnasium* system should be based on five study areas: German language, one contemporary foreign language, mathematics, history, and natural sciences. Fifty percent of the weekly school hours should be based on these mandatory courses; the other 50% could remain electives by the students, Kraus said.

Political pressure is increasing, particularly on the Christian Democrats, to give national support to these types of initiatives by the two state governments (which are run by that party), and to make this an issue in the election campaign for national Parliament next fall.

Egyptians grill Blair over terrorist policy

British Prime Minister Tony Blair repeatedly had to defend Great Britain over charges that it safehouses terrorists, during his visit to Egypt on April 17-18. "British Prime Minister Tony Blair said Saturday, Britain would soon introduce stronger counter-terrorism laws in the U.K., and pledged to President Hosni Mubarak that Britain will stand with Egypt in fighting terrorism," the Egyptian state news agency, MENA, reported on April 18. In an address before the British-Egyptian Businessmen's Association, Blair said: "I told President Mubarak that Britain stands shoulder to shoulder with Egypt, in its determination to fight terrorism from wherever it comes. Britain will not be a safe haven for terrorists. We will bring forward proposals soon for stronger counter-terrorism laws in the U.K."

Shortly before Blair's meeting with Mubarak on April 17, controversy erupted in Cairo over Britain's policy, the London Press Association reported. It says the Egyptian government deliberately leaked to the press that "Mubarak was expected to raise with the Prime Minister claims that, of 14 alleged terrorists opposed to the Egyptian regime currently resident in European capitals, four or five are London-based. Ten of the 14, including some of those in London, have been convicted in their absence by Egyptian courts."

In another slap, the chairman of Egypt's State Information Service, Nabil Osman, denounced Britain in remarks to the Egyptian and British press waiting outside the Blair-Mubarak meeting. "There are so many [terrorists] who are actually enjoying your hospitality," Mubarak said. He flatly rejected the claim that the Egyptian convictions of

CHRIS PATTEN, the last colonial governor of Hong Kong, has been named by British Prime Minister Tony Blair to head a commission on policing Northern Ireland, which will be created if the electorate votes on May 22 to endorse the new peace agreement. Patten was a junior minister in the Northern Ireland office in the early 1980s. From 1992 to 1997, he was deployed to disrupt the return of Hong Kong to China.

AUSTRALIA'S police commissioners have agreed to consider drug strategies that focus more on rehabilitation than on the criminal justice system, with an emphasis on "harm minimization." *The Australian* reported on April 25-26. Victorian Police Commissioner Neil Comrie, one of the leaders in the drug legalization effort, gloated that the commissioners had decided to "almost wipe the slate clean."

VATICAN Swiss Guard head Alois Estermann was assassinated on May 4, one day after his appointment to lead the Vatican's military police corps, after a seven-month period in which there was no director. Prior to the murder, on May 2, a bomb threat was delivered to the Vatican Museum.

THE IMPRISONED leader of Algeria's Islamic Salvation Front (FIS), Ali Belhadj, has reportedly called on three armed groups to establish a truce among themselves. One faction of the GIA (the most vicious terrorist operation, headquartered in London) said it would not acknowledge any FIS leadership, and would continue the killings.

KYRGYZ authorities arrested 20 Uyghur separatists who were allegedly involved in terrorist activities, according to Kyrgyz press reports monitored by the Russian agency Itar-Tass. Those arrested belong to the "For Free Eastern Turkestan" organization, and were in possession of weapons and training videos.

the British-based terrorists do not warrant their extradition, since they were tried *in absentia*. "They were tried in their absence, because they are on the run," he said.

Egyptian State Television also peppered Blair with questions on the matter, during his joint press conference with Mubarak.

Saudis offer to mediate between U.S. and Iran

Saudi Arabian officials made an offer for mediation with Iran to U.S. Vice President Gore, while he was in Saudi Arabia on April 1-2, according to a report published in the Saudi-backed Arabic daily *Al Hayat*, and amplified in *As Sharq al Awsat*, during the first week of May. "Diplomatic sources said Saudi Arabia renewed its mediation offer to America to help narrow differences between Washington and Tehran, by conveying the United States' views on the subject during an upcoming visit by the Saudi Foreign Minister to Iran," according to *Al Hayat*.

Saudi officials reportedly urged Gore to alter U.S. policy toward Iran, considering the positive evolution in the country, especially since President Khatami's election.

Saudi Arabia and Iran have restored good relations, with several exchanges of high-level delegations over the last year. Saudi Prince Saud al-Faisal is expected to visit Tehran soon.

Colombia's FARC targets U.S. embassy official

The Revolutionary Armed Forces of Colombia (FARC) issued a communiqué on April 20, declaring U.S. embassy official Joseph McBryan to be a "military target," according to the daily *El Espectador*. This is the first time a specific American official has been named in this way, and marks an escalation of the FARC's March 16 declaration that all Americans who aid the government are now targets.

The communiqué calls U.S. anti-drug efforts a cover for an "extermination cam-

paign" against human rights and popular leaders, citing the recent assassination of the country's leading lawyer for the terrorists, Eduardo Umana, as "evidence."

An embassy official confirmed to *El Espectador* that McBryan works at the embassy, but said that they would make no official statement for the moment, as the threat creates a "delicate situation which is being studied."

U.S. officials reportedly met with Colombian officials, seeking information on the FARC's 53rd Front, which seized four Americans in March, and held them as hostages for weeks. Colombian newspapers report that the United States is planning to ask Colombia to arrest, and then extradite, the head of the 53rd Front, "Commander Romaña," to be tried in the United States.

Kosova Liberation Army called a Serbian creation

The Kosova Liberation Army (UCK) may well be a Serbian creation, the Vienna daily *Die Presse* reported on May 2, based on hints coming from Ibrahim Rugova's Democratic League of Kosova. The daily is known as a mouthpiece for Austrian military intelligence.

The report stressed that the real leaders of that front are not known, nor are there serious efforts by the Serbian military to crush it, although the Serbs know exactly where the "rebels" of the UCK are. The Serbian military is well-positioned along 100 kilometers across Kosova, and could eliminate the UCK in "just two minutes," because the UCK is no serious threat, a former Serbian officer, who is now a journalist, told the newspaper.

But the Serbs use the UCK myth as a pretext to increase their military presence and, during the first week in May, to seal off the Kosova capital, Pristina. As early as two years ago, when the first UCK executions of Albanian "collaborators" in Kosova began, strong suspicion was voiced that the front was really a "creation of the Serbs," the Vienna daily reported.

LaRouche's prosecutor jumps to Starr's defense

by Edward Spannaus

On Sunday, May 3, a nationwide viewing audience was exposed to some dramatic examples of the thuggish and abusive tactics used by prosecutors in Kenneth Starr's White-water investigation.

In a feature called "Starr Wars," CBS News's "60 Minutes" focussed on the pressure tactics used against peripheral players in Arkansas, in an effort to get them to provide evidence against others. The program opened by noting that most of the media's attention has been on what Starr is doing in Washington, but that in Little Rock, Starr "has been targeting people you've probably *never* heard of." In his efforts "to net the biggest fish of all, the President and the First Lady," said host Morley Safer, "the independent counsel went after some very small fish indeed."

The program first examined the tactics used against Sarah Hawkins, a former bank examiner who had worked at Madison Guaranty Savings & Loan with James McDougal; Hawkins was threatened with indictment, and with up to a 400-year prison sentence, unless she would "rat" on James McDougal, who would then be squeezed to get at Bill Clinton. After Hawkins's name was published in the *Wall Street Journal*, her consulting business, at which she was making \$100,000 a year, nosedived, and she and her family ended up on food stamps.

"You cannot force a person to admit something that's not true," Mrs. Hawkins said. "And that's exactly what they were trying to do, in my case."

According to Hawkins's lawyer, Starr's prosecutors then took the attitude: "Since this person would not cooperate with us, we wondered what she had to hide." So, Starr's office investigated her background, and threatened her with further prosecution — without ever telling her what she was supposed to have done wrong. Ultimately, she was never charged with anything.

The show also cited the example of Starr's office trying to serve a subpoena on the 16-year-old son of local banker Robert Hill, at the boy's high school, as a means of putting pressure on the boy's father. "60 Minutes" also interviewed former banker and now professor Steve Smith, who told how Starr's prosecutors wrote up a script for his grand jury testimony which was knowingly false. "They're not interested in the truth," Smith said. "They're interested in getting the President."

To defend Starr and the legitimacy of these tactics, "60 Minutes" interviewed the former United States Attorney for the Eastern District of Virginia, Henry Hudson. Hudson's response was that what Starr's office had done to Hawkins, is what all good prosecutors do. Tactics such as threatening lower-level people to get at the higher-ups are the type of tactics that are used every day, Hudson declared. "The only way you're going to get to the people at the top . . . is to prosecute the underlings, and have them testify against the people who play a much greater role," he said.

Who is Henry Hudson?

Hudson is not just another Federal prosecutor. In a speech in February 1997, Starr described Hudson as "a dear friend" and "a legend among U.S. Attorneys." Hudson is also a friend of Starr's top Little Rock deputy, Hickman Ewing, who is directly responsible for the strongarm tactics used in Arkansas.

Moreover, Hudson is a walking textbook in prosecutorial abuse and unscrupulous tactics; he was once quoted as saying, "I live to put people in jail." It is therefore entirely fitting that he should be dragged out to defend Kenneth Starr.

Hudson became the U.S. Attorney in Alexandria, Virginia in June 1986. By his own later testimony, he had announced within 48 hours that the indictment and prosecution of Lyndon

LaRouche was a top priority for his office. He spent much of the next few months planning the multi-agency armed raid on offices of LaRouche-associated publishing and political organizations which took place on Oct. 6-7, 1986. This operation involved over 400 Federal, state, and local law enforcement officials—according to Hudson’s own boasting at a post-raid press conference. (Yet, when Hudson was being questioned in 1995 during his testimony at Senate Judiciary Committee hearings on the Ruby Ridge killings, and was asked if he had ever previously been involved in a situation or incident in which 400 people were involved, Hudson conveniently forgot about the 1986 LaRouche raid.)

In April 1987, Hudson’s office took the unprecedented step of filing an involuntary bankruptcy action against three publishing companies operated by associates of LaRouche, and he managed to obtain a secret court order authorizing the immediate shutdown and padlocking of those businesses; by court order, the companies could not conduct any business or repay any creditors or lenders.

Then, in October 1988, Hudson indicted Lyndon LaRouche and six associates for “loan fraud,” for not repaying loans from the padlocked companies! While Hudson’s prosecutors repeatedly told the jury that LaRouche and his associates had not repaid the loans, LaRouche and the other defendants were prohibited from telling the jury that they were prevented from repaying the loans by the forced bankruptcy.

After LaRouche and the others had been railroaded into prison, the Federal bankruptcy judge presiding over the bankruptcy case ruled that Hudson’s filing of the bankruptcy petitions was “an improper use” of the bankruptcy law, that Hudson’s office had filed the action in “bad faith,” and that “the government’s actions could be likened to a constructive fraud on the court.”¹

The LaRouche trial was riddled with misconduct by Hudson’s office and the Justice Department. This included illegal leaks to the news media, suppression and concealment of evidence, inducing witnesses to lie and knowingly presenting false testimony, pressuring witnesses and threatening them with prosecution if they did not testify as prosecutors wanted, and failing to disclose promises and inducements made to witnesses.

While being the most egregious, the LaRouche case was not the only instance of dishonesty and misconduct by Hudson. While he was preparing the LaRouche railroad, in the summer of 1988, Hudson involved himself in another high-profile case: He literally invaded the Pentagon, leading FBI agents in a search-and-destroy mission, known as “Operation Ill-Wind,” against the nation’s military and its aerospace sector. Hudson antagonized Federal prosecutors in other parts of the country by his turf battles and his grandstanding, and he was publicly criticized by the General Accounting Office for

his handling of the Pentagon probe.

In February 1992, Hudson was appointed by George Bush to head the U.S. Marshals Service. During the 1995 Senate hearings on the Ruby Ridge shootings, Hudson was caught in a number of lies while trying to cover up his own complicity in the unlawful shootings—in one case contradicting a written FBI report, by denying that he knew right away that Randy Weaver’s son Sammy had been shot by U.S. Marshals.

All in all, Hudson is a fitting character witness to be put forth to defend Kenneth Starr and his tactics.

Vindictive indictments

The occasion of the “60 Minutes” feature was that a few days later, the Whitewater grand jury in Little Rock was scheduled to end its term; and indeed, on May 7 the grand jury did close up shop without issuing any indictments around the 1980s Whitewater land deals which—readers with long memories may remember—were the original pretext for the appointment of the Whitewater independent counsel. The only indictment issued in the past two years by the Little Rock grand jury was that issued in a fit of vindictiveness and vengeance against Susan McDougal, charging her with criminal contempt and obstruction of justice for refusing to testify before Starr’s grand jury; this was after the courageous McDougal had already been imprisoned for 18 months for civil contempt.

Susan McDougal’s new indictment followed only a few days after Starr’s second indictment of former Clinton administration official Webster Hubbell, on trumped-up tax-evasion charges. Both Susan McDougal and Hubbell made it clear that Starr was pressuring them to give false testimony against the President and the First Lady, and both declared that they will not lie for Starr, even to save their own skin.

“I will not do so, and my wife would not want me to do so,” Hubbell declared. “I want you to know, the Office of Independent Counsel can indict my dog, they can indict my cat, but I’m not going to lie about the President. I’m not going to lie about the First Lady or anybody else.”

Only days later, after she was indicted once again, Susan McDougal said that she was being charged with a crime she did not commit “in order to be coerced into turning on former friends and giving false testimony to save myself. I will not perjure myself for leniency.”

Meanwhile, Starr’s Washington, D.C. grand jury is still very much in business, having wandered a long way from the piece of Arkansas real estate known as Whitewater. Using the Washington grand jury, Starr and his team of deputies are inspecting details of the President’s personal life, trying to cook up an obstruction of justice and perjury case against the President, the First Lady, and a number of their close associates. Starr is also known to be preparing a report for the House of Representatives on possibly impeachable offenses alleged to have been committed by the President; that report could be delivered as early as June.

1. See “How the Justice Department Used a Forced Bankruptcy to Rig the Trial in the Lyndon LaRouche Case,” *New Federalist*, April 28, 1997.

Clinton administration bans sale of small arms to British firms

by Jeffrey Steinberg

In April, President Clinton imposed a ban on all sales of small arms to British companies, in what, Washington sources tell *EIR*, is another move by the United States to target Britain's role as the major state supporter of international terrorism. The U.S. arms ban was first reported on the front page of the *New York Times* on April 19. "American pistols and rifles sold to Europe in the last few years," according to the *Times*, "have ended up fueling violent conflicts in places that include Rwanda, the countries that once were part of Yugoslavia, Algeria, and Turkey, and in the hands of street criminals and organized crime syndicates. There are also indications that American firearms have found their way to Iraq and Iran."

On April 22, the Clinton administration formally notified the British government that all pending licenses for the export of American firearms to Britain had been revoked. Among the weapons included in the ban are: handguns, automatic rifles, grenade launchers, and hand-held missile launchers—all favored weapons of terrorists, separatist insurgents, and drug traffickers.

On April 25, *EIR* correspondent Bill Jones asked State Department spokesman Jamie Rubin to explain the administration's action. Rubin was prepared for the question and had a written answer prepared.

"The decision to revoke outstanding munitions licenses for firearms destined to the U.K. was taken in consultation with the U.K. after discussions with them," he explained, adding, defensively, "It was not an action directed against United Kingdom policy." However, he then went on: "The Department, in carrying out its responsibilities under the Arms Export Control Act, continuously monitors the national laws and regulations of recipient countries to ensure that re-transport and import controls are sufficiently strong. When we identify problems, we bring them to the attention of the interested foreign governments and try to address the problems with them through various law enforcement and diplomatic channels. Whenever possible, actions are taken by both countries to align import and export actions, and this can take the form of license revocations. . . . With regard to the United Kingdom, this issue came up because they changed their laws on handguns. So it required us to take a re-look at all the

licenses so that we would be able to re-implement licenses with them."

After that bit of diplomatic tap dancing, Rubin did finally acknowledge that the issue on the table is British involvement in underground weapons trafficking. "What I'm saying to you," Rubin concluded, "is that in general, the trafficking in international firearms as an illegal trafficking is an area of greater and greater concern to the United States, where we're going to be following it closer and closer. With respect to this one area, it was more a function of their change in their laws than it was a particular problem with British companies."

Don Manross, a Bureau of Alcohol, Tobacco, and Firearms official, posted at the Interpol headquarters in Lyon, France, put it more bluntly: "When they [small arms] leave the United States, we lose all control over them—that's the bottom line."

The British change in handgun law that Rubin referenced was more a pretext than a motive for the U.S. action. Recently, Britain imposed a near-total ban on the domestic sale and possession of firearms, suggesting that the large flow of small arms from American manufacturers to British distributors is either heading abroad, or into the domestic black market in Britain.

Simultaneously with the U.S. revocation announcement, several scandals broke in the British media, suggesting that both the British Foreign Office and the Ministry of Defense are deeply involved in the black market re-distribution of American weapons.

Interarms implicated

On April 19, the same day that the *New York Times* reported on the U.S. arms ban, the London *Times* reported that "A secret inquiry into alleged corruption at the Ministry of Defence (MoD) has found that scores of military weapons have fallen into the hands of dangerous criminals and, police fear, terrorists. Among the MoD weapons that have gone on to the criminal black market are Walther PPKs, and 9mm Brownings that are used by the SAS. Both are favoured tools of underworld and terrorist assassins."

The newspaper identified two companies as prime sus-

pects in the black market distribution of arms, formerly used by the Special Air Services (SAS) and other units of the British military; but the article also noted that some Defense Ministry surplus weapons, seized in recent raids on British organized crime gangs, had come directly from the Defense Ministry's Central Ordnance Depot in Donnington. The two firms named by the *Times* were R.E. Trem and Co. and International Armaments Corporation ("Interarms"), a firm headquartered in Alexandria, Virginia, but with a vast British subsidiary, Interarms UK, in Manchester, England.

Interarms was founded in the 1950s by "ex"-CIA officer Sam Cummings. It is widely suspected that Interarms has functioned as an intelligence "proprietary" for both American and British intelligence services, funneling covert arms shipments to battle zones around the world. The initial bankrolling of Interarms came from a local bank in Alexandria, then headed by Albert V. Bryan, Jr., who later gained international notoriety as the "hanging judge" who presided over the 1988 Federal railroad prosecution of Lyndon LaRouche.

According to the *Times*, detectives from the Defense Ministry fraud section found that all British Army surplus weapons were being sold to one firm, Trem, and that Trem had in turn shipped a large supply of Enfield rifles to the Virginia headquarters of Interarms. Some of those rifles later were found in the hands of British crime figures. A spokesman at Interarms confirmed to *EIR* that Federal agents had recently questioned them about the Trem rifles deal. He admitted that there was "always a possibility" that some of the weapons had been obtained by criminals or terrorists.

Sandline International and the Foreign Office

On May 3, a potentially even more serious scandal surfaced, in the pages of the *Sunday Times* in London, under the banner headline, "Cook Snared in Arms for Coup Inquiry." "A criminal investigation has been launched," the *Times* reported, "into British-backed military moves to overthrow a foreign government. Senior British diplomats are to be questioned over allegations that they were secretly involved in the illegal supply of weapons and mercenaries to Sierra Leone, a former British colony in West Africa." Among the senior officials of the Foreign Office targeted in the inquiry were Foreign Secretary Robin Cook and Peter Penfold, the British High Commissioner to Sierra Leone.

The crux of the allegations is that the Foreign Office gave tacit approval for a private mercenary firm, Sandline International, to send tons of weapons, and a force of soldiers-for-hire, to supporters of the elected President of Sierra Leone, Ahmad Tejan Kabbah, who was overthrown by a military junta last year, and has been in exile in Nigeria ever since.

The Sierra Leone story is complicated by internal factional wrangling in Britain. Lord Avebury, one of the leading terrorist backers in the British House of Lords who has been widely exposed in the pages of *EIR*, has been leading the

charge against the Blair government and Sandline, apparently because he has been a strong backer of the military junta that overthrew Kabbah.

These internal factional machinations aside, the fact is that the British Foreign Office has been caught, deploying an ostensibly "private" security outfit, to conduct covert arms trafficking and military operations. The same firm, Sandline, and an allied company, Executive Outcomes, were caught in a similar scandal a year ago, which brought down the government of Papua New Guinea (see *EIR*, Aug. 22, 1997).

The actions of the British government, and mercenary firms like Sandline, cannot be separated from the fact that London has been singled out by a dozen governments as the center of international terrorism. Last November, the U.S. State Department issued a list of 30 terrorist organizations, banned from any activities in the United States. A review of that list by *EIR* revealed that 26 of the 30 groups were either headquartered in Britain, or maintained major logistical bases there. Independent of the State Department action, the Egyptian government filed a rash of protests with the British Foreign Office over Britain's harboring of the terrorists who ordered the Nov. 17, 1997 massacre in Luxor, Egypt that killed more than 60 people.

And now, it appears that the Clinton administration is turning up the heat one more degree.

**"Long before Paula Jones,
long before Monica Lewinsky,
there was a conscious decision, made in
London, that there would be a full-scale
campaign to destroy Bill Clinton,
and to destroy, once and for all,
the credibility of the office of the
Presidency of the United States."**

—Lyndon H. LaRouche, Jr.



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Kennedy seeks moratorium on bank mergers

On April 29, Rep. Joseph P. Kennedy II (D-Mass.) announced that he is asking for the General Accounting Office to carry out a study on the impact of bank mergers on community lending, fair housing enforcement, bank fees, and branch availability, all of which, he says, have been curtailed severely in many areas because of bank mega-mergers. In a letter to bank regulators, he has called for a moratorium on bank mergers until the GAO issues its report.

Kennedy said that he was going to ask a panel of bank regulators scheduled to appear before the House Banking Committee later that day, "for assurances on community lending, fair housing, and affordable bank services before any mergers are approved. If these bank regulators can't assure us that these criteria are being met, then they should not approve these mergers."

Kennedy also announced that he would be demanding that the banking services bill, H.R. 10, which is expected to come up in May, include life-line banking services, Community Reinvestment Act provisions for bank holding companies, and fair housing and anti-coercion provisions. "It's important that we recognize," he said, "that as these phenomena of these mega-mergers continue to grow in leaps and bounds, that we have a responsibility to make sure that, ultimately, the benefits of these mergers are not accruing to a few individuals who either own or manage the companies and work with these companies, but are in fact for the general good of the American people."

Rep. Maurice Hinchey (D-N.Y.) joined Kennedy in attacking rising bank fees and increasing banking concentration. He pointed out that the

Citibank/Travelers merger is illegal, but both the banks and the regulators are acting as if H.R. 10, which would legalize such mergers, had already been signed into law.

Hoekstra threatens Teamsters with contempt

Peter Hoekstra (R-Mich.), the chairman of the House Oversight and Investigations subcommittee of the Education and the Workforce Committee, on April 28 threatened the International Brotherhood of Teamsters with a contempt of Congress citation if the IBT refuses to comply with subpoenas issued by the subcommittee in its investigation of the 1996 Teamsters election.

Hoekstra and Charlie Norwood (R-Ga.) carefully distanced themselves from the issue of who should replace Ron Carey as Teamsters president. "What we want to see," Hoekstra said, "are clean candidates and a clean election. Who those candidates are doesn't concern us." Hoekstra complained that the IBT, which has been overseen by the Department of Justice since 1988, is refusing to comply with subpoenas issued by the subcommittee, and that the Federally appointed financial auditor, Marvin Levy, testified before the subcommittee only under compulsion. (Michael Cherkasky, the Federal official overseeing the Teamsters election, testified voluntarily.) Hoekstra said that Levy's refusal to testify voluntarily, and the IBT's refusal to comply with subpoenas for documents and audio tapes of IBT board meetings, is "part of a pattern of stonewalling. . . . It appears, that Levy is functioning more as a bookkeeper than as an auditor."

Hoekstra vowed that the subcommittee will continue "vigorous over-

sight" of those who are supposed to be monitoring the union; that the subcommittee will scrutinize all Federal money spent on the Teamsters' election; and, that the subcommittee will take all necessary steps to force compliance with its subpoenas. Hoekstra said he viewed a contempt of Congress citation as a last resort, but Norwood indicated a willingness to use it right away. A contempt of Congress citation requires convincing a majority of the House that the subcommittee needs the documents.

While Hoekstra and Norwood both insisted that they were concerned about the rank and file union members having a clean union, Hoekstra's anti-union profile, and the fact that his investigation overlaps other investigations targeting President Clinton and the Democratic Party, suggest otherwise.

Senate ratifies NATO expansion treaty

On April 30, the Senate approved the addition of Poland, Hungary, and the Czech Republic as members of the North Atlantic Treaty Organization, by a vote of 80-19. The vote followed four days of debate that primarily centered around costs of NATO expansion and how Russia would react, as well as what the strategic outlook of an expanded NATO should be.

A number of amendments reflecting these concerns, however, were all defeated. Two amendments to slow down future expansion, both co-sponsored by John Warner (R-Va.) and Daniel Patrick Moynihan (D-N.Y.), failed. One (which received 17 votes) would have deferred the admission of Poland, Hungary, and the Czech Republic until these nations are admitted

to the European Union. Another (which received 41 votes) would have imposed a three-year moratorium on future expansion.

Warner argued that the three-year pause was necessary because the pressure to add more countries to NATO after the addition of these three, will be "unrelenting." He added, "It is to the advantage of the other nations to let this experiment ferment for a period to determine the purity, or lack thereof, of the decision."

Larry Craig (R-Id.) sponsored an amendment which would have conditioned U.S. acceptance of the treaty on passage of specific statutory authorization for continued deployment of U.S. forces in Bosnia. He said he was concerned that President Clinton's "vision of a new NATO will signal the end of the alliance as a defense alliance and the beginning of a new role as a regional peacekeeping organization." Jack Reed (D-R.I.) argued that this "new vision" was precisely the reason why NATO expansion should be supported. Craig's amendment was defeated by a vote of 80-20.

Social Security reform panel sought by House

On April 29, the House approved a bill by a vote of 413-8, to create a Bipartisan Panel to Design Long Range Social Security Reform, similar to the reform panel on Medicare that has already begun work under the chairmanship of Sen. John Breaux (D-La.). The panel is to be made up of four Democrats and four Republicans. The bill also initiates a "national dialogue on Social Security," by creating a "Dialogue Council" to be made up of 36 members nominated by a range of lobbying groups and think-tanks that span

the political spectrum.

House Ways and Means Committee Chairman Bill Archer (R-Tex.), the lead sponsor of the bill, declared, "We must remove politics from Social Security" in order to "get the job done" of developing and implementing reforms of the Social Security system.

Democrats attempted to add a provision to the bill which called on Congress to reserve budget surpluses until Congress takes action to "save Social Security for current and future generations." Earl Pomeroy (D-N.D.) argued that the provision would "put present meaning to a bill that is otherwise merely about future action."

Jim Bunning (R-Ky.) argued that Pomeroy's motion was unnecessary, because the Ways and Means Committee had already agreed to a separate bill (introduced by Bunning in March) that would do the same thing. Pomeroy replied that the debate in the committee was quite "protracted," and a voice vote indicated where there was a "clear divide" on reserving budget surpluses for Social Security. However, Pomeroy's motion was defeated by a vote of 223-197.

Democrats vow to pass health care rights bill

On April 29, Senate Democrats vowed that unless the GOP agrees to bring it up, they will attach their proposed Patients' Bill of Rights as an amendment to the next available piece of legislation (excluding treaties and urgent legislation) that comes up during the remainder of the session. Minority Leader Tom Daschle (D-S.D.), who was joined by Edward M. Kennedy (D-Mass.) and Byron Dorgan (D-N.D.), said, "This is too important to shovel off to another session of Congress."

Kennedy said that the Democratic legislation is supported by the American Medical Association, doctors, and patients' and consumers' groups, but "we're facing once again the old tactics by our friends on the other side, that are distorting and misrepresenting the costs of this particular bill." He cited a number of reports that say that the costs of the legislation would be negligible, contrary to the claims of insurance companies and managed-care organizations. Dorgan promised that Senate Democrats "intend to begin on a daily basis bringing to the floor of the Senate stories about individual Americans, the American people who are confronted daily with these challenges posed to them by managed-care organizations."

Earlier in the day, nine members of the House GOP, led by Greg Ganske (R-Iowa), announced that they had become co-sponsors of the House Democrats' version of the Patients' Bill of Rights. Ganske is the sponsor of his own bill, entitled The Patients' Right to Know Act, which has 300 co-sponsors, but he said he decided to back the Democrats' bill because passage of a patient protection measure was "more important than a claim to authorship." He also said that he had decided to support the Democrats' bill because "the clock is ticking on this legislative year."

The Democratic bill is similar to the bipartisan Patient Access to Responsible Care Act, introduced by Charlie Norwood (R-Ga.), currently the subject of negotiation in a GOP health reform task force. The Norwood bill would create a Federal right to sue health plans, whereas the Democratic bill only allows it under state law. Otherwise, both bills add patient protections from measures by health maintenance organizations that deny needed health care on the basis of cost considerations.

National News

FBI apologist smears King family, LaRouche

David Garrow, who has written extensively on the FBI and J. Edgar Hoover's dirty operations against Martin Luther King, Jr., showed his true colors in a vile article featured on April 28 in the internet magazine *Salon*. Entitled "Triumphant in Death," the kicker sneers, "James Earl Ray is laughing all the way to hell, thanks to the King family's perposterous belief that he didn't kill Martin Luther King Jr."

"Since 1969," Garrow scribbled, "a bizarre susceptibility to outlandish claims of Ray's innocence has slowly spread throughout Martin Luther King's circle of aides and associates. The first to succumb was the mercurial and once-brilliant James Bevel, who began championing Ray in 1969 before moving on to subsequent alliances with Lyndon LaRouche, Rev. Sun Myung Moon, and Louis Farrakhan."

Garrow pronounced the new evidence of Ray's innocence, cited by Ray's lawyer William Pepper, as "nothing more than fabricated stories told by people motivated by the expectation of Hollywood movie riches and, in some instances, actual up-front cash payments." Garrow, now the shameless apologist for the FBI, claimed that Ray destroyed the credibility of the King family.

'Religious persecution' act dubbed unacceptable

President Clinton criticized the proposed Religious Persecution Act, a hobby horse of U.S. Rep. Frank Wolf (R-Va.), and similar legislation, which imposes automatic sanctions on countries for various actions that are alleged to be objectionable. Clinton, speaking to 60 evangelical Christian leaders at the White House on April 27, said that such legislation puts pressure on the Executive branch to "fudge" or overlook violations, in order to carry out U.S. foreign policy without threatening or levying sanctions. He spe-

cifically cited the Religious Persecution Act, sponsored by Wolf in the House and Arlen Specter (R-Pa.) in the Senate, as unacceptable. Clinton also singled out punitive legislation against Russia, Iran, and Cuba as instances of Congressional initiatives designed to undercut his ability to make foreign policy.

On April 28, White House press secretary Mike McCurry elaborated on the President's objections to such legislation: "When it comes to foreign policy-making . . . we need the flexibility required to conduct our diplomacy in a deft manner. And to have . . . Congress in effect constituting itself as 535 Secretaries of State is not a good way to conduct the foreign policy of this country."

For all his hot air about religious persecution, when so-called Christians launched a racist crusade in his district early this year, to stop the construction of an Islamic academy, Wolf and his Christian Solidarity gang were deafeningly silent.

S. Dakota Dems disown slander of Wiczorek

A former South Dakota Democratic Party candidate has circulated a slander against Congressional candidate Ron Wiczorek, a LaRouche Democrat who is running in the state's June 2 primary. The slander follows the ID format used in 1996 against Presidential candidate Lyndon LaRouche by Democratic National Committee Chairman Don Fowler. Steve Dick, the state Democratic Party executive director, and Wiczorek's opponent in the primary, Jeff Moser, have both distanced themselves from the slander, but so far have refused to issue a statement denouncing it. Moser said that he has no affiliation with Phil Cyre, who signed the letter and enclosures mailed to party officials throughout the state, stating, "I have great respect for Ron."

Democratic Party officials from around the state began reporting to Wiczorek that they had received the scurrilous letter shortly after he had addressed the state party meeting in Huron on April 18.

Cyre's letter tells "Fellow Democrats":

"I thought you might be interested in knowing a little bit about some of the things that Lyndon LaRouche has said and done. I hope that you will pass this information onto other active Democrats before the June 2 primary." An enclosed leaflet refers to LaRouche as "neo-fascist" and "anti-Semitic," and repeats lies about him from the *Washington Post* and *New Republic*. This ID format regarding LaRouche was first invented in 1983 at a New York salon hosted by banker John Train, and financed by Richard Mellon Scaife, the money-bags now underwriting the assault against President Clinton.

According to party executive Dick, Cyre is not an official of the Democratic Party, although he was a Democratic candidate for State Senator in 1996. Dick claimed that the party did not endorse or finance the anti-Wiczorek mailing, and had no intention of endorsing either candidate in the primary.

Given the stringent laws governing Federal election campaigns, Wiczorek is now evaluating the filing of an official complaint with the Federal Election Commission regarding the mailing.

Black former Marshal wins suit against DOJ

Matthew Fogg, who heads the U.S. Marshals against Racism and Corruption, was awarded \$4 million in damages and reinstated into the service at the Chief Deputy Level, after he sued the Department of Justice charging that its Marshals Service was run in a racially charged, hostile environment against African-Americans. The Washington, D.C. court, under Federal Judge Thomas Penfield Jackson, found the DOJ and Attorney General Janet Reno liable for racism and discriminatory treatment of Fogg, which forced him to leave active duty in 1993.

At a press conference on April 29 in front of the Federal Court House, Fogg emphasized that the "bureaucracy in the Marshals Service must be changed, and another view of law enforcement must be taken. . . . This

is not about money, although the amount of money sends a message. Something has to be done to stop the discrimination against those who are standing up for justice.”

Fogg told Schiller Institute representative Angela Vullo that this victory against the permanent bureaucracy was the beginning of a larger fight.

Globalization is bringing sweatshops home to U.S.

“Sweatshops are proliferating because of mounting pressures created by the global labor market,” the *Philadelphia Inquirer* reported on May 3, in a story on the U.S. garment industry.

“With companies hopscotching the world in search of cheap labor, there is more pressure than ever on U.S. clothing factories to produce more apparel more cheaply,” the *Inquirer* said. In 1997, some 63% of about 100 garment factories investigated in New York City were in violation of minimum-wage and overtime-pay provisions, according to the Department of Labor; the department recovered more than \$3 million in back wages in FY 1997 for nearly 8 million garment workers, as part of its “No Sweat” anti-sweatshop campaign.

“Sweatshops abroad press down on wages and working conditions in the United States,” Harley Shaiken, of the University of California at Berkeley, told the daily.

Forbes backs Social Security privatization

Monetarist and former Presidential candidate Steve Forbes, editor-in-chief of *Forbes* magazine, put in his parsimonious two cents on behalf of Social Security privatization in the April 6 issue, under the promising headline “Making Every Man and Woman a Millionaire”: “The Dow Jones Industrial Average in this century has increased more than 120-fold despite cataclysmic wars, depressions, recessions and inflations, and is now at about 8500. If it does as well in the next

100 years, it should reach the 1,000,000 level around the 2090s. . . .

“Given that perspective, why shouldn’t we phase in a new Social Security system for younger people, in which the bulk of their payroll taxes would go to their own retirement accounts?” These retirement accounts would be invested in the stock market, according to Forbes.

What billionaire Forbes doesn’t say is that this Conservative Revolution strategy is aimed at soaking up payroll taxes in order to keep the overblown stock market bubble from bursting.

States defeat anti-union ‘payroll deception’ acts

The AFL-CIO announced on May 1 that, more than midway through the state legislative cycle, anti-labor organizations such as the American Legislative Exchange Council and the Business Roundtable have introduced legislation to limit the ability of trade unions to influence elections in only 27 out of their target of 50 states, and they have been stopped in 13 of those states. The legislation, known by its proponents as the “Payroll Protection Act” and by organized labor as the “Payroll Deception Act,” would force unions to get written permission from individual members before any money could be spent in support of a candidate, or even on voter education.

The only state where an initiative has qualified is California, where Proposition 226 will be on the June 2 primary ballot. It would force unions to obtain a written, signed statement from every member before a penny of that member’s dues could be used anywhere in the political arena. Gov. Pete Wilson (R) has pledged to raise \$10 million for the initiative, and anti-labor groups have pledged more than \$22 million. Business outspent labor 11-1 in the 1996 Federal elections.

So far, the legislation has been defeated in Colorado, Georgia, Hawaii, Kansas, Maine, Maryland, Mississippi, Missouri, New Mexico, South Dakota, Utah, Vermont, Washington, and West Virginia.

STEELWORKERS from Pueblo, Colorado, who own stock in Oregon Steel, took their grievances to the April 30 shareholders meeting. Oregon Steel’s subsidiary CF&I forced more than 1,000 steelworkers out on strike last Oct. 3. In response to the protest, Oregon Steel chairman Tom Boklund abruptly adjourned the meeting and left the room.

NEW YORK Governor George Pataki (R) was in Israel in early May to give aid and comfort to his fellow right-winger, Prime Minister Benjamin Netanyahu. “I think it is counter-productive for the United States to try to dictate policy toward the people of Israel,” he told the daily *Ha’aretz* on May 4. Pataki’s friend, Ron Lauder, of the Estée Lauder cosmetics fortune, who bankrolled Netanyahu’s campaign, has just purchased 20-25% of the daily, *Ma’ariv*.

LOUISIANA State Rep. Charles Hudson and three co-sponsors introduced a bill into the House of Representatives on May 5, which would impose a 1% tax on securities transactions in the state. Similar legislation has been introduced in New Hampshire and Pennsylvania.

SOROS FACULTY scholars Drs. Diane Meier and R. Sean Morrison have published “A National Survey of Physician-Assisted Suicide and Euthanasia in the United States,” in the April 23 edition of the *New England Journal of Medicine*. The bias of the survey can be discerned from an earlier article in the *Annals of Internal Medicine* by Meier, which extolls the “potentially superior” features of self-inflicted terminal hydration over “physician-assisted suicide.”

A PENNSYLVANIA legislator reports that, in a recent hearing on school districts’ losses of \$70 million from derivatives investments, he told the other legislators, “Lyndon LaRouche warned us about this a long time ago, and he was right. When you’re right, you’re right.”

Railroads and the American System

Two committees of the U.S. Congress are conducting hearings on the sorry state of the nation's railroads, and on the effect of railroad bottlenecks on the shipping of agricultural commodities. The hearings have brought to public attention a growing call for reregulation of the railroads, which were deregulated in 1980. Senate Minority Leader Tom Daschle (D-S.D.), for example, pointed out on April 22 that "there is a greater and greater demand in South Dakota and the Upper Midwest for reregulation."

We say, "Yes!" A fast, efficient, reliable transport system is essential for the well-being of any modern nation. The construction of the U.S. railroad grid was one of the great achievements of the American System of political economy, as against the British-linked financier interests who opposed such government-backed infrastructure projects. If the free-traders had had their way, the railroads would never have been built. Today, if America is to participate in the great project of the twenty-first century, the Eurasian Land-Bridge, the railroads must be up and running. In fact, we must convert to high-speed rail and to maglev, the technology of the future.

But instead, we face a situation in which a milling company in Fresno, California, Penny-Newman Grain Co., was forced to order barley from *Finland*, according to an AP report on May 3, because Union Pacific railroad's months-long traffic jams meant that domestic grain could not be reliably obtained. Said a company spokesman, "We bought it because we're tired of putting up with the delays." He pointed out that last year, some 93 million bushels of grain were stored on the ground, awaiting rail cars to transport them.

At a hearing of the Senate Agriculture Committee on April 30, Sen. Tom Harkin (D-Iowa) called for Congressional action. "I think we are facing a terrible crisis," he said. "I don't know what we can do with the railroads that have a stranglehold on us right now." He suggested that Congress could "invoke antitrust laws." Agriculture Secretary Dan Glickman announced that he would hold an agriculture shipping summit, in a Midwest city this summer, to discuss the problem further.

The railroad subcommittee of the House Transportation Committee took testimony on April 22 (one of four hearings), on the re-authorization of the Surface Transportation Board. (The STB was the more limited replacement for the Interstate Commerce Commission, which was abolished in an orgy of "Conservative Revolution" budget cutting by the 104th Congress.) At that hearing, Rep. Bob Clement (D-Tenn.) called for strengthening the role of the STB in addressing reliability problems, such as those that have plagued the Union Pacific since it swallowed up the Southern Pacific railroad in a merger in 1996. Thomas D. Crowley, representing the Western Coal Traffic League, reported that service disruptions in the Union Pacific system had caused the WCTL's members to incur "tens of millions of dollars" in additional costs. Marc S. Levine, representing the Society of the Plastics Industry, which pays over \$1 billion per year to the railroads, stated that the "service meltdown" on the Union Pacific "is, unfortunately, pandemic of a much larger, more serious problem facing the entire U.S. shipping community. What we are confronted with is a rail industry that will not offer competitive rates, competitive service, and quality assurance as basic tenets of moving U.S.-produced goods to market."

When the railroads were deregulated in 1980, *EIR* warned that this would lead to a disastrous breakdown. It must be reversed as rapidly as possible.

America's greatest leaders have always been very clear on this issue. For example, President John Quincy Adams, during his inaugural address, declared that, if the constitutional powers of the Federal government to promote the welfare of the nation "may be effectually brought into action by laws promoting the improvement of agriculture, commerce, and manufactures, the cultivation and encouragement of the mechanic and elegant arts, the advancement of literature, and progress of the sciences . . . , [then] to refrain from exercising them for the benefit of the people themselves, would be to hide in the earth the talent committed to our charge—would be *treachery in the most sacred of our trusts.*"

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Sun., May 17-9 p.m.
Sun., May 24—7 p.m.
Mon., May 25—10 p.m.

KANSAS

- SALINA—CATV Ch. 6*

LOUISIANA

- NEW ORLEANS—Cox Ch. 8
Mon.—1 a.m.; Wed.—7 a.m.
Thu.—11 p.m.; 12 Midnite
Sun.—4 a.m.

MARYLAND

- ANNE ARUNDEL—Ch. 20
Fri. & Sat.—11 p.m.
- BALTIMORE—BCAC Ch. 5
Wednesdays—4 p.m. & 8 p.m.
- MONTGOMERY—MCTV Ch. 49
Fridays—7 p.m.
- P.G. COUNTY—Ch. 15
Thursdays—9:30 p.m.
- W. HOWARD COUNTY—Ch. 6
Monday thru Sunday—
1:30 a.m., 11:30 a.m.,
4 p.m., 8:30 p.m.

MASSACHUSETTS

- BOSTON—BNN Ch. 3
Saturdays—12 Noon

MINNESOTA

- DULUTH—PACT Ch. 50
Thu.—10 p.m.; Sat.—12 Noon
- MINNEAPOLIS—MTN Ch. 32
Fridays—7:30 p.m.
- MINNEAPOLIS (NW Suburbs)
NW Community TV Ch. 36
Mondays—7 p.m.
Tues.—1 & 7 a.m.; 1 p.m.
- ST. LOUIS PARK—Ch. 33
Friday through Monday
3 p.m., 11 p.m., 7 a.m.
- ST. PAUL—Ch. 33; Sun.—10 p.m.
- ST. PAUL (NE Suburbs)*
Suburban Community Ch. 15

MISSOURI

- ST. LOUIS—Ch. 22; Wed.—5 p.m.

NEVADA

- RENO/SPARKS
Conti. Ch. 30; TCI Ch. 16
Wednesdays—5 p.m.

NEW JERSEY

- STATEWIDE—CTN
Sundays—5:30 a.m.

NEW YORK

- BROOKHAVEN (E. Suffolk)
TCI Ch. 1/99; Wed.—9 p.m.
- BROOKLYN—BCAT
Time/Warner Ch. 35
Cablevision Ch. 68
Sundays—9 a.m.
- BUFFALO—BCTV Ch. 68
Saturdays—12 Noon

HUDSON VALLEY—Ch. 6

- 2nd Sun. monthly—1:30 p.m.
- ILION—T/W Ch. 10
Fridays—10 a.m.
- IRONDEQUOIT—Ch. 15
Mon. & Thurs.—7 p.m.
- ITHACA—Pegasys Ch. 57
Mon. & Weds.—8 p.m.
Saturdays—4:30 p.m.
- JOHNSTOWN—Ch. 7
Tuesdays—4 p.m.
- MANHATTAN—MNN Ch. 34
Sun., May 17 & 31—9 a.m.
Sun., June 14—9 a.m.
- MONTVALE/MAHWAH—Ch. 14
Wednesdays—5:30 p.m.
- NASSAU—Ch. 80
Wednesdays—7 p.m.
- OSSINING—Ch. 19-S
Wednesdays—3 p.m.
- Poughkeepsie—Ch. 28
1st & 2nd Fridays—4 p.m.
- RIVERHEAD
Peconic Bay TV Ch. 27
Thursdays—12 Midnight
- ROCHESTER—GRC Ch. 15
Fri.—11 p.m.; Sun.—11 a.m.
- ROCKLAND—PA Ch. 27
Wednesdays—5:30 p.m.
- SCHENECTADY—SACC Ch. 16
Wednesdays—10 p.m.
- STATEN ISL—CTV Ch. 24
Wed.—11 p.m.; Sat.—8 a.m.
- SUFFOLK, L.I.—Ch. 25
2nd & 4th Mondays—10 p.m.
- SYRACUSE—T/W Ch. 3
Fridays—4 p.m.
- SYRACUSE (Suburbs)
Time/Warner Ch. 12
Saturdays—9 p.m.
- UTICA—Harron Ch. 3
Thursdays—6 p.m.
- WEBSTER—WCA-TV Ch. 12
Wednesdays—8:30 p.m.
- WEST SENECA
Adelphia Cable Ch. 68
Thursdays—10:30 p.m.
- YONKERS—Ch. 37
Saturdays—3:30 p.m.
- YORKTOWN—Ch. 34
Thursdays—3 p.m.

OREGON

- CORVALLIS/ALBANY
Public Access Ch. 99
Tuesdays—1 p.m.
- PORTLAND—Access
Tuesdays—6 p.m. (Ch. 27)
Thursdays—3 p.m. (Ch. 33)

TEXAS

- AUSTIN—ACT Ch. 33*
- EL PASO—Paragon Ch. 15
Wednesdays—5 p.m.
- HOUSTON—Access Houston
Mon., May 18—5-6 p.m.
Thu., May 21—7-10 p.m.
Mon., May 25—5-7 p.m.
Sat., May 30—8-9 p.m.

UTAH

- GLENWOOD, Etc.—SCAT-TV
Channels 26, 29, 37, 38, 98
Mon.-Fri.—various times

VIRGINIA

- ARLINGTON COUNTY
ACT Ch. 33
Sun.—1 pm; Mon.—6:30 pm
Wednesdays—12 Noon
- CHESTERFIELD COUNTY
Comcast Ch. 6
Tuesdays—5 p.m.
- FAIRFAX COUNTY
FCAC Ch. 10
Tuesdays—12 Noon
Thurs.—7 p.m.; Sat.—10 a.m.
- LOUDOUN COUNTY
Cablevision Ch. 59
Thursdays—10:30 a.m.;
12:30 p.m.; 2:30 p.m.;
4:30 p.m.; 7:30 p.m.; 10:30 p.m.
- ROANOKE COUNTY—Cox Ch. 9
Thursdays—2 p.m.

WASHINGTON

- KING COUNTY—Ch. 29
Fridays—8 a.m.
- SPOKANE—Cox Ch. 25
Tuesdays—6 p.m.
- TRI-CITIES—TCI Ch. 13
Mon.—12 Noon; Weds.—6 pm
Thursdays—8:30 pm

WISCONSIN

- WAUSAU—Marcus Ch. 10
Fri.—10 p.m.; Sat.—5:30 p.m.

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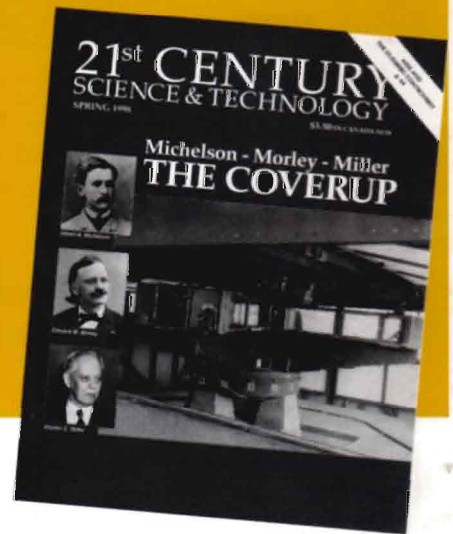
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Michelson-Morley-Miller: THE COVERUP

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SCIENCE & TECHNOLOGY



The Experiments of Dayton C. Miller (1925-1926) and the Theory of Relativity

by Maurice Allais

Einstein's theories of special and general relativity rest on the allegedly null results of Michelson's interferometer experiment. Here, a French physicist and Nobel Laureate in economics, demonstrates that Michelson's results were not null, and that the interferometer experiments of the American scientist Dayton Miller produced positive results, thereby invalidating the foundation of the Theory of Relativity.

Optical Theory in the 19th Century, and the Truth about Michelson-Morley-Miller

by Laurence Hecht

To understand the ground-breaking significance of Dayton Miller's ether drift measurements, one must go back to the original discoveries of Fresnel on the wave theory of light and its subsequent development in the 19th century.

Into Space from the Sea

by Oleg A. Sokolov

Since the dawn of the space age, nations have lofted satellites into space from launch sites on land. Soon, for the first time, satellites will also be reaching space from the sea.

All Chernobyl's Victims: A Realistic Assessment of Chernobyl's Health Effects

by Zbigniew Jaworowski

Fear of radiation, reinforced by press scare stories and unwise policies, has created a shocking number of psychosomatic illnesses in the Chernobyl region. A leading radiation expert reviews the situation and scores the faulty assumptions of the radiation regulatory agencies.

AIDS and the Duesberg Controversy

The Challenge of Developing an AIDS Vaccine

Is There a Causality in Quantum Physics?