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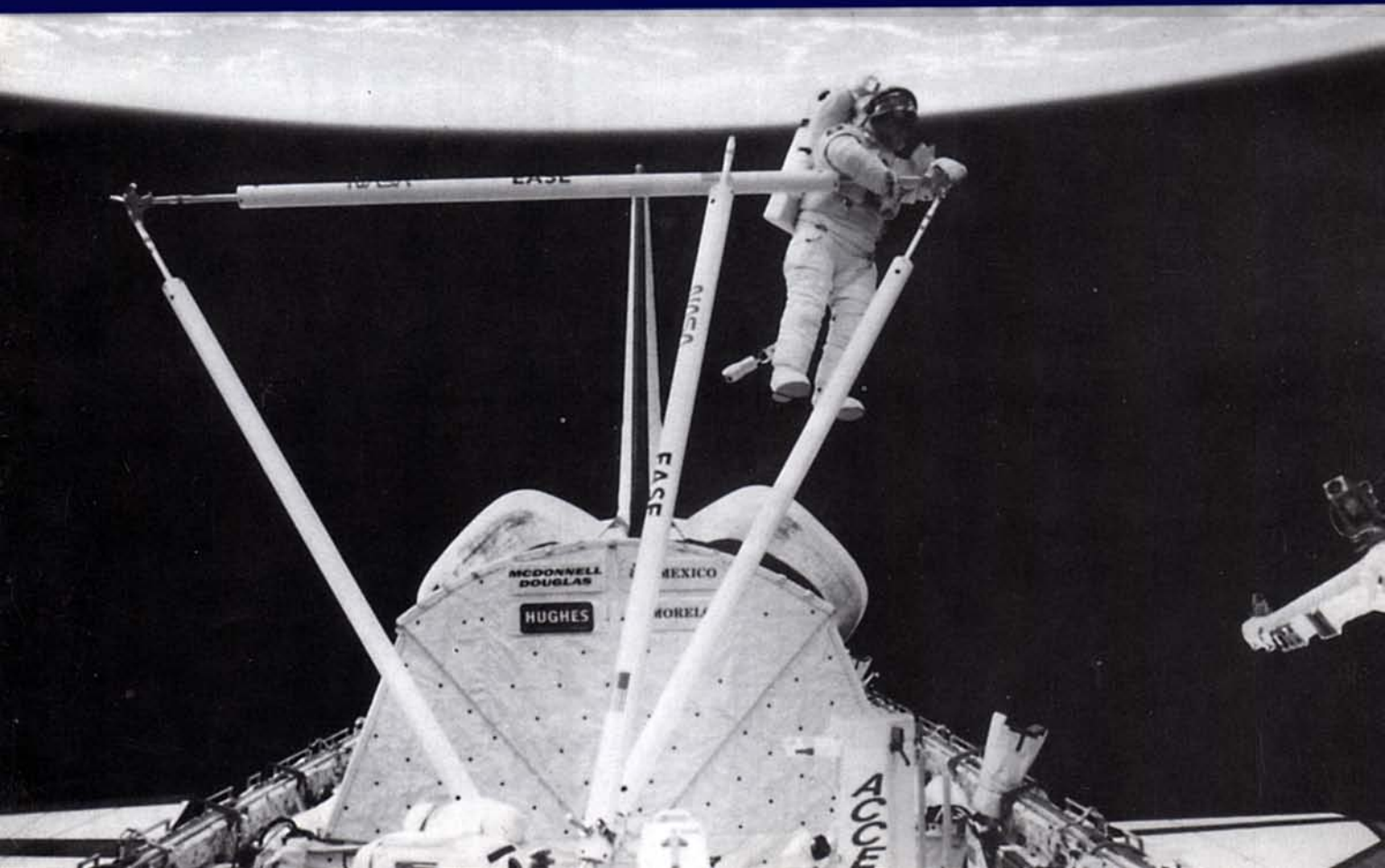
Executive Intelligence Review

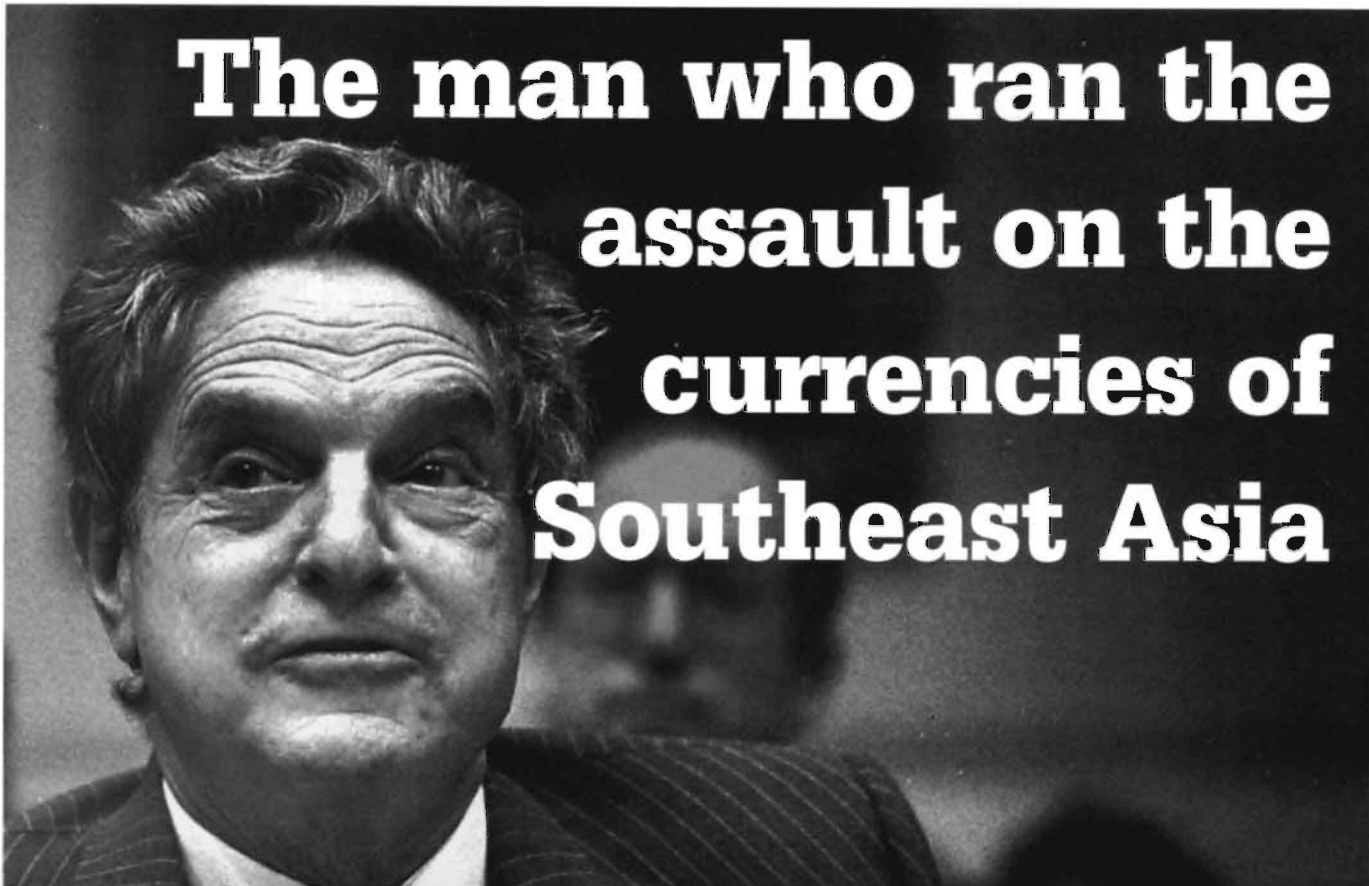
July 24, 1998 Vol. 25 No. 29

\$10.00

LaRouche at center of fight over McDade-Murtha
A no-confidence vote for 'Japan, Inc.'
IMF's Russia deal is no fix for global bubble

**An 'American Century' seen as
a modular mathematical orbit**





The man who ran the assault on the currencies of Southeast Asia

An EIR special report

'The true story of SOROS THE GOLEM A profile of megaspeculator George Soros.'

- Lyndon LaRouche on Soros: "the gravedigger of international finance."
- Malaysia's Dr. Mahathir on Soros: "He's no Robin Hood. He takes from the poor and fills his own pockets."
- *Wall Street Journal* on LaRouche: "Mr. LaRouche has long been at odds with the U.S. political mainstream. . . . But his theories receive a warmer reception in Malaysia, where the 60-page *EIR* report on Soros has been passed among Malaysian editors, intellectuals and politicians."

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The report may be ordered from
Executive Intelligence Review
at P.O. Box 17390, Washington, D.C.
20041-0390.

Order # EIR 97-001.

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EIR (ISSN 0273-6314) is published weekly (51 issues) except for the second week of July, and the last week of December by EIR News Service Inc., 317 Pennsylvania Ave., S.E., 2nd Floor, Washington, DC 20003. (202) 544-7010. For subscriptions: (703) 777-9451. World Wide Web site: <http://www.larouchepub.com> e-mail: eirns@larouchepub.com

European Headquarters: Executive Intelligence Review Nachrichtenagentur GmbH, Postfach 2308, D-65013 Wiesbaden, 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

In Mexico: EIR, Río Tiber No. 87, 5o piso, Colonia Cuauhtémoc, México, DF, CP 06500. Tel: 208-3016 y 533-26-43.

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

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Postmaster: Send all address changes to EIR, P.O. Box 17390, Washington, D.C. 20041-0390.

From the Associate Editor

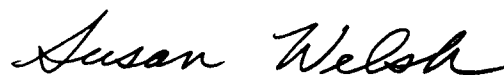
The “egg” of the bankrupt global financial system “will crack soon”—most likely during the summer or autumn. That was Lyndon LaRouche’s evaluation of the most recent tumultuous developments internationally. Events are moving in this direction at a very rapid pace, as we report in this issue:

- In the United States, a ferocious battle is raging over the Mc-Dade-Murtha Citizens Protection Act, which would scrutinize and punish prosecutorial misconduct by the U.S. Justice Department. With more than 200 co-sponsors, the bill has broad bipartisan support—and the LaRouche movement is mobilizing constituent pressure to bring recalcitrant Congressmen on board and make sure that full hearings are conducted, focussed on three issues: 1) the railroad against LaRouche and associates; 2) the “Operation Fruehmenschien” targetting of African-American elected officials; and 3) the John Demjanjuk case. See *National* for the latest explosive developments.

- The International Monetary Fund’s so-called bailout package for Russia (or, for its international creditors) was destined to fail, even before the ink was dry on the documents signed in Moscow.

- In Japan, the Hashimoto government’s unexpected demise places before the nation’s elites the urgent requirement of coming up with a real policy—not more impotent crisis management and “consensus” politics.

In his *Feature* article, LaRouche addresses the crucial, but rarely understood issues posed by the ongoing collapse of the world financial and monetary system. In this, the fourth in a series, the author elaborates on the issues addressed in last week’s article, “Where Franklin Roosevelt Was Interrupted.” He defines the mathematical form of the difference between two opposing sets of U.S. economic policies: on the one side, “The American Century,” as Roosevelt understood it; and on the other, “the axioms of that self-doomed, globalist, financial and monetary order, the which was established during the course of the recent thirty-odd years.” LaRouche’s analysis shows why a New Bretton Woods system would be successful, and any failure to institute that system, would result in a world-wide catastrophe.



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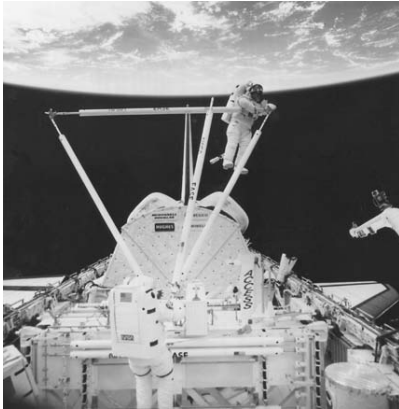
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IMF's Russia deal is no fix for global bubble

by Rachel Douglas and Konstantin George

On Monday, July 13, after a weekend of round-the-clock discussions in Moscow, the International Monetary Fund and the Russian government announced a two-year, \$22.6 billion so-called “stabilization package” for Russian state finances. Cheers went up in Western financial capitals, over the eleventh-hour prevention of a Russian meltdown. IMF Managing Director Michel Camdessus proclaimed his hope to “fundamentally improve the financial situation of the Russian government.” The Russian stock market, in a free fall since the beginning of May, surged by 28% in the first three days of the week, July 13-15.

The Moscow market's rush of vigor, brings to mind the poet Pushkin's lines about a tuberculosis-stricken girl, near death:

There's on her face more crimson light than sorrow.
Today she lives, as yet, but not tomorrow.

The emergency mustering of new money pledges was not a bailout for Russia, as such, but for its Western creditors, and the whole of globalized finance. Camdessus and his subordinates have caught sight of the handwriting on the wall. The same Camdessus, who on July 2 admonished *EIR*'s correspondent Bill Engdahl, to “avoid having catastrophe scenarios” in connection with Russia (see *EIR*, July 17, p. 5), on July 13 issued a lengthy press release to justify the new package, as required to avert catastrophe.

“Given *the systemic nature of the problem*,” wrote Camdessus, “the size of the additional financing, and the IMF's liquidity position, I have initiated consultations with the parti-

cipants in the General Arrangements to Borrow (GAB) to activate the GAB, to secure most of this additional financing for Russia” (emphasis added).

It was the first time since 1978, that the IMF resorted to the GAB, an emergency provision that allows the Fund to borrow from certain member countries at commercial rates. At a press conference in Washington on July 13, simultaneous with the package announcement in Moscow, IMF Deputy Managing Director Stanley Fischer and his assistant, David Williams, detailed the rapid fall of the Fund's “liquidity ratio,” the proportion of its lendable resources, to the level of contributions that IMF member-nations—such as Australia, Fischer cited by name—might suddenly have to take back for emergency use at home. Fischer said, “After these loans [to Russia], our liquidity ratio is below the number that we feel comfortable with, even drawing the \$8.4 billion from the GAB. . . . If we didn't draw on the GAB, we'd be \$8-10 billion below the point at which we feel comfortable.” Asked about the “ability to move quickly when the next flashpoint rises, be it Venezuela, Pakistan, whatever,” Fischer replied, “We are entering a region, in terms of our financing, where we are in grave difficulties.”

Of the \$22.6 billion in 1998-99 funding for Russia, the largest portion is supposed to come from the IMF: \$11.2 billion new credits this year, on top of a previously pledged \$1.3 billion, and 1999 loans of \$2.6 billion. The other sources are the government of Japan and the World Bank, with \$1.7 billion during the rest of this year, and “up to \$6 billion” for the next two years, in the words of World Bank Moscow office head Michael Carter. On July 13, Prime Minister

Sergei Kiriyenko flew straight from the marathon negotiations with the IMF, to Japan, which is lending Russia \$1.5 billion as part of the package. By the time he landed, Prime Minister Ryutaro Hashimoto was a lame duck, having resigned after his party's resounding electoral defeat, due also to the financial crisis.

Because the IMF is so drained, nearly 80% of its new \$11.2 billion is to be provided by GAB participants, the Group of 10 countries plus Switzerland. Created in 1962, the GAB is restricted to activation in the event of an acute money shortage at the IMF and a crisis that threatens the entire world financial-monetary system, which criteria the IMF now officially admits to exist. As a senior European banker told *EIR* on July 14, "The fact that the IMF had to resort to the GAB to aid Russia is indication of the level of panic."

While preparing for a July 20 board meeting for the purpose of approving the Russia deal, the IMF's executive committee met late into the evening already on July 15, deciding on a vote to release the next \$1 billion tranche of its \$41.2 billion package to Indonesia. A combination of multilateral institutions and 20 countries will also patch together another \$6 billion in stand-by credits, although Indonesian President B.J. Habibie and Economic Coordinating Minister Ginandjar Kartasasmita announced, as the IMF committee was meeting, that the country urgently needs an additional \$10-11 billion to prevent its budget deficit from ballooning out of control.

The IMF's new monies for Russia, if approved, are supposed to arrive in the depleted coffers of the Russian Central Bank with lightning speed. Central Bank Chairman Sergei Dubinin announced on July 14 that the first half of the new funding, \$5.6 billion, would be extended to the Central Bank as a credit line by July 22 or 23.

Chain reaction feared

With the failure of one weekly GKO (treasury bill) auction after another, Russian currency reserves were draining away at the rate of \$1.5 billion per week. On July 3, the gold and currency reserves were stated by the Central Bank of Russia as \$15.1 billion (of which close to \$5 billion is in gold). By July 10, according to the bank's announcement on July 14, the reserves had fallen to \$13.5 billion. An attempted placement of one-month GKO's at 118% annualized interest yields, at the July 8 auction, failed to draw bids for more than one-third of the offering, and the Central Bank spent \$725 million to redeem maturing issues, in one day.

Had the Russian state defaulted on its bonds, a total collapse of the GKO market, sending the ruble into a free fall and calling into question the maintenance of Russia's \$140 billion in official foreign debt, and a chain reaction collapse of nearly all Russian banks, including most of the top 20, was set to follow. The magnitude of the shock wave

that would then have hit western Europe, is expressed by one figure: The great majority of German banks' \$30 billion, at minimum, exposure to Russia, is in the form of loans to Russian banks.

What the "Asia" crisis had so far failed to do, the "Russia" crisis could have accomplished: the puncture and deflation of the overbloated Western markets. An added dimension for Europe, is that a functional collapse of the Russian energy sector, as a result of financial meltdown, would lead to energy emergency in Germany, and throughout Central Europe.

Not surprisingly, German commentators were far ahead of the American media, with regard to the systemic threat from the Russian crisis. Klaus Engelen, chief editor of the economics daily *Handelsblatt*, wrote in his July 15 column, that "a collapse of the Russian economic reforms could have negative implications regionally, as well as globally, and could in particular trigger a geopolitical collapse of the political climate." Assistance to Russia was also important, he suggested, "to keep up the levels of euphoria on U.S. and European stock markets."

GKO swap: shades of Mexican tesobonos

A key component of the IMF's deal with Moscow, is a scheme to convert part of the GKO bond pyramid into Eurobonds, and pay off the rest. The ruble-denominated short-term state bond market, which exploded from nothing to the equivalent of nearly \$70 billion in the space of four years (see *EIR*, July 3, pp. 26-32), is supposed to be phased out, which Finance Minister Mikhail Zadornov told the State Duma (Parliament) was nothing short of a "historic milestone." Zadornov, negotiator Anatoli Chubais, and IMF officials John Odling-Smee and Stanley Fischer, posed the conversion in terms of "easing pressures on the GKO market," replacing high-interest, short-term obligations with long-term ones.

The announcement of the "voluntary" conversion of (ruble-denominated) GKO's into long-term (dollar-denominated) Eurobonds, is reminiscent of the notorious debacle of Mexico's *tesobono* project of 1994, which ended with that country's debt blowout in December 1994.

In February 1994, there were \$54.7 billion of peso-denominated Mexican treasury bonds (*Cetes*) held by foreigners, and just \$5.3 billion of dollar-denominated *tesobonos*. Under foreign financial assault, Mexico's currency reserves fell from \$29 billion to \$16 billion, between February and June, while *Cetes* interest rates doubled from 8 to 16%. Former Bush administration Deputy Treasury Secretary David Mulford, at the time with the First Boston investment bank, travelled to Mexico to instruct Finance Minister Pedro Aspe, that the only way to keep international hot money inside Mexico was by offering to convert maturing *Cetes* into dollar-denominated *tesobonos*. By November 1994, foreign *Cetes*

holdings had dropped by more than \$30 billion, while *tesobonos* outstanding skyrocketed from \$5.3 billion to \$53.8 billion—the vast majority of them short term (at least the Russians are trying to issue long-term Eurobonds). Then, when Mexico was hooked on these new *dollar* obligations—which increased the country’s de facto foreign debt by nearly \$50 billion in nine months!—the bottom fell out. During three weeks in December 1994, Mexico’s reserves were drained from \$16 billion down to \$5.5 billion. With Mexico teetering on the edge of sovereign default on *tesobonos* and other foreign obligations, the IMF hustled together the famous \$50 billion bailout package, which ensured that the foreign bond holders emerged unscathed.

There won’t be a safe exit, this time, even if the GKO scheme is successfully launched. Its success is far from certain. The Russian government is taking applications for the conversion of GKOs, between July 14 and July 24, its agent for the new Eurobonds being Goldman Sachs. Although nearly half (47%) of GKOs are held by the Russian Central

Another candidate for IMF bailout: Ukraine

A new financial crisis is brewing, this time in Ukraine. If no IMF bailout package is forthcoming, Ukraine could be heading for default as early as August, when a \$450 million Eurobond with an annual interest rate of 39% in secondary trading, falls due.

In mid-July, Moody’s downgraded Ukraine’s country rating from “stable” to “negative.” It is not hard to see why. From now till the end of the year, the amount of Ukrainian GKOs that have to be redeemed is more than the country’s Central Bank dollar reserves, which were put at \$1.7 billion in early July. What happens in the short term will be decided starting on July 21, when an IMF team arrives in Kiev, for negotiations on a new stand-by loan. Ukraine has been seeking \$2-2.7 billion, a tiny amount compared to recent IMF bailouts, but, given the IMF’s own precarious situation, one that could end up being a “bailout too far.”

The IMF’s political condition for a standby loan is that Ukraine’s Supreme Rada (Parliament) pass the 1998 austerity budget. Ukraine’s Parliament has been in session for less than a month, after a two-month impasse in which it failed to elect a Speaker. Whether the Parliament will, under heavy regime pressure, vote up this IMF budget in record time, is an open question.

—Konstantin George

Bank and Sberbank, the national savings bank, the main prospective converters of GKOs to Eurobonds are supposed to be foreign GKO holders and some Russian banks. Mikhail Fridman, head of the Russian Alfa Bank, announced that his bank did not plan to trade in its GKOs. Chubais said that he expected between 30 and 50% of GKO holders to “accept the scheme.” From London, where Deputy Finance Minister Mikhail Kasyanov briefed investors the week of July 13, wire service reports said that banking circles anticipated offers to trade in \$2-10 billion worth of GKOs for Eurobonds, but that the swap would be cancelled if there were bids for less than \$2 billion.

Having announced the termination of GKO issues, Russia has pledged to pay off unswapped GKOs as they come due. If the conversion plan flops, the new IMF funds could be gobbled up by GKO redemptions (used for supporting the ruble, as foreign GKO holders dump their ruble earnings from redemptions). Aleksandr Shokhin, head of the Our Home Is Russia faction in the Duma and former Economics Minister, predicted at a July 14 press conference, that “the IMF credit will be used to buy GKOs, because not all investors, residents or non-residents, will believe in the attractiveness of new currency instruments proposed by the government. . . . Many may want to withdraw from the Russian market of non-residents and move to, say, Brazil or Mexico.”

Chubais stresses that, over and above the \$22.6 billion in previous and newly pledged IMF, World Bank, and Japanese government loans, commercial banks in the West stand ready to lend Russia another \$10 billion.

The U.S. Congress and the Russian Duma

It is an irony of history that the IMF’s biggest political headache of the moment is caused by the legislatures of the present and the former superpower. The most important obstacle to the IMF has been posed by the U.S. Congress, which has stubbornly refused to vote for the U.S. contribution of \$14.5 billion to the IMF quotas, and has thereby blocked the entirety of new IMF funding, since the quota increases, agreed to by the other major members, cannot go into effect until nations representing 85% of the voting shares have approved it.

The Russian State Duma and the upper house of Parliament, the Federation Council, could also throw monkey wrenches into the package, if they refused to endorse the attached austerity conditionalities. Even though the Duma was meeting in late evening sessions on July 15 and 16, in a drive to get the measures passed (they are in the form of a set of laws, called in Russia the “anti-crisis program”), IMF officials left no doubt about where “democracy” would go, if the Duma were to block the laws.

Stanley Fischer, at his July 13 press conference, replied to a question about what would happen if the Duma balked, “I see on the wire services that they say that the President has the right to do things by decree.”

Financial markets: a year of ruin

by John Hoefle

One year ago, in July 1997, the British Empire's chief public attack dog, George Soros, launched an assault on the nation of Thailand, in the form of a raid on its currency, the baht. Moving in the shadows behind Soros, were the institutions of the international financial oligarchy, whose power to manipulate markets and loot entire countries was quickly demonstrated. On nation after another—Thailand, Indonesia, Malaysia, South Korea—fell to this assault, their currencies and stock markets in ruins.

During this period, all sorts of claims were made. The crisis, it was said, was limited to Asia, and would benefit the

United States and Europe. The International Monetary Fund, it was claimed, could stabilize the situations with hundreds of billions of dollars of “bailout” money. Finally, as the year came to a close, it was claimed that the crisis was over.

None of these claims was true. As Lyndon LaRouche stated repeatedly during this period, the so-called Asian crisis is but a reflection of breakdown of the global financial and monetary system. Asia has not recovered, but has continued to collapse, and explosions are building in Russia and Ibero-America.

As you look at the accompanying graphs, the devastation is easy to see. What is perhaps not so obvious, is the danger represented by the increases in U.S. and European markets. As of this writing, the Dow Jones Industrial Average has topped 9,300 points, and the major European markets are at record highs. But, as the saying goes, the bigger they are, the harder they fall. The system is breaking apart, and the devastation which has hit Asia, is simply the leading edge of a tidal wave which is sweeping the entire world.

FIGURE 1
World stock market changes, July 1, 1997–June 30, 1998
(percent change)

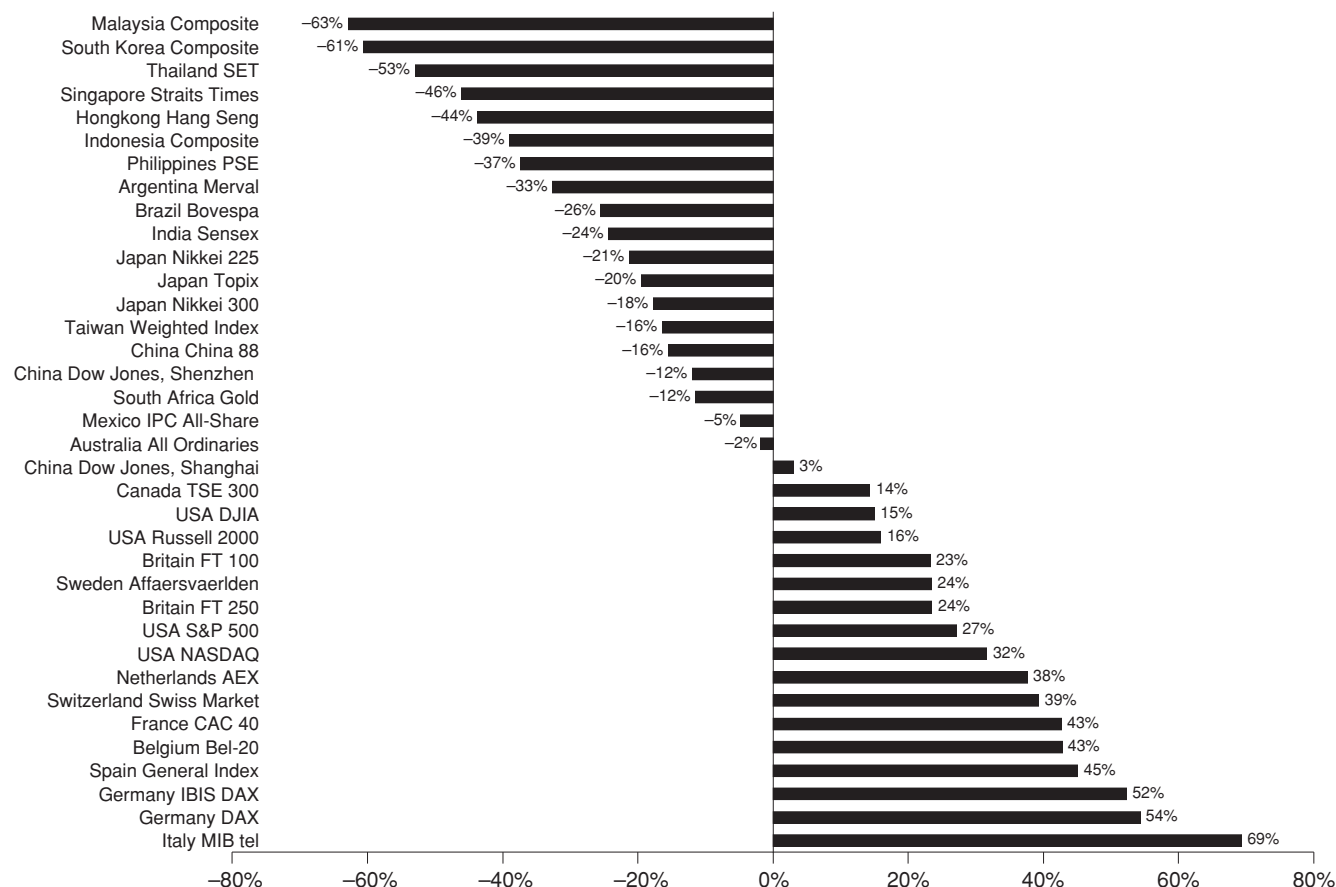


FIGURE 2

World currencies versus U.S. dollar

(percent change from July 1, 1997 to June 30, 1998)

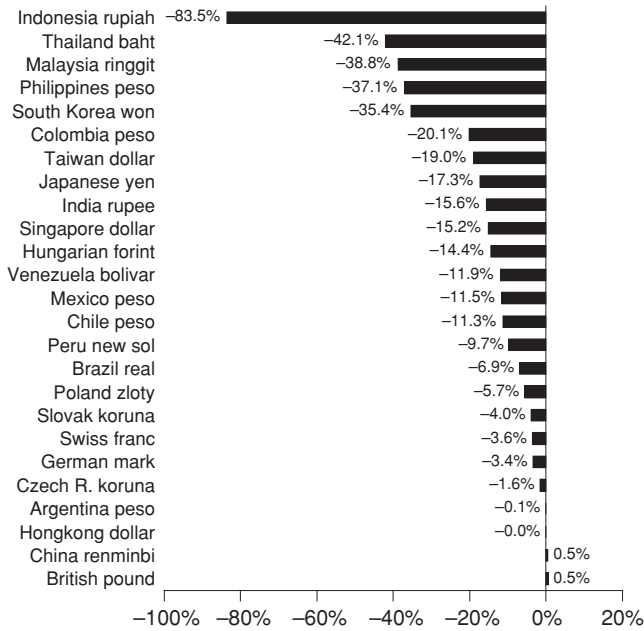


FIGURE 3

Thailand stock market

(Bangkok SET)

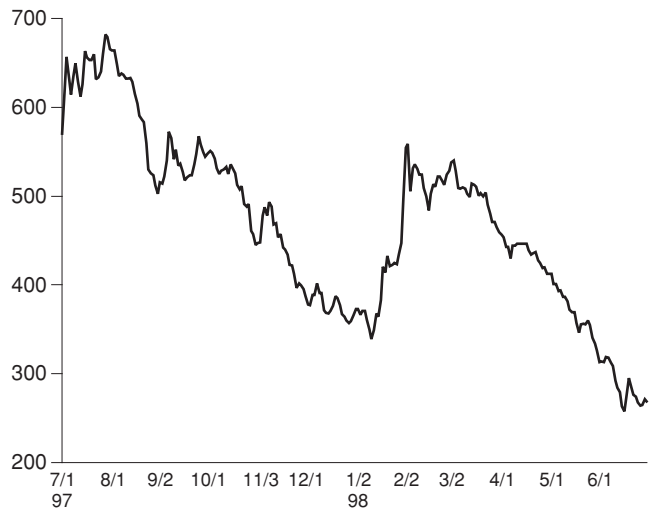


FIGURE 5

Indonesian stock market

(Jakarta Composite)

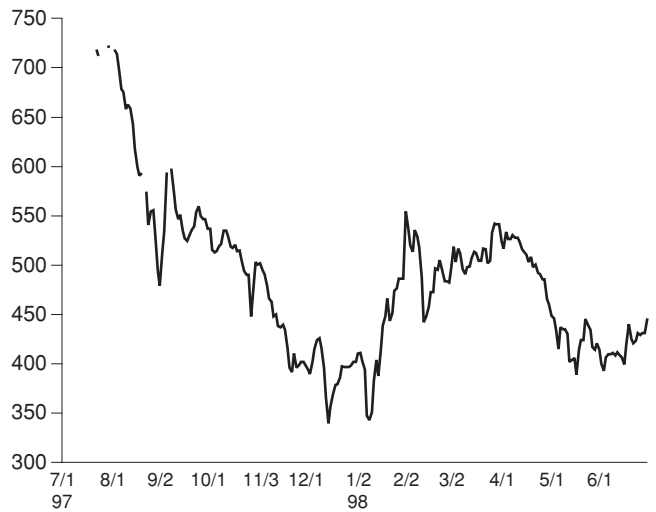


FIGURE 4

South Korean stock market

(composite index)

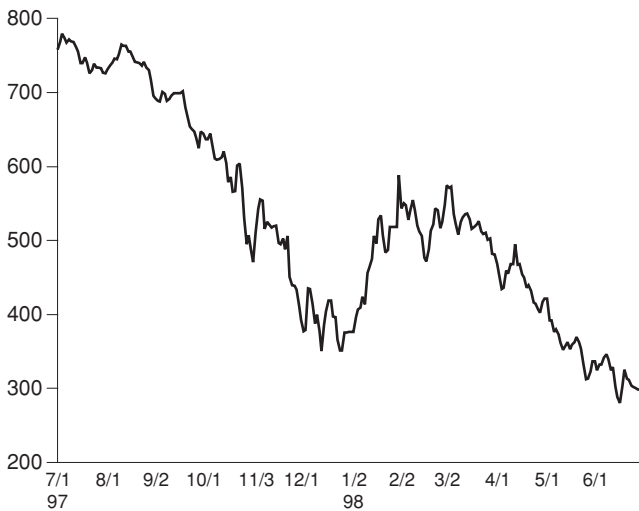


FIGURE 6
Brazilian stock market
 (São Paulo Bovespa)

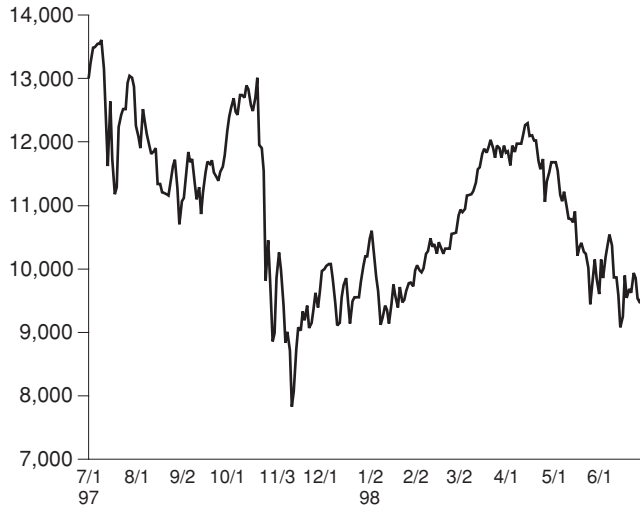


FIGURE 7
German stock market
 (Frankfurt DAX)

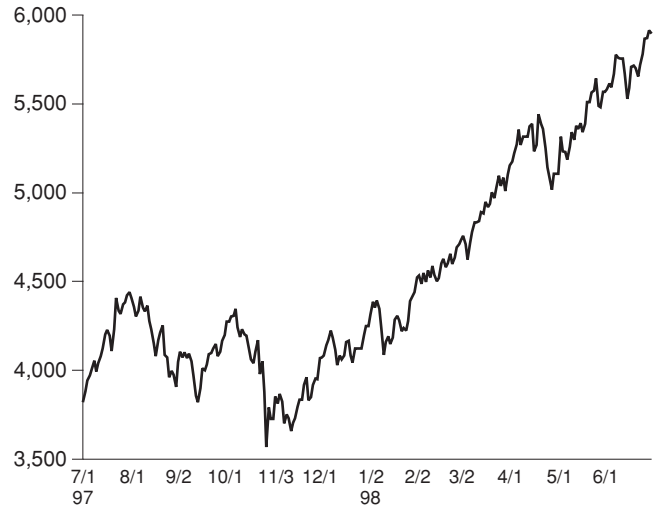


FIGURE 8
Thailand's currency
 (U.S. dollars per baht)

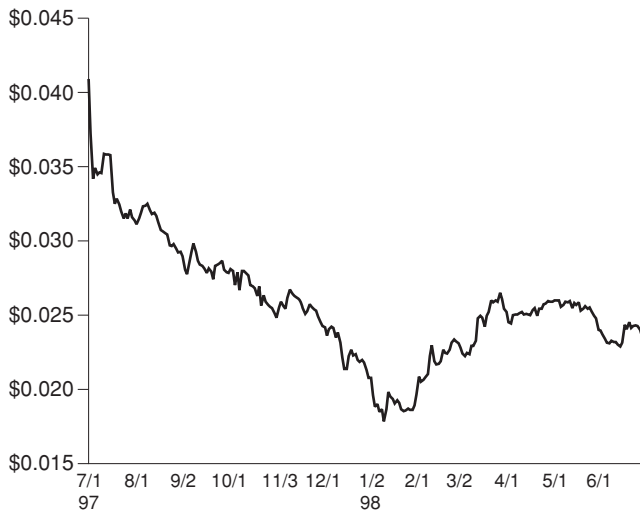


FIGURE 9
South Korea's currency
 (U.S. dollars per won)

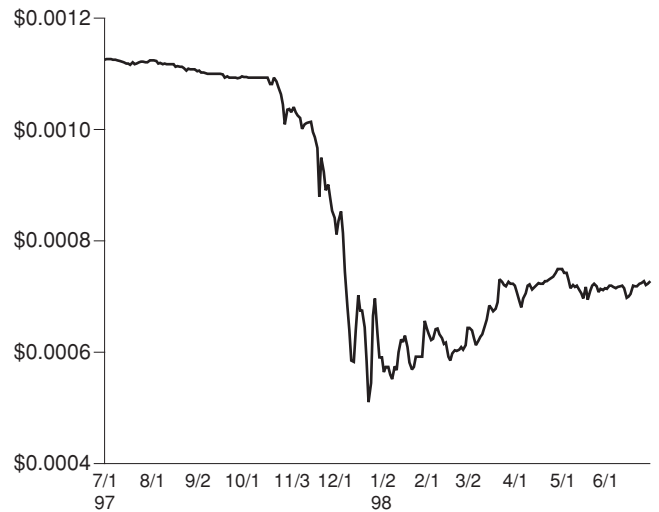


FIGURE 10
Indonesia's currency
 (U.S. dollars per rupiah)

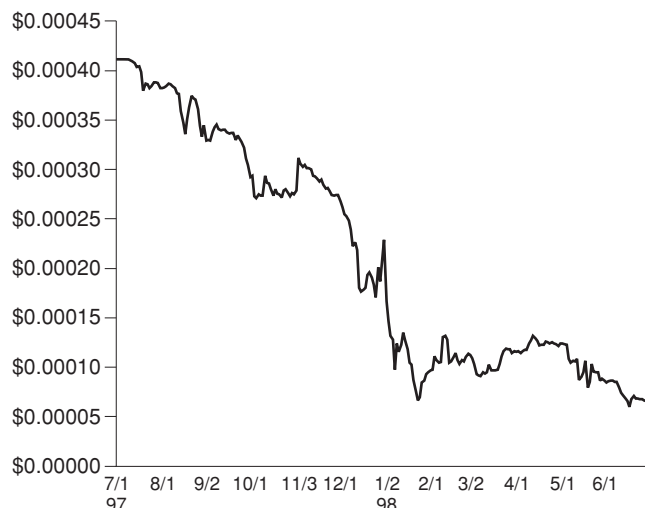
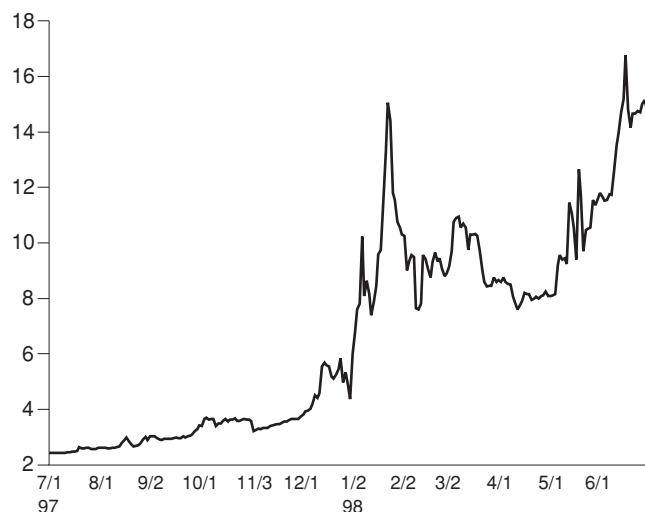


FIGURE 11
Indonesian rupiah needed to pay a U.S. \$1 million debt
 (billions of rupiah)



Brows furrowed over financial collapse

Germany: Robert Kuttner, a columnist for *Business Week*, wrote a commentary in Hamburg's weekly *Die Woche* of July 10. After complaining that even the leftist governments in Europe kowtow to neo-liberalism, he continued: "Calls for a new Bretton Woods have been voiced. And, in a certain sense, also U.S. Treasury Secretary Robert Rubin and also Federal Reserve Chairman Alan Greenspan have silently joined this critique. . . . It is too risky, to leave the fate of the economy at the hands of speculative capital and unstable currency reserves."

"In the last 20 years, the U.S.A. and other big powers have intervened five times, to contain the damage caused by speculative capital. In the end, these were five violations of the idea that currency exchange rates should be fixed by the market. So far, however, the western governments are undecided, as far as a return to a system of stronger regulation of capital flows and exchange rates is concerned. But that is exactly what the center-left governments would need to gain greater political maneuvering room. They would need it, in order to pursue a policy of high growth rates—the only guarantor of social justice."

"We must recognize the importance of Bretton Woods, again. That conference fixed the exchange rates. Since the central banks were obliged to collectively support the fixed rates, speculative deals and worldwide capital flows were ruled out. This was the most important result of Bretton Woods: The regulation of capital created the protection which enabled governments to build welfare states with a high employment level and high growth rates—free from the downward-pointing competitive pressure of the global capital markets."

France: Major publications predicted financial apocalypse in July: *L'Événement de Jeudi* on July 7 published remarks by megaspeculator George Soros stating that "we are on the eve of a collapse of the system."

The most outspoken, however, was former adviser to the late President François Mitterrand, Jacques Attali. In a front-page column in the Paris daily *Le Monde*, headlined, "The Titanic, the World Cup and Us," he said: "A financial iceberg? We are heading into it, full speed: It is not possible to have long-term growth in stock market values which is triple that of interest rates, to have insanely overvalued markets, creating

fictitious and unjustified wealth for title holders, pension funds, or other investors [who are] convinced that they have the time to turn their virtual formulas into reality just before their values collapse.”

Argentina: Columnist Carlos Scavo, in the July 7 daily *Clarín*, referenced information from *EIR* (although unattributed), and noted that many American Congressmen are concerned about the merger mania going on in the United States. He said that they have warned that this could lead to cartelization, which threatens “healthy competition.”

In this context, Scavo reported that “as of now, the group from the Democratic [Party’s] right wing, led by the colorful Lyndon LaRouche, has predicted that it will be easy [for banks] to charge any interest rate,” because of these mergers.

United States: Former Polish Deputy Prime Minister and Finance Minister Grzegorz W. Kolodko wrote a commentary for the July 7 *New York Times*. Russia, he warned, is killing its economy by complying with IMF conditionalities. This policy, Kolodko says, was “the infamous” shock therapy, or “shock without therapy, as we called it.”

Kolodko, whose government service spanned 1994-97, stated that the International Monetary Fund’s idea for Poland was to privatize “as quickly as possible,” but “this led to growing poverty and unemployment as well as social and political tension.” He points to the fact that 45% of the Russian budget now goes to the “ever-rising cost of servicing the nation’s debt,” as part of the “mismanagement” of the economy. The IMF and Russia “are throwing hot grease on the fire by insisting on stringent measures in return for a bailout,” which includes not paying wages or pensions, and shredding the population’s social safety net. No further IMF bailouts should be imposed, he insisted.

Asia: “The Case for an Asian Return to Fixed Exchange Rates” is the headline of a commentary in the July 2 *International Herald Tribune* by Malcolm Dowling, a former assistant chief economist at the Asian Development Bank in Manila. Dowling makes the case that, while the IMF and industrial nations would be “outraged” if the Asian debtor nations suspended convertibility of their currencies, and went back to fixed exchange rates tied to the dollar or a basket of currencies, “there would be compensations that outweigh the disadvantages, particularly in the short run.”

The advantages that he mentions are the ability of Indonesia, Thailand, South Korea, etc. to “lower interest rates, expand short-term credit to exporters, and begin to revitalize production and stimulate growth.” Also, the burden of external debt would be lightened. “At the very least, the Asian crisis should prompt a fundamental re-examination of the way international trade and payments are conducted.”

Commodity price fall is harbinger of depression

by William Engdahl

While financial press and governments in Europe and North America have touted a growing economic recovery, the collapse in recent weeks of prices of major industrial and energy commodities is a far more ominous, and more accurate measure of reality. Raw materials prices across the board, from copper, to aluminum, to nickel, to crude oil, have been plunging since the beginning of the year, as the scale of the Asian collapse worsens beyond calculation.

While even leading economists and officials from the World Bank begin to use the word “depression” to describe what is hitting many Asian economies, the fall in commodity prices reflects an imminent fall in production of manufactured products, not only in Japan and Asia, but also in the Organization for Economic Cooperation and Development (OECD) industrial regions of Europe and North America. The following elements are indicative of the dramatic scale of developments which so far have been restricted to the back pages of most European and American press.

The most widely used index of commodities prices, the Commodity Research Bureau’s (CRB) Raw Industrial Spot Price Index, has fallen 16% since the onset of the Asian crisis in August 1997, its lowest level since that on the eve of the Persian Gulf War in early 1991. In terms of specific industrial metals which comprise the CRB index, prices in dollar terms (most major commodities are sold on world markets in dollars) since the beginning of January have fallen by 25-30% for aluminum and nickel, up to 40% for copper.

Collapse in demand

Copper, nickel, and aluminum are some of the most basic industrial base metals (that is, metals excluding gold, silver, platinum), essential to any growing manufacturing economy. Their price collapse is not surprising, given what has been under way in the past 12 months radiating out of Asia. Year-on-year demand for purchase of base metals in South Korea, the eleventh-largest industrial economy in the world, is down 25%. In Thailand, demand is down 50%, and in Indonesia, demand for all base metals has collapsed 75%.

This, when, at any given moment, the crisis in Asia is within hours of reeling out of control into a global crisis. Total Asian demand for base metals, including China and Japan, is

enormous. According to *Metals Bulletin Research* in London, in 1996, Asia consumed fully 41% of Western world demand of aluminum, 44% of copper, 42% of nickel, 48% of zinc, and 60% of tin.

With those economies going into unprecedented economic breakdown, or, as in the case of China, into a marked slowdown, global demand for the metals has sunk like a stone. And, there is no end in sight. The largest market loss in volume terms has been Japan, the world's second-largest industrial producer after the United States, where most of the base metals are consumed in construction and automobile production.

In May, domestic orders received by Japanese construction companies fell, compared with May 1997, by 28.2%, the third consecutive monthly fall, and foreign construction orders were down 62%, the vast bulk of that in Asia. In production of automobiles, buses, and trucks, Japanese domestic output fell 19.7% in May, compared with a year ago, and exports were down 3%. As Japan's economic depression deepens, inventories of unsold industrial goods have soared. As of May, year-on-year inventory levels had risen 16.6%. A 5% inventory rise is considered alarming. In an economy which pioneered the so-called "just-in-time inventory" system, such record-high inventory of unsold machinery, vehicles, and other equipment means that, even in the unlikely event that Japan were to pull off a miracle and reverse its economic prospects and banking crisis, a return to normal industrial inventory is months, if not years, off.

The decline in Asia has begun to reflect itself in a decline in demand for manufactured durable goods in the United States. In May, demand for such durables fell 2.6% compared with April. The worst affected were orders for aircraft, defense goods, and industrial machinery. Because Europe is significantly less dependent on the Asian export market, the effects have not yet hit as badly there. But, as the collapse in demand continues in the United States, the impact on Europe is assured to worsen later this year.

A new oil shock

The decline in Asian demand for commodities has also affected crude oil, the largest commodity in world trade. Since October 1997, when the Asia crisis became full-blown, oil prices have plunged 49%. In real terms, the International Energy Agency estimates that because of the crisis in Asia, oil demand has dropped 800,000 barrels per day since January. That figure is rising daily as the crisis spreads. Twice in the past four months, major oil-producing countries have held emergency meetings to try to agree on huge cuts in output to stabilize prices. The fact that the oil price has not rebounded at all reflects the reality of a deepening global economic depression radiating out of Asia.

According to estimates by SBC-Warburg oil strategist Geoff Pyne, even if the latest agreement by the Organization of Petroleum Exporting Countries, to slash an additional 1.4

million barrels per day in output, holds, at best it will take six months to a year to work down the extremely high inventory stocks now existing throughout the industrial world. OECD oil stocks today, Pyne estimates, are 130 million barrels in excess of normal surplus. If sanctions against Iraq are lifted later this year, its oil will further add to the glut. North Sea Brent today sells for \$12.04 per barrel; a year ago, the price was \$19. Saudi Arabian crude sells for \$7.88 per barrel. Russian Urals oil now brings \$10.19 per barrel, while a year ago it brought \$18, a 44% slide in one of Russia's most important dollar exports.

South Africa, Australia, and Russia

In the past three months, the currencies of countries not directly part of the initial "Asian crisis" have fallen precipitously, namely, the Australian dollar and the South African rand. And, the Russian ruble has also been under enormous pressure. These three countries are by far the world's major raw materials exporters. The Australian dollar has plunged 20% since January. Of Australia's ten largest export items, nine are commodity exports. In South Africa, the intervention by the South African Reserve Bank, with assistance from the Bank of England and the New York Federal Reserve, has been to no effect. The rand has dropped 30% since last August. While South African Reserve Bank head Chris Stahls has blamed "at least one large hedge fund" for the fall, the background is the collapse of world export markets for all of its exports.

While Russia's economic situation and its possession of a nuclear weapons arsenal make stabilization of the ruble of paramount importance, the collapse in Russian exports of oil, aluminum, copper, and other raw materials commodities has aggravated Russia's domestic economic and fiscal crisis.

In the midst of the growing chaos and collapse of raw materials prices, however, one constant has largely remained. The ultimate ownership of the mining capacities of world raw materials production remains firmly in the hands of the London-centered mining giants. For them, a collapse of prices, even of two to three years duration, is a part of doing business. As they view it, ultimately, the world will again need their manganese, their chrome, their aluminum, their nickel. At that point, the giant companies, such as Rio Tinto, BHP, Inco, Noranda, Consolidated Goldfields, Anglo American, and Lonrho, will simply mark prices up sufficiently to recoup any short-term losses from the Asian and related crises. In the meantime, given their enormous size and financial resources, they will be the survivors, while thousands of smaller mining firms are forced into bankruptcy. As these elite circles around Britain's House of Windsor and the Dutch monarchy view it, the present "distress" will have been worth the price if the end result is an even greater lock-grip control of the world supply of vital industrial commodity reserves in the ground.

The IMF's Ibero-American economic 'models' bite the dust

by Dennis Small and Cynthia Rush

With the same morbid fascination that draws a crowd to the scene of a fatal car crash, the eyes of the world financial community are today riveted on Russia and Japan, two of the world's leading economies which are disintegrating in full public view. But while everyone is looking in that direction, a new round of financial and economic crises has begun to sweep the nations of Ibero-America, many of which are nearing conditions of chaos and ungovernability similar to those affecting Russia and Japan. Of particular note is the disintegration of the "Chilean model," held up since 1978 by the fascist Mont Pelerin Society as "proof" of the glories of London's free-trade policies.

In recent weeks, the Chilean, Mexican, and Venezuelan governments have adopted emergency measures to deal with their respective financial crises. Mexico's Zedillo government has just cut its budget for the third time this year, because of dropping oil prices. Colombia's President-elect, Andrés Pastrana, has already announced his intent to impose an economic "shock" program, as soon as he takes office on Aug. 7. Argentina has just cut \$1 billion from its 1998 budget. Brazil is in a perpetual state of crisis, scrambling to pay more than \$100 billion in domestic government debt which comes due in the third quarter.

The financial turmoil in Southeast Asia, a key market for many Ibero-American countries, and the related plummeting of commodity prices, are wreaking havoc throughout the region. But, in almost every case, governments are responding to financial upheaval by imposing the same genocidal International Monetary Fund (IMF) policies which caused their problem in the first place: more budget cuts, more privatizations, interest rate hikes, and more servility toward the international usurers' political demands. Argentine President Carlos Menem's recent hysterical declaration that dirigism "is dead," is only the most fanatical of the mentality existing continent-wide.

Chile evaporates

It's worth examining the Chile case in some detail, first because the loudmouth advocates of the British colonial doctrine of free trade have hawked Chile as an extraordinary success story, and second because the model is dissolving faster than you can say "Adam Smith." As early as last January, the *Wall Street Journal Americas* moaned that

"Chile isn't Chile anymore."

The Chile model supposedly proved that countries could develop solely on the basis of radical free trade and whatever the "market" dictated—without interference from the state. Its backers at the University of Chicago and in the City of London pooh-poohed the reticence of other Ibero-American countries to completely abandon dirigist or protectionist policies, advising them to follow Chile's lead in dismantling the state and especially in creating a privatized pension system. The private funds, they explained, could be invested in the stock market and other speculative ventures with very lucrative results.

The truth is, that Chile was never anything other than the raw materials-exporting model which Great Britain historically imposed on its colonies. Its export-dependent economy relies on copper for 40% of its total exports, and to a lesser degree on other minerals and metals, and forestry and fishing products. With the deepening of the systemic crisis of the world economy, particularly in Asia, the model has simply unravelled.

Asia imports 33% of Chile's total exports: 34.1% of its copper and related products, 53.4% of its fishmeal, and 27.7% of its cellulose. Japan is Chile's second most important trading partner, the recipient of 16% of its total exports. Exports to Japan alone dropped 19.2% in the first five months of this year, due to the financial and currency turmoil in that country. For the same period, exports to South Korea dropped 58.9%. Last January, the daily *El Mercurio* estimated that total Chilean exports could drop 20% for 1998.

The collapse of the price of copper has meant catastrophe for Chile, which mines one-quarter of the world's supply. This year alone, the price has fallen 31%, and 45% since 1995. The average price in 1997 was \$1.03 per pound, compared to \$0.75 per pound today. Each 1¢ drop in the price translates into a \$70 million yearly revenue loss for Chile. Moisés Labraña, head of the Chilean Mining Confederation, forecasts that the copper price could go as low as \$0.65 per pound, threatening, among other things, the job security of 30,000 miners. In late June, Mining Minister Sergio Jiménez announced that the estimated 1998 profits of the state-run copper giant, Codelco, would be \$500 million, 54.5% lower than last year's figure of \$1.1 billion. Copper sales for June were 28% below June 1997.

In this situation, the trade and current-account deficits are going haywire. Foreign investment, the key sustainer of the model, dropped 52.8% in the first five months of 1998. The current-account deficit is expected to reach a historic high of 6.8% of GDP by year's end. The Central Bank has had to spend \$2 billion this year to defend the currency against speculative attacks—the peso is down 5.3% so far this year.

To deal with this instability, and restore “investor confidence,” on June 25 the Finance Ministry and the Central Bank announced a dramatic austerity program of budget cut-backs—\$685 million for the year—and higher interest rates, designed to “curb consumption.” Since the announcement, the average overnight interest rate has soared to more than 30%, and the peso dropped by another 1.15%. Central Bank Governor Carlos Massad has ruled out a peso devaluation, and is prepared to raise interest rates even further, despite the negative implications for domestic business.

Building the bubble

Chile's Frei government is so desperate for cash, that it has decided to loosen its modest controls on foreign speculative capital. There is some irony to this, as in the financial turmoil of recent months, many international bankers and government officials who hysterically reject economist Lyndon LaRouche's proposals for a New Bretton Woods system, have proposed controls similar to Chile's to curb speculative capital flows. Chile's controls in any case were very mild, requiring foreign investors to deposit 30% of their funds in the Central Bank for a year. Now, that percentage has been reduced to 10%, apparently based on the reasoning that speculative capital is better than no capital at all.

Worse, on July 9, the Central Bank also introduced dollar-denominated Treasury notes, similar to the *tesobonos* which were at the center of Mexico's financial blowout in 1994. Central Bank Governor Carlos Massad promises that the Chilean notes won't be like the Mexican ones, because they will have maturities of three or more years.

Hogwash. This is just a variant of the hyperinflationary measures several governments have adopted, under the guise of “attracting foreign investment.” Through the issuance of dollar-denominated bonds, and the creation of derivatives markets, which have begun to sell dollar futures in particular, they are creating new and dangerous speculative bubbles which have led to a rapid growth in bank debt, the collapse of privatized pension funds, and the imminent bankruptcy of national banking systems in general.

Aside from having a substantial derivatives market, Brazil has its own version of *tesobonos*, the notorious dollar-denominated NTN-d's, which amount to 18% of the total federal government debt, or nearly \$50 billion.

In Peru, a large portion of the domestic speculative bubble is the private banks' foreign debt. Now at \$3.5 billion, it has grown at rates of 200% over the last two years. As exposed as they are, the banks have nonetheless insanely opted to

increase that exposure by setting up a futures market to sell forward dollar contracts to local companies, as a hedge against a probable devaluation of the national currency, the sol. According to the Central Bank, dollar futures worth \$2.5 billion have been sold through June, the figure originally estimated for the entirety of 1998!

In Mexico, the Banco de México, the Central Bank, reportedly has a daily turnover of \$9 billion worth of derivative transactions, which are largely dollar futures. This has permitted Mexican authorities to cover for the fact that their own reserves are shrinking.

Argentina is in the process of setting up its own futures and options market. Some officials are estimating that the launching of the market later this year could double the \$6 billion in over-the-counter derivatives traded last year in Argentina.

And what about the private pension funds, considered the cornerstone of the Chilean model, which were to provide a whole new pool of liquidity from which to profit?

Chile privatized its system in 1981. As the international financial crisis worsened in the 1990s, foreign banks pressured seven other countries—Peru, Colombia, Mexico, Uruguay, Argentina, El Salvador, and Bolivia—to at least partially privatize their systems. Of these, Chile's system is in the worst shape. Having reached the high point of \$33 billion last year, the funds are now shrinking. Why? One-third are invested in the Santiago stock market, which has lost nearly 20% of its value in the first half of this year, added to the steep drop following the October 1997 global financial shock.

Financiers insist that the “solution” to this problem is to eliminate the requirement that the private funds invest all but 12% of their assets inside Chile, thus transferring the savings of Chileans outside the country altogether.

The situation is no better in Argentina. In this mixed system, private pension funds total \$10 billion, of which 63% is controlled by foreign banks, among them the British Empire's historical bank of the drug trade, the Hongkong and Shanghai Banking Corp. As in Chile, a sizable portion of the private funds is invested in the stock market, which has collapsed 32.74% since July 1, 1997. Five of the largest private funds are reporting outright losses, and the system as a whole has barely gained 1.1% so far this year.

The same is true for Mexico, where foreign banks, predominantly British, were offered the right to administer newly privatized pension funds, as an added incentive to buy up bankrupted Mexican banks, cheap. At the end of June, there were emergency meetings between government regulators and pension fund administrators, over the news that the most recently formed funds showed losses for the first half of 1998. Subsequently, the private funds issued a “clarification,” that they hoped the “reduction in profitability” would be reversed in the second half of the year. However, this did not stop the government from freezing, at least for now, plans that had been all set to go, to extend the privatization program even further.

Radiation risks in the 20th century: reality, illusions, and ethics

by Zbigniew Jaworowski, Ph.D., M.D., D.Sci.

This is an edited version of a speech that the author will present at the Marie Skłodowska-Curie International Conference in Warsaw, on Sept. 17-20, celebrating the 100th anniversary of the discovery of polonium and radium. The conference's formal title is "The Discovery of Polonium and Radium: Its Scientific and Philosophical Consequences, Benefits and Threats for Mankind," and it will include many Nobel Laureate participants.

Jaworowski is a professor at the Central Laboratory for Radiological Protection in Warsaw. A multidisciplinary scientist, he has studied pollution with radionuclides and heavy metals, and has served as chairman of the United Nations Scientific Committee on the Effects of Atomic Radiation (UNSCEAR).

We are all exposed to natural ionizing radiation, which penetrates all living organisms. Radiation comes from the cosmos and from radionuclides present in rocks, walls, and air, and in our own body. Each flake of snow, grain of soil, drop of rain, each flower and even each man in the street is a source of this radiation.

The average individual dose of natural radiation received by the world population is now about 2.4 millisievert (mSv) per year. Every day, more than a billion particles of natural radiation impact our bodies.

However, in some regions, for example, in India and Iran, the natural radiation dose is up to 100 times higher than the world average. No adverse genetic, carcinogenic, or other effects of these higher doses have been observed among the people who have lived in these areas since time immemorial. In the 1990s, man-made radiation has increased the global average radiation dose by about 20%, mainly as a result of X-ray diagnostics in medicine. Other important man-made sources, like nuclear power systems, nuclear weapons tests, or the Chernobyl accident, contributed only a tiny fraction of the total increase.

In those regions of the former Soviet Union that were highly contaminated by Chernobyl fallout, the additional dose to inhabitants is much less than the dose in areas of high

natural radiation (**Figure 1**). The entire man-made contribution to radiation amounts to only about 0.2% of the natural radiation dose in areas of high natural radiation.

Three and a half billion years ago, when life began, the natural level of ionizing radiation at the surface of the Earth was three times higher than it is now. It seems that this type of radiation might be needed for initiation of life on Earth, and experiments with protozoa and bacteria suggest that it may be essential for the extant life forms (Planel et al. 1987). At the early stages of evolution, organisms developed powerful defense mechanisms against such adverse radiation effects as mutation and malignant change. The sites of these effects are situated within the cell nucleus, and DNA is their primary target.

Most of the other adverse effects, leading to acute radiation sickness and early lethality, are located in the cell, outside its nucleus. These other effects require large radiation doses, thousands of times higher than natural ones, such as those that might be encountered in a nuclear war, in a beam of cyclotron radiation, or at a defective medical or industrial radiation source. (An example of such a source is the burning Chernobyl reactor, which claimed 28 victims.)

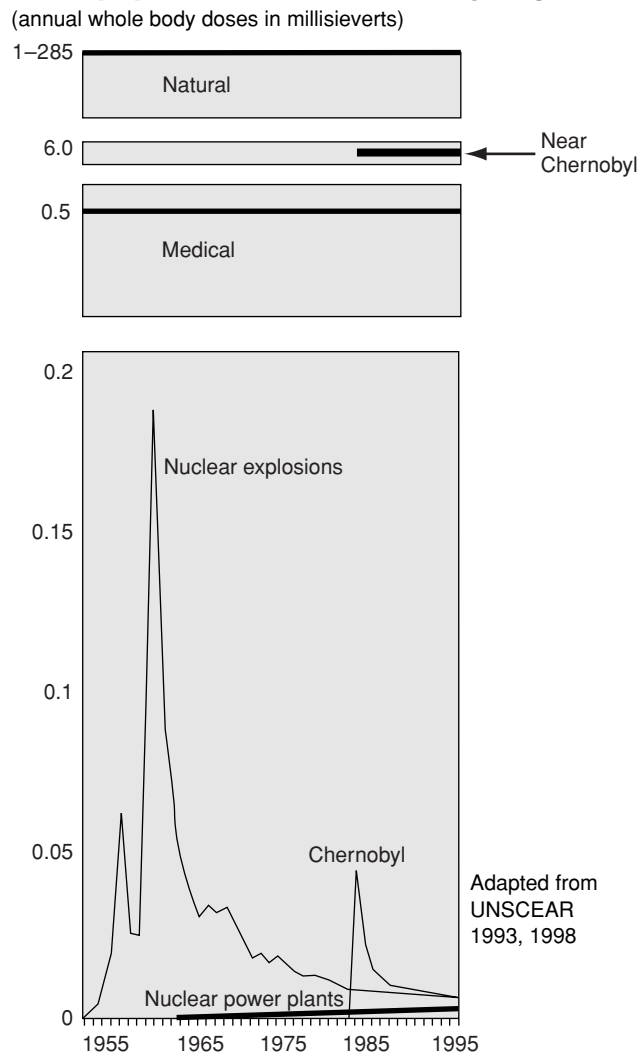
The concern about such large doses is obviously justified. However, the fear of small doses, such as those absorbed from the Chernobyl fallout by inhabitants of Central or Western Europe, is about as justified as a fear that an atmospheric temperature of 20°C may be hazardous, because at 200°C one can easily get third-degree burns.

According to recent studies, the vast majority of DNA damage in human beings is spontaneous, and is caused by thermodynamic decay processes, or by reactive free radicals formed by the metabolism of oxygen, such as OH, peroxides, and reactive oxygen species. Each mammalian cell has about 70 million spontaneous DNA damaging events per year (Billen 1994). No organism would survive such a gigantic rate of drastic, spontaneous DNA damages if it were not armed with a powerful defense system. This system consists of DNA repair mechanisms, and other mechanisms of homeostasis—enzymatic reactions, apoptosis (that is, suicidal elimination

of changed cells), cell cycle regulation, intercellular interactions, and so on—which, in the stream of physico-chemical changes, maintain the integrity of organisms during an individual life and over thousands of generations.

The same types of damage are caused by ionizing radiation,

FIGURE 1
Radiation exposure from all sources to world population and in Chernobyl regions



Average radiation exposure to world population and in regions of the former Soviet Union that were highly contaminated by Chernobyl fallout. In the 1990s, the average individual radiation dose from nuclear explosions, the Chernobyl accident, and nuclear power, was about 0.4% of the average natural dose of 2.4 mSv per year, or 0.0004% of the dose in high natural radiation regions. In areas of Belarus, Ukraine, and Russia that were highly contaminated by Chernobyl fallout, the average individual dose was much lower than that in regions with high natural radiation. The greatest man-made contribution to radiation dose is irradiation from X-ray diagnostics in medicine, which is about 20% of the average natural radiation dose.

but with much lower frequency. The present average natural radiation dose of 2.4 mSv per year causes only about five DNA damages per cell.

Man’s lack of a specific sense organ for ionizing radiation is probably because the body’s defense mechanisms already superfluously cover the whole range of natural radiation levels. The present natural radiation dose in various parts of the world ranges from less than 1 mSv, to 280 mSv per year (Sohrabi 1990; UNSCEAR 1993; Kessevan 1996). This range is much greater than the range of normal exposure to thermal energy, for example, which spans about 50°C. Increasing the water temperature in a bathtub by only 80°C, from a pleasant level of 293 kelvin to boiling at 373 kelvin (that is, by a factor of only 1.3), or decreasing it to the freezing point (that is, by a factor of 1.07), may cause death.

Such lethal high or low temperatures are often found in the biosphere; therefore, the development of an organ that could sense heat and cold was vital for survival. Organs of smell and taste were even more vital as a defense against dangerously toxic or infected food. But a lethal dose of ionizing radiation, delivered in one hour—which for man is 3,000

UNSCEAR: New winds in radiation protection

The 47th session of the United Nations Committee on the Effects of Atomic Radiation (UNSCEAR), held in Vienna May 25-29, 1998, made it clear that the entrenched Linear No-Threshold (LNT) approach can be overturned, as more scientists are realizing its weakness. At the same time, as this potential revolution gains ground, there is a campaign in the United Nations General Assembly to dissolve this scientific body, perhaps because its scientific basis doesn’t bend with the prevailing political winds.

During this session, UNSCEAR reviewed and corrected 11 draft documents on radiation: Exposures from Natural Radiation; Exposures from Man-Made Radiation; Medical Radiation Exposures; Occupational Radiation Exposures; Dose Assessment Methodologies; Epidemiological Evaluation of Radiation-Induced Cancer; DNA Repair and Mutagenesis; Hereditary Effects of Radiation; Combined Effects of Radiation and Other Agents; Radiation Response and Risk Assessment at Low Levels of Exposure; Local Exposures and Effects of the Chernobyl Accident.

A reason why UNSCEAR is viewed by some to be politically inexpedient can be seen from the conclusion of this last document:

“[A]part from the dramatic increase in thyroid cancer in those exposed as children, there is no evidence of a major public health impact to date from the radiation ex-

to 5,000 mSv—is a factor of 10 million higher than the average natural radiation dose that one would receive in that same time period (0.00027 mSv). This illustrates very weak noxiousness of ionizing radiation, as compared with other agents. Nature provided living organisms with an enormous safety margin for natural levels of ionizing radiation—and for man-made radiation from controlled, peacetime sources.

Conditions with lethal levels of ionizing radiation do not occur normally in the biosphere, and, therefore, a sense organ for radiation was not needed.

Why radiophobia?

If radiation and radioactivity, although ubiquitous, are so innocuous at normal levels, and one of the lowest risks, why are they an object of universal apprehension? What is the cause of radiophobia—the irrational fear that any level of ionizing radiation is dangerous, which is perhaps the most widely spread and influential superstition of the second half of the 20th century? Why have radiation protection authorities introduced a dose limit for the public of 1 mSv per year, which is less than 1% of the natural dose in many areas of the world?

Why do the nations of the world spend hundreds of billions of dollars a year to keep this unreasonable standard?

One important cause of the radiophobia that underlies today's irrational regulations was the psychological aftermath of military use of nuclear energy in Hiroshima and Nagasaki, and of the development of vast arsenals of nuclear weapons of mass destruction. These weapons are regarded as a deterrent: Those who possess them wish to make radiation, one of their effects, look as dreadful as possible. Therefore, there is rarely any refutation of even the most obviously false and often-voiced statements: "Radiation from nuclear war can annihilate all mankind, or even all life," or "200 grams of plutonium could kill every human being on Earth" (*International Herald Tribune*, 1996). The group interests of radiation protection researchers fighting for authority and budget—largely surpassing budgets for studies of other physical and chemical noxious agents—negatively influenced public opinion. The same is valid for political groups, which used radiophobia with great success as a handy argument in their power games, in the 1970s in the United States, and in the 1980s and 1990s in Eastern Europe and the Soviet Union.

posure caused by the Chernobyl accident in the three most affected countries. No major increase in all cancer incidence or mortality has been observed that could be attributed to the accident. In particular, no major increase has been detected in rates of leukemia, even among the accident recovery workers, one of the major concerns after radiation exposure. This is generally consistent with experience from studies of other radiation-exposed populations, in particular the survivors of the atomic bombings in Japan" (emphasis added).

The document also stated that "screening must . . . play a role in the reported increases in thyroid cancers." In other words, the increases in thyroid cancers are partly the result of more people being screened for the disease, and not the result of an increase in incidence.

UNSCEAR plans to publish this material in the year 2000, and two more sessions will be held to review it. The final volume will be about 1,000 pages.

The good news from this session is that in general, the LNT theory seems to be losing ground in this body. The just-disclosed scandal about the manipulation of data on radiation mutations has played only a minor role in the turnaround. The greatest impact on those scientists holding to the LNT is the new information on the frequency of spontaneous DNA damage and repair mechanisms.

Most refreshing, the once-condemned words, "threshold" and "hormesis," which a few years ago would sound at an UNSCEAR meeting like swearing in the cathedral, are now used there freely and often. One representative even seriously proposed the term "practical threshold."

We may probably expect revolutionary changes in radiological protection, with revision of the philosophy of protection, of dose limits, and of such entities as "collective dose," "effective dose," "dose commitment," and a host of other unnecessary complications that were introduced by the International Committee on Radiation Protection (ICRP) during the past four decades. In my opinion, the best we can do is to come back to basics at the 1958 level.

One leading UNSCEAR representative proposed that we should stop quarreling about the LNT issue and work hand-in-hand to start a revolution in radiological protection, removing the issue from the grip of the LNT and its various derivatives. He noted, however, that there was forceful opposition coming from a few strong personalities inside the ICRP, so that such progress would require time.

One major problem discussed during this session was the very existence of UNSCEAR. There are forces in the UN General Assembly who wish to dissolve the committee, including one "major nation" that is pushing for its dissolution. But if UNSCEAR disappears, what nations will have enough scientific authority—and courage—to effectively oppose the "strong personalities" in ICRP or the U.S. National Committee on Radiation Protection, and to support the aforementioned revolution? Despite some weaknesses, in my view, UNSCEAR is the best international scientific committee in the world, and the only one placed so highly in the United Nations family.

The fate of UNSCEAR will be decided at the September session of the General Assembly. Some publicity and lobbying may help to save it.—Z. Jaworowski

Between 1945 and 1980, there were 541 nuclear atmospheric tests performed, with a total energy yield of 440 megatons. In these explosions, about three tons of plutonium (that is, almost 15,000 “deadly” 200-gram doses) were injected into the global atmosphere, and, behold, a miracle: We are still alive! The average individual radiation dose from all these nuclear explosions, accumulated between 1945 and 1998, is about 1 mSv; that is, less than 1% of the natural radiation dose (UNSCEAR 1998).

In the record years of 1961 and 1962, there were 176 atmospheric explosions, with a total yield of 84 megatons. The maximum deposition, on the surface of the Earth, of radionuclides from these explosions occurred in 1964. The average individual dose accumulated from this fallout, between 1961 and 1964, was about 0.35 mSv.

The global nuclear arsenal of about 50,000 weapons, with a combined explosive power of about 13,000 megatons (Waldheim 1981; Rotblat 1981), is only 30 times higher than the megatonnage already released by all previous nuclear tests in the atmosphere. If all the global nuclear arsenal were exploded, with a combat geographic distribution similar to that in past nuclear tests, the average individual would receive a long-term radiation dose of about 30 mSv, from the ensuing worldwide fallout. Using as a yardstick the years of 1961 and 1962, this dose would be about 55 mSv. Exploding all the nuclear weapons in a few days instead of two years, would not much change this estimate, which is a far cry from the short-term lethal dose of 3,000 mSv for man.

The bomb and the ‘linear no-threshold’ theory

At Hiroshima and Nagasaki, short-term radiation doses of less than 200 mSv did *not* cause induction of cancers among the atomic bomb survivors (UNSCEAR 1993). Among survivors exposed to much higher doses, *no* adverse genetic effects in their progeny have been detected during the past 50 years of study (Sankaranarayanan 1997).

Until recently, such information from the study of survivors has been ignored. Instead, the driving force of radiophobia has been the linear no-threshold theory that is assumed to exist between radiation and its effects on the living organism (essentially, the assumption that the detrimental effects of radiation are proportional to the dose, and that there is no dose at which such effects are not detrimental). It is on this assumption, that the International Commission of Radiological Protection (ICRP) arbitrarily based its rules of radiation protection in 1959. This was an administrative decision, not the result of scientific study. It was based not on science, but on political considerations, which influenced the philosophy and practice of radiation protection (Taylor 1980).

Over the years, the working assumption of the ICRP stated that even the smallest amounts of radiation—close to zero dose—may cause harm. This assumption came to be regarded as a scientifically documented fact by the mass media, public opinion, regulatory bodies, and even by many scientists. The linear no-threshold theory, however, is not a scientific princi-

ple; it belongs solely to the realm of administration.

The absurdity of the linear no-threshold theory was brought to light after the Chernobyl accident in 1986, when minute doses—for example, those reaching the United States, which were 0.004% of the average natural dose, or 0.3% of the average natural dose in the rest of the Northern Hemisphere—were used to calculate that the Chernobyl accident would cause 53,400 cancer deaths over the next 50 years (Goldman et al. 1987). Such frightening numbers were derived simply by multiplying trifling Chernobyl doses, and the vast numbers of people living in the Northern Hemisphere, by a cancer risk factor based on epidemiological studies of 75,000 atomic bomb survivors in Japan. The bomb survivor data, however, are not relevant for such estimations, because of the difference in the dose rate. The bomb survivors were irradiated in a hundred-millionth fraction of a second, with doses more than 50,000 times higher than those U.S. inhabitants will receive from the Chernobyl fallout over 50 years.

For a dose rate of, say, 1,000 mSv per one-billionth of a second in Japanese bomb survivors, we have reliable epidemiological data. But there are no epidemiological data for a dose rate of 0.0046 mSv per 50 years in U.S. inhabitants. The dose rate in Japan was larger by 3.5×10^{22} than the Chernobyl dose rate in the United States. Extrapolating over such a vast difference is epistemologically not acceptable. Estimates of cancer death based on such extrapolations was defined by Dr. Lauriston S. Taylor, the former president of the U.S. National Council on Radiological Protection and Measurements, as “deeply immoral uses of our scientific heritage.”

Nevertheless, exactly such no-threshold extrapolations are the foundation of both the philosophy and practice of radiological protection during the second half of the 20th century.

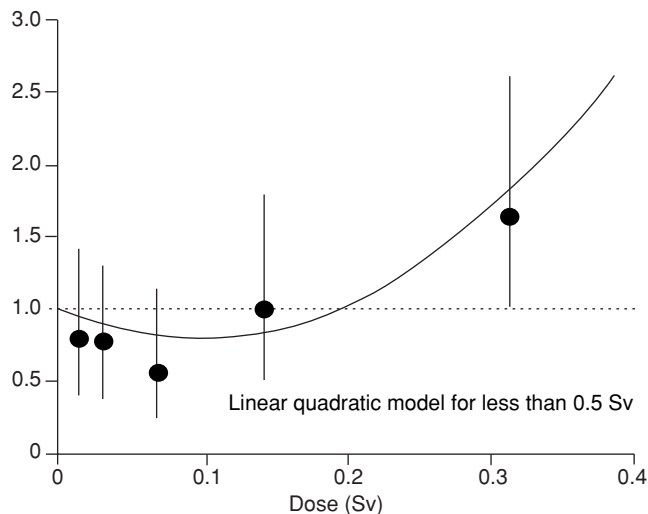
Enter hormesis

The linear no-threshold theory is contradicted by the phenomenon of hormesis, that is, the stimulating and protective effects of small radiation doses. The first report on hormetic effects in algae appeared 100 years ago (Atkinson 1898). One of the most recent hormetic effects can be seen in the lower-than-normal incidence of leukemia (**Figure 2**) and the greater longevity among atomic bomb survivors (Kondo 1993). Although more than 2,000 scientific papers were later published on radiation hormesis, after World War II, the phenomenon was forgotten and ignored by the radiation protection establishment. It was as late as 1994, that the United Nations Scientific Committee on the Effects of Atomic Radiation, the most distinguished scientific body on matters of radiation, recognized and rubber-stamped the very existence of radiation hormesis (UNSCEAR 1994). This caused a “revolutionary ferment” among the profession of radiologists, both ethical and technical.

Many radiologists realized that over the past decades they might have been unethically overreacting, diverting resources to be consumed in the “avoidance” of theoretical (actually

FIGURE 2
Mortality from leukemia in survivors of Hiroshima and Nagasaki

(relative risk)



After UNSCEAR, 1994.

The hormetic effect is seen between a dose of 0 and 100 mSv.

imaginary) health effects, thereby depriving society of funds that were desperately needed to deal with real health problems (Thomas 1998). Applying the no-threshold principle for the alleged protection of the public, imposed restrictive regulations on nuclear utilities, which virtually strangled the development of environmentally and people-friendly nuclear energy in the United States and in other countries. In my own country, after spending billions of dollars, the construction of the first nuclear power reactor was abandoned, as a result of public opinion distorted by the no-threshold principle.

Each human life that is hypothetically saved by implementing these excessive regulations costs about \$2.5 billion! Such costs are absurd and immoral, especially when compared to the costs of saving lives by immunization against measles, diphtheria, and pertussis, which in developing countries range between \$50 and \$99 per each human life saved (Cohen 1992). But billions of dollars for such imaginary protection of human life are spent year after year, while much smaller resources for real life-saving in developing nations are notoriously lacking.

An alternative based on reason

There is an emerging awareness that radiation protection should be based on the principle of a practical threshold, one below which induction of detectable radiogenic cancers or genetic effects is not expected. Below this threshold, radiation doses should be regarded as having no regulatory concern. Regulations are not needed for the situations such as experienced in Hiroshima and Nagasaki, with extremely high dose

rates. Therefore, a practical threshold will probably be based on epidemiological data from exposures in medicine, nuclear industry, and regions with high natural radiation. The current population dose limit of 1 mSv per year may then be changed into 10 mSv per year or more. This would be an important step on the way to rationality and to gaining again the public acceptance of radioactivity and radiation as a blessing for humankind.

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For further reading

For a comprehensive review of Chernobyl and radiation, see "All Chernobyl's Victims: A Realistic Assessment of Chernobyl's Health Effects," by Zbigniew Jaworowski, in *21st Century Science & Technology*, Spring 1998, pp. 14-25.

On low-level radiation effects, see "The Hazards of U.S. Policy on Low-Level Radiation," by Jim Muckerheide and Ted Rockwell, in *21st Century Science & Technology*, Fall 1997, p. 17.

Deeper into the morass

U.S. financial regulators are bending over backwards to protect the most rotten aspects of the banking system.

Were someone to suggest that the financial policy of the United States and other nations should be bent to serve the demands of casino gamblers, they would likely be laughed out of town (at least, out of most towns). But that is precisely what the Federal Reserve and the Congressional committees which regulate the banks, are trying to do, both by changing the law to permit the creation of huge new “financial services” conglomerates, and by heading off attempts to shine a light onto the shady world of derivatives. This protection of the speculative financial bubble, at the expense of the physical economy, can fairly be compared to a doctor nurturing a cancer, while letting the patient die.

The merger frenzy among U.S. banks reached new heights in the first six months of 1998, with the announcements of \$240 billion in mergers. This figure, representing the aggregate price paid by acquirers, is higher than the full-year totals for 1995 through 1997, combined. The value of mergers announced in April alone, was more than the total in 1997, reflecting what the bankers call progress, and what saner minds call hysteria.

To facilitate these mergers, the so-called regulators are taking a steamroller to protections put into law in the wake of the 1930s banking collapse. In May, the House passed H.R. 10, which would repeal crucial protections in both the Glass Steagall Act of 1933 and the Bank Holding Company Act of 1956; the bill is now before the Senate Banking Committee. H.R. 10 would eliminate the barriers

between commercial banking, securities dealing, and insurance, allowing the creation of a new class of financial titans.

For the moment, H.R. 10 is stuck in the Senate, due to opposition by Treasury Secretary Robert Rubin. Rubin has locked horns over the issue with Federal Reserve Chairman Alan Greenspan, a zealous defender of the bubble.

However, when it comes to banking, the law is increasingly irrelevant. After all, the merger of Travelers Group and Citicorp, blatantly illegal under existing U.S. law, is going ahead virtually unchallenged, with most of the regulators who should be quashing that deal, bending over backwards to apologize to the banks for allowing the law to interfere, under the theory that the “markets” are above the laws of mere nations.

Then there’s the matter of derivatives. Even as the bankers demand that the nations of the so-called Third World implement “transparency” measures, the bankers and their pet regulators are fighting transparency measures at home, when it comes to derivatives. A rather mild proposal by the Financial Accounting Standards Board, to force uniform disclosure by corporations of their derivatives activities, has come under vicious attack by the Fed and the banks, and when the Commodity Futures Trading Commission (CFTC) suggested that a review of the over-the-counter derivatives market was in order, the Fed, Treasury, and Securities and Exchange Commission went ballistic, going so far as to demand that Congress pass a law prohibiting the CFTC

from conducting such a review. Transparency, it would appear, is only for the prey, and not for the predators.

The banks’ fear of derivatives transparency is understandable, since the perception that they are solvent depends upon keeping their true condition—hopeless bankruptcy—hidden. When you’re so far over the edge that there’s no way back, truth is not your friend.

Take the case of Chase Manhattan Corp. As of March 31, 1998, Chase had \$8.2 trillion in derivatives, up from \$7.7 trillion at the end of 1997. Backing up that \$8.2 trillion, was a credit loss allowance of \$3.6 billion, and equity capital of \$22 billion. A loss equivalent to just 0.044% of its derivatives portfolio would be enough to wipe out the credit allowance, and 0.27% would be enough to wipe out all the equity.

Chase is hardly alone. J.P. Morgan had \$6.6 trillion in derivatives at March 31, and the new Citigroup will have some \$6.5 trillion.

To put the dangers into perspective, readers should recall what happened to the Bank of New England in 1990. The \$32 billion bank, at the time one of the 20 largest banks in the country, collapsed in 1990, supposedly due to real estate losses. But rather than close the bank immediately, regulators kept the bank open for nearly a year, pumping in billions of dollars of loans from the Fed. The reason? Derivatives. It took regulators nearly a year to clean up the bank’s \$36 billion derivatives portfolio, before the brain-dead bank could be closed. Had it been a larger bank, one official commented at the time, there could have been a “meltdown.” Today, with several banks having in the neighborhood of 200 times the derivatives exposure of the Bank of New England, that meltdown is a certainty.

But, what about Brazil?

This is being asked by the growing opposition to President Sir Fernando Henrique Cardoso and his globalization policy.

Opposition to the Cardoso government's fanatic commitment to globalization has spread into a new quarter, the São Paulo establishment. The political and intellectual elite of São Paulo, the most industrialized state of Ibero-America's Southern Cone, is moving into open rebellion against the destruction which globalization has wrought upon Brazil.

This grouping sees Brazil heading into the final stages of the Presidential election (the first round of voting takes place on Oct. 4), polarized between two unacceptable candidates who function as the Inter-American Dialogue's Brazilian Tweedledee and Tweedledum: Fernando Henrique Cardoso and Inacio "Lula" da Silva. In hopes of slowing Cardoso's globalist frenzy, São Paulo's elite is concentrating on defeating the reelection bid of the state's current governor, Mario Covas, one of Cardoso's closest collaborators.

The campaign being waged against globalization by Amb. Rubens Ricupero, a former Treasury Minister and current Secretary General of UNCTAD, who is viewed as one of the Foreign Ministry's most brilliant intellectuals, reflects the broader repudiation of the neo-liberal, free-trade program which has stripped the country's development. Ricupero has become a champion for the American System, particularly one of its founding fathers, Alexander Hamilton, and for the example of China, as a model of a country which, by industrializing, has successfully fought poverty. In an interview on Brazilian television on June 29, rebroadcast (an unusual oc-

currence) on July 5, Ricupero cited Hamilton's role in the history of the United States, attacked the conditions which "Wall Street bankers" have imposed on poorer nations, and argued that what the world needs now, is a "new architecture" for the international financial system.

That same week, in a seminar organized by Brazil's National Economic and Social Development Bank (BNDES), Ricupero again attacked globalization and its destructive effects. But, he lamented, because no representative from the government's economic teams was present, "we are speaking only among ourselves."

Symptomatic of the uneasiness in the São Paulo establishment, is a recent editorial in *O Estado de São Paulo*, a daily which in the past could not praise enough the benefits it claimed from neo-liberal economics, but today constantly publishes criticism of savage financial liberalism.

In a July 2 editorial, "Watch Out for Financial Deregulation," *O Estado* endorsed the warning against unregulated capital markets which World Bank Vice President Joseph Stiglitz delivered at a late June World Bank conference in El Salvador. "Stiglitz swims against the current which is transforming the free market into an ideological dogma, which pressures governments and social groups in the direction of a general and unrestricted deregulation, without prior evaluation of what the impact of the absence of clear and defined regulations is upon national financial systems, and, above all, on employment and well-being of populations," it wrote.

The uprising against the government's economic policy has been provoked by the disaster which it has brought upon industry and agriculture. Not only is unemployment rising, but Brazilian industry, which before the globalist experiment had built up significant technological capabilities, is now largely denationalized, passing, little by little, into the hands of the multinationals, and, as has happened to food, automobile parts, and household appliances sectors, being grabbed up by the oligarchical-run cartels. Forcing high interest rates on the productive sectors, and eliminating the infrastructure projects which drive the economy, have crippled Brazil.

This demented policy is backed by one of the key men of the government's economic team, yuppie economist Andre Lara Resende, president of BNDES, who believes that "the idea that the economy of a country rests on its industry, is anachronistic."

The spreading alarm over the denationalization of industry is captured by the cover of the latest issue of the magazine *Carta Capital*, in which the photos of Brazil's eight leading national industrialists are placed under the headline: "Disappeared."

A recent BNDES study reveals how profoundly the face of "Brazilian" industry has changed. In 1990, the total revenue of the 100 top non-financial companies was distributed thusly: 44% came from state-owned companies; 27% from foreign-owned firms; 23% from family-owned firms; 2% from cooperatives; and 4%, other. By 1997, globalization had produced a far different mix: 38% was generated by foreign-owned companies; 16% from family-owned firms; and 32% from state-owned companies—the latter of which, under the government's ruthless privatization plan, will pass over into foreign hands.

Carefully orchestrated optimism

Pre-election sleight-of-hand may create a few temporary jobs, but cannot bring real prosperity.

Before leaving for his vacation in Austria, Chancellor Helmut Kohl held a press conference in Bonn, trying to convey optimism that he has a good chance of being re-elected, in the national elections of Sept. 27. Citing the latest figures on the economy, and the labor market in particular, Kohl said that citizens are now more confident that the economic situation is going to improve. While in January, 61% of the electorate was pessimistic, only 31% had this view in June. Economic growth is forecast to be at 3%, rather than 2%, by the end of the year, and 1999 will bring big and visible improvements, Kohl predicted.

Well, what are the improvements in the economy and the labor market that Kohl referred to as the basis for his optimism?

Granted, exports of German cars, machines, and industrial equipment show an improvement over recent weeks. As compared to the situation a year ago, exports are up 18% to Africa; 14% to the United States, Canada, and Mexico; 13% to eastern Europe; 9% to western Europe; 6.5% to Ibero-America; exports are down 3% to Asia, though.

Neither the industrial exporters in Germany, nor the government, nor the econometric institutes want to give a clear picture of what the real losses are in Asia. They tell us that "it will take another 18 months," before the effects of the Asian crisis can be measured in Germany. Others say that the real losses will not be detectable before autumn, or perhaps the end of this year. In other words: We will not know before the elections are over.

While it is no surprise that the gov-

ernment and its supporters in banking and industry have this line, the paradox is that the opposition Social Democratic Party (SPD) is saying virtually the same thing. The SPD, too, has a clear orientation toward austerity policies. But "more austerity" is the last thing the SPD, whose Chancellor candidate, Gerhard Schroeder, wants to defeat Kohl in September, is eager to tell the voters about, at this point.

Therefore, what Schroeder does, is to give vague hints, for example in an interview with the *Stern* weekly July 3, saying, "We don't know exactly what effects the protracted crisis in Southeast Asia will have on the world economy, and therefore, also on our own economy." For that reason, the SPD says, they do not know what they would do, should they take over the government after the elections. In other words, the voter is being asked to vote for the SPD instead of Kohl's Christian Democratic Union (CDU), but could end up with a government program that is no different from what now exists.

The SPD campaign tactic is the mirror image of Chancellor Kohl's. This became most apparent in a statement on July 7 by Rudolf Scharping, chairman of the SPD parliamentary group in Bonn, who said that "for time reasons," a new SPD-led government would have no other choice than to simply adopt the present government's austerity budget plan for FY 1999.

Thus, a bit more than three months before election day, we have a "grand coalition" of the big parties: an agreement not to address the real economic problems facing the country.

In private discussions, senior members of both the CDU and the SPD do confess, however, that they are concerned about the situation, and that they do not really know how to deal with it.

And that is why the SPD will have no other choice, indeed, but to copy the Kohl government's program for providing jobs to the unemployed, passed in March, which improved the jobless statistics a bit, in June. One has to take a closer look, though, at how this "improvement" came about: In the autumn of 1997, the government cut its job-creation programs, in order to keep the budget low, and thereby to be able to meet the European Union (Maastricht Treaty) criteria demanding balanced budgets. At the end of last year, this was done to meet the official deadline and qualify for full membership in the European Monetary Union. Then, in March 1998, the government resumed paying for job creation, but mostly for short-term make-work programs. That means that the unemployment offices fund jobs for a maximum of six months, to get people off the street, for the time being. When the time runs out, others are selected to get the benefit from such programs. Citizens "employed" in such projects—mostly unproductive public sector jobs, such as summer-time municipal gardening—are no longer listed in the official jobless statistics, because, for those six months at least, they do have a job.

In June, nearly 50,000 Germans were selected for such programs, which did improve the jobless statistics. But, the programs will not last long beyond the elections in September, and will run out by the end of 1998.

The 300,000 make-work jobs created between March and October are not an "upswing," but just kicking sand in the eyes of the voter.

National development runs off the rails

By insisting on private enterprise, the Howard government may kill some exciting new rail projects.

Amid much fanfare, Australian Prime Minister John Howard on June 23 announced his government's approval of a feasibility study for a \$10 billion high-speed rail project, to be built from Melbourne in the southeast, to Darwin in the center of Australia's northern coast, opposite Indonesia. Known as the Inland Rail Expressway System, Howard emphasized its importance as a "nation-building" project, by invoking Australia's proud history of grand infrastructure projects, typified by the Snowy Mountains Hydroelectric Project: "There has always been within the Australian community, because of the vastness of our nation, a hunger for long-term national development projects," he said. "It's one of the deepest things in the emotion of the Australian people."

The scale of the project is impressive: Expected to be the largest infrastructure development project in the country's history, the system will be 4,000 kilometers long, double-tracked, and carry high-tech, gas-fueled trains capable of speeds of up to 300 kilometers per hour (kph) for passengers, 200 kph for light freight, and 120 kph for heavy freight. The project would create 5,000 permanent jobs, and cut 10-12 days from freight delivery time from southern Australia to Southeast Asia.

The Inland Rail Expressway System is one of four major rail projects currently under serious consideration, including the Alice Springs to Darwin line up through the center of Australia, expected to begin construction next year for completion by 2003; the Sydney to Canberra very fast train, currently in tendering stage; and a high-

speed Melbourne to Sydney line, linking Australia's two most populous cities.

The Transrapid Consortium of Australia, which is promoting magnetic levitation technology, or maglev, for the Sydney to Canberra link, includes some of Australia's largest industrial conglomerates, including BHP (Australia's largest company) and Pacific Dunlop. According to Janet Holmes a Court, a member of the consortium and chairwoman of John Holland Construction, the project would source up to 80% of its materials locally in Australia, including 600,000 tons of steel plate from BHP, and 50,000 km of cables from Pacific Dunlop. This would represent both companies' largest orders ever for those materials, and provide a critically needed stimulus at a time when both companies are suffering huge losses. BHP recently announced a \$1.3 billion loss, only the second in its 113-year history, as well as the closure of its Newcastle steel works.

Despite the obvious benefits of the new rail projects, Howard's timing has left him open to charges of pork-barrelling. His June 23 announcement came just seven days after the stunning electoral success of Pauline Hanson's One Nation party in rural Queensland. "Purely coincidentally," Howard said, the proposed Melbourne-Darwin route will travel through many of the same rural election districts that had deserted his Liberal-National Party coalition for One Nation.

Ironically, the loudest howls of outrage at the announcement came from Howard's philosophical overlords in the British Crown's Mont Pel-

erin Society, the source of his government's free market, globalization policies. In the June 25 *Sydney Morning Herald*, Mont Pelerin Society member Padraic P. McGuinness lambasted the Melbourne-to-Darwin proposal as a "fast track to nowhere." "It is catering for the populist notions of nation-building, which have always had a lively existence on the loony left and right," he whined.

Given the deepening global depression, Howard's insistence that private enterprise carry out these huge projects may well kill them, particularly the ambitious Melbourne-to-Darwin line — which would, in effect, constitute the southern terminus of the great Eurasian Land-Bridge from Rotterdam to East Asia and Southeast Asia. Without a formal tendering process, Howard handed the project to a small consortium, the Australian Transport and Energy Corridor, made up of his Liberal and National Party cronies, after the route was adjusted to make it more beneficial to Queensland.

Both the route changes, which will raise costs significantly while slowing down freight delivery to Darwin, as well as its private nature, have infuriated the author of the plan, Emeritus Professor Lance Endersbee, a veteran of the Snowy Mountains project and one of Australia's finest engineers. "It's crony capitalism," he told *EIR*. "The project demands government overview and facilitation. It is most inappropriate for the Australian government to avoid responsibility for such a huge national undertaking of such importance to national development." Instead, Endersbee insisted that the government must follow due process, and place the administration of the project into the hands of a national construction authority appointed for the purpose, to be called the Asian Express Construction Authority. "It is in the national interest," he said.

Business Briefs

Italy

Not-so-invisible British hand snatching up firms

One year after the "big bang" in the Italian privatization market (in 1997, revenue from privatizations in Italy was more than \$70 billion, the highest in the world), the real owners of former state companies have begun to emerge.

Telecom Italia, which still holds a monopoly, is in the hands of the Agnelli group, which controls it with less than 5% of the shares. The first move undertaken by the new management, led by chairman Gian Mario Rossignolo, has been to abandon negotiations with the American firm AT&T, and to sign a strategic partnership with the British firm Cable & Wireless. According to sources, the joint ventures which will be established by Telecom Italia and C&W will be controlled by a British manager. Last year, the just-privatized Telecom Italia bought Telecom Serbia, paying more than \$150 billion in cash to the Belgrade regime.

Another example is the defense firm Alenia, which has signed a deal for a joint venture with the British GEC Marconi. The new group will be the largest European firm in the field of defense electronics, and will extend its partnership to weapons systems, armored vehicles, and avionics.

Britain

Economy is reported to be in sharp downturn

Britain's Engineering Employers Federation (EEF) and the British Chambers of Commerce have documented a sharp downturn of the British economy, in particular due to collapsing demand in Asia and the high foreign exchange value of the pound, the London *Sunday Times* reported on July 5. The study was provided to the Bank of England, in an attempt to forestall rises in key interest rates which, the groups believe, would threaten to further push up the pound and hit British exports.

In a front-page article headlined "Storm

Warning," the *Sunday Times* reports key aspects of the study, as well as other indications of British economic gloom. The EEF states, that export orders for British firms have now declined for the sixth successive quarter, and that the decline is accelerating. In the coming 18 months, the study forecasts, 100,000 industrial jobs will be wiped out in the engineering sector. According to the Birmingham Chamber of Commerce, business confidence has fallen to its lowest level since the early-1990s' recession. A manager of a machine-building company is quoted, "I have never experienced such a rapid downturn before. All our customers are putting capital expenditure on the back burner. The downturn is absolutely astounding."

The following week, the Institute of Directors published figures showing perhaps the biggest-ever slide in business confidence in Britain. Ruth Lea, policy unit head of the IOD, told the *Sunday Times*: "Services are declining, and manufacturing looks to be collapsing. The R-word is certainly there for manufacturing and has been for some time." According to Dun & Bradstreet, the number of small business bankruptcies increased 25% from the first quarter of this year compared with the second quarter.

Europe

Infrastructure plan to help future EC members

European Commissioner for Transport Neil Kinnock on June 25 unveiled a 90 billion ECU (\$98 billion) program to upgrade the transport network in countries seeking to join the European Union, including Poland, the Czech Republic, and Hungary. According to preliminary reports, the plan calls for the development of 10 transport corridors, comprising 18,030 kilometers of roads, 20,290 km of rail lines, and a total of 100 air, sea, and river ports.

The European Union will contribute ECU 150 million annually to the project until the year 2000, and thereafter ECU 500 million annually until 2015, for a total of about ECU 8 billion. This means that by far the biggest share of the projects will have to be paid for by the central and eastern Euro-

pean countries themselves, an unlikely prospect given the financial crisis hitting these nations.

Trade

New Zealand blindly pursues zero tariffs

New Zealand International Trade Minister Lockwood Smith promised an early end to all tariffs, at a business conference in Taiwan, the June 15-16 *Waikato Times-New Zealand* reported. He said that all tariffs would be unilaterally abolished well ahead of the Asia Pacific Economic Cooperation (APEC) group's deadline of 2010.

Meanwhile, New Zealand industry is being decimated by the tariff cuts to date. Four clothing and footwear companies in New Zealand have recently announced that they are closing, resulting in the loss of 130 jobs. Trade Union Federation president and Clothing Workers Union secretary Maxine Gay said that the entire industry was nearing collapse, and that in all cases the companies had said that increased competition from imports due to the continuing decline in tariffs was the key reason for the closures. The tariffs were to drop gradually until 2010, but the government is reviewing the process to see whether it can be sped up. The government decision to scrap all tariffs on automotive vehicles in the year 2000, has led Toyota, Nissan, and Honda to announce that they will close, completely wiping out the auto-assembly industry in New Zealand.

Space

Japanese program scores two firsts

On July 4, Japan launched its first spacecraft to Mars, becoming the third country in the world, after Russia and the United States, to launch an interplanetary spacecraft. Planet-B will make two fly-bys of the Moon to gain speed and save on fuel. From Mars orbit, it will study the planet's ionosphere, upper at-

mosphere, and interaction with the solar wind.

On July 7, engineers at the National Space Development Agency of Japan were elated when two unmanned satellites in Earth orbit successfully carried out a docking and rendezvous in space, the first time that two spacecraft were docked in space completely automatically. While the unmanned Progress supply ships dock to the Russian Mir automatically, there is a crew on Mir who can dock them manually, when necessary. In the mid-1960s, astronauts practiced the first dockings in space, between the Gemini spacecraft and an unmanned Agena rocket, but the U.S. dockings have also always been carried out with a crew on at least one spacecraft.

The Japanese are developing the ability to carry out these automatic dockings in preparation to deliver supplies to the International Space Station, which will include the Japan Experiment Module laboratory and other equipment. The two spacecraft that docked were launched together last December, undocked, and redocked in orbit. Public television in Japan broadcast the docking. Experiments in docking the two spacecraft are planned at roughly monthly intervals, with the initial distance between the spacecraft before they dock increasing each time.

Petroleum

Iraq, Jordan to build oil pipeline to Aqaba

Iraqi and Jordanian officials signed an agreement in Baghdad on June 28 to build a 750 kilometer oil pipeline from Al-Haditha in western Iraq to the Azzarqaa oil refinery in northeast Jordan, and then south to the port of Aqaba on the Red Sea. *Al-Quds Al-Arabi* reported on July 3. Construction of the first segment of the pipeline from the Iraq-Jordan border to Azzarqaa will start soon, according to Jordanian Energy Minister Mohammed Salih Al-Hourani. The project will cost \$350 million, and the agreement states that it will be followed by construction of an oil refinery in Aqaba at a cost of \$600 million.

Iraqi Oil Minister Mohammed Amer Rashid stated that the two countries also

agreed that this year, Iraq will supply Jordan with 75,000 barrels per day of crude oil. The oil is to be transported by tanker, part of the delivery to be at below-market rates, and the rest free of charge. (Iraqi sales of oil to Jordan are exempted from UN sanctions.) Rashid stated that Iraq is fully committed to supplying Jordan with all its oil needs. The Iraqi-Jordanian agreement also includes joint projects for oil and gas exploration in the border area between the two countries.

Demography

Russia called a target of population war

In a report on a roundtable entitled "Demographic Security of Russia: If We Keep Quiet, They Will Simply Destroy Us! Russia in Grips of Demographic Catastrophe," in the Communist Party-linked newspaper *Sovietskaya Rossiya* on June 11, Ibrahim Usmanov reports on the depopulation war being waged against Russia. He attacks the policies of the International Monetary Fund (IMF), George Soros, and the late Margaret Sanger, as they are currently being implemented in Russia.

Usmanov describes the depopulation of Russia as a demographic war, and denounces the fact that the IMF, the World Bank, the International Federation of Family Planning (founded by Sanger), and Soros, as part of their financial aid to Russia, require population control policies. Usmanov also denounced Doctors Without Borders, which, he writes, "has expanded a broad youth advertising campaign in Russia: 'Safe Sex Is My Choice,' which provokes early sexual contacts among children," and says that Russian agencies are supporting these birth control programs. "The state is handing over the functions of control and regulation of the life of the nation to supranational mondialist [one-world] structures and commercial organizations."

Usmanov offers proposals to reverse the demographic catastrophe, including imposing stricter controls on the availability of abortions, which are easy to obtain in Russia, health-care measures, and steps to defend the family.

THE MOSCOW to St. Petersburg high-speed railway was cancelled, in a decree signed by Russian President Boris Yeltsin on July 1, Interfax reported. The cost of the 654 km rail line was estimated at \$5-8 billion. The government had hoped that it would have been built with private funds.

THE MALAYSIAN financial concern MBf Holdings, the parent of MBf Finance, the largest finance firm in Malaysia, filed for court protection the week of July 6, in a bid to buy time to restructure its debts. MBf has shareholder funds of \$155.3 million and debt of \$282.4 million.

GEORGE SOROS has become a shareholder in Milan's electricity company, AEM, the largest such municipal firm in Italy, which has been privatized. Milan Mayor Gabriele Albertini reports that "among institutional investors, London has a share of 50%."

BANGKOK BANK, Thai Farmers Bank, Krung Thai Bank (government owned), and Siam Commercial Bank are the only banks that will remain Thai-owned within a few years, according to Ronald Stride, senior vice president of Booz-Allen and Hamilton, the June 24 *Bangkok Post* reported. Even the giant Bank of Ayudhya and the Thai Military Bank (owned by the military) will fall, he predicted.

THE COMPUTER CHIP industry is plummeting, with sales down 13% in May from a year earlier, the July 6 *Wall Street Journal* reported. Worldwide, chipmakers are estimated to have cancelled \$25 billion in investment in new plant and equipment over the past nine months. U.S. companies have been hit hardest. DRAM chips that sold for \$3 at the beginning of 1998 are now selling for \$2, well below the cost of production.

AN AUSTRALIAN federal government funding shortfall of \$2 billion has been blamed for the closure of more than 300 public schools in the state of Victoria alone.

An 'American Century' seen as a modular mathematical orbit

by Lyndon H. LaRouche, Jr.

July 10, 1998

The present report is the fourth in a series of EIR Features addressing those most crucial, but rarely understood issues, which demand immediate correction of the U.S. Government's continuing, wishful refusal to address the realities of the ongoing, global financial and monetary collapse.

The first of these four items, entitled "Russia Is Eurasia's Keystone Economy," was supplied as a companion to a report by Russia's Dr. Sergei Glazyev; that article appeared, together with Dr. Glazyev's, in the March 27, 1998 edition of EIR.¹ The second of this series, "The Substance of Morality," which focussed upon one of the crucial themes, cultural determinism, addressed in my March 27 report, was published as an EIR Feature in the June 26 edition. The third, which appeared in the July 17 edition, "Where Franklin Roosevelt Was Interrupted," analyzed that disastrous succession of changes in post-1945 U.S. economic and strategic policy-making, which has led to the presently ongoing collapse of the world economy.

The present report clarifies the technical side of the issues addressed in the July 17 report. It defines the mathematical²

1. Dr. Sergei Glazyev, "Key Measures for a Transition to Economic Growth in Russia," issued January 1998 as a transaction of the upper house (The Federation Council) of Russia's parliament.

2. As used here, "mathematical" refers to the Gauss-Riemann system of multiply-connected manifolds, the latter otherwise referenced as *hypergeometric*, or, in descriptive terms, *modular* functions. These conceptions are derived, chiefly, from the successive pioneering work of Johannes Kepler and Gottfried Leibniz, and in crucial opposition to the more popular classroom

form of the differences between two sets of U.S. economic policies. It compares, thus, on the one side, the implied axioms of what had been proposed, while Franklin Roosevelt was still alive, as the post-1945 world economic order, "The American Century," to, on the opposing side, the axioms of that self-doomed, globalist, financial and monetary order, the which was established during the course of the recent thirty-odd years. Here, we examine the principles underlying the mathematical (modular) form of those technicalities which show why a New Bretton Woods financial and monetary system would be successful, and any failure to institute that system, now, a world-wide catastrophe.

To restate that task: our approach here focusses upon the mathematically axiomatic form of those principles of so-called "human ecology"³ which really underlie a world economy. We compare those elements of so-called "ecology" to the best of the extant principles of modern physical science, principles which were introduced to modern science as the Gaussian ordering of our Solar system. Within each of the two distinct systems so compared, the Solar system and growth of

notions of "analysis" derived from such followers of Paolo Sarpi's Venetian school as Galileo Galilei, Thomas Hobbes, René Descartes, Isaac Newton, Leonhard Euler, Lagrange, Laplace, Cauchy, and Clausius.

3. As stated earlier, the recent decades' popularized effort to apply the methods of Darwin-Huxley animal "ecology" to human populations, as by the fellow-travellers of Prince Philip's World Wildlife Fund, is sheer quackery. The very subject-matter, as popularly discussed in recent decades, is possible only among charlatans who lack the meagrest sense of scientific literacy. Here, we are *contrasting* the principles of human population to those of popularized notions of "ecology."



President Franklin D. Roosevelt addresses Congress during World War II. “The practical task confronting today’s mathematical economist,” writes LaRouche, “is to define the calculable difference between the kind of ‘American Century’ world economy implicit in Franklin Roosevelt’s policy, and the disastrously contrary kind of ‘economic solar system’ which has evolved—especially—during the recent thirty-odd years.”

human potential relative population-density, we are given a variety of objects included within the system as a whole, each object moving in a way which is peculiar to itself, and yet, as Kepler and Gauss have shown for the Solar system, each of these planetary and other trajectories within the same set, is governed by a common, underlying set of principles regulating the behavior of the system as a whole.

In the third report of this series, I focused upon the difference between the kind of world economy which would have existed during the recent fifty years, had President Franklin Roosevelt lived, and the spiral of economic degeneration which has ruled during most of those fifty years to date. These two economic histories, are to be contrasted as analogous, respectively, to two entirely incompatible conceptions of the ordering of our economic “Solar system.” The practical task confronting today’s mathematical economist, is to define the calculable difference between the kind of “American Century” world economy implicit in Franklin Roosevelt’s policy, and the disastrously contrary kind of “economic solar system” which has evolved—especially—during the recent thirty-odd years. The task is to show how to calculate and manage those apparently minuscule, momentary differences in trajectories which define the process leading to directly opposite medium-term and long-term results: to show why the economies within one economic “solar system” must necessarily follow qualitatively different trajectories than those of the other, the one leading toward prosperity, the other toward doom.

In the language of those who followed President Charles de Gaulle’s relatively successful, Hamiltonian principles for “indicative planning,”⁴ the question is: how can we adjust the flows within economic processes, to the effect, that future performance of the economy as a whole is kept within strategically acceptable standards of physical and social performance?

*Respecting those principles of astrophysics which we must borrow, as obligatory for understanding the defining issues of any competent mathematical economics, the reader is referred to a pedagogical summary of Kepler-Leibniz-Gauss astrophysics, supplied, under the title, “How Gauss Determined the Orbit of Ceres,” by Dr. Jonathan Tennenbaum and Bruce Director, in the Summer 1998 edition of *Fidelio* quarterly.⁵*

4. The modern precedent for “indicative planning,” is the so-called “dirigist,” science-driver program of France’s minister Jean-Baptiste Colbert. This, in turn, was the basis for the first introduction of a science of technology to national-economy, the 1792-1794 program of France’s war minister Lazare Carnot. Carnot’s principles of technology were fused with the “dirigist” program of Treasury Secretary Alexander Hamilton’s famous three reports to the U.S. Congress. Despite the corruption of France’s science, since the takeover of France’s *Ecole Polytechnique* by the positivists Laplace and Cauchy, the anti-positivist *Ecole* tradition, as typified by Louis Pasteur, remained that current within France’s tradition which was reflected in the “indicative planning” approached instituted under President de Gaulle.

5. I induced Tennenbaum, Director, and others to undertake the subject of that series of pedagogical exercises for the included purpose of prompting at least some among my associates to develop a more rigorous insight into the

Entropic and anti-entropic systems

In any formal mathematical system derived from those Ockhamite, mechanistic principles of so-called “analysis,” the which were employed by Galileo Galilei and his student Thomas Hobbes,⁶ the mathematically characteristic feature of that system, taken as a whole, is a process of degeneration often identified, during the literature of the recent two centuries, by the term “entropy.”⁷ Examples of such characteristically *entropic* systems, include not only the reductionist mechanics of Isaac Newton’s dubious parody of Kepler’s work, Newton’s *Principia*, but also the “free trade” system specified by John Locke, Bernard Mandeville, the neo-feudalist François Quesnay,⁸ Adam Smith, Jeremy Bentham, and John Stuart Mill.

Closely related types of degenerative systems, closely related to both empiricist mechanics and modern statistical social theory, include the so-called “information theory” of Norbert Wiener et al., and the “systems analysis” of John von Neumann. As Wiener has stressed, the derivation of the so-

principles underlying a science of physical economy. The *Fidelio* feature was produced as a polished version of the series presented earlier in Saturday morning editions of the Labor Committees’ Daily Briefing supplied to friends and associates of our philosophical association.

6. Although Nicholas of Cusa, Luca Pacioli, Leonardo da Vinci, and Johannes Kepler represent the origin of modern experimental physical science, a pro-feudalist, anti-science counterrevolution was launched by Venice’s Aristotelians. This Aristotelean reaction dominated Europe politically throughout the Sixteenth Century, especially beginning the A.D. 1510-1511 betrayal and defeat of the League of Cambrai. During the course of the Sixteenth Century, the Aristoteleans became divided into two leading factions, one nominally Catholic, the other, predominantly, nominally Protestant. The neo-Aristotelean Protestant current of empiricism originates with the revival of a medieval figure, William of Ockham, by Venice’s Paolo Sarpi. Among his leading roles, Sarpi was the controlling figure behind the emergence of the Sixteenth-Century Netherlands and English monarchies. In mathematics, Galileo Galilei was a personal lackey and student of Sarpi, and Francis Bacon and Galileo student Thomas Hobbes are among the notable purveyors of Sarpi’s Ockhamite method. The entirety of what is known today as the methods of René Descartes and the English empiricists (such as John Locke, Isaac Newton, et al.) are directly products of Sarpi’s Ockhamite dogma. Thus, modern European scientific thought was divided among three schools, the feudalistic reaction against science, the followers of medieval Aristoteleanism, traditional science (Cusa, Leonardo da Vinci, Kepler, Leibniz, et al.), and empiricism. During the Eighteenth and Nineteenth Centuries, the apostles of empiricism commonly defined the leading current of modern science (Cusa, et al.) as “continental science.”

7. In the literary debate between Gottfried Leibniz and Isaac Newton’s controller, Dr. Samuel Clarke, Leibniz emphasizes the importance of Newton’s admission that Newton’s empiricist universe is comparable to a clock which runs down in such a fashion that God must, periodically wind up the unfortunate creation. Newton’s “clock-winder” observation is the prototype for what Clausius, Kelvin, et al. later identified as thermodynamical “entropy.”

8. Politically, Enlightenment figure Dr. François Quesnay, was an apologist for the feudalistic tradition of the Seventeenth-Century *Fronde*. His irrationalist dogma of *laissez-faire*, copied by the British East India Company’s propagandist Adam Smith as “free trade,” reflects the neo-feudalist political basis for the British Haileybury economists such as Smith, Thomas Malthus, David Ricardo, and, with modest qualification, Karl Marx.

called “H theorem,” by Ludwig Boltzmann, is a paradigm for both these general classes, mechanical and social, of such characteristically degenerative systems.⁹

The relevant paradox is, that living systems, including any college textbook-writer, or lecturer, who preaches “universal entropy” as a dogma, are, despite themselves, characteristically *anti-entropic* as types of organisms. In that sense, the professional honor of the positivist professor of biology depends curiously upon proving, implicitly, to his students, that he himself does not, and could not exist.

Fortunately for the existence of our species — and our universe — anti-entropic processes do exist in categorically universal types. Classical science and art are filled with successful examples of such universal processes. As first argued in this way by Plato, and by the founders of modern experimental physical science after him, the lawful principle underlying the ordering of our universe, is characteristically *anti-entropic*.¹⁰ This includes the principles underlying the design of our Solar system, as Gauss’s work provides crucial experimental proof of Johannes Kepler’s argument on this point.

This same principle of *anti-entropy*, is the characteristic distinction of successful economies, as shown by the science of Physical Economy, founded by Gottfried Leibniz, and shown by such products of Leibniz’s influence as the “American System” model of Alexander Hamilton, Friedrich List, Henry C. Carey, and U.S. President Abraham Lincoln. U.S. President Franklin Roosevelt’s economic recovery program shares this anti-entropic distinction from catastrophically failed economic policies, the latter typified by the pattern of the U.S. government’s net policy-changes imposed during the recent thirty-odd years.

As I have demonstrated this repeatedly, the characteristic features of a successfully anti-entropic economy, may be expressed in terms of a modular, *multiply-connected manifold* of inequalities.¹¹ However, this modular system can be expressed *only* in terms of a set of physical-economic parameters, as opposed to measurements made in terms of simple money prices or other commonly used, fictitious terms. The

9. Norbert Wiener’s piece of quackery, his “information theory,” was derived from the same empiricist root, as entropy was defined, mechanistically, by Ludwig Boltzmann. Cf. “The Substance of Morality,” *EIR*, June 29, 1998.

10. Most notably, Nicholas of Cusa, Luca Pacioli, Leonardo da Vinci, and Johannes Kepler.

11. This is the form of mathematical physics developed, chiefly, through the successive work of Johannes Kepler, Gottfried Leibniz, Carl F. Gauss, and Bernhard Riemann. In the application of this to the science of physical economy (see text immediately following), I have followed Riemann in correlating an increase of the number of experimentally, crucially validated physical (and cultural) principles with a *characteristic* increase of the potential relative population-density of the corresponding society. The realization of this economic potential as increase of the productive powers of labor (per capita and per square kilometer of the Earth’s surface-area), is expressed in terms of a set of constraints specifying the preconditions for realizing that potential. This set of constraints defines anti-entropy in mankind’s functional relationship to the universe at large.

required measurements must express the characteristic function of an anti-entropic physical-economic process in terms of relative increases of the human species' power over the universe, per capita and per square kilometer of the Earth's surface-area.

The question thus situated is: What are the functional determinants of such a physical economy's relative success, or failure, to increase the (per capita, per square kilometer) anti-entropy of the society as a physical-economic entirety? As elaborated in earlier reports of this *EIR* series, this question focuses attention upon two interconnected, Riemannian, functional arrays. These two arrays I have distinguished, as, on the one side, the ongoing realization of accumulated, validated knowledge of physical principles, as from (from n to $n+1$), and a similar, interacting array of what are best identified as "Classical" cultural principles, as from (from m to $m+1$).¹²

The primary functional characteristic of an anti-entropic physical-economic process, taken in its entirety, is the transformations expressed in terms of a function of both ($n \rightarrow n+1$), ($m \rightarrow m+1$). These transformations must also be expressed, as realized in practice, in terms of those characteristic physical-economic functions which I have represented in my textbook, and elsewhere: in terms of a table reflecting a *paradoxically* anti-entropic set of inequalities.¹³ [See box, p. 30.] These functions, including the discovery and use of discovered physical and cultural principles, do not depend upon any notions of money-price or monetary relations as such; as I have detailed this in various published locations, these functions are purely physical-economic, not monetary.¹⁴

However, although the laws of the economic process itself lie entirely within the domain of physical economy, rather than financial and monetary relations, modern political economies, as Treasury Secretary Alexander Hamilton, for example, defined them, are the result of the superimposition of political institutions of finance and monetary relations upon the underlying, physical-economic processes as such. The mathematical representation of any actual form of modern political-economy, whether Hamilton's "American System of political-economy," or adversary systems such as the Adam Smith model, then depends upon showing the form of interactions, as expressed in non-monetary, physical-economic

12. E.g., "Russia Is Eurasia's Keystone Economy," "The Substance of Morality."

13. All validatable discoveries of principle, whether physical principles or principles of Classical forms of artistic composition, are presented by apparently insoluble paradoxes. Such is the role of Classical metaphor in poetry and drama. The paradox lies in the troublesome evidence; the solution for the paradox exists only as a validated discovery of the relevant principle, which latter eliminates the paradox by creating an appropriately expanded new domain, now known to correspond less inexactly to the real universe. The fact that the *anti-entropy* of my system of inequalities occurs as a deductively insoluble paradox, is the virtue of the system. Anti-entropy could never exist in any other form.

14. LaRouche, *EIR*, op. cit., March 27, 1998.

omic values, which are the result of imposing a financial system, in terms of money-prices, upon a purely physical-economic process which has no intrinsic connection to prices.

Stated or implied price, whether expressed in money-prices, or in terms of barter, or even simply theft, becomes a principal means by which the flow of physical-economic wealth produced is directed, or diverted ("allocated"), subjectively, as a flow, into one or another channel of consumption (or, waste). Under a price-dominated form of political-economy, whether the flow of physical-economic values goes to foster the increase of the productive powers of labor, or into pure waste or other entropic expressions, will do much to determine whether the economy, as measured in purely physical-economic terms, prospers or degenerates.

Nonetheless, although money-price and related fictitious valuations can exert social control over the flow of allocations from and into the real economy, it is the physical-economy as such which determines the ultimate outcome of those allocations. Just so, the case of the well-designed automobile driven by a drunken madman; the accident is the result of misusing the automobile, an accident caused by allowing that automobile to be operated by an incompetent. So it is in economics; the best designed economy, operated by monetarists, will crash, through no fault of the ruined economy itself.

To offset the entropic evils to which the mechanistic (i.e., entropic) form of a money-system is otherwise susceptible, prudent governments regulate currency and, to a certain degree, also prices, and prune and shape the channels of public credit and taxation, all to foster the allocation of physical-economic resources to anti-entropic ends, rather than entropic, or outrightly parasitical forms, such as financial speculation. Without such political regulation by perfectly sovereign nation-state government, all modern *political economies* are inherently entropic on principle. This is so, for the elementary, mathematical reason, that the mathematical relations defined in terms of money-price exchanges, are, like John von Neumann's "systems analysis," inherently linear, entropic relations.

If the system which is employed for making decisions respecting allocation, is a system which presumes, implicitly, that economic relations are to be ordered entropically, then the apparently "correct" decisions made on the level of financial and related decisions, will superimpose the relations of entropy upon the underlying, physical-economic system. Without the intervention of government to foster maintenance and development of basic economic infrastructure, to provide the advantages of protection to preferred, technologically progressive forms of employment, production, and trade, the entropic effects inhering in the money-system would lead to entropic degeneration of the economy — *as they always have!*

However, although the role of government in regulating economy is indispensable, it must not go so far as to degrade the real economy to one administered by crude, linear, bureaucratic accounting rules.

Our best political leaders, such as Benjamin Franklin, Alexander Hamilton, and President Abraham Lincoln, were profoundly sensitive to the necessary distinction between an imperative degree of governmental direction in the economy (as, for example, in the domain of regulated basic economic infrastructure), as opposed to excessive direction of the fine details of the productive and allocative processes in the relatively smaller elements of the economy.

France's President Charles de Gaulle exhibited similar sensitivity, most effectively, in his government's emphasis on "indicative planning." Government must be sensitive to the importance of rather sharp distinctions between "direction" and "encouragement." In a well-ordered national economy, the proper distinctions between governmental direction, on the one hand, and government's encouragement, on the other, are an integral part of the means by which national

An anti-entropic set of inequalities

The following discussion on "a paradoxically anti-entropic set of inequalities," is excerpted from "The Essential Role of 'Time-Reversal' in Mathematical Economics," which appeared in the Winter 1996 issue of Fidelio magazine and EIR, Oct. 11, 1996. For further discussion, see LaRouche's textbook, So, You Wish to Learn All About Economics? (Washington, D.C.: EIR News Service, Inc., 1995).

Let **V** signify input/output of the labor-force, **C** signify required materials input for the entire economy (functionally defined), **F** net (functional) physical capital, **d** necessary deductions for government and administration otherwise, **S** output in excess of energy of the system, and **S'** free energy (after deductions for both necessary administration and waste). Be reminded: read these symbols as defined here, not the Marxist reading. Prepare the way by describing the constraints to be examined, as follows.

The general constraints are:

1. The potential population-density of the economy (as a whole) shall not be decreased, and the demographic characteristics of the population as a whole shall be improved.
2. The inputs and outputs of the "market baskets," and of their contents, shall be increased in absolute (physical) terms, for households, for performance of infrastructure, for agriculture and related, for industry, for education, for health care, and for science and technology services. These increases shall be measured in market-baskets, also as contents of market-baskets, and in terms of per-capita (of labor-force), households, per-square-kilometer of land area.
3. The ratio of "free energy" to "energy of the system," so defined, shall not decrease, but the relative energy of the system (per capita of labor-force, per

household, and per square kilometer) shall be increased through reinvestment of "free energy" generated.

These seemingly paradoxical requirements may then be expressed as:

Population-density (adjusted for demographic parameters):

$$|(F) P_1| \leq |(F) P_2|$$

"Free Energy" Ratio:

$$\left[\frac{S'_1}{(V_1 + C_1)} \right] \leq \left[\frac{S'_2}{(V_2 + C_2)} \right]$$

"Energy-Density" Ratio (per-capita of labor force):

$$\left[\frac{(V_1 + C_1)}{F_1} \right]_1 \geq \left[\frac{(V_2 + C_2)}{F_2} \right]_2$$

But, the physical content of market-baskets (M) for productive functions, per capita, for labor-force:

$$(M_v)^1 \leq (M_v)^2$$

and:

$$(M_c)^1 \leq (M_c)^2$$

This set of "market-basket" relations overlays a set of constraints defined in terms of divisions in output of employment of the total labor-force's operatives, letting **V** correspond to the operatives' ration of the total labor-force. In this case:

$$\left(\frac{V}{C} \right)_1 \geq \left(\frac{V}{C} \right)_2$$

and:

$$\left(\frac{S'}{V} \right)_1 \leq \left(\frac{S'}{V} \right)_2$$

and:

$$\left(\frac{S'}{V + C} \right)_1 \leq \left(\frac{S'}{V + C} \right)_2$$

economic policy induces a desirable degree of self-regulation of the allocation function in the role of price and income mechanisms in the market-place.

The alternate management and investment principle, that of “encouragement,” is not a matter of mere moderation, mere avoidance of what some ideologues profess to abhor as a “command economy.” The emphasis upon encouragement flows from the nature of the way in which those ideas responsible for scientific and technological progress are generated: solely by the developed cognitive processes of the individual mind, not collectively, never by “popular opinion.”

This means the individual entrepreneur’s and operative’s accepting the task of the fostering of the discovery and employment of ways to make “more and better” from the same amount of (total) exertion applied to that effort by society as a whole. The success of this commendable desire, depends upon the individual decision-maker’s willingness to submit to the guidance supplied by validated discoveries of both physical principle and Classical forms of culture. This includes not only the individual’s reliving the acts of valid such discoveries from earlier cultures and generations, but also validated new discoveries achieved currently in a similar (e.g., Classical) mode.

Wherever allocation decisions can be safely left to the developed cognitive powers of individuals, or small groups of such individuals, it is better to encourage this practice. However, wherever the general welfare of society is explicitly involved, especially the welfare of the sovereign nation itself, in correct decisions, as in the case of development and maintenance of basic economic infrastructure, or national security, the authority and responsibility lies properly with government. Wherever the development of the general land-area, or the general welfare of the entire population is the leading practical issue, private decision-making must yield to the regulatory functions of government.

The disadvantage of governmental decisions is derived not only from the inherent tendency of popular opinion toward mediocrity. The very tendency to rely upon collective (e.g., “collegial”) decisions, rather than decisions based upon validation of principle, is itself a well-spring of mediocrity. This kind of mediocrity tends to be characteristic of very large corporate enterprises, not only because those enterprises are usually run by amoral Wall Street pirates, but because most large bureaucracies (private usually worse than public) tend to hide behind the mutual protection of collective moral and intellectual mediocrity.

It is the relatively exceptional individual, whose cognitive potential has been developed by means of an approximation of a Classical-humanist form of general education, who contributes those exceptional ideas by means of which progress is supplied to the population and economy generally. Hence, the superior physical-economic performance of the high-tech, closely held entrepreneurship, as typified by the successful machine-tool-design enterprise, over the large, publicly held

corporation. Thus, we representatives of the American System of political-economy, have always preferred that government assume responsibility for fostering those preconditions, including a fair approximation of a Classical-humanist form of compulsory public education, conditions which must be satisfied in the interest of encouraging the efforts of private groups to promote a world of “more and better.” For the same reason, the authorities and responsibilities of the sovereign nation-state republic, must never be subjected to the entropic anarchy inherent in “globalization” and general practices of “free trade.”

The nature of the core issues involved in making these distinctions, is made clearer by two cases in point.

The Machine-Tool-Design Principle

For reasons we have elaborated in already referenced locations, the heart of the successful form of modern agro-industrial, national economy, is represented by two functionally interconnected features of all the more successful economies. One is compulsory, universal (predominantly) public education, with emphasis on Classical education in principles of science and culture, as opposed to the intellectual sterility inhering in so-called “job-oriented,” “skill-oriented,” “popular,” or “relevant” education. The second, is the economy’s machine-tool-design sector.

As we have stressed, the two features are closely interrelated functionally. The natural expression of a student’s reliving the act of a validated original discovery of physical principle, is a proof-of-principle experiment. Any valid, crucial proof-of-principle experiment, is a model for a corresponding principle of machine-tool or related design of a *technology*. On this account, the flow of compulsory, Classical forms of public education into the fostering of university and related research functions, should lead, in turn, into encouraging of development in the machine-tool-design sector of the economy. The continuing role of President Abraham Lincoln’s policies, even after his assassination, in the development of the agriculture and industry of the U.S.A., typifies the cases to be considered.

Today, globally, the admittedly disintegrating, present-day, German machine-tool industry, remains, still, if only vestigially, the paradigm of viable forms of machine-tool industry in general.¹⁵ This is a model introduced to Germany from the United States during the 1870s, as typified by the role of Thomas Edison’s collaborators, such as Rathenau and Siemens, in electrifying late-Nineteenth-Century Germany. That is the American-German historical mode implicitly referenced here.

In practice, we should divide machine-tool enterprises into two types. The more common type is the relatively ordi-

15. Lothar Komp, “The Crucial Role of the ‘Mittelstand’ in the Economy of Postwar Germany,” *EIR*, Jan. 1, 1997, and “The Era of Deindustrialization Has Now Reached Its Dead End,” *EIR*, Feb. 7, 1997.

nary machine-tool establishment, whose typical practice is to polish up and broaden the application of already established machine-tool-design principles, this to the purpose of producing both better machine-tools, and other products, generally. The second, more sophisticated type, is the firm whose practice features the frequent introduction of the application of entirely new, revolutionary principles of technology: new principles of the type which flow directly from the crucial validation of newly discovered physical principles. This latter is the type of firm which is most closely associated with the

One can not purchase cognition by the bucket-load, or the kilogram, or measure it by counting; nonetheless, its existence, and the efficiency of its existence as action, can be readily demonstrated, and measured. By what means, and how to effect such measurements, is the mathematical side of economic science.

development of apparatus essential to crucial proof-of-principle experiments, including “crash programs” such as the Manhattan Project or German-American aerospace program, illustrate the case. Both types of machine-tool enterprises are important; however, the second of the two types is crucial for the process of continued revolutionary progress in the productive powers of labor world-wide.

The latter type of firm, is, typically a small-to-medium-sized enterprise, usually closely held, which employs between several to not more than a few hundred employees. The owner-management of such a firm is controlled by individuals who are highly innovative physical scientists, or engineers with comparable skills and impulses. “Business school” and “Wall Street” types are, almost invariably, a menace to the successful continued existence of such enterprises. The owner-entrepreneur of this second type of machine-tool firm is, as we have said, a direct link to the process of new, experimentally validated discovery of physical principle. In recent history, the typical point of reference for the highest rates of progress in such industrial machine-tool-design practice is, as we have just said, the military or other science-driver “crash program,” such as the Manhattan Project or the German-American U.S. space program of the 1950s and 1960s.

A similar pattern is found, from earlier times, in the best agricultural practices of the U.S. and German farmer, for example. The influence of Justus von Liebig’s work on the origi-

nal founding and development of the U.S. Department of Agriculture, is an apt example of the similarity of the connections between science and technological revolutions in economic practice.

The crucial connection, is between, first, the general development of the creative powers of the individual minds of nearly all of the members of society, as through a compulsory, universal, Classical-humanist form of education, and, second, the realization of the developed creative powers of the student’s mind in the forms of scientific-technological and artistic expressions. The machine-tool-design sector of the economy, is therefore the crucial element, and pinnacle of employment of the productive sectors of the agro-industrial population as a whole; this is the area of production in which the highest rate of increase of the productive powers of labor is concentrated. As the portion of the total labor-force employed in this machine-tool-design area increases, so the potential growth of the productive powers of labor is generated.

By contrast, “outsourcing” for the apparent benefits of cheap labor, as typified by the continuing, disastrous impact of the NAFTA program upon both the U.S.A. and Mexico economies,¹⁶ has shown itself to be a form of economic suicide for both nations, as similar effects have been experienced in those areas of Southeast and East Asia once associated with the reputation of “Asian Tigers.” The source of the productive powers of labor is that which sets the human individual absolutely apart from, and above the apes: those cognitive powers of the individual human mind which rascals such as Immanuel Kant and Karl Savigny denied to exist.¹⁷ The source of the

16. The ruin of General Motors through increasing reliance on slave-labor conditions of production in Mexico’s *maquiladoras*, is most exemplary of the way in which Wall Street bandits’ unchecked, moronic cupidity ruins an entire, once proud and powerful industry, and wrecks the U.S. economy generally, by the same means expressed in other ways. In the U.S.A., as in the tottering nation of Japan, the transfer of financial and political control over industries and the economy to those young upstarts who substituted a fast-buck trader’s electronic calculator for a human brain, generally creates a situation in which the revival of the wrecked economy becomes impossible, unless this entire class of overpaid parasites is removed from positions of power.

17. Immanuel Kant’s early development appeared in the form of fanatically anti-Leibniz tracts expressing extreme adulation for the empiricist influence of Britain’s David Hume. By the early 1780s Kant had undergone a change, distancing himself somewhat from Hume. Kant refers to this change in both the first edition of his own *Critique of Pure Reason* (1781) and his *Prolegomena* (1783). There, Kant later distanced himself from the Ockhamite “philosophical indifferentism” of the British empiricists, and rooted himself entirely in the Averroës tradition of the Venetian gnostic Pietro Pomponazzi. The essence of Kant’s neo-Aristotelean doctrine, was the argument that the cognitive powers of the individual human mind are *unknowable*, and should therefore be disregarded. In his last *Critique*, the *Critique of Judgment* (1790), Kant carries that attack against cognition to its extreme, arguing that aesthetics is a purely arbitrary (irrational) choice of current opinion. Kant’s latter view provided the basis for G.W.F. Hegel’s notion of an arbitrary “World Spirit,” and the notion of an entirely irrational *Geisteswissenschaft* by Hegel’s right-wing crony Karl von Savigny. Today’s popular empiricist notion of “art for art’s sake,” is a product of the same irrationalist argument of Kant, Hegel, and Savigny.

productive powers of labor, is nothing other than that development of those individual cognitive powers, a development best accomplished by aid of cultural standards associated with a Classical-humanist form of compulsory general education, and the nurture of the family household and each local community in a manner consistent with the development and employment of that individual human potential.

A Classical-humanist form of compulsory general education, combined with the leading role of the machine-tool-design sector in physical economy, typify the most essential components of modern economic progress. The question is, how might we approach the task of *measuring* this role of cognition within the economic process as a whole? This turns our attention back to the implications of Kepler's founding of the first successful effort at establishing a comprehensive form of mathematical physics.

Kepler's notion of reason

At first, to the novice, the modular mathematical method developed by Kepler appears to be a method of successive approximations.¹⁸ We begin with consideration of the solar year, add the qualifying notion of the sidereal year, add such other, interacting periods as the equinoctial cycle, and so on. We are moving on a moving planet within our Solar system, a Solar system which, itself, is undergoing long-range cycles of internal change, a Solar system otherwise in motion within the galaxy, and so on. In addition to such orbital changes, there are other periodicities to consider. Each step of refinement of this colligating accumulation of "cycles," leads us deeper into the recesses of non-constant curvature in the infinitesimally small, and thus gives us a new, more precise frame of reference for locating our relationship, from our place on Earth, to the universe at large.

Reflection on these successive approximations returns our attention, once more, to one of the most crucial of the dialogues of Plato, his *Parmenides*. The question is, is there some permanent principle underlying each and all of the conditional changes introduced as crucially validated steps of successive approximations? For Kepler, as for Plato before him, the answer was, "Yes. There is the universal principle of Reason." Understanding this principle is key for locating the nature of measurement of physical-economic processes. *What principle governs the mind's successful ordering of such a series of what are apparently successive approximations?* It is that ordering itself which reflects what Kepler and Leibniz identify as the principle of Reason.

Consider, first, the way in which we measure the principle of anti-entropy in national economies.

On the one side, we can demonstrate empirically, that increase of the potential relative population-density of cultures, depends absolutely upon a characteristic anti-entropy of action within such cultures. From the standpoint of mathematical formalism, we can not measure that action *directly*;

we measure it indirectly, as the set of my constraints (inequalities), restated above, does that. Nonetheless, despite this apparent formal difficulty in the way of simpler, algebraic solutions, we can prove, and that conclusively, that the efficient agency of cognition is the *necessary and sufficient reason*¹⁹ for the effect measured as the characteristic product of anti-entropy.

One can not purchase cognition by the bucket-load, or the kilogram, or measure it by counting; nonetheless, its existence, and the efficiency of its existence as action, can be readily demonstrated, and measured. By what means, and how to effect such measurements, is the mathematical side of economic science.

On the one side, we can count the addition of an experimentally, crucially validated physical principle; on the other side, we can measure the relative increase in the productive powers of labor brought about through the utilization of new, validated physical principles. This is an experimental validation of a physical principle, a crucial validation effected through measurement, and by methods of experimental physical science. The fact, that the measurements available to us during the short to medium term are seldom better than good approximations, detracts nothing from the authority of the experimental method employed.

In the case of Kepler's astrophysics, and its crucial validation by Gauss, it is demonstrable that all efficient laws of the Solar system conform to the principles of Platonic harmonics, as Luca Pacioli and Leonardo da Vinci also insisted upon this earlier. We can not dump such notions of harmonics upon the Solar system in a mechanistic way, and directly calculate the result accordingly; but no validatable calculation will violate those notions of harmonics. Similarly, no increase of the potential relative population-density of mankind occurs, without the apparently unmeasurable act of cognition; but, although the efficiency of cognition can be shown in a measurable way, one can not derive a simple, deductive (e.g., algebraic, analytical) calculation of the connection between cognition and its physical-economic result.

This kind of distinction, between either cognition and increase of potential relative population-density, or between Platonic harmonics and the lawful composition of our Solar system, is a distinction of a type known from Plato as the difference between ordinary *hypothesis* and *higher hypothesis*. It is the latter, *higher hypothesis*, which supplies the meaning of the term *Reason* in first approximation. It is that distinction which is crucial for a comprehensible notion of a mathematical application of economic science.

Define the relevant distinctions as follows.

Contrary to the street-corner variety of misuse of the term, the correct definition of *hypothesis* is as follows. Given any deductively consistent system of propositions, such as the

18. Tennenbaum and Director, op. cit.

19. Leibniz's notion of "necessary and sufficient reason," is a refinement of Kepler's notion of Reason as the efficient agency determining the laws of the Solar system.

theorems of a classroom Euclidean geometry, each of the theorems of that system must have been proven to be not inconsistent with any among a certain set of interacting, interdependent definitions, axioms, and postulates. That latter set forms the axiomatic basis for that system. Among literate persons, such an interacting (modular) set of definitions, axioms, and postulates, is termed an *hypothesis*.

There are other types of systems, which do not depend upon strictly deductive consistency; but, for all types of hypothesis, equivalent principles of connection apply.

In a rigorously developed system, such as a reasonably good mathematical physics, science is frequently replacing previously established hypotheses with new, and better ones. Measurable paradoxes erupting within a domain previously assigned to a known hypothesis, force science to discover new physical principles (for example) which overcome the paradoxes posed by the relevant experimental evidence. Crucial experiment, usually based upon refined measurement, is the means by which such discoveries of new principle are validated.

In no such case is a new principle actually generated by a preexisting mathematics. In each case, a revolution, imported from outside mathematics, is required. Mathematics comes into play as we seek to define crucial proof of the validity of the proposed new principle which we may believe we have discovered as the proposed solution to an experimental paradox. The relevant question is: Since the solution to the paradox is not generated from within pre-existing mathematics, whence does it come?

The student who has often relived successfully the enactment of those valid such discoveries of principle which were originally contributed by persons who lived in earlier generations, develops what appears to be an “instinct” for validatable, creative, cognitive solutions for new problems of the same general class. This “instinct” becomes the emerging basis for a matriculated student’s professional competence in his or her field.

This apparent “instinct” is a quality of hypothesis of a far different type than that we associate with ordinary mathematical-deductive systems. It is of a type which Plato associates with the usage of *higher hypothesis*, a set of principles which, when confronted by paradox, efficiently governs the successful, cognitive generation of validatable new principles overcoming the paradox.

Such a notion of *higher hypothesis* belongs to a domain for which the term *epistemology* has often been used. By “epistemology,” we imply answerable responses to the question, “How is our universe composed?” Kepler’s development of the first comprehensive mathematical physics, is an example of the practice of epistemology. The answer to the question, “How is our universe composed,” is both the notion of *higher hypothesis* and the notion of *Reason*, or *necessary and sufficient reason* as these terms appear, variously, in the work of a Kepler or Leibniz. The answer to that question

lies within a crucial second question: “What kind of a person is qualified to answer that question?” If the wrong type of person is involved, the effort will be a failure, usually a travesty.

At this point, we make a short, apparent diversion which is no diversion.

The world-historical individual

At this point we return to a subject addressed within the second of our four referenced reports, “The Substance of Morality.” That subject is the notion of the *world-historical individual*, as distinct from the morally inferior, “small change” personality, whose preoccupation is “success” in the narrowly defined, so-called “practical” matters of individual and family affairs. The individual who locates his or her personal identity in making a contribution to the benefits of the past and the future of nation and mankind — our “world-historical individual,” thinks about the evidence of experience in a fundamentally different way than does the so-called “practical man.” The latter is more or less incapable of the kinds of moral commitment, or profundity of intellectual accomplishments, which are normal concerns for the world-historical personality.

The world-historical personality locates his or her essential identity in the realm of validated *ideas*, as Plato, for example, defines “ideas.” That personality is eager to acquire and preserve those ideas, of physical and Classical-cultural principle, which are the gifts of past generations of humanity, and eager to contribute something new of that same nature to the benefit of all future humanity. The motivation of that personality lies chiefly in the joy of mastering those paradoxes which lead to the production of validated, needed new principles, for the benefit of mankind; all true scientists are so motivated, for example. Such is the personality who locates the outcome of his or her mortal existence within nothing less than *the simultaneity of eternity*. That personality, such as a Leonardo da Vinci, a Kepler, a Leibniz, a Gauss, or a Riemann, regards all evidence, including the evidence of physical science, from that world-historical vantage-point.

Thus, in matters of science in general, and economy, the motive of the world-historical personality is the fight for new advances in anti-entropy. That is what shall remain forever of the relatively greatest world-historical value at the most distant place in the simultaneity of eternity. It is anti-entropy as such, anti-entropy as the object of one’s investigation, which, for the world-historical person, is the essence of economy. It is that same object, anti-entropy, which is the essence of science for Cusa, Leonardo da Vinci, Kepler, and Leibniz, as it was for Plato. Let us examine that *object*, anti-entropy, as an object. Locate this object, in this manner, within the terms of my table of inequalities.

The proof lies not only in the so-called “objective” evidence considered. Valid proof of principles comes into existence only when the experimenter represents the mind of an

appropriately developed world-historical personality.

For example: in history, over how long a span of time does one measure apparent cause and effect? A few years, a decade, an adult lifetime? Over how broad a span does one assemble the evidence? Generally, the sort of person who has developed the ability actually to think about important economic matters, draws upon intimate knowledge of not less than several centuries of history. That person focusses upon adducing those historical principles, spanning decades, which underlie the origin of recent and current historical developments. In contrast, most among today's middle-aged and younger generations of contemporary university graduates who regard themselves as either professionals, or otherwise well-informed persons, are shallow-minded babblers. They are persons whose minds are dominated by superficial, gossip-like assumptions ("I read the press. I keep up with current events. I studied at school. I hear from people whose opinions I respect, that . . ."), persons whose opinions are not to be treated as products of serious thinking. In short, they have "my philosophy," "my opinion." They are not responsible about the way in which they think and formulate their judgments, whether about science, politics, economics, or morality.

The essential fact of physical economy is human individual, cognitive creativity: the developed capacity, otherwise known as *higher hypothesis*, to meet paradoxes with synthesized, validated solutions expressed as newly discovered physical or Classical-artistic principles. That creativity, that action, is the crucial thing—the object—to be measured; that action is the characteristic of physical economy. The physical dimension we must measure on that account, is anti-entropy.

From reference to the table of inequalities provided above, it is apparent that we do not measure anti-entropy directly. We measure anti-entropy as an algebraically paradoxical relationship arising among measured objects, none of which are explicitly, or otherwise anti-entropic in and of themselves. We are measuring the relatively anti-entropic effect of bringing together, under certain restrictions, algebraically measurable magnitudes, none of which are themselves anti-entropic magnitudes, nor can anti-entropy be adduced from any analytical (e.g., algebraic) formulation of those magnitudes.

To understand the paradox we are elaborating here, it is indispensable to grasp the essential implications of Bernhard Riemann's 1854 habilitation dissertation.²⁰ It is also indispensable to read Riemann's work from the standpoint of Gauss, and to comprehend these leading features of Gauss's work from the Platonic vantage-point defined by Kepler on modular functions and Leibniz on the subject of non-constant curvature in the infinitesimally small.²¹ The following sum-

20. Bernhard Riemann, *Über die Hypothesen, welcher der Geometrie zu Grunde liegen*, *Bernhard Riemanns Gesammelte Mathematische Werke*, H. Weber, ed. (New York: Dover Publications reprint edition, 1953).

21. i.e., the basis for Leibniz's devastating attacks upon Descartes and Newton, and the roots of his conception of *monadology*.

mary of the connections is supplied.

As I have argued the matter in the four *EIR* reports listed at the outset, Riemann's replacement of earlier notions of geometry by his conception of multiply-connected manifolds, has two leading features of relevance for the point immediately at hand. On the one side, the notion of a Riemannian ordering of multiply-connected manifolds, suffices to provide the needed conceptions of not only manifolds of physical principles and of Classical-artistic principles, but also leads us, implicitly, to locating the interaction between the two qualities of manifolds. On the other side, the actual effect of adding new principles to such manifolds can not be determined in a formal way, but must be determined experimentally. Thus, on the latter account, we are led, as Riemann warns us, from the department of formal mathematics, to the department of experimental physics.

In first approximation, it is sufficient for us, that an increase in the number of valid principles of the manifold correlate with a potential increase in the net productive powers of labor, an improvement of the potential relative population-density of the species under conditions of that culture. This improvement, or want of it, is the measurable *characteristic* action within that manifold. This can not be presumed from a formal standpoint, as from simply a geometric standpoint; the measurement of this characteristic must be accomplished in terms equivalent to those of an experimental physics.

The *action* whose effect we are measuring in this way, is the form of activity which sets the human individual absolutely apart from and above all forms of animal life: the quality of cognition which enables the individual mind, as a sovereign individual mind, to generate valid discoveries of new principle in response to the challenge of experimentally paradoxical evidence. It is in that mental activity of the sovereign individual mind, that the characteristic action of physical economy is located.

The fact that we measure this performance indirectly, must not lure us from recognizing the truth of the matter; it is the anti-entropic action characteristic of the sovereign individual mind, which is the sole true object of a practiced science of physical economy. All other considerations are intrinsically irrelevant, except as they bear directly upon this object.

Hence, the typical blunder underlying the incompetence of virtually all taught economic theory, is the blunder of seeking to adduce anti-entropic action from the contemplation of formalist's arrays of entropic objects as such. The typical result of widely accepted economics dogma is, therefore, all too often, like the attempt to extract milk from a ceramic image of a cow. Usually, as most U.S. citizens have reason to complain today, milking a ceramic cow would probably prove a relatively more nourishing endeavor than the kind of economic policy practiced in Washington, D.C., these recent thirty-odd years.

A no-confidence vote for 'Japan, Inc.'

by Our Special Correspondent

The electoral defeat of the ruling Liberal Democratic Party (LDP) and its Prime Minister Ryutaro Hashimoto in the July 12 elections for the Upper House of the Japanese Diet (parliament), has created a shockwave throughout the country's establishment. Although some leading Japanese figures wanted to retain the present Hashimoto government, the Japanese population and some institutional forces clearly wanted a major change in the government's makeup.

As *EIR* Founder Lyndon LaRouche remarked at the end of June, there is a need for a complete change in financial and economic policy in Japan. "Unless Japan is ready to write off at least 80% of their bank bad debts," LaRouche said, "as well as to roll back the foolish 'Big Bang' financial deregulation measures, to take adequate currency protection, as well as to enter cooperation with China and other key nations on long-term trade arrangements, nothing now being discussed inside Japan can work."

The ruling party's unexpected defeat opens up a potentially new political constellation within the Japanese establishment. Historically, the Japanese political system has been a tradition-bound process wherein secrecy is paramount and consensus the result—for good or ill. Now, faced with the prospect that the choice of the next Prime Minister could determine whether the world financial system goes into a meltdown, the Japanese are caught up in a terrific power struggle.

According to Japanese press accounts, the two leading candidates are from the same LDP faction, and are apparently splitting apart on policy issues. Moreover, the traditional factions are all jockeying for positions in the next government,

while the younger members of the LDP are nearly in a revolt against the party elders. All of these developments portend a tough round ahead.

The two leading candidates, Foreign Minister Keizo Obuchi and ex-cabinet chief Seiroku Kajiyama, have different approaches to the financial and economic crisis. Obuchi, considered the front-runner and not a favorite of the "market forces," is backed by Noboru Takeshita, one of the "shadow shoguns" who operate behind the scenes, while Kajiyama has received support from former Prime Minister Yasuhiro Nakasone. Kajiyama is being lauded by the international and domestic market players for his call for shutting down Japan's insolvent banks. According to one Japanese source, "If Obuchi and Kajiyama cannot make a deal, there could be a major political crisis."

However, both U.S. and Japanese high-level sources have reported to *EIR* that, as we go to press on July 17, over the next few days, it is anticipated that a new arrangement could emerge out of the chaos. A Japanese source stated that "Kajiyama looks like he's prepared to work out a deal where Obuchi becomes the new Prime Minister and Kajiyama takes on the Minister of Finance portfolio." If this deal doesn't work, a third candidate could emerge who is a favorite of the younger members of the LDP, and that is Health and Welfare Minister Junichiro Kiozumi. Kiozumi, a scion of a top political family, is supported by the Mitsuzuka faction and former leading members of the Hashimoto coalition; he is considered by many to be a radical reformer, because of his proposal to privatize the world's largest financial institution, the Post Savings apparatus.



Campaigning for the elections in Osaka, Japan, June 1998. The voters repudiated Hashimoto's government; but now, will the elites draw the necessary conclusions for policymaking?

In all, there are 12 candidates, and given the complexity of the political process, it is difficult to predict the ultimate outcome.

No solutions forthcoming

From all indicators, and according to high-level sources in both Japan and the United States, none of the prospective prime ministers appears strong enough to push through a major overhaul of the Japanese political and financial system. What can be expected, according to one Japanese source, is that if Obuchi comes to power, he will surprise many observers by using his apparent weakness as a source of strength. "He may wind up offering a new policy arrangement with the United States," the source added. Obuchi will offer a "coordinated policy framework to defend the yen against currency speculators, and set up a fund with other Asian countries to support the yen." In addition, some people behind Obuchi want a "strong yen and a near-fixed exchange rate" between the yen and dollar. Obuchi is "more inclined to seek a government-to-government solution than allowing the market to determine the yen's value," the source commented.

Kajiyama, on the other hand, said the source, is willing to play the market game and shut down insolvent banks without any political considerations.

On the U.S. side, the Clinton administration is clearly

worried. If none of the proposals that Japan has promised to implement goes ahead, the entire U.S. crisis-management approach will indeed be shown to have been a failure. Clyde Prestowitz, president of the Economic Policy Institute, told Reuters on July 14 that "Asia is teetering on the brink of disaster; getting Japan turned around is awfully important."

Hashimoto was doomed

For the last several months, the Hashimoto government had been under enormous pressure from the Clinton administration to change its policies. The administration has been telling Japan to take care of its internal debt, to develop transparency rules for how much debt there really is, and to set up a plan for removing the bad bank debt, modelled on the Resolution Trust Corp. in the United States. (The RTC "solved" the 1989-95 crisis in the savings and loan institutions by bankrupting the S&Ls, reducing their number by half, and shifting consumer deposits to the big Wall Street banks.) Moreover, U.S. officials demanded that a massive financial stimulus package be implemented.

It was this pressure that virtually assured Hashimoto's demise. His coalition was a bundle of contradictions with no consistent policy outlook. Fiscal monetarists, strong-yen advocates, and Keynesian-style advocates of government stimulus measures all resided together, yet disagreed on everything. Only a small minority faction pushed the idea

advanced by Lyndon LaRouche for setting up a New Bretton Woods system, to reorganize the bankrupt global financial system and restart world trade and production. Following a statement at the World Economic Forum in Davos, Switzerland by First Lady Hillary Clinton, on the idea of a New Bretton Woods system, Japanese officials began openly voicing the possibility of setting up such an arrangement. Vice Minister for International Financial Affairs Eisuke Sakakibara issued a statement in May, that a New Bretton Woods may be needed to reform the present monetary system.

Overtaken by events and the global nature of the crisis, the Hashimoto government was ill-equipped to handle these developments. Hedge funds' and currency speculators' attacks on the yen overwhelmed the Japanese. Just prior to these developments, the Hashimoto government had implemented

a harsh austerity package, including a massive consumption tax increase, in order to prop up a failing banking system. The Hashimoto formula of budget austerity, increased liquidity to the banks, and a strong yen completely backfired. Not only was the Prime Minister unable to write down the bad bank debt, but when his "Big Bang" deregulation went into effect on April 1, a huge amount of capital and savings left Japan seeking higher earnings on investments and deposits. This capital flight, coming at a time of a major political crisis, allowed the international speculators an opportunity to wreck havoc inside Japan.

As the crisis worsened daily, popular anger against Hashimoto's government coalition grew. This anger was amply demonstrated by a voter turnout larger than expected. Nearly 60% of eligible voters cast their ballot, surpassing the turnout in the last election by 15 percentage points. While the LDP lost 17 seats, some opposition parties, including the Japanese Communist Party and the newly formed Democratic Party of Japan, garnered huge gains. Last April, Minoru Morita, a leading commentator, published an article calling for the resignation of Hashimoto, reflecting the fact that powerful behind-the-scenes figures such as Nakasone had made the decision to dump him.

LaRouche warns Japan

Lyndon H. LaRouche, Jr., in a feature article in last week's EIR, "Where Franklin Roosevelt Was Interrupted," had this to say about the crisis in Japan, which has now burst out into the open:

The obsessive fixation upon "crisis management," which grips the deluded government of Japan, the IMF, and many others, is, itself, presently, the most immediate, single threat to the world economy. . . .

The case of Japan's suicidal flights forward exemplifies the leading source of the "bail-out" lunacies which continue to grip the governments of Japan, the U.S.A., and others. As a senior figure of Japan pointed out, sadly, there will be no return to sanity in Japan's policy-making until the presently dominant financial-political forces in Japan, merely typified by the Hashimoto government, eliminate themselves from the scene by the inevitable consequences of their own folly. Thus, in similar fashion, did the fabled Belshazzar prepare the way for the transition to Mesopotamia's Achaemenid dynasty. The presently ruling circles in Japan do not give a damn for the economy of Japan, or the savings of its ordinary citizens; for the ruling financial-political circles, it is the political and financial power of their faction which constitutes their perceived self-interest. Until that "class" is eliminated from power, there is no hope for sanity in Japan's policy-making, or the policy-making of any nation presently in an analogous situation.

Japan's decision-making

For years, the politicians of the LDP, the dominant party, cared little about policymaking. Politics was driven by budget decisions made by Finance Ministry bureaucrats, who allocated funds to the Construction Ministry for public works projects, much in the same manner as the old Chicago Democratic Party machine of Mayor Richard Daley.

With the explosion of scandals surrounding the Ministry of Finance, and constant investigations into its activities, the traditional power center shifted away from the bureaucracy to the Prime Minister's office. The finance mandarins were now subordinate to the politicians—an event unheard of in Japan. This formal exchange of power, however, did little to address the fundamental crisis facing Japan.

With the prospect of a global depression being blamed on Japan, many Japanese establishment forces began to recognize the need for substantial change. But when Hashimoto could not put together a strong coalition, the "warring factions" based on "clannish loyalty" overwhelmed the decision-making process.

The growth of clannish factionalism can be traced to a decision made 15-20 years ago, when the traditional, production-based alliance of industrial corporations, trading companies, and politicians allowed their financial institutions to become more dominant. Under the new arrangement, the Ministry of International Trade and Industry lost considerable power to the Finance Ministry, which had become a bastion of monetarism. Although some key individuals within the bureaucracy understood that this shift, both internationally

and domestically, toward this “globalization form of monetarism,” meant that Japan’s productive base would increasingly be weakened, they were essentially powerless to change the situation.

As a result of this transformation, the traditional partnership among the politicians-bureaucracy-business fell apart. With the external pressure becoming greater and greater on Japan, the resistance to change became more a problem of inertia. Only a major crisis could force some fundamental change. Now the question is whether this change leads Japan into becoming a new “Venice of the East,” where financial power exerts itself to subordinate other nations through debt collection and International Monetary Fund conditionalities, or Japan begins to become a nation-state, where policies are guided by a quest for economic development in full and equal partnerships with those countries devastated by the present collapse. One of the critical tests for Japan is how it responds to the new emerging partnership between the United States and China, following President Clinton’s successful, if limited summitry.

The euro seduction

The “Venetian model” has gained some currency among sections of the Japanese elites. The Mitsubishi “clan” has been lured into seeing themselves as the cutting edge of this trend. The merger of the Bank of Tokyo and the Mitsubishi Bank, forming the Bank Tokyo-Mitsubishi, is a reflection of this current. Now, these forces are looking at the emergence of the new European single currency, the euro, as the alternative to the United States and the dollar. These Japanese factions still dream of reviving a yen currency bloc to join the euro against the dollar.

At a recent meeting in Tokyo of the Bank of International Settlements and Asian central bankers, European spokesmen openly called for the euro to be the chief competitor to the dollar. It is now being discussed as an alternative to a New Bretton Woods policy, where it would be the centerpiece of closer cooperation with the United States and other Asian, African, and Ibero-American countries.

How the new government and Japanese policymakers respond to the deepening crisis could determine whether the world tumbles into a full-blown depression. Both the United States and Japan face the prospect that the present monetary system is unsustainable. There is no way to save the speculative bubble driving the so-called “global and emerging markets.” Discussions of a new “financial architecture” have been woefully inadequate to deal with this crisis.

Now, Japan has a historic opportunity to join with other Asian nations, including China, India, and Russia, to demand that the United States push ahead for a New Bretton Woods system.

If Japan fails, so does the United States, and so does the world. There is no escape from this reality.

Genocide in Kosova goes unchallenged by NATO

by Umberto Pascali

“NATO must intervene immediately with military action inside Kosova. . . . President Clinton please remember what you promised [Kosova] President Ibrahim Rugova: that you will not allow a new Bosnia! Time is running out.”

Feride Istogu Gillesberg made this emotional appeal to President Bill Clinton in an interview with *EIR*, after representing Kosova at the Parliamentary Assembly of the Organization for Security and Cooperation in Europe. This assembly, one of the most prestigious international forums, brought elected representatives from all over the world to Copenhagen, Denmark on July 7-10, to address how to stop the genocide being unleashed by Serbian dictator Slobodan Milosevic against Kosova. After the meeting, a delegation of the OSCE, whose 54 member-nations include the United States, left for Serbia and Kosova on a fact-finding mission.

In his speech to the conference, Reza Nikqi, the representative of President Rugova, stressed the need to stop Milosevic. The “OSCE and other international institutions must pressure Belgrade by the strongest political means. NATO must intervene with military means. Let me remind you, that this is the third military aggression which the government of Milosevic has initiated within the last decade. Therefore, no one in this assembly should have any illusion concerning what this conflict really is about,” he said. “NATO must intervene in order to stop a humanitarian catastrophe and prevent a regional conflict.”

It is clear that the eyes of the Kosovars are on the United States, as the only force that could potentially tilt the balance of the “international community” away from a suicidal policy of appeasement. At the OSCE conference, it was U.S. Rep. Steny Hoyer (D-Md.) who declared, “Never Again!”

Cabinet warfare

Unfortunately, the OSCE resolution, whose original draft called for NATO intervention, was changed by the time of the final vote, so that it called for submitting the decision for military intervention to the “explicit endorsement of a relevant UN Security Council resolution.” It will be impossible to pass any such resolution, given the already-announced opposition of Russia, which has veto-power in the Security Council. The role of the various actors in the Kosova tragedy was made clear during the debate. While the Russians, as expected, opposed even the watered-down resolution, it was



A demonstration of Kosova Albanians, the Schiller Institute, and other activists, in Copenhagen on July 9, greets delegates attending the OSCE conference, who were attending a reception at the Danish Parliament.

the British who were shown again to be the masters of preventing any adequate decision. The British delegate, Frank Cook, argued that a NATO intervention would increase the danger of war. He also endorsed the latest diplomatic ploy, that of blaming the Kosovars for their internal divisions. At least Milosevic speaks with one voice, he said.

Indeed, after the June 15 “Determined Falcon” NATO air exercise over Albania and Macedonia, NATO and the main Western military spokesmen went into retreat. At this point, a “consensus” among the experts suggests that no real military step will be taken to stop the genocide. At most, there will be support for Special Forces operations, i.e., instead of a professional, direct, and resolute intervention by national military forces, the area will be left to guerrilla-style insurrections and counter-repression, a “population war” which could become endemic in the area, and which guarantees that the largest number of people will be forced to escape or be killed.

According to qualified observers, this looks like the most plausible plan of the British and their tool Milosevic.

NATO Secretary General Javier Solana stated on July 16: “Everybody thinks that the solution for that conflict . . . has to be a diplomatic solution. NATO has never thought of solving the problem militarily.”

Such statements in the face of the Greater Serbians’ genocide would appear bizarre in the mouth of any political leader, but when it comes from the head of a military alliance, it means that the insanity of cabinet warfare, as opposed to a winning strategy, has taken over.

In fact, there is no intention to apply a winning strategy against Milosevic and his war criminals. On the contrary, military means are applied to arrive at “negotiation,” no matter how many people will be killed. “If in order to get a diplomatic solution it is necessary to use the capabilities that we

have,” said Solana, “we will be prepared to act in order to help the diplomatic solution.”

Meanwhile, Solana and the “experts” piously repeat that Milosevic is showing restraint. “I do think that the restraint that we see now in the Milosevic camp has a lot to do with the clear statement made by NATO that we are preparing to act,” Solana said.

Milosevic’s ‘restraint’

It would be difficult to explain “Milosevic’s restraint” to the Kosova population, which is being forced to choose between leaving behind everything they have and joining the Kosova Liberation Army. In fact, Milosevic has more thoroughly succeeded in carrying out the ethnic cleansing of the non-Serbian population in Kosova than he did in Croatia, and probably even in Bosnia.

The same day that Solana acknowledged Milosevic’s “restraint,” Austrian Interior Minister Karl Schlowegel sounded the alarm: An unprecedented “mass exodus” from Kosova is under way, and Austria is one of the destination points, he warned. During the genocide in Croatia and Bosnia, Austria alone took in 92,000 refugees. Now, Austria cannot accept such a large number of displaced persons. The minister met with his counterparts from Italy, France, Switzerland, and Germany to find a “common answer.” Reportedly, the authorities of these countries are extremely concerned. In Italy, a major exodus from Albania in the past provoked panic, an emergency situation, explosions of xenophobia, and the beginnings of mass violence.

But, it’s not just Solana who is failing to face reality. On July 15, U.S. Defense Department officials told reporters that they do not believe NATO will take any action in Kosova unless “intolerable” atrocities take place there. The Pentagon

officials explained that Milosevic's forces have slowed down, and that "a balance of sorts" has emerged on the ground. NATO will "take a balanced view" rather than a "one-sided approach," these officials said. The Kosova Liberation Army (UCK) "needs to know — and NATO has made this clear, and the U.S. has made this clear — that the cavalry is not coming."

The growing withdrawal from reality was also clearly evident at the July 8 meeting of the Contact Group, whose representatives from the United States, Russia, France, Germany, Britain, and Italy are supposedly mediating peace in former Yugoslavia. The Contact Group issued a statement in Bonn demanding that the hostilities in Kosova cease "immediately." It called on the UCK to lay down its weapons, and for "both sides" to "immediately" resume the stalled talks. Not surprisingly, none of that happened. The Contact Group also elaborated "basic elements" of a "carrot-and-stick" peace plan, but they were not made public. Rather, they were communicated to both sides "confidentially." The closest the Group came to reality was its statement that, "The prospect of a peaceful settlement has deteriorated since the [last] Contact Group meeting."

The frustration of the diplomats has grown. Richard Holbrooke, the official mediator of the Bosnia peace agreement in Dayton, Ohio, was recently recalled from his job in the

private sector and appointed by President Clinton as UN Envoy to deal with the Kosova crisis. At the time of the Dayton negotiations, the paramilitary gangs of war criminal Radovan Karadzic and Ratko Mladic had been pushed to the wall by limited NATO air strikes against their logistic and communications centers. Paradoxically, the Dayton negotiations revived the status of the "defeated" Milosevic, who, suddenly, became the "guarantor" of peace. The clauses that the Bosnians of President Alija Izetbegovic were armtwisted into accepting — basically, the denial of the fundamental conditions for building a sovereign country — explains why three years after the "peace," there is neither peace nor reconstruction in Bosnia, but a divided country whose economy (or non-economy) is run by the International Monetary Fund. Thinking about a new Dayton, Holbrooke launched a shuttle diplomacy that, for example, included three dinners with Milosevic over three consecutive days. Against the political instincts of Kosova President Rugova, Holbrooke insisted that he meet Milosevic and start direct negotiation. Rugova went to Belgrade, where Milosevic arrogantly condescended to shake his hand.

For Rugova, it was the kiss of death. No negotiations were possible with Milosevic. Instead, after the humiliating meeting, Milosevic unleashed one of his most brutal assaults

'Chemistry' of a backdown

Among the participants at the OSCE Parliamentary Assembly was Russian chauvinist Vladimir Zhirinovsky, who represents those forces that the British, in particular, are counting on to thwart any U.S. impulse to intervene, by means of sabre-rattling support for his "Slavic brother" Milosevic. The chemistry between Russians and British emerged clearly from the debate. Zhirinovsky went into a rage after the speech of Reza Nikqi, the representative of Kosova President Ibrahim Rugova. Ethnic Albanians, Zhirinovsky thundered, have no rights in Kosova. When Kosova representative Mrs. Feride Gillesberg tried to respond, the British moderator prevented her from speaking. Instead, British delegate Frank Cook intervened to say that "the Albanians [sic] are not innocent."

Reports from the Danish press show the divide between those who wanted action, and those who backed down.

U.S. Rep. Steny Hoyer as quoted in *Berlingske Tidende* July 11:

"This resolution sends a useful signal, but we must not stop there. We must give form and strength to the words

'Never Again.' It was the international community's shame, that led to action in Bosnia. But this time, we cannot wait until the shame is upon us, before we act."

Aktuelt of July 10 quoted **Vladimir Zhirinovsky** shouting from his seat at the assembly:

"The Albanians have no historical right to Kosova. There were no Albanians in the area, before Yugoslavia. President Tito invited them in!"

Leonid Ivanchenko from the Communist Party of the Russian Federation, was quoted in the July 11 *Berlingske Tidende* urging the assembly:

"We encourage the delegates to vote against initiating punishment actions against Serbia and the use of military power. If you vote for the resolution, you will suffocate Kosova province, and thereby we will, with our own hands, open the way for guns, which can be used to kill other people, in another place. Is that really what we want to do?"

Socialist Party Danish parliamentarian Helle Degn, who will be the next president of the OSCE Parliamentary Assembly, told the forum, according to the July 11 *Berlingske Tidende*:

"The resolution is a signal to the Kosova Albanians that we will not send our young people to war for their independence. It is also a signal that we still believe in a negotiated settlement. We must absolutely appeal to all international parties not to throw gasoline on the fire by supporting with weapons."

against Kosova's towns and villages close to the Albanian border. Rugova's credibility — which had won him the large majority of the ethnic Albanian vote — was badly shaken.

The ferocious assaults of Milosevic's special police and paramilitary gangs set up Rugova to look like the "appeaser." They also pushed a large number of people, both in Kosova and outside, to join the UCK as the most radical answer to the genocide. Reportedly, the UCK controls up to 30% of Kosova territory, especially small villages, mountainous territory, and the countryside. Milosevic's special police, increasingly assisted by paramilitary gangs of Serbs recruited from Bosnia and Croatia, control the larger towns. It is a hellish scenario: The undisputed superiority in armaments and logistics of the special police allows them to attack villages and towns using heavy artillery and grenade launchers, helicopters, and, it has been reported, air forces.

Young Kosovars are attracted more and more by the UCK. This kind of war could last for a very long time. Again, the *only* reason why this appalling scenario has developed is because, when Milosevic unleashed his forces against the civilian population of Kosova, there was no adequate reaction by the West against that aggression. No military intervention, no air strikes, not even the *credible threat* of military action.

Shortly before the Contact Group meeting in Bonn, Holbrooke decided to play the UCK card. In front of journalists, he met with UCK representatives in Kosova. Reportedly, U.S. Balkan Envoy Robert Gelbard did the same in Switzerland.

But, despite the shuttle diplomacy, Holbrooke could not convince the UCK and the political parties representing the Kosovars to start negotiations. Apparently Holbrooke realized that there are several groupings inside the UCK. He finally publicly expressed his frustration, and accused the Kosovars themselves of making negotiations impossible because of their internal divisions. The Contact Group followed his lead. Rugova's top adviser, Alush Gashi, retorted, "The international community blames their failures to bring peace on natural divisions in Albanian politics. The Contact Group keeps demanding the Serbs withdraw their forces, but [they] are ignored [by Milosevic]. Indeed, for us, the biggest problem is that *there's no international agenda.*"

It is particularly telling that the Clinton administration has failed to apply the lessons of the Bosnia experience, and make a decisive break with the British and the French. While President Clinton has a fundamentally different agenda than his London and Paris counterparts, the administration's resorting to pragmatism and cabinet-warfare methods has undermined its ability to give any competent leadership. Sources in Washington tell *EIR* that the Clinton administration is so wary of falling into a British geopolitical trap of a prolonged military quagmire, that Washington is resorting to the "Afghan War" strategy. The result is an even more hideous "ethnic cleansing" than was seen in Bosnia.

This abdication of responsibility by the United States is pushing Kosova toward an Afghanistan-type situation. In Af-

ghanistan, the Western factions led by British Prime Minister Margaret Thatcher and U.S. President George Bush decided to experiment with a new kind of war against the Russians. Instead of a military intervention, they deployed groups of "fundamentalists" that could finance themselves. In Afghanistan, it meant drug-trafficking.

That model was not new; it had already been applied in Southeast Asia, and it had been applied routinely by the British colonial empire. The Afghansi guerrillas became more dangerous to the West than the enemy they were intended to fight. The logistical and organizational apparatus of the Afghansi still exists today, and constitutes an irregular warfare capability that is being used against U.S. targets. The radical subversion of the local economy created by armed groups with the power to protect their drug-trafficking, is evident in any area where this model has been applied.

There is a deeper epistemological connection between the military doctrine of the "special forces," and an economy immersed in speculation and trafficking — up to the logical consequence of an "economy" of organized crime. Both conceptions are based on the elimination of the idea of the sovereign nation-state and, thus, of a productive economy. Feudal warlords easily controlled by supranational powers are substituted for the nation-state and productive economy. This new feudalism is what is developing rapidly in the former Soviet Union and in many parts of the Balkans: what is known as the "Russian mafia" and all the new criminal gangs.

Substituting special mercenary forces driven by greed or ideological manipulation, for a national army devoted to the defense of a sovereign nation-state, on one side, and mafias based on trafficking and looting, for a productive economy, on the other, are part of the same manifold. This is especially relevant in the Balkans, especially in Albania, which was brutally "liberalized" by the International Monetary Fund after 50 years under one of the most oppressive Communist regimes in existence.

The IMF policy led to its logical consequence in the speculative "pyramid schemes," whose explosion one year ago destroyed whatever remained of the country's economy. At this point, the central government of Albania has little control over large parts of its own territory, and lacks the financial ability to maintain a standing army of more than 5,000 men. The country is controlled by local gangs, with a great deal of power in the hands of the so-called "Albanian mafia." Lately, this parallel economy has become integrated. There is a large area that stretches from the Adriatic to the Black Sea, where the various mafia groupings are becoming part of the same integrated machine.

Reports from law enforcement agencies in Italy and elsewhere in Europe, point to the fact that Italian mafia organizations, such as the Camorra and the Puglia-based Sacra Corona Unita, have started collaborating, to the point that leaders of the Puglia mafia have moved to the Balkans, to locales where their rule is unchallenged. And, all the major war criminals

in Milosevic's court, including Karadzic, Arkan, and so on, are leaders of large organized crime organizations.

The organized crime apparatus that is emerging in the Balkans is strong enough to challenge almost any government in the area. If one looks at what is happening in Kosova in this light, then one can understand the dangerous insanity of those who suggest leaving the conduct of the war to an Afghansi-style guerrilla group.

Interview: Feride Istogu Gillesberg

U.S. must force NATO action in Kosova

Mrs. Gillesberg was one of the two delegates representing Kosova at the Seventh Annual OSCE Parliamentary Assembly Session. She was interviewed on July 15 by Michelle Rasmussen in Copenhagen.

EIR: What should the West, and specifically the United States, do in Kosova?

Gillesberg: Serbian military action against the civilian Kosova-Albanian population is ongoing. Villages are being attacked and civilians are being massacred and forced to flee. Indications are that 100,000 people have fled to Albania, Macedonia, and Montenegro. Since the beginning of May, there have been at least 350 people killed, mostly children, women, and the elderly. But one-third of the areas that have been attacked by the Serbian forces, have not been allowed to be seen by outsiders. . . . This has to be stopped.

NATO must intervene immediately with military action inside Kosova, to stop the Serbian genocide. Air exercises over Albania and Macedonia are not enough. The United States should keep its word. President Clinton, please remember what you promised President Rugova, that you would not allow a new Bosnia. Time is running out. The United States should take to heart what Rep. Steny Hoyer [D-Md.] said at the OSCE conference. He reminded the gathered parliamentarians that they must give content to the statement "Never Again." He said that it was the shame of the international community which led to action in Bosnia, but that this time, the world's nations cannot wait until the shame is upon them, before they act.

There was a good intention behind the original OSCE resolution, namely, that NATO should prepare a military intervention. Unfortunately, because several European countries were against this, the resolution was amended to state that NATO could only be allowed to intervene, if mandated

by the UN Security Council. Under current conditions, that will never happen; more people will be killed, and the tragedy will unfold. The United States must make the decision to initiate an immediate NATO military intervention inside Kosova to stop the Serbian genocide.

EIR: What do you think will be necessary to solve the terrible economic problems of Kosova?

Gillesberg: First, the political status of Kosova has to be resolved. President Rugova has called for the establishment of an international protectorate, as an interim stage, and that the best, long-term political solution would be an independent Kosova, open for cooperation with both Albania and Serbia.

Second, given Kosova's geographical position, where Europe meets Asia, and the Middle East, there has to be economic development based on a program to build up infrastructure, which would link Kosova up to the proposed Eurasian Land-Bridge. There also need to be improvements in agriculture and industry, and investment in education and scientific research. There has to be an increase of the living standard for all people in Kosova, without discrimination against any group. This would bring back the optimism needed to build a future for all of Kosova's citizens. Economic development of all the countries in the Balkans, will be necessary to create peace in the future.

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Rowland linked to accused extortionist

by Jeffrey Steinberg

Oswald Le Winter is one unhappy fellow these days. The Austrian-born American “English literature professor,” self-described “high-ranking CIA officer and NATO general,” and “disinformationist,” has been in solitary confinement in a Vienna, Austria jail since April 22. He was arrested by Austrian police, backed up by officials of the U.S. FBI and CIA, at a Vienna hotel, and charged with attempting to extort \$15-20 million from Mohamed Al Fayed, in exchange for a series of forged CIA documents, purporting to prove that British MI6, with the assistance of the CIA and the Israeli Mossad, assassinated Princess Diana and Al Fayed’s son, Dodi Fayed. Four of those CIA papers were found in Le Winter’s hotel room in the Vienna red light district. He faces up to ten years in prison in Austria, if he is convicted of the crime.

Even as Le Winter was stewing in his jail cell, authorities in Germany were moving to indict him on charges of art forgery and tax evasion. It is not yet clear whether the U.S. Justice Department plans to indict Le Winter on other charges related to the attempt to swindle Al Fayed. By pre-arrangement with the FBI, the CIA, and an Assistant U.S. Attorney in Washington, D.C., Al Fayed wired \$25,000 to a business in New Mexico, to cover the costs of Le Winter’s travel from California, where he was living with his wife, a German-born computer software specialist, to Vienna, where he met with John Macnamara, the security director at Harrods, and the man designated by Al Fayed to pursue the Le Winter affair. The payments to the New Mexico account implicated Le Winter in interstate wire fraud, a felony charge under U.S. law.

EIR has conducted an exhaustive investigation into the Le Winter affair in Vienna. For years, while Le Winter was living in West Germany, working as a psychoanalyst (according to one source, using a phony certificate of graduation from a New York psychoanalytic institute) and as an editor of a Jewish magazine, *Semit*, he maintained contact with *EIR*’s European headquarters in Wiesbaden. Over time, *EIR*’s researchers came to be highly suspicious of Le Winter’s tales of intrigue and conspiracy, which were always a mix of accurate and sometimes sophisticated information and analysis, and flagrant disinformation. Le Winter was clearly someone’s agent. But the question was, whose?

The caper in Vienna has shed some further light on Le Winter’s pedigree, and has raised the possibility that, behind the 67-year-old operator and his latest scam, stands none other

than Tiny Rowland, the product of wartime British intelligence’s appropriately named “Double Cross Committee,” who went on to serve as one of the British Crown’s filthiest thieves and murderers in Africa. In the mid-1960s, with the open backing of the British monarchy, Rowland took over the London Rhodesia Company (Lonrho), and turned it into one of the nastiest raw materials cartels and slave-labor operations in the world. While serving British imperial interests on the African continent, Rowland entered into a series of “business arrangements” with the East German State Security Service (“Stasi”) and with the Israeli Mossad. Rowland and his in-house “security” personnel have been implicated in the assassination of Swedish Prime Minister Olof Palme, in the Iran-Contra affair, and in the imposition of the “Greater Tutsi” genocidalist Yoweri Museveni, in power in Uganda.

After Rowland’s mid-1980s effort to take over Harrods department store went sour, Rowland became an avowed enemy of Mohamed Al Fayed, who succeeded in taking over the prestigious store, with the grateful backing of the firm’s stockholders. Following the death of Dodi Fayed and Princess Diana in Paris, last August, Rowland reappeared as one of the Crown’s dirtiest weapons in the campaign to drive Al Fayed out of Britain and France. The destruction of Al Fayed was defined, by the British establishment, as a first priority in the campaign to cover up the facts behind the Paris crash.

Princess Diana and Dodi Fayed died in a car crash in Paris on Aug. 31, 1997, and, to this day, a Paris judge has still not ruled on whether their deaths were the result of a traffic accident, manslaughter, or a premeditated murder plot. Judge Hervé Stephan has been probing the crash since Sept. 1, 1997. Among the most vital unanswered questions about the crash is: Where is the Fiat Uno that collided with the Mercedes at the entrance to the Place de l’Alma tunnel? Eyewitnesses saw the car speed out of the tunnel seconds after the crash, and since that moment, the car and the driver have apparently disappeared from the face of the Earth.

In a series of media interviews, beginning in February 1998, Mohamed Al Fayed said that he is “99.9% certain” that Diana and Dodi were the victims of an assassination.

A despicable con job

Seeking to take advantage of Mohamed Al Fayed’s grief over the death of his son and Diana, Le Winter and a team of

still-unidentified collaborators apparently constructed a series of sophisticated forged CIA documents, “proving” that MI6 had solicited CIA and Mossad assistance in staging the fatal Paris crash. Through Hollywood lawyer Keith Fler, Le Winter made contact with the Al Fayed interests in March 1998, and offered to provide “proof” of the plot.

According to one scenario, it was hoped that Al Fayed would jump at the chance to obtain smoking-gun evidence that British intelligence had killed Diana and Dodi, and that he would go public with the sophisticated, albeit fraudulent documents, without doing adequate checks. Had Le Winter asked for a reasonable sum of money, it cannot be ruled out that Al Fayed would have purchased the documents. But the \$15-20 million price tag was, to say the least, steep; and the Harrods owner, instead of purchasing the documents, assigned his security chief to consult American officials, and then, with that official cooperation, to play along with the still-unidentified holder of the documents.

What evidence points to a Tiny Rowland hand behind the scheme? First, Le Winter had worked on Rowland’s payroll in the making of a 1994 documentary film, “The Maltese Double-Cross,” which sought to exonerate the Libyan government of involvement in the December 1988 Pan Am 103 bombing, over Lockerbie, Scotland. At the time, Rowland was in the middle of extensive business dealings with the Qaddafi government, and would soon escalate his Africa joint-ventures with the East Germans as well.

American-born filmmaker Alan Francovich had already been in touch with Le Winter, and when Le Winter told him that he had been part of a “secret CIA team” in Frankfurt, West Germany that was complicit in the Lockerbie bombing, Francovich, after checking Le Winter’s story with intelligence sources in London, featured Le Winter prominently in the movie, billing him as a longtime “CIA officer.”

When Le Winter finally surfaced, at a face-to-face meeting with John Macnamara in Vienna on the afternoon of April 22, 1998, to finalize the swap of the \$15 million for the CIA documents, he discussed Rowland’s ties, as well as those of Kenneth Etheridge, Rowland’s former chief of security, to the CIA. Etheridge’s name also appeared on one of the forged documents seized in Le Winter’s hotel room, as a “confidential American source,” a reference to someone who is working as an informant for the CIA.

Karel Koecher

One man who was in Vienna in April with Le Winter, and who shed light on the events leading up to the arrest, is Karel Koecher. A former Czech intelligence officer who, along with his wife, infiltrated the CIA in the 1970s, Koecher was arrested in 1984 on espionage charges and placed in the Metropolitan Correctional Center (MCC) in New York City. Fourteen months later, the Koechers were freed in a swap for Soviet “refusenik” Natan Scharansky.

While he was in prison, Koecher met Le Winter, who

had been arrested in West Germany on charges of smuggling methamphetamines to the United States. He was extradited to the United States and jailed at MCC. While in MCC, Le Winter was an informant for the FBI or the CIA, reporting on conversations he had with Koecher. Koecher told *EIR* that, after his return to Prague in the East-West swap, he was recontacted by Le Winter, who finished his jail sentence and returned to West Germany. Between 1992 and 1998, Koecher visited with Le Winter in West Germany and in Prague once or twice a year. Le Winter claimed that he was working for the CIA, under the cover of being a professor in a University of Maryland program on U.S. military bases in Germany. Koecher reports that some of Le Winter’s close friends in Germany during the 1990s were, indeed, U.S. Army officers, involved in the military education programs.

Koecher was called by Le Winter in March 1998, and asked if he would be willing to meet for several days in Vienna. Koecher was called again by Le Winter in early April, and asked to drive to Vienna on April 20, to join Le Winter for several days. Koecher made reservations at a modestly priced hotel on the outskirts of Vienna, and the two men spent much of the day of April 20 together. According to Koecher, Le Winter told him an elaborate tale about MI6, the CIA, and the Mossad plotting to kill Princess Diana. He said that he was trying to “sell” his story to media mogul Rupert Murdoch, and that he was also trying to pass the “proof” of the conspiracy on to Mohamed Al Fayed.

Koecher told *EIR* that he found Le Winter’s behavior erratic and decided to leave Vienna, to return home, on the morning of April 22—the day Le Winter was arrested. Koecher described one other man, in his early 40s, who was with Le Winter, as well as a middle-aged woman who claimed to be a longtime close friend of Le Winter.

If, as Koecher claims, he was not involved in the extortion scheme, the question arises: Who forged the CIA documents?

Washington, D.C. sources familiar with Le Winter say that he has been involved in prior forgeries. In 1996, according to one account, Le Winter conned the London *Independent* newspaper into paying \$60,000 for a bogus U.S. Drug Enforcement Administration document that purported to prove that Syrian drug runner Mansour Al-Kassar was involved in shady business deals with Mark Thatcher, the son of the former British Prime Minister.

Indeed, from the moment he got out of jail in New York in the late 1980s, Le Winter appears to have launched a second career as a “disinformationist.” He told former *Newsweek* reporter Robert Parry that he had been paid \$100,000 by “intelligence community friends of George Bush” to put out phony versions of the October Surprise story, about Republicans secret dealings with Ayatollah Khomeini, to delay the release of American hostages in Iran until after the 1980 elections. Le Winter’s claim of the \$100,000 payoff may have been disinformation, although it is true that Le Winter was prominent in the effort to circulate phony information about

the October Surprise events, according to a House of Representatives study.

Le Winter is facing hard time in jail in Austria and in Germany. His wife is filing for divorce. He is in his late 60s and in poor health. If there was ever a time when “the truth might set him free,” it is now. If, as the circumstantial evidence suggests, Le Winter was acting as a pawn in a Tiny Rowland scam-gone-awry, he’d do well to let his story be known—this time, with enough documentation to allow corroboration. It might help repair some of the damage he has already done, by attempting his \$15 million hoax upon a family grieving over the loss of a son, and a beloved family friend.

A critical new lead on Diana’s murder?

On July 6, *EIR* investigative reporter Roger Moore attempted to interview a man who is suspected of having first-hand knowledge of the events of Aug. 31, 1997, when Princess Diana, Dodi Fayed, and Henri Paul died in a collision with a still-missing white Fiat Uno. The Fiat was seen by eyewitnesses, speeding out of the Place de l’Alma tunnel in central Paris, seconds after the crash, and it has since disappeared from sight, despite the most intensive search effort ever undertaken.

It has been widely suspected, since the crash, that the Fiat Uno was disposed of, as part of a coverup, of what *EIR*’s investigation suggests was a premeditated vehicular assassination.

Well-placed sources have informed *EIR* that a criminal apparatus, based in the Paris area, is believed to have provided logistical support to the actual architects of the murder plot. Among the elements of logistical backup provided by this organized crime milieu was the assault car, and the disposal of the car following the collision.

The environment for such a vehicular attack had been set by hours of intensive harassment of Princess Diana and Dodi Fayed by swarms of paparazzi, who were waiting for the couple to arrive on Saturday afternoon, Aug. 30, 1997, at a small Paris airport. When Diana and Dodi left the rear of the Ritz Hotel, shortly after midnight on Aug. 31, they were chased by a number of paparazzi in cars and on motorcycles. Nine paparazzi are still under investigation and face possible manslaughter charges.

A crucial piece of evidence was made public at the beginning of June, when off-duty senior French police official David Laurent provided his own account of a run-in with the white Fiat Uno, just a moment before the fatal crash. Laurent was driving on the riverfront highway, leading into the Place de l’Alma tunnel, a minute ahead of the Mercedes carrying

Princess Diana and Dodi Fayed, when he was passed at high speed by the white Fiat. When Laurent drove up to the tunnel, the Fiat was practically stopped, near the tunnel entrance. Laurent’s testimony, which was suppressed for eight months by the French Criminal Brigade, is the first account that suggests that the Fiat driver may have been lying in wait for the Mercedes.

The man whom Moore attempted to interview on June 6 is Jacques Pottier, a 68-year-old resident of the Paris suburb of Asnières sur Seine. Pottier passes as a paparazzo, but also owns a garage, at his residence at 8 Rue du Congrès, which modifies antique automobiles. Pottier has a criminal record, according to law enforcement sources, which goes back to the early 1970s, when he was jailed on car theft and forgery charges. He was released in 1975, but was sent back to prison in October 1984.

The suburb of Paris where Pottier lives and maintains his “shop” has been recently singled out in several books and newspaper exposés as a base of operations for the *ferailleux* (“junkers”), a loose network of criminals who deal in stolen cars, and function as low-level thugs for factions of the French political establishment. The Asnières sur Seine area has been identified as a base of operations for Charles Pasqua, the former Interior Minister, and a long-suspected link between the neo-Gaullist RPR party and organized crime in France and North Africa. One source has linked Pottier to the hoodlum networks that were employed, in the late 1960s by the Secret Army Organization (OAS), the group that tried, on over a dozen occasions, to assassinate French President Charles de Gaulle.

While Pottier refused to discuss the Diana case with Moore, his comments, in the brief confrontation with *EIR*, were revealing. Pottier’s girlfriend, Monique, opened the gate to Pottier’s apartment/garage. Here is the interchange (initially in French) that followed at approximately 6 p.m., Monday, July 6, 1998:

Monique: You wish to speak with Jacques Pottier? And who are you?

Moore: Mr. Moore.

Monique: You are? You desire Mr. P., but he is busy in his garage. I’ll check.

Moore: I’ll explain. I am Roger Moore. I am an American journalist, and I think it would be very good for you that we talk.

[The rest of the discussion is in English.]

Jacques Pottier: No, I don’t think so.

Moore: Okay. Why not?

Pottier: How did you get my address and my name?

Moore: Well, not in the telephone book.

Pottier: You tell me, you tell me just right now, you tell me the truth.

Moore: I’ll explain it.

Pottier: I don’t like visits from people who are not invited,

you know.

Moore: Mr. Pottier, I am working on the question of Aug. 31, 1997, here in Paris, and Princess Diana.

Pottier: What?!

Moore: Aug. 31, the night of Aug. 31, and the crash with Princess Diana. And I am a journalist and I work with some people that are very interested in the matter of what happened on that night and we have sources —

Pottier: I have nothing to say about it.

Moore: And we have sources —

Pottier: It's not my job.

Moore: And we have sources —

Pottier: You understand, it's not my job to work on that.

Moore: But I think it would be very important for you, Mr. Pottier.

Pottier: I'm not interested, please. Please, you go outside of my place.

Moore: I will, I will.

Pottier: I will call the police.

Moore: You can call the police.

Pottier: You are not invited.

Moore: You can call the police.

Pottier: You understand this.

Moore: You can call the police. I'm a journalist, Mr. Pottier, what are the police going to do to me?

Pottier: Yes, you are in my place, not invited.

Moore: Mr. Pottier, I think it is helpful for you.

Pottier: No, no.

Moore: Why not?

Pottier: I know the people who sent you.

Moore: What people sent me?

Pottier: You know Pascal LeLonde [phonetic] very well, okay.

Moore: I don't know any Pascal.

Pottier: Yes, you know him.

Moore: I don't know Pascal, I'm an American journalist, I don't know him.

Pottier: You stay in your place, you stay where you want, not at my —

Moore: Pascal who, Pascal who?

Pottier: You know very well.

Moore: I do not know. What I do know, Mr. Pottier, is that tomorrow I could have film crews here taking films of your house, when you leave your house, when you come in your house. I could have your name in newspapers all over the world.

Pottier: I'm not interested.

Moore: And I think it's better for you that we talk first.

Pottier: I'm not interested.

Moore: I think it's better, Mr. Pottier.

Pottier: No, no, I'm not interested, not at all.

Moore: Well, Mr. Pottier, there are people who are very convinced, and they've convinced me that you know something.

Pottier: You can't say —

Moore: It's better for you to talk about it with us. We can help you bring out the truth.

Pottier: I don't —

Moore: Why not?

Pottier: You are not invited.

Moore: Why not?

Pottier: You can't tell me, you can't tell me the name of the people who sent you. Tell me your name.

Moore: Roger Moore. You want to see my passport?

Pottier: No, no, no.

Moore: I'll show you my passport, I'm a real person. I work on a lot of things, and I've been known to deal with questions of *les affaires*. That's me, that's my picture, I'm an American. I don't know your Mr. Pascal.

Pottier: Monique, Monique. . . . [Pottier goes to make a copy of Moore's passport.]

Pottier: [returning] I took a picture of your —

Moore: No . . . problem —

Pottier: I did not invite you to come and neither. . . . I want to see you outside in a few minutes.

Moore: You can call the police if you want, I will leave —

Pottier: You are from the CIA.

Moore: Who told you that?

Pottier: Bye.
[Pottier closes the door.]



**WAS
DIANA
MURDERED?
AN EIR VIDEO**

"The controversy around the murder of Princess Diana is now about to go into a new phase, with the escalating investigation in Paris and the first anniversary of her death on Aug. 31. The British population, by an overwhelming majority, is convinced that she was murdered. And this has major implications for the survival of the House of Windsor."

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Coup attempt foiled, as Sudan celebrates new Constitution

by Muriel Mirak-Weissbach

The Sudanese government of Gen. Omar al-Bashir celebrated the ninth anniversary of the 1989 revolution, with two explosive pieces of news: First, that the referendum held throughout the country in June had resulted in an overwhelming "yes" for the draft Constitution, which includes the peace treaty with most rebel factions in the South; and, second, that an attempt to overthrow the government by violent means, by forces allied to the remaining rebels, had been discovered and thwarted.

As the Interior Ministry announced, 21 persons had been apprehended, and three of them appeared on national television, to reveal the details of the plot. Operatives backed by the National Democratic Alliance (NDA) planted bombs in nine strategically located sites in and around the capital, on June 30 and July 1. These included the power plant in Buri, which provides electricity from Damazin Dam to Khartoum, the capital; another power plant in Suba, in south Khartoum, close to a hospital; in front of Friendship Hall, a large congress center; in an oil tanker; and in the Ahmed Guassim hospital. One bomb, a time bomb, had been left in a taxi in front of Friendship Hall; the taxi driver, who had been told to wait for his passenger, alerted the police after a half-hour, and the device was defused in time.

The persons arrested, all Sudanese, are members of the Sudanese People's Liberation Army (SPLA), the Baath Socialist Party, the Communist Party, and the British-backed Umma Party led by Sadiq al-Mahdi. They represent, in essence, the core of the NDA, which had been put together by Baroness Caroline Cox of British intelligence in 1995. In March 1995, the NDA declared the establishment of the "New Sudan Brigade," which, it said, would transfer the war, until then confined to the South, into the North. In a videotape, aired in April 1995 by the British Broadcasting Corp., SPLA leader John Garang, flanked by Eritrean special forces leaders and soldiers, was shown addressing a rebel camp in the South, saying that they would "take the war to Khartoum." The NDA conference in Asmara, Eritrea in 1995, organized by Cox, officially declared policy to be the violent overthrow of the government in Khartoum. That Asmara Declaration was endorsed, in December 1995, by the British establishment, in

the course of a seminar held in the House of Lords in London, again organized by Cox.

What has unfolded in Sudan, is the attempted implementation of this British plot. That the NDA was behind it is irrefutable. Those arrested provided detailed information about the plot and plotters, including the names of associates of Sadiq al-Mahdi, who gave them their marching orders and their financing. Among the names were those of Al Haj Nugdallah and Hassan Balila. Nugdallah had already been tried and convicted of plotting a coup, and had spent three years in prison before being released. He is known to be close to Sadiq al-Mahdi personally. Balila, also close to Mahdi, reportedly received funds from him, to transfer to elements inside the army. Balila was named as an organizer of the coup. Another person arrested was Abdul Mahmoud Abbo, accused of having supplied funds for the coup plot. Abbo has been preaching sermons in the mosque regularly in favor of Sadiq al-Mahdi.

An admission of responsibility

The spokesman for the NDA virtually admitted in an interview that his political grouping was behind the coup attempt. Speaking on July 2, in a telephone interview from Cairo with the Focus on Africa program of the BBC, spokesman Abu Eisa was asked who was responsible for the bombings. He said, "You see my friend, these bombs and explosives and the likes are very natural to take place in the face of the ugly policies of the Islamic fundamentalist government of the Sudan." When pressed by interviewer Paul Batshubinga, "So, you are not denying it that you might be behind them?" he answered: "Nobody knows, but you see, the ugly policies and performances of the Khartoum government accepts [sic] such bombs, and even more and more, and while they are doing and continue to do these ugly policies, they should expect the people to fight back."

Not surprisingly, external elements were suspected of active involvement, from Eritrea. The Eritrean government of Isaias Afwerki, under the direction of the Cox crew, handed over the building of the Sudanese Embassy in Asmara, to the NDA, for its headquarters. The Eritrean military has been

engaged in the war against Sudan on the eastern front, in coordination with the SPLA and NDA.

The scenario for the coup plot, according to those arrested, was the following: First, the explosives were to go off, blowing out Khartoum's electricity grid, thus thrusting the capital into darkness. Then, leading political figures were to be assassinated. Military operations then were to begin from inside and outside the capital. Rocket launchers were to be used to attack targets which included the Peace and Development Foundation, the Faisal Commercial Bank, and other central sites. The operatives inside the military were said to be members of the medical corps and the artillery division. A Colonel Kimer, who had been imprisoned for his involvement in an earlier coup plot, was identified by the assailants as an adviser in the latest attempt. One confessed plotter reported having visited Kimer in jail, to discuss the plan.

The attempt to overthrow the Bashir government comes almost exactly on the 100th anniversary of France's capitulation to the British in Sudan at Fashoda, and just months before the anniversary of the British defeat of Sudan in 1898. It comes as the country has emerged from a British-instigated civil war, with almost all rebel forces in agreement to make peace, and the possibility that even Garang will be forced to come to the negotiating table. It comes, most importantly, as the population has delivered a massive vote in favor of the new Constitution. The Constitution introduces freedom of political association, consolidates the federal system, and incorporates the text of the 1997 peace treaty. The latter peace treaty embraces demands made by southern rebel factions, including the demand for a referendum in the South, on the option of national unity or secession.

The peace treaty and the new Constitution

The draft Constitution elaborated in the course of 1996-97, was voted up at the February meeting of the National Congress, and was then approved by the Parliament and the President on March 28, 1998. In May and June, it was submitted to a referendum, throughout the country and among Sudanese abroad. According to the official results released by General Elections Board Chairman Abdul-Moneim Al-Zein Al-Nahas, the number of registered voters, including expatriates, was 11.9 million, of whom 10.9 million cast their vote. The "yes" votes were tallied at 10,472,888 (96.7%) and the "no" votes at 326,732 (3.3%). The largest "yes" vote (100%) was registered in a southern state, Warap, while another southern state registered the largest "no" vote (12.7%). The Sudanese abroad who registered to vote numbered 130,328, and of them, 100,621, or 77.2%, turned out to vote. The "yes" vote from this group was 97%. The referendum was carried out in 52 embassies abroad.

Perhaps the most significant aspect of the Sudanese Constitution is the fact that it incorporates and reflects the negotiating process that has taken place over the past years with

southern rebel factions, to establish a just peace. A statement of principles, agreed upon in April 1996 by several rebel factions, became the working basis for further negotiations, which led to a final peace treaty signed in April 1997 by all major rebel factions except that of Garang. The final document issued shortly thereafter to implement the accord, was the "14th Constitutional Decree." Now, in the Constitution, it is stated that all Constitutional decrees that had been passed, are to be repealed, but "the 14th Constitutional Decree (Implementation of the Peace Agreement), 1997, shall remain in force and shall expire upon termination of the transitional period." The text of the 14th decree was appended to the draft which was voted on in the referendum.

This is the formal means whereby the peace process has been incorporated into the new social ordering. Thus, the principal and crucial political points of the two are virtually the same. The peace treaty states under its "guiding principles," for example, 1) "The Sudan is a multi-racial, multi-cultural and multi-religious state. Islam is the religion of the majority of the population, and Christianity and African creeds have significant adherents." In the Constitution, it is stated under the opening section on "The State and the Directive Principles," that "the State of Sudan is an embracing homeland, wherein races and cultures coalesce and religions conciliate. Islam is the religion of the majority of the population. Christianity and customary creeds have considerable followers."

It follows, that "freedom of religion, belief, worship rites, *daawa*, missionary and preaching activity are guaranteed to all, and no citizen shall be coerced to embrace any religion or creed," as the peace accord puts it. In the Constitution, the point is more fully elaborated. Coherent with the freedom of religion, it is stated in both texts, that the sources of legislation shall be *Sharia* (Islamic law) and custom (that is, as practiced by non-Muslim religions). In the peace treaty, it is specified that "general laws, derived from the general principles common between the states, shall be applied nationally. States having peculiarity may promulgate, with respect to the peculiarity thereof, such laws as may be complementary to the federal laws, in addition to the right of states to legislate, each as to such function as may correspond thereto, including custom and codification of the same." This spells out the means whereby states in the South, whose population may be predominantly neither Christian nor Muslim, may introduce laws to regulate specific exigencies.

Similarly, with the question of language, the national language shall be Arabic, but other languages will be allowed and promoted. In the peace treaty text, it is specified that "English shall be the second language."

Another bone of contention between the warring parties, had been the distribution and exercise of powers. Southern forces had demanded greater decentralization, and power-and wealth-sharing. The Constitution details the functioning

of Sudan as a “federal republic,” made up of 26 states, with relevant distribution of powers and responsibilities. All areas regarding national questions are the responsibility of the federal government, including defense, police, armed forces; borders and border disputes; nationality and passport affairs; foreign relations; elections; “currency, financial, fiscal and credit policies”; federal financial resources; foreign trade; national projects and federal lands and resources; federal transportation, and so forth. The states have responsibility for government and state administration; state financial resources; state lands, natural resources, animal and wildlife; non-transit waters and electric power; state roads, transport, communications; missionary and charitable affairs; registration of births, deaths, and marriages; and so on. For the ten southern states which constitute “the South,” the peace treaty has further specified the establishment and functioning of the Southern States Coordinating Council, which is explained in significant detail in the accompanying interview with Dr. Riak Machar, who leads the council.

In addition to power- and wealth-sharing, forces engaged in the war against the central government had demanded the right to self-determination. This has been accorded, in full, as detailed in the peace treaty: Following a four-year transitional period, after the formation of the council, a “referendum in the Southern States, shall be on the following options, namely: a) Unity; b) Secession.”

National, democratic political parties

Finally, the issue of political parties, as demanded by opposition forces in the north as well as the south, is also treated. The Constitution states, under the paragraph on “Freedom of association and organization,” that “1) Citizens shall have the right of association and organization for cultural, social, economic, professional or trade union purposes, without restriction save in accordance with the law.” And, “2) There shall be guaranteed for citizens the right to organize political association; and shall not be restricted save by the condition of consultative decisionmaking and democracy in the leadership of the organization, and use of propagation not material force in competition, and abiding by the fundamentals of the Constitution, that as regulated by law.”

The specifications regarding the internal behavior of political parties, have been made in order to prevent the reemergence of the kind of multi-party system which existed before 1989, whose parties were anything but democratic. The two parties of the current NDA opposition, the Umma Party of Sadiq al-Mahdi, and the Democratic Unionist Party (DUP) of Othman Mirghani, for example, were based on local family groupings, united by membership in the same religious sect. Party leadership positions were not elected, but inherited, and the party leader is considered a demi-god, worshipped by his followers. According to legislation being drawn up on the regulation of political parties, it is expected

that parties will be required to be national in representative membership, non-sectarian, and governed internally by democratic principles. As General al-Bashir stressed, in a speech on July 6, no parties whose representatives carry arms abroad would be allowed to open up party offices in Sudan. Both the DUP and Umma, as they are constituted today, are members of the NDA, which is part of the insurgency of Garang’s SPLA.

War or peace

There is no doubt that the Sudanese Constitution adequately and thoroughly deals with the issues which have ostensibly been the cause of strife in the country. Now, it is up to those continuing the armed insurgency and the political destabilizations, to come to terms with the constitutional process. General al-Bashir made an unannounced visit on July 12 to Juba, the capital of Bahr al-Jabal state in the South, and brought this message to a group of army officers and troops. He made clear that either the insurgents would accept the new reality, and make peace, or they would be militarily defeated. Referring to the Constitution, he said that the peace treaty it contains “has met all demands” of the people of south Sudan and “has granted them the right to self-determination for achieving unity by their choice.” Thus, there was no cause for continuing their insurgency. “We have decided to clear all regions from the rebels this year,” he said, “and liberate every span of land from the occupation, leaving no rebel or hireling within the borders.” The Sudanese President also announced that government armed forces “have advanced in east Sudan and in the Blue Nile, liberated most of the areas and defeated the rebels, who ran away,” according to press reports.

The response to the Constitution on the part of the political opposition parties was unmistakable, in their reported involvement in the attempt to overthrow the government. Following the arrests which took place, the British-backed political opposition immediately organized protests, against alleged “violation of the human rights” of the accused. A rally was organized on July 14 in front of the Sudanese Embassy in London, and the Human Rights Watch organization immediately put out a letter, claiming that the coup attempt had been invented to motivate the arrests. “The timing of the arrests and statements by high government officials,” their July 15 statement reads, “suggest the bombings served as a pretext to stop opposition political parties from reopening inside Sudan, where they would challenge the de facto one-party state.”

More broadly, the reaction to the process leading up to the referendum on the Constitution, has been extremely encouraging, at least as far as the international climate is concerned. By doggedly pursuing the peace option with those rebel groups open to negotiation, and by accepting even the option of secession as demanded, the government of Sudan has demonstrated its commitment to end the war

which is bleeding the country. This commitment has not gone unnoticed in foreign capitals. In addition to improving relations with its neighbors in the Arab world, including Jordan and Egypt, the Sudanese government has succeeded in organizing high-level delegations from several European countries, to visit Khartoum. Among them was a delegation of the German Foreign Ministry last February, which was followed up by the visit of a Sudanese delegation, under Culture and Information Minister Dr. Ghazi Salahuddin, to Germany in June. The Belgian State Minister of Development Cooperation also visited Sudan for three days recently, to look into the peace efforts, and examine relief operations in the South. The Belgian diplomat visited areas in the South, including Wau and Al Obeid, and therefore could form a first-hand assessment of the political and social situation there. And, as reported (see *EIR*, July 17, p. 67), U.S. Congressmen have initiated a proposal for the Clinton administration to send a special envoy to the country.

Finally, word has been circulating as well of an initiative to support the peace potential, by the Inter-Governmental Authority on Development (IGAD) partners, which include Britain, Canada, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, and the United States, during their meeting in The Hague on June 17-18. According to a report in *Africa Confidential*, which did not smile on the idea, the "West is under pressure to be seen to be doing something" in the troubled region. It added, "Many Western officials have been seduced by the NIF's [ruling National Islamic Front] assiduous charm campaign and repelled by the failures of the opposition, north and south." Thus, the initiative.

The plan, according to *Africa Confidential*, calls for "an immediate cease-fire; a transitional period with the South, mind-bogglingly, jointly administered by NIF and SPLA; a referendum . . . on self-determination for a south as defined in 1956. . . ; international monitors and perhaps peace-enforcers supervising human rights guarantees, including the right to campaign in the referendum."

The plan is characterized as a "win-win" deal for the NIF, in that, if it passes, it would "entrench the NIF government, sidelining its northern and most of its southern opponents," and, if it does not pass, it will divide the southern rebels and northern opposition further.

All these developments point to the fact that the word is finally getting out to political capitals in the West, despite the massive counter-propaganda, that the efforts to end the war and establish peace are real. As the *Bonner Generalanzeiger*, a German-language newspaper issued in Khartoum, commented on June 29, the credibility of Garang has been dwindling. "Increasingly, the suspicion grows that John Garang has long since stopped being concerned with religious freedom and pluralism, but rather with personal influence and power." The paper also noted, that the more reform-oriented the Sudanese government is, the less the United States will support Garang.

Who is getting 'aid' in southern Sudan?

by Linda de Hoyos

The famine afflicting the people of southern Sudan, particularly the states of Bahr el-Ghazal, has become so acute that John Garang, chairman of the Sudanese People's Liberation Army (SPLA), declared on July 16 that he would agree to a cease-fire in order to permit humanitarian aid to reach its destination.

The worst famine is in areas under Garang's control, where the war has forced hundreds of thousands to leave their homes and crops, and where in a weakened physical condition, they are in no shape to begin cultivation in their temporary shelters, even when conditions permit.

The plight of civilians has also been worsened by the siphoning off of funds originally designated for aid to non-combatants, which has now been exposed as landing in the hands of the SPLA troops, according to a report issued in late May by the Norwegian Foreign Ministry.

As recounted in the accompanying *EIR* interview with Dr. Riak Machar, President of the Coordinating Council for the Southern States of Sudan, the Coordinating Council, which functions as the government in southern Sudan, had sounded the alarm of an impending famine in January, caused by both irregularity in rainfall and by the continued fighting by Garang and then Kerubino Bol in the region. The response from the international community was desultory. Even when in March, the international aid agencies comprising the Operation Lifeline Sudan run by the United Nations, began their operations, they denied that they had the cooperation of the government, and the famine—exacerbated by the antics of the secessionist rebels in the South—was blamed on the government.

The government of Sudan had asked the international community to bring food down to the South in barges, this before the rainy season began blocking road access, or, now, to use the El-Obeid City airport from Sudan. However, Operation Lifeline Sudan insists that it will operate from an airport farther from the delivery site, using the facilities at Lokichokio, Kenya. This is to ensure that Sudan has no capability to monitor the contents of the airlift to Bahr el-Ghazal.

Even with Sudan's accession to open the South to Operation Lifeline from Lokichokio, the actual amount of food brought in has been paltry—given that there are only six planes operating from there at any one time, and that one of them, according to the London *Guardian* of July 1, is an "ex-RAF transport plane that used to belong to the Queen's flight.

Before its clandestine relief operations, the Hawker Siddeley 748 used to ferry the royal corgis around.”

The amount of food delivered in June then, was 3,471 metric tons, as opposed to the 9,574 metric tons believed by the World Food Program to be required to feed the estimated 1.2 million people at grave risk. Through April of next year, the World Food Program report of June 24 currently projects a shortfall of 66,969 metric tons, against minimal requirements.

It is no exaggeration, then, that prolongation of the war at the very least will lead to the death by starvation of many thousands. While the media in the West blame the Sudan government for this tragedy, it is the Sudan government that proposed a cease-fire to John Garang last May in talks in Nairobi, and it is the Sudan government that has made the concession for self-determination for the South through a supervised referendum. However, up to this point, the recalcitrance of Garang—backed by the war party of U.S. Assistant Secretary of State Susan Rice and John Prendergast of the U.S. National Security Council, along with Caroline Cox, a Deputy Speaker of the House of Lords—has kept the war going.

‘War party’ aids the rebels

For years, the Sudan government has charged that the Operation Lifeline Sudan was using the cover of “humanitarian aid” to, in fact, give military aid to the SPLA and its allies, in violation of such agencies’ mandate. In 1997, a plane of the International Red Cross, for instance, was caught ferrying SPLA guerrillas.

The Norwegian Foreign Ministry has strongly confirmed Sudan’s charges, with a report issued from the ministry, that the Norwegian Peoples Aid “misused emergency aid money and actively kept the civil war going on by supporting the SPLA guerrillas,” according to the Oslo daily *Aftenposten* on May 20. The Norwegian Foreign Ministry’s denunciation of the aid agency—through which the Norwegian government channels its funding for aid to Sudan and other locations—was the result of a study of Peoples Aid’s work carried out by the Danish consultant agency COWI.

Norwegian Peoples Aid works closely with the U.S. Committee on Refugees of Roger Winter, one of the loudest voices in the Washington “war party” against Sudan.

As reported by *Aftenposten*, Norwegian Peoples Aid “has provided food for the rebels, made cars and houses available and organized schools for children of SPLA officers.” The organization is accused of giving medical help to wounded soldiers at the front rather than helping civilians. The COWI report states: “To establish a field hospital close to the front is something you do when your main concern is military progress.” COWI further accuses Peoples Aid of “having supplied transport and communication to the SPLA and having allowed the SPLA to sell emergency aid equipment in order to get the money for the purchase of guns and ammunition,” reports the Danish paper *Aktuelt*. The aid agency’s close links

to the SPLA “make control and efficient supervision very problematic,” said COWI.

The report has been denied by Peoples Aid. However, its chief of information, Ivar Christiansen, declared: “We have never been neutral in the conflict of South Sudan; we openly support the SPLA.”

Interview: Dr. Riak Machar

Sudan looks ahead to peace and development

Dr. Machar is president of the Coordinating Council of the South of Sudan and vice-president of the Sudan National Congress; he was the leader of the South Sudan Independence Movement (SSIM), an armed faction against the government in southern Sudan. As recounted in his interview in EIR of Feb. 22, 1998, his movement chose a course for peace in 1995, and entered into direct talks with the Sudan government in March 1996. On April 21, 1997, they signed the peace accord with the Sudan government. He was interviewed by telephone by Linda de Hoyos on July 11.

EIR: You are now the chairman of the Coordinating Council of the South?

Machar: The title is President of the Coordinating Council of the South of Sudan, for the southern states.

EIR: The headquarters of the Council is in the city of Juba in southern Sudan, is that correct?

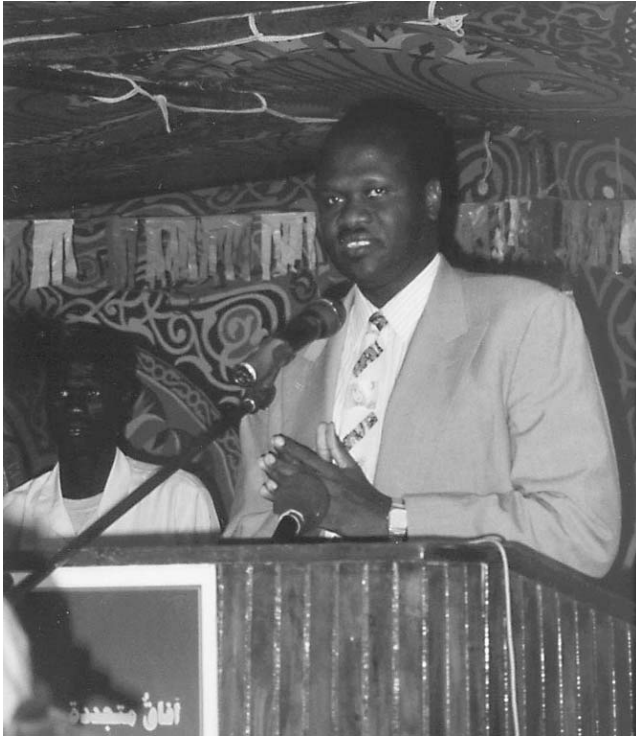
Machar: Yes, it is.

EIR: And you spend a lot of time there now?

Machar: Not fully. We moved on April 7 of this year. Because the premises had not been made ready and needed rehabilitation and maintenance, we left some ministers to work from Juba and some to work from Khartoum. I have been up and down, and travelling abroad and coming back to Khartoum. I hope to be in Juba even tomorrow. Juba is the seat of the Coordinating Council. We hope that before the end of this month, the whole Coordinating Council will be in Juba. The ministers who are in Khartoum will all move to Juba. The maintenance will have to be finished while we are in Juba.

EIR: What was this Council established to do?

Machar: It is the government for the South. It is entrusted with the resolution of the government apparatus of the ten states. It does planning, social, economic planning. It is also



Dr. Riak Machar: "I do not believe that a military solution will help. It is only through negotiations that we can resolve the conflict in Sudan."

responsible for maintenance and security. It is responsible for development of the South. It is responsible for the rehabilitation of schools, roads, health services. It is a government. It is also supported by an Advisory Council, which shall be announced soon. The Advisory Council's work would be to improve on the legislation process in the ten states of the South and coordinate that process.

EIR: Where do the resources come from for the Council to carry out this work?

Machar: They come from the national chest, from contributions, donations from the international community, non-governmental organizations, and from the resources generated internally in the South.

EIR: What is the major problem that the Council faces now?

Machar: Obviously, the Council is entrusted with repatriation of displaced people who have come north and the refugees who have gone to the neighboring countries. We are to rehabilitate and resettle the population that has been displaced, as the first thing to do. The second, which is a primary thing, is to ensure that peace prevails in the South. Maintenance of peace also means that we must continue the negotiations with the remaining faction that has not joined the peace process, and that is the SPLA [Sudanese People's Liberation Army], and this we have been doing through the IGAD [Inter-

Governmental Authority on Development], and through also private contacts.

The third thing we are embarking on is rehabilitating schools, hospitals, clinics, dispensaries, roads, so that the civilian population in southern Sudan is served through provisional services.

Fourth is that we should embark on serious developmental programs, wherever we find a place secure.

The fifth issue is really the implementation of the federal system of government. There are ten southern states, and under each state there are provinces and local councils. We would want to see the participation of people in governing themselves, improving on the federal system which was agreed upon in the agreement [of April 21, 1997], and also in the Constitution.

These are the tasks we are supposed to do.

Now, what are the challenges? The challenges we have today are security difficulties we are facing to maintain peace.

Second, is the provision of the necessary funding so that rehabilitation and maintenance of the infrastructure are done.

Third, is the famine, which is facing the South today. Bahr el-Ghazal states — there are four states: the Lakes State, Western Bahr el-Ghazal State, Northern Bahr el-Ghazal State, and Warab State. All of these states are hard hit with famine. The Unity state is joining them also because of insecurity. And even the rest of the states, from our assessment, we believe that although they are better off than the five states I counted, at present there is a severe food gap in many of the states in southern Sudan. So, famine is one of the major issues facing us.

The international community has reacted late to our appeal, an appeal that we made as far back as January. But then, it was not until April that the international community began to see the point we made three months earlier, and even once the international community accepted that there is famine in southern Sudan, the response has been slow. Although the Sudan government has given permission to the Operation Lifeline Sudan, which is run by the United Nations, and the other non-governmental institutions, to take food to the needy in southern Sudan, the number of planes operated from Lokichokio [Kenya] was only five. The Sudan government also provided El-Obeid airport, which is nearer to the states in Bahr el-Ghazal. This is in Northern Kordofan, in the north; it is nearer to the Bahr el-Ghazal than the airport at Lokichokio. This facility was not used as soon as it was provided by the government. The slow reaction of the international community to the use of this facility, and the fact that there are few planes and, I believe, not enough food, are major problems.

EIR: Is the food problem caused by mainly natural causes, the drought, or the war?

Machar: The major problem is the war, because the war creates displacement, and the war creates insecurity and instability in the lives of people, so they do not really settle, to cultivate. This is the major problem. The other problems are

natural causes, such as lack of rain, or so much rain that the crops fail.

EIR: I have heard that Kerubino Kawanyin Bol of the SPLA has carried out military operations that have exacerbated this famine. Is this correct?

Machar: Yes, Kerubino Kawanyin Bol was with the peace process up to Jan. 28 of this year. But then, out of reasons not convincing, he rebelled in Wau and attacked Wau. This has compounded the humanitarian situation in Bahr el-Ghazal.

EIR: I attended a conference in September 1997 at the U.S. Institute for Peace, where Roger Winter of the U.S. Committee for Refugees and John Prendergast of the National Security Council called for a full-scale war to bring down the government in Khartoum. They predicted that the government would fall by December, which did not happen. Winter also said that the war would cause a "humanitarian catastrophe," but that the war policy should be carried out anyway. It is clear that in fact, by January, this humanitarian catastrophe has unfolded. But where do things stand militarily?

Machar: I do not believe that a military solution will help. It is only through negotiations that we can resolve the conflict in Sudan. Now, there is the Sudan peace agreement, which was signed on April 21, 1997. This peace agreement has met the aspirations of the people of southern Sudan. The peace agreement accords the people of southern Sudan the right to self-determination, exercised through an internationally supervised referendum. It also gives the South its special status of self-rule, through the formation of the Coordinating Council and its supporting Advisory Council. Third, it enshrines federalism as the system of government, where there is major participation of the Sudanese. Federalism has been the demand of the people of the South since 1947. On top of all this, the Sudan is defined and accepted by all as a multi-racial, multi-cultural, multi-ethnic, multi-religious country, where citizenship is the basis for rights and duties, and where religious freedoms are also accorded. These rights are also enshrined in the Constitution.

Now, having addressed the problem of the South, the other problem that might have brought about the thinking of Roger Winter, is the question of democracy, the question of pluralism. The new Constitution has enshrined that multi-partyism is accepted. Political association would be the norm of the day. Fundamental freedom and rights are also enshrined in the Constitution which was newly promulgated on June 30.

So, I think that the call of people like Roger Winter for the overthrow of the government, has no political rationale on which such a call would be supported. Therefore, overthrow of the government in Khartoum is not a solution. Concrete reasons must be given. If it is a democracy, Sudan has moved toward democratization. We hope that in less than three months, Sudan will be multi-party. And a law is now being drafted, after this Constitution has enshrined multi-partyism, which will be enacted by the National Assembly, where

parties shall be free to operate. The other thing is that the Bill of Rights enshrined in the Constitution are so wide, that anyone who calls for the overthrow of the government, that call is outdated.

The present opposition, whether it is the SPLA, or the northern political parties, they really will have to manufacture a new agenda for continuing the war or continuing opposition abroad, or even for the United States to continue being hostile and maintaining the severance of relations with Sudan. There will have to be better reasons.

We know that the U.S. severed relations with Sudan for three reasons. It accused Sudan of supporting international terrorism. This is not the case today. There are no international terrorists in Sudan; it will soon be a democracy, joining the democracies in the world. It is also true that foreigners, including Americans, are free to walk in the streets of Khartoum or Omdurman without fear of being kidnapped, and there have been no incidents of this kind.

Secondly, the peace process signed since 1997 has shown beyond doubt that Sudan is serious about bringing about peace in the country. For that matter, the seriousness of the peace agreement was shown by the negotiations in Nairobi last May in the IGAD talks, where the SPLA reaffirmed the federal solution provided by the Sudan peace agreement. On the question of human rights and democratization, Sudan is moving toward democratization.

So, people like Roger Winter should be able to come and visit Sudan. Yes, we have problems with famine in the South. But I believe that with the support of the international community to bring the SPLA to the peace process, I believe that Sudan has done its own homework. It has provided the basis for the peaceful transfer of power, and any party that wants to participate in power, should now do it democratically.

EIR: The claim from supporters of Garang here is that the SPLA controls the entire countryside of the South, and that the government controls only the cities and the towns. Is this true?

Machar: This is not true, this is an exaggeration. There are areas—for example, Western Equatoria and Lakes State, these two states. But the rest, the government is firmly in control in most of the countryside also. There are ten states in the South.

EIR: Eight out of ten are in control of the Council?

Machar: Yes.

EIR: How many people from the South sought refuge from the war in Khartoum?

Machar: The estimate is about 3 million.

EIR: There are about 3 million people from the South in Khartoum?

Machar: Yes, looking for security, and looking for services,

and escaping the war.

EIR: So they have moved north, to where, presumably, their enemy is. The Council is now working to bring these people back to the South?

Machar: Yes, this is what I was telling you, that we need to repatriate the southern Sudanese who have moved north.

EIR: How many people have moved back so far?

Machar: We have not started the process, although the people are so anxious to return. We have told them that there is need for us to settle as a Council, before we are swallowed up by the people who want to go back home. Because we do not want them to get frustrated. We would want them to find that we have done our homework, that there are schools—at least the basic services are provided.

EIR: These people would come back to the other eight states?

Machar: Yes, even those who would want to go back to their original states could return, even if they are under the control of the SPLA. We see no reason why they would not go back to their homes of origin.

EIR: Do the people who went to the North include Christians?

Machar: Yes, the bulk of them are Christians, and if they were not Christians, many of them have become Christians as they came north. Those who came north became exposed to Christian teaching and many of them became Christians.

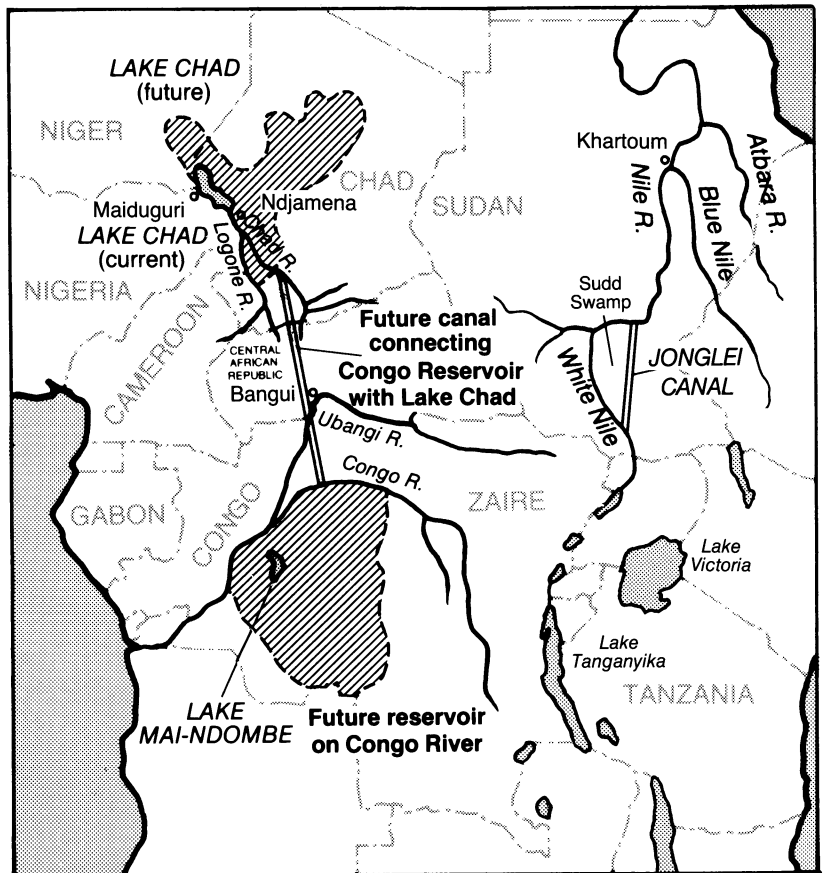
EIR: Aside from the IGAD talks, I know that you have been to Kampala, Uganda, and talked to President Yoweri Museveni there. Can you tell us where that stands?

Machar: I have been to Uganda for many purposes. One is to improve the relations between Sudan and Uganda. You know that Uganda and Sudan have cut off their diplomatic relations. So, the primary aim has been to improve relations. That necessitates that the conflict between Sudan and Uganda is resolved. The accusations which they trade between themselves are set to the side, and relations are improved.

Secondly, I have been looking for an opportunity so that President Museveni understands our point of view. We are southern Sudanese; we represent a southern Sudanese point of view. This view is not a monopoly of John Garang, and we will be in Juba, and it will be asked who will be operating with President Museveni; it will not be Khartoum, because

FIGURE 1

Lake Chad-Congo Basin, and Jonglei Canal projects



we would be the immediate neighbors, and we would be the government responsible for security along the borders. So, we wanted to know each other, and see ways of cooperating between ourselves. On top of that, we thought it was also a chance for confidence-building, and if President Museveni can intercede at all and do on his own the process of mediation between us and Garang.

I met Garang on June 7 in Uganda. That was a great opportunity, so that we could explain to Garang the peace process in Sudan, the seriousness of the steps taken, and [to see] if that can contribute at all to confidence-building and the restoration of trust. We believe that President Museveni has given us that opportunity, and we are thankful for the role he played.

EIR: Of course, the famine situation in southern Sudan extends into northern Uganda, but no one ever talks about it.

Machar: You mean the famine or the security situation?

EIR: Both.

Machar: By the way, the people of southern Sudan and northern Uganda are the same ethnic grouping. The Mahdi of Nimule are also in northern Uganda; the Acholi are in northern Uganda; the Kakwa are also in northern Uganda. So, there

are ethnic groupings that are common across the border, and anything that happens—whether it is political instability or insecurity—will affect those on both sides of the border. Even socially, once there is displacement, it has effects across the border. We have all heard of the Lord's Resistance Army, which is composed predominantly of the Acholi, and we have also heard of the groups in the West Nile. We understand that there is fighting. There is insecurity in northern Uganda, and I think with peace prevailing in southern Sudan, this might also have good overtures in northern Uganda, and on the stability of the whole of Uganda, and in the Nile region.

EIR: Does the Coordinating Council deploy militarily in the region? Does it have power to deploy soldiers in the region?

Machar: Yes, we do. We are a government. We are responsible for security. If there is need for a deployment of troops, we will definitely tell the military establishment, whether the South Sudan Defense Force, or the Sudan national army, that there is need for the deployment of troops to create more security in the area.

EIR: Where is there actual fighting? Is there low-intensity fighting everywhere, or are there pockets of intense fighting you would call war zones?

Machar: In actual fact, at present, there is a lull in most of the South. It is such areas as Blue Nile, which is outside southern Sudan, where there is fighting. There is a relatively quiet situation in the South now.

EIR: How does the Eritrea-Ethiopia war affect the situation in Sudan, given that both of these countries were part of the coalition backed by the United States to bring down the Sudan government?

Machar: Definitely the war between Ethiopia and Eritrea raises a lot of questions. You will recall that the IGAD countries are composed of seven, including Somalia, whose status is yet to be determined, so let us talk about six. Among the six countries, four are actually at war with each other. Three are at war with Sudan, in a way, or are having problems with Sudan. Two are fighting each other—Eritrea and Ethiopia have declared their own war. I think, with the new conflict in the Horn of Africa between Eritrea and Ethiopia, there are opportunities for peace. If the United States thought that Sudan was the aggressor, it is proved, now that there is fighting between Eritrea and Ethiopia, that Sudan may not be the aggressor. There are problems in the region—they need to be solved peacefully. I think there is an opportunity for these regional conflicts to be brought to an end—either Ethiopia and Sudan bringing their conflict to an end, or Eritrea and Sudan doing the same, or Ethiopia and Eritrea, and Uganda, with Sudan. I think that the war in Ethiopia and Sudan is an indication that things might come to an end very suddenly. If the bad guy, as in the Western movies, was Sudan, who is the bad guy now?

EIR: Congressman Tony Hall, who was in Sudan at the end of May, has called on President Clinton to appoint a special peace envoy to end the war in southern Sudan. Do you support this call, and do you think that if the United States came behind the peace process in a serious way, would this advance the peace?

Machar: The call made by Congressman Tony Hall, with Frank Wolf, is good, in the sense that they are bringing America to the center stage of coming to work for peace. Our impression in the Sudan has been that America did not want peace in the region; it only encouraged these low-intensity wars. But now, if it can accept to appoint an envoy on peace in the Sudan, this means that America would positively be wanting to contribute to the peaceful resolution of the conflict in the country, and that would be welcomed. Instead of encouraging the continuation of the conflict, if the United States would reverse its decision, this definitely would be welcomed.

EIR: Is the completion of the Jonglei Canal along the Nile River on the agenda of the Coordinating Council? And what other projects of substantial size do you see being implemented in the South?

Machar: You see, the Jonglei Canal was stopped by the war. Once the Jonglei area is fully secured, many of its provinces, with the exception of the Atem River province, which is in the middle of the Jonglei Canal—if that province is secured, the Jonglei Canal would definitely be resumed. It is now a big hole in the middle of the land. We would want to ensure that it is completed. As long as it is going to bring development to our population along the canal. It is one of the major projects, because through it, we can really have agricultural production, we can have a highway along the canal, we can establish schools and clinics. The life of people would be modernized, urbanized, along the canal. Trade will pick up along the canal. The waterway would be more usable. The floods that are a problem to us in the Nile River would be reduced, because the water which is always bringing floods would be siphoned off and used elsewhere in northern Sudan or in Egypt. Definitely, the oil exploration is continuing in the Unity state, in the Upper Nile state—we would also want this process to extend to Jonglei state, where the French company Total used to explore for oil. We would want to emphasize agriculture, so that we can feed ourselves in the South and contribute to food production in Africa. Through that process, agriculturally based industries can be built.

EIR: Do you then see the Jonglei Canal as a centerpiece for development in the South?

Machar: Yes, it is the centerpiece for the development of the South. I think that with stability prevailing, the Jonglei Canal is a central issue, around which many things can be built. We can even improve our relations with Egypt, and even with the countries of the Middle East.

Book Review

Murder in Northern Ireland: coordinated and controlled

by Mary Jane Freeman

The Committee: Political Assassination in Northern Ireland

by Sean McPhilemy

Niwot, Colorado: Roberts Rinehart Publishers, 1998

378 pages, hardbound, \$24.95

For murder, though it have no tongue, will speak. . . .

— *Hamlet*, Act II, Scene II

Long years of bloody sectarian violence. Catholic versus Protestant. Nationalist versus Loyalist. The Irish versus the British. All this comes to mind when the “Troubles” of Northern Ireland are mentioned. But filmmaker Sean McPhilemy, in his new book, goes beneath the surface phenomena to tell a blood-curdling tale of collusion, from 1989 to 1991, between the Royal Ulster Constabulary (RUC), Loyalist paramilitary death squads, and respected Protestant “citizens above suspicion,” to plan and execute the murders of Republican paramilitaries and Catholics. If even part of what the author writes is true, then despite the RUC’s efforts to discredit McPhilemy’s evidence and destroy his livelihood, “murder, though it have no tongue, will speak.”

There has been Irish armed resistance to British rule since the 18th century, when Irish patriot and American Revolution supporter Henry Grattan attempted to force the British Crown to grant a declaration of rights to the Irish, including economic independence from Britain and an end to discrimination against Catholics, who were not allowed to hold office, vote, or own land. The roots of this centuries-long political and religious warfare are beyond the scope of this review. But suffice it to say, McPhilemy’s explosive documentation reveals yet another chapter in the sordid history of Northern Ireland, which provides a new piece in the puzzle of London’s control of terrorism. The weakness in his book lies in the failure to identify the policy command structure at the highest level. However, there are threads suggested in the book

which, if pulled, will likely lead to the boardrooms of the Club of the Isles and the Queen’s Privy Council.

A brief history serves to set the context of this tale. From 1968 to 1972, the Catholic minority in Northern Ireland began to build a civil rights movement. Violent clashes occurred, British Army troops were brought in to assist the RUC, the local police force, and in 1971, when the first British soldier was killed there since 1920s, a counterinsurgency warfare apparatus came into being which included both the RUC and Army intelligence specialists. In September 1971, the Ulster Defense Association (UDA) was set up as the main Loyalist (loyal to the British Crown) paramilitary force, and the ranks of the Irish Republican Army (IRA) swelled after the 1972 Bloody Sunday massacre. The sectarian violence—Loyalist/Protestants vs. Republican/Catholics—since then has been orchestrated by British intelligence, on both sides of the “religious” divide. Both Loyalists and Republicans have caused death and destruction. For its role in this, the RUC has long been regarded as the enforcer of British occupation of Ulster. McPhilemy, not a partisan to either side, unveils one aspect of the British control of terrorism in Northern Ireland. We summarize here highlights of his story.

Collusion in murder

The charge of RUC collusion with Loyalist paramilitaries had been raised many times during the 30-year war. In early March 1991, this issue surfaced again when a gang of Loyalist gunmen surreptitiously entered an isolated Catholic area and killed four people, including two teenagers. McPhilemy, a film producer, had a young research assistant who insisted on pursuing the story, even though his boss thought it wasn’t prudent. Soon he was given access to “a source” who revealed details of how this collusion worked, and names of people involved. What emerged from the source and their own investigation of his information, is that a private group, “The Committee,” composed of Ulster businessmen, clergy, and others, conspired with elements of the RUC to assassinate Republican paramilitaries and Catholics. The collusion, according to McPhilemy’s evidence, included organizing the financing for arms deals from South Africa to Loyalist gunmen, using

money-laundering schemes involving profits from drug and pornography trafficking. Some of his evidence, although undeveloped, points to British intelligence and Secret Air Services (SAS) commandos being involved in the plots described.

Eighteen murders are detailed in the book, eight within the first 30 pages. These eight Catholics, only two of whom were “IRA terrorists” (the supposed targets of the Loyalists), and all of whose murders remain unsolved, were victims of three Loyalist rub-out operations as described to McPhilemy by the source. The *modus operandi* for each of the brutal murders goes like this. Targets were picked, in general or specific. Intelligence files from the RUC’s Special Branch were divulged, revealing personal information about the target. The Committee would meet to approve a murder and select which assassin would be deployed for the job—most often either Billy “King Rat” Wright, or Robin “The Jackal” Jackson. Then, a protective screen, involving select RUC officers who were involved with the Committee, would ensure the hit-man’s access into and away from the target’s location without detection. Afterwards, the Committee met to assess the operation. McPhilemy asserts, “By 1991 . . . not one Loyalist squad was ever intercepted.”

The Committee

The Committee structure was highly organized, McPhilemy reports. In mid-1986, the Ulster Loyalist Central Coordinating Committee came together, assuming “full authority over all Loyalist military and political activity.” It included political groups, such as the Ulster Independence Party; paramilitary groups, such as the Ulster Volunteer Force (UVF) and the Ulster Defense Association, which sometimes went by the cover-name Ulster Freedom Fighters (UFF); as well as prominent businessmen, clergy, and lawyers. Its chairman was Billy Abernethy, a bank manager at the Ulster Bank, the Northern Ireland subsidiary of National Westminster Bank (NatWest is a powerful institutional force of the British oligarchy). Abernethy, if the account is accurate, fit the profile of a person who could easily be manipulated. The source revealed that Abernethy was “a leading figure in the Masonic Order, a member of a secret lodge known as ‘Sons of Ulster.’” He had been a part-time police officer and member of the RUC Reserve, thus having access to “high-level intelligence from Special Branch files.” His younger brother, Colin, had been killed by an IRA assassination in 1988. Another person alleged to be at the top of the Committee was the former Assistant Chief Constable and former head of the RUC Special Branch, Trevor Forbes, OBE. He was given “early retirement” due to his overt Loyalist leanings, which surfaced during investigations into whether the RUC had a “shoot-to-kill” policy toward the IRA.

The Committee’s structure included disgruntled RUC officers who constituted a secret and illicit “Inner Force” found within “every RUC division in the province.” The Inner

Force, in turn, designated the “most militant Loyalists within the force,” to the “Inner Circle,” effectively an executive body. It was, according to McPhilemy, the Inner Circle “which supervised the operational assistance . . . to Loyalist squads by rank and file RUC officers.”

McPhilemy attributes the motivation for these murders to the Committee’s desire to secure an independent nation, called Ulster, in reaction to their belief that Prime Minister Margaret Thatcher’s Tory government would sell out the cause of Ulster, and allow a united Ireland to come into being. Therefore, as the story goes, the Committee had to take charge. The spark for this belief was the signing of the 1985 Anglo-Irish agreement by Britain and Ireland, which was a diplomatic effort to end the Troubles. While plausible, this motive is superficial. When the British monarchy deems that there is a threat to its power in a region, the Crown often makes use of *private* networks to reassert control, as *EIR* documented in its September 1997 *Special Report*, “The True Story Behind the Fall of the House of Windsor.” Since the days of William Pitt the Younger, during the French Revolution, or Lord Palmerston’s reign of terror in the 19th century, utilizing gang-counter-gang warfare to destabilize nations, the British model of geopolitical control has been to play both sides of a conflict. The British-imposed division of Ireland into North and South, is no less a geopolitical endeavor than Britain’s colonial role in Africa, Bosnia, or the Middle East. Thus, to the extent that what McPhilemy has uncovered is true, then the Thatcher government is shown to have played the diplomatic game, appearing to cool out the war, while Her Majesty’s security services, including the RUC, British Army intelligence, and SAS commandos, prolonged and inflamed it.

Protecting the terrorists

When McPhilemy’s investigation and documentation were compiled, simultaneous with the documentary, “The Committee,” airing on Britain’s Channel 4 TV, a detailed dossier was given to the RUC, in hopes that they would conduct a serious investigation. Rumors and press accounts of alleged collusion between the RUC and Loyalist terrorists had persisted since the mid-1980s, but there were always official denials. In 1989, one incident destroyed the credibility of these denials. As McPhilemy writes, “Two Loyalist terror organizations, the Ulster Defense Association and Ulster Freedom Fighters, admitted on television . . . that they had received confidential information on Republicans from members of the security forces.” The UDA/UFF admission occurred to justify a murder they had recently committed; they boasted that they had seen the victim’s confidential RUC file, which, they claimed, showed that he had been a member of the IRA.

Not able to ignore these televised remarks, the RUC set up an “independent inquiry.” The Stevens Inquiry, as it was called, ended abruptly, when its investigative files were set ablaze and its key witness was tipped off to leave the country,

escaping arrest. Despite these calamities, Stevens concluded, “members of the security forces have passed information to paramilitaries. However, . . . it is restricted to a small number of individuals . . . [and is not] institutionalized.” But with the October 1991 airing of McPhilemy’s evidence, new detailed leads of names, places, witnesses, etc. to be pursued were provided, which could have solved the still-unsolved murders. Instead, the RUC decided, as McPhilemy’s Chapter 6 is titled, to “Shoot the Messenger.” RUC Chief Constable Hugh Annesley angrily attacked the television program and announced that he was setting up an RUC investigation of the RUC itself!

Assault on the author’s credibility

More than one-third of the book describes the “dirty tricks” the RUC used to undermine and discredit McPhilemy’s documentary.

Chief Annesley initiated two lines of attack. First, the RUC orchestrated a media barrage, denouncing the documentary as “a pack of lies.” The political constituency leader who surfaced to denounce the film was David Trimble. A few days after the film “The Committee” aired, Channel 4 TV’s “Right to Reply” program was given over to Trimble, who accompanied his constituent, the Rev. Hugh Ross, who had appeared in the film’s segment on the Ulster Independence Party. Ross denounced the “misuse” of his interview, as the juxtaposition clearly implicated him in the activities of the Committee. Trimble defended the RUC. It is noteworthy that in 1988, Trimble had been, along with Colin Abernethy, a leader of the Ulster Clubs movement, at which time he authored a pamphlet in favor of Ulster’s independence.

Second, a protracted legal assault was launched. McPhilemy had complied with laws which require anyone with information about terrorism in Northern Ireland to present it to the police; he gave a dossier to the RUC when the film was aired. It included names of 19 persons alleged to be Committee members, details of murders, names of suspects, etc. But the RUC was not interested in pursuing these leads. Instead, it went to court to compel the name of McPhilemy’s source! The filmmaker had refused to divulge the name of his source, who feared for his life, as he had been a mid-level member of the Committee, and because a promise of absolute confidentiality had been given by the film company. Using the full weight of the Prevention of Terrorism Act, three Scotland Yard detectives, on behalf of the RUC, secretly appeared before a judge, saying a terrorism investigation had been opened as a result of the Channel 4 documentary. The anonymous source has knowledge “of vital importance” and must be “apprehended and interrogated,” they argued. Hours later, the Scotland Yard boys served McPhilemy with production orders to turn over the name of his source, advising him that he could spend five years in prison if he disobeyed the orders.

A legal battle ensued, as McPhilemy and Channel 4 re-

fused to name their source, and the case was thrown into the political arena. The contempt proceedings were sent to Attorney General Sir Patrick Mayhew, a cabinet minister in Thatcher’s Conservative Party government. (Mayhew delayed scheduling the case until after the April 1992 elections returned the Conservative Party to power, and the House of Commons was out of session.) The RUC used the delay to its advantage, launching a “Big Lie” campaign through its media stringers, against McPhilemy and his researcher, Ben Hamilton, with hopes of severing Channel 4’s support for the film. RUC propagandists masquerading as reporters wrote that McPhilemy and Hamilton had bribed sources, scripted on-camera confessions, and relied on IRA sources, among other misdeeds. It also hoked up perjury charges, stemming from the contempt proceedings, against Hamilton, for which he was arrested and his home searched. It was during this search that the RUC found a document with an indirect reference to the source which, however, had enough specificity to enable the RUC to identify him. Jim Sands, the source, was discovered, arrested, squeezed, and turned by the RUC. Sands’s boss was Rev. Hugh Ross.

Once the RUC caused Sands to recant all he had told the filmmakers, McPhilemy recounts, the two most reliable “RUC spin-doctors,” Rupert Murdoch’s *Sunday Times* and Lord Steven’s *Sunday Express*, repeatedly published articles tagging the documentary as a “hoax” which sullied the good name of the RUC and undermined the public’s confidence in the police force.

Meanwhile, Annesley announced that the RUC’s investigation showed that the “outrageous allegations” presented in the film were “without foundation.” Incredibly, the core of the RUC’s finding was, that with the exception of the two named terrorists, Wright and Jackson, the people named in the dossier given to the RUC were “respectable members of the community” who had “impeccable reputations” and “categorically denied having any knowledge of the . . . Committee, the Inner Force or the Inner Circle.”

But now, cracks in the RUC’s cover-up have occurred. The book tells how McPhilemy, forced to defend against civil and criminal libel actions, has proceeded to unearth independent verification for aspects of Sands’s original tale of terror.

Much of what McPhilemy reveals will not seem far-fetched to readers of *EIR*. But the question remains, after reading this devastating book: Who benefitted from this orgy of murder and political destabilization in Northern Ireland?

The hints are in the book, but not elaborated. For example, does Abernethy’s association with Natwest, a leading institution of the British oligarchy, imply control by the monarchy in coordinating Loyalist terror operations? The charge that drug-money laundering was used to finance arms shipments from South Africa is an important lead; if verified, it leads potentially into the filthy drugs-for-arms networks exposed in *EIR*’s *Special Report* “George Bush and the 12333 Serial Murder Ring.”

The 'apostles of hypocrisy' in Chiapas

by Carlos Cota Meza

On July 1, in his fifth visit to Chiapas in recent months, Mexican President Ernesto Zedillo denounced those who have turned the so-called Chiapas "conflict" into an instrument for destabilization of the nation's institutions, which is a far cry from the real problems they claim they wish to solve. In answer to the chorus of "Zapatistas" who charge that the government is promoting a "violent solution" in Chiapas, he replied: "We should not allow either messianic leaders or apostles of hypocrisy; the government does not speak out of both sides of its mouth, and it abides by dialogue, but not at the expense of legality."

The President's statement was more than an unmistakable portrait of the apostate Bishop of San Cristóbal, Samuel Ruiz, the real commander of the Zapatistas; it depicted, not unlike Francisco Goya's famous 1800 painting, *The Family of Carlos IV*, the moral vulgarity of Ruiz's entire "family."

President Zedillo was clear: Ruiz will under no circumstances be permitted to return to any mediating role in Chiapas, as some federal Congressmen have been proposing. The President recalled various of his own good-faith actions toward the Zapatistas, including when he reversed his own decisions (such as when he withdrew a February 1995 arrest order against Zapatista leader Sebastián Guillén Vicente, alias "Subcommander Marcos"; and when he reached agreements in 1994 with "certain intermediaries," who then turned around and "betrayed" him). These actions, he pointed out, went to "the limits of my constitutional mandates."

As for those "certain intermediaries": In early June, Ruiz, after being cornered into resigning from his National Mediation Commission—which immediately dissolved, proving that it was merely a product of Ruiz's messianism all along—announced that he would initiate "novel actions" in response.

Immediately, the provincial of the Jesuit Order in Mexico, Mario López Barrio, showed up in Chiapas, pressing for greater foreign intervention in Ruiz's defense. He called for "more mediation," and demanded a greater "international presence or international reaction" in Chiapas. As for Ruiz, the Jesuit said: "The Jesuit community in Mexico offers you its absolute and total support."

Greater "international presence" followed quickly. On June 16, within days of a friendly meeting between Presidents Zedillo and Bill Clinton in New York at the United Nations

Anti-Drug Summit, U.S. Secretary of State Madeleine Albright told the U.S. Senate that the U.S. government "has put the Mexican government on notice" that it is investigating the "serious developments in Chiapas," and is "pressuring" for problems to be solved "politically."

Briefed by Zapatista supporters

Fifteen days after this official declaration, which provoked tense relations between the governments, two U.S. Congressmen arrived in Mexico for a visit to Chiapas. Upon leaving, Reps. Bobby Rush (D-Ill.) and Luis Gutierrez (D-Ill.) recommended that the Clinton administration "cancel all military aid to Mexico and suspend weapons sales." The Congressmen and their teams, composed of members of "Chicano" communities who in many cases don't even know where Chiapas is, were coached during their Mexico visit by militants of Mexico City Gov. Cuauhtémoc Cárdenas's Party of the Democratic Revolution, which fully supports the Zapatistas.

A subsequent offer by UN Secretary General Kofi Annan, that the UN become involved in Chiapas, was quickly retracted, after the Mexican government rejected any such "internationalization" of a domestic matter.

Ruiz's allies in the Society of Jesus are preparing other flanks. Father David Fernández, SJ, who has stood behind Ruiz throughout the Chiapas "conflict," from his post as director of the George Soros-financed Agustín Pro Center for Human Rights, was recently promoted, being named dean of the ITESO, the Jesuit university for Mexico's entire western region.

Fernández is certainly one for "novel actions." During Amnesty International's Gay Culture Week in June, he denounced the Catholic Church for "discrimination and violation of the rights of homosexuals," telling the activists, "we must reject any supposedly Christian justification" for opposing homosexuality. In 1992, Fernández had been expelled from a school in Xalapa, Veracruz, on grounds that he suffered from "deviant homosexual passions," after delivering similar speeches, entitled "The Church Against Sexuality," at various universities.

In the interest of the Republic's good health, the Mexican Bishops Conference (CEM) responded to Fernández, with a statement reiterating that "the homosexual attitude" is not genetic, but produced by a degenerate culture dominated by a search for sexual diversion. Homosexuality, they wrote, is "in itself immoral and constitutes a grave sin" from which afflicted people should be cured. The CEM also distributed a document written by the Bishop Emeritus of Papantla, Genario Alamilla, supporting President Zedillo's recent speech in Chiapas. "We cannot advocate that the rebels be defeated by blood and fire, but it is time for the government to be more energetic and, through means at its disposal, achieve the surrender of the rebels, without accepting their imposition of preconditions on dialogue," he wrote.

Narco-traffickers target India's neighbors

Economic globalization has paved the way for an expansion of "free trade" in drugs, bringing cheer to the drug barons.

In a recent interview with the Indian daily *The Hindu*, Dr. D.C. Jayasurya, United Nations Regional Project Coordinator, Precursor Control Project, said that, following the tightening of controls and enhanced vigilance in India and Nepal, he fears that the drug traffickers might make Bhutan, a tiny Himalayan kingdom adjacent to both India and China, their "next target." He also pointed out that the Bangladesh port city Chittagong has become highly vulnerable to the traffickers.

Jayasurya associated the growth of drug trafficking with the opening up of national economies. The advent of free trade in Southeast Asia, he noted, has substantially reduced customs regulations, enabling traffickers to divert large volumes of precursor chemicals, such as those used to convert opium to heroin, from one country to another.

As a result of lax customs regulations, thousands of tons of precursor chemicals are getting to where opium is grown, through various routes, to produce heroin. Without customs control it is very difficult to track precursor chemicals, since governments are unable to quantify the amount of chemicals that are being used by local industry. Dr. Jayasurya claims that his investigations have shown that chemicals were diverted not from the factory premises, but during the process of shipment, where the drug cartel operators have a definite presence.

Worldwide, the United Nations Drug Control Program (UNDCP) has identified 22 chemicals, including acetic anhydride, acetone, N-acetyl-anthranilic acid, lysergic acid (LSD), ephedrine, phenyl-2-propanon, hy-

drochloric acid, potassium permanganate, sulfuric acid, and piperonal, as the major precursor chemicals used in the manufacture of illicit drugs and psychotropic substances.

In India, Dr. Jayasurya continued, a major problem in tackling precursor chemical trafficking is the lack of data about the production and use of the chemicals by industry. According to available estimates, the chemical industry has the capacity to produce 90,000 tons of acetic anhydride, but officially only 45,000 tons are produced. Newspapers in India report occasional seizures in airports of small quantities of the chemical.

International Narcotics Control Board officials say that the free movement of precursor chemicals and drugs in Asia, with the onslaught of economic globalization, has created drug-addiction problems in countries which were virtually untouched before. The INCB claims that Thailand now has 500,000 addicts. China, by one estimate, has more than a million. And relatively poor Vietnam has 180,000 heroin addicts.

In South Asia alone, it is estimated that there are nearly 2.2 million heroin abusers, of whom 1.5 million are in Pakistan and about a half-million in India. The rest are in Sri Lanka, Nepal, and Bangladesh, according to Abdul Latif, regional representative of the UNDCP.

More worrisome are the ties between the narco-cartel and some well-armed and financially powerful terrorist outfits, such as Sri Lanka's Liberation Tigers of Tamil Eelam, and the National Socialist Council of Naga-

land, the United Liberation Front of Asom, and the National Democratic Front of Bodoland in northeast India. An array of terrorist organizations, spinoffs of the 1980s Afghansi guerrillas, are operating in Pakistan, in the disputed state of Kashmir, and inside Afghanistan.

The drug enforcement agencies in India have reported links between drug cartels in the Indian state of Punjab, controlled mostly by renegade "Khalistani" terrorists, and the cartels operating from Ibero-America. Several years ago, two bank accounts, into which Ibero-American drug cartels were depositing funds, were seized. The Narcotics Control Board of India suspects that many such bank accounts are now being operated in India by foreign drug cartels. With growing emphasis on opening up the banking system, as part of financial globalization, drug accounts will no doubt expand.

Also ominous is the massive growth of narco-traffickers in the nearby Central Asian countries. According to Dr. Jayasurya, nearly 3 million members, divided into 5,700 gangs, with sophisticated equipment, are handling drugs in the former Soviet Union and eastern Europe, and are flooding Europe with Pakistani and Afghan heroin.

The latest trend in the subcontinent indicates that heroin from Pakistan, Afghanistan, and Myanmar is entering India in larger volumes through the border areas of the Indian state of Jammu and Kashmir and the northeastern borders along Myanmar. Much of this is carried to Bangladesh, Nepal, and Bhutan by the terrorists, and traded for arms coming in from Thailand and Cambodia. Recently, India and Nepal have equipped customs and police outfits manning the entry and exit points between the two countries, with precursor test kits to check for the misuse of chemicals.

International Intelligence

Italy's Parliament may probe judicial abuse

The Italian Parliament is set to vote next month to establish an investigating committee into whether the 1992 "Clean Hands" prosecutions against leading political figures were politically biased. The initiators of the committee have indicated that it should establish whether the Milan-based "anti-corruption" prosecutors acted to destroy moderate parties, omitting to prosecute the former Communist Party for the same alleged crimes. The committee could expand its investigation to include the international connections of the Clean Hands prosecutors, i.e., to Transparency International, the brainchild of Britain's Prince Philip. Parliament Speaker Luciano Violante has supported the proposal.

Strong, indirect backing for the committee has come from President Oscar Luigi Scalfaro, who on July 10 accused the judiciary of legal "violations" in the Clean Hands investigations. As an example, Scalfaro, who chairs the governing body of the Judiciary branch, pointed to the 1994 decision to issue a warrant against Prime Minister Silvio Berlusconi, the same day that he was to open an international anti-crime conference in Naples attended by other heads of state and government. "If the warrant had been issued ten days later, nothing would have changed," Scalfaro said.

In reaction, former Clean Hands star prosecutor Antonio Di Pietro, who is a Senator, grumbled, "We will not sit by and watch."

'Australia/Israel' prints stolen One Nation list

A recent issue of Mark Leibler's *Australia/Israel Review* created an uproar when it published the names of 2,000 members of Pauline Hanson's One Nation party. Numerous Jewish groups and Holocaust survivors have denounced the move. Leibler, who has made a name for himself as a hater of Lyndon LaRouche, employs one David Greason as his *Review's* leading writer.

Greason is a former editor for *Playboy*, and founder of the neo-Nazi National Action and National Front grouplets, who has been attacking LaRouche in Australia for over a decade. The *Australia/Israel Review* was founded by followers of Zionist fascist Vladimir Jabotinsky, a British intelligence asset.

The membership list was clearly stolen from One Nation, allegedly by disgruntled former members. Federal Privacy Commissioner Moira Scollay attacked Leibler's decision to publish the names, and said it "breached national privacy principles": "When people join a political party, they don't expect that information to be printed in a newspaper."

One Nation's national director David Ettridge said he would ask the Australian Federal Police and Victorian state police to investigate the theft. "This grubby magazine is not getting away with it," Ettridge said. "They have done an enormous disservice to the Jewish community, a fair number of whom are horrified at what they've done." Leibler has backed off publishing another 8,000 names.

Marika Weinberger, a survivor of Auschwitz and the president of the Australian Jewish Holocaust Survivors, told the Australian Associated Press: "Those of us who survived, came to Australia because privacy was something we cherished and didn't have. We know the implications of what happens when lists, any lists, are published."

Italian Speaker praises expanded ties with Iran

Italian Speaker of the Parliament Luciano Violante referred to Iran as a "bridge between Europe and the Islamic world," speaking of the recent visit to Iran by Premier Romano Prodi, and noted that "for this very reason, the Islamic Republic is the focus of special attention by Italy, Europe, and the world." Violante expressed his country's determination to expand political, economic, and cultural ties with Iran. "Italy's focus on small and medium-sized industries, its great expertise in oil and textile industries, as well

as its background in tourism, provide suitable grounds for cooperation between Iran and Italy," Violante said.

Welcoming the September visit of his Iranian counterpart, Majlis Speaker Nateq Nouri, to Italy, Violante stated that he has asked him to include cultural exchanges on the agenda of bilateral talks. Cultural exchanges can help reduce Western "fear of Islam," Violante remarked, adding, "I feel that the tendency to regard Islam as a danger is declining, partly because of some measures presently being taken in Iran."

Mandela, U.S. Congress meddle in Indonesia

According to Portugal's *Diario de Noticias* of June 23, South African President Nelson Mandela described East Timor's jailed terrorist leader Xanana Gusmao, of the Fretilin group, as the "legitimate leader of East Timor." Mandela has, for the past year, campaigned for Gusmao's release, and visited him in prison, with President Suharto's approval. While Mandela could play a constructive role in solving the long-festered East Timor problem at this moment of opportunity, his reported sponsorship of Gusmao as spokesman and leader of East Timor, rather than simply calling for his release, is potentially destabilizing. He is quoted saying: "Xanana's release alone is not enough. It is necessary that once freed, Xanana can participate in the peace negotiations. It would be inappropriate, unacceptable, for any of us, to propose, suggest, or draw up a solution at the moment, without the presence of the legitimate leader of East Timor. That is our position."

Compare this to Bishop Carlo Ximenes Belo. Belo was set up by the Nobel Committee when they made him share the Peace Prize with Fretilin spokesman Jose Ramos Horta, in exile. Belo refrained from attacking Ramos Horta, but refused to participate at any event with the terrorist spokesman. On June 24, after meeting with President B.J. Habibie, Belo was asked by the press about freeing Gusmao. He answered: "He is not the only East Timorese. We still have hundreds of thousands of East Timorese."

MALAYSIAN Prime Minister Mahathir bin Mohamed and Foreign Minister Anwar Ibrahim held separate talks with Indonesian Muslim leader Amien Rais earlier this month. Rais heads the Muhammadiyah, with 28 million members, and is a former official of the Indonesian Association of Muslim Intellectuals (ICMI), which was, at one time, chaired by President B.J. Habibie. ICMI also has close contact with Malaysia's Institute of Policy Research, a think-tank linked to Anwar.

MASHOOD ABIOLA'S autopsy showed that the Nigerian opposition figure died of natural causes, while meeting with a U.S. delegation, just shortly before being released from prison. The autopsy revealed that "there was severe long-standing disease of the heart of a type and severity that can cause unexpected death." Abiola's relatives continue to blame prison conditions for his illness.

SINGAPORE President Ong Teng Cheong became the first Singapore head of state to meet Queen Elizabeth II at Buckingham Palace on July 7, reports the *Straits Times*; but, there were no bows or curtsies, or even kowtows, just "warm handshakes" and lunch. Ong travelled to Liverpool University, his alma mater, to receive an honorary Doctor of Laws.

YASSER ARAFAT, chairman of the Palestine Liberation Organization, began a visit to China on July 13, as the guest of President Jiang Zemin. The primary topic of discussion was the "peace process in the Middle East," according to Chinese Foreign Ministry spokesman Tang Guoqi.

INDIA'S PRIME MINISTER Atal Behari Vajpayee told press on July 10 that India wants to normalize ties with Pakistan. "There is peace and stability on the border. But we want speed in our discussions." Vajpayee also said he hopes that stalled talks with Pakistan will resume after he meets with Pakistani Prime Minister Nawaz Sharif at the end of July in Sri Lanka.

The Indonesian wire service reported on July 8 that 15 U.S. Congressmen have submitted a letter to President Habibie, asking him to give full autonomy to East Timor and Irian Jaya, the latter following violent incidents in the capital of Jayapura the previous week, and on the island of Biak on July 6, when the separatist flag of the Free Papua Movement (OPM) was raised over local legislatures. The rector of Cendrawasih University, where students and troops clashed recently, said the Congressional letter is misleading and "has aroused emotions and . . . stirred trouble among the Irianese."

According to the *South China Morning Post*, Indonesia took over western Papua New Guinea, naming it Irian Jaya, when the Dutch colonial power defaulted on a UN-sponsored decolonization agreement on May 1, 1963. Irianese who fled with the Dutch "took up the fight for independence from abroad, and the separatist OPM was formed in the jungles in 1964."

UNGA upgrades status of Palestinian Authority

By an overwhelming vote of 124-4, the United Nations General Assembly voted to upgrade the status of the Palestinian Authority to that of a non-voting member on July 7, just below that of a recognized nation-state. The new status allows the PA to raise issues of Middle East peace, introduce resolutions, and reply during the course of General Assembly debates. The four dissenting votes were cast by the United States, Israel, Micronesia, and the Marshall Islands. The PLO was granted observer status to the UNGA in 1974. In 1988, that status was upgraded, when the PLO designation was changed to "Palestine."

Led by France, there is growing support for recognizing a Palestinian state, if one is declared in the final status talks, whose deadline is May 1999. According to the Israeli daily *Ha'aretz* on July 7, French President Jacques Chirac said that, after Hillary Clinton had broken the taboo on speaking publicly about a Palestinian state, it was easier to encourage support for the idea among European Union member states.

Afghanistan is turned into a wasteland

According to combined reports from Germany's *Handelsblatt* on July 8, and the Iranian IRNA news agency on July 1, Afghanistan has been turned into a wasteland by the civil war. An effort by the UN to produce a report fell flat, because there are no statistics available on the economy, and the only figures the World Bank could obtain came from a survey of the Afghanistan border region around Pakistan.

The industrial infrastructure is totally destroyed, industrial parks, cement factories, and textile mills are closed, and roads are destroyed; electricity production in the region around Kabul is at only one-fifth capacity. Skilled labor and the intelligentsia have fled, and the Taliban are utterly ignorant.

Drug trafficking is the only ongoing economic activity. Burnahuddin Rabbani, still officially President, reportedly denounced the Taliban, during a recent UN drug conference, for having expanded drug production, which the Taliban apparently acknowledged. It is estimated that 80% of all the world's heroin comes from Afghan opium.

Victoria expands drug legalization efforts

On July 6, police in Victoria, Australia expanded a local pilot project—a program of merely cautioning first-time cannabis offenders—to apply to the whole state. Beginning on Sept. 1, "cautions" will apply to first-time offenders found with less than 50 grams of cannabis in their possession. Chief Commissioner of Police Neil Comrie also said that the government had approved a \$600,000 pilot program for a cautioning system for other drugs, including heroin, to be undertaken in the Broadmeadows area of Melbourne, the site of the original program.

Two years ago, Premier Jeff Kennett's more overt attempt to legalize drugs was defeated by an anti-drug coalition led by the Citizens Electoral Council, Lyndon LaRouche's co-thinkers in Australia.

LaRouche's role at center of fight over McDade-Murtha

by Debra Hanania-Freeman

On July 15, Joe McDade, the Pennsylvania Republican who is the author and principal co-sponsor of the Citizens' Protection Act of 1998, H.R. 3396, inserted the measure, as an amendment to the House Appropriations Committee bill that provides the budget for the U.S. Department of Justice. The bill, with the full text of McDade's amendment intact, was approved by the full committee in a voice vote that same day. The measure is expected to reach the House floor for a vote within a week.

The surprise move left many of the bill's supporters puzzled. H.R. 3396 was born out of McDade's outrage at the conduct of DOJ prosecutors when he was the target of a lengthy and costly politically motivated Federal prosecution. McDade has documented that Federal prosecutors intimidated his friends, subjected his family and staff to repeated hostile interrogations, and tried to convict him outside the courtroom through press leaks and other means.

While the charges were pending, McDade lost the chance to chair the powerful House Appropriations Committee, despite his status as the most senior Republican in the House of Representatives. Several months later, after having been the target of a ten-year campaign by the DOJ's "political assassination bureau," McDade was finally cleared of all charges against him. But, the damage had already been done.

McDade vowed that before he retired, he wanted to ensure that citizens would be protected from such flagrant abuse. H.R. 3396 requires that Federal prosecutors be held to the same standards of conduct and code of ethics as other attorneys. It defines punishable conduct and penalties, and creates an independent review board to monitor compliance with the standards.

McDade has repeatedly stated that his objective in introducing this legislation was to force a broad and far-reaching

public probe of DOJ misconduct; that, if the measure was to be truly effective at rooting out the systemic corruption and prosecutorial misconduct commonly associated with the DOJ's permanent bureaucracy, it had to be the subject of comprehensive hearings that would feature the most dramatic cases of Federal prosecutorial abuse.

In April, McDade told a Schiller Institute-sponsored delegation of prominent legislators and civil rights leaders, that with 218 co-sponsors, a simple majority of the House, he would have the power to personally determine the bill's fate, and guarantee that such hearings would occur.

The Schiller Institute, founded by Helga Zepp-LaRouche, has, for almost a decade, been engaged in a campaign against the Department of Justice's politically and racially motivated prosecutions, from the FBI's notorious Operation Fruehmen-schen, which targeted thousands of black elected and public officials for harassment and prosecution, to the politically motivated frame-up of Lyndon LaRouche and his associates. The institute decided to throw its full weight behind McDade's drive for hearings. The LaRouche movement launched an intense drive to mobilize elected officials, civic and political activists, and thousands of ordinary citizens across the nation, to contact their Congressional representatives. By July 15, that drive had resulted in 186 co-sponsors for H.R. 3396 officially recorded by the Clerk of the House of Representatives, and an estimated 21 more names waiting to be added to the list.

A surprising shift

It is not clear why, when his stated objective of having 218 co-sponsors was no more than a few days away, McDade shifted his strategy.

Well-informed Congressional sources say that, in order

to prevent hearings on the bill, excruciating pressure has been brought to bear on its co-sponsors. It is known that the DOJ has mobilized its entire gestapo apparatus, and all of its appendages throughout the Federal bureaucracy, against the bill. Attorney General Janet Reno attacked the bill in a public press conference and in testimony before a Senate panel. She signed her name to a 14-page memorandum, addressed to the leadership of the House Judiciary Committee, attacking the bill. She has also said that, should the legislation be passed, she would urge President Clinton to veto it.

Ironically, it is reported that House Speaker Newt Gingrich (R-Ga.) opposes the measure, because he fears that public hearings on H.R. 3396, especially at a time when Americans are growing increasingly disgusted by the antics of independent counsel Kenneth Starr, would cause an uncontrollable popular revolt against Gingrich's stated intention to initiate impeachment proceedings against the President.

Additionally, speaking on condition of anonymity, some members of Congress say that Gingrich has gained support for his efforts to kill H.R. 3396, by making Lyndon LaRouche the key issue in the fight. Apparently, Gingrich has sounded the alarm that public hearings would not only clear LaRouche's name, but would thrust LaRouche into the center of efforts to shape a new, more just financial system, as the current system moves toward a meltdown.

Congressman McDade's office denies that he has backed down from his commitment to public hearings. His staff claims that the move to attach his measure to the Appropriations bill simply amounts to a second approach. They point to the fact that McDade has not withdrawn H.R. 3396 as a "stand-alone" bill, and that if opponents of the bill succeed in an effort to strike the language from the Appropriations bill when it reaches the House floor, McDade will still fight for the House Judiciary Committee to schedule hearings.

But, Capitol Hill observers say that Joe McDade, who has served 36 years in the House, is too smart, and too experienced, to believe such a strategy would work. Even if the DOJ Appropriations bill were to pass a vote in the House, leaving McDade's amendment intact, the Senate version has no companion measure, and it is likely that the language would be struck in conference committee. At the same time, with the language now in the Appropriations bill, the Judiciary Committee has every excuse to continue to stall on setting a date for hearings. McDade can certainly ask the Judiciary Committee to reconsider scheduling hearings if the final version of the Appropriations bill ends up dropping his amendment, but sources say it will be so late in the session, that Judiciary Committee Chairman Henry Hyde (R-Ill.), who is known to be working with Gingrich to stop the bill, will simply let the bill die a quiet death in committee.

Schiller Institute escalates

While the fate of H.R. 3396 remains uncertain, legislative maneuvers and manipulations cannot put a lid on the popular

protest by a growing number of Americans against the political lynchings. In fact, those who have worked so hard to stop Congressional hearings on DOJ misconduct may, by the summer's end, wish they had let the hearings proceed in an environment they had some hope of controlling.

Instead, they will now have to contend with a situation that is far more difficult to control. In an effort to break the situation open, the Schiller Institute has announced that it will move to broaden the movement against human rights violations in the United States. Town meetings are being organized in major cities across the nation to take up three areas of abuse: 1) the human rights violations being carried out by the Department of Justice, in the LaRouche case, the Operation Fruehmenschen cases, the John Demjanjuk case, and others; 2) the North American Free Trade Agreement (NAFTA), a slave labor program that can no longer be ignored; and, 3) the use of prisoners as a slave labor force, as proposed by Florida Rep. Bill McCollum's (R) effort to privatize Federal prisons. Newt Gingrich's "Conservative Revolution" crowd, as well as certain elements within the Democratic Party, who have worked under the umbrella of the National Endowment for Democracy to champion these policies, will be targeted. The national drive is expected to culminate in an event in Washington, D.C. in early September.

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.

Two videos are currently available:

- DOJ Misconduct: 4 Case Studies (104 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.
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Appeals court holds prosecutors to the law

by Edward Spannaus

In a ruling which has sent shockwaves through the Department of Justice, a Federal appeals court has ruled that it is illegal for Federal prosecutors to bribe witnesses. While it might seem obvious to the layman that this should be the case, government lawyers have taken the position that they are exempt from the anti-bribery law.

This “bombshell” ruling was issued on July 1 by the 10th Circuit U.S. Court of Appeals which sits in Denver. Citing the law which prohibits anyone from giving or offering anything of value for testimony, the 10th Circuit panel ruled that it is illegal for Federal prosecutors to offer leniency to a witness in exchange for testimony, saying that this amounts to buying testimony.

The court explicitly drew the parallel to the Justice Department’s position that its prosecutors are exempt from state laws and codes of professional conduct. The McDade-Murtha bill, H.R. 3396, is intended to remedy this, by declaring explicitly that government attorneys are bound by state laws and rules. The 10th Circuit ruling held that prosecutors had violated both Federal law and the Kansas Rule of Professional Conduct.

Documentation

Excerpts from ruling of U.S. Court of Appeals for the 10th Circuit, in U.S. v. Singleton, July 1, 1998:

Section 201(c)(2) of Title 18 of the United States Code prohibits giving, offering, or promising anything of value to a witness for or because of his testimony.

Section 201(c)(2) could not be more clear. It says: “Whoever . . . directly or indirectly, gives, offers or promises anything of value to any person, for or because of the testimony under oath or affirmation given or to be given by such person as a witness upon a trial, hearing, or other proceeding, before any court . . . authorized by the laws of the United States to hear evidence or take testimony . . . shall be fined under this title or imprisoned for not more than two years, or both.”

The anti-gratuity provision of §201(c)(2) indicates Congress’s belief that justice is undermined by giving, offering, or promising anything of value for testimony. If justice is perverted when a criminal defendant seeks to buy testimony from a witness, it is no less perverted when the government does so. . . .

One of the very oldest principles of our legal heritage is that the king is subject to the law. See Romans 13. King John was taught this principle at Runnymede in A.D. 1215, when his barons forced him to submit to Magna Carta, the great charter that imposed limits on the exercise of sovereign power. . . .

Justice Brandeis expounded as follows on the principle: “Decency, security and liberty alike demand that government officials shall be subjected to the same rules of conduct that are commands to the citizen. In a government of laws, existence of the government will be imperilled if it fails to observe the law scrupulously. . . . If the Government becomes a law-breaker, it breeds contempt for law; it invites every man to become a law unto himself; it invites anarchy. To declare that in the administration of the criminal law the end justifies the means—to declare that the Government may commit crimes in order to secure the conviction of a private criminal—would bring terrible retribution. Against that pernicious doctrine this Court should resolutely set its face.” . . .

The judicial process is tainted and justice cheapened when factual testimony is purchased, whether with leniency or money. . . .

Cases involving the application of ethical rules to federal prosecutors fortify our conclusion. The Department of Justice attempted, first through a policy statement known as the Thornburgh Memorandum, then through a federal regulation, 28 C.F.R. pt. 77 (1997), to exempt its litigators from state ethical rules prohibiting ex parte communication with represented parties. The federal courts have unanimously rejected the notion that federal prosecutors are exempt from these ethical rules. . . . If federal prosecutors are bound by an ethical rule governing ex parte contact in the course of a prosecution, we think it even more clear that they are bound by a federal statute regulating the evidence presented in federal court. . . .

Ms. Singleton argues the government violated Kansas Professional Rule 3.4(b) in presenting the testimony of Mr. Douglas. The rule, adopted by the Supreme Court of Kansas, provides, “A lawyer shall not . . . offer an inducement to a witness that is prohibited by law.” . . . Moreover, because we have held that the government’s promises ran afoul of 18 U.S.C. §201(c)(2), and were thus prohibited by law, we must conclude the government violated Rule 3.4(b).

In the circumstances before us, the appropriate remedy for the testimony obtained in violation of §201(c)(2) is suppression of its use in Ms. Singleton’s trial. “[T]he principal reason behind the adoption of the exclusionary rule was the Government’s ‘failure to observe its own laws.’” . . . We believe exclusion will effectively deter the unlawful conduct before us. Agreements to seek leniency or refrain from filing charges in return for testimony are entered into with the intention of presenting to a court the testimony so acquired. Excluding that tainted testimony removes the sole purpose of the unlawful conduct and leaves no incentive to violate §201(c)(2).

Will labor go for a New Bretton Woods?

by Marianna Wertz

Increasing labor ferment in the United States and abroad is hitting at the worst aspects of the global financial crisis, including outsourcing, privatization, wholesale firings, and cuts in services. However, none of the numerous strikes has yet taken up *the only real solution* to the causes of that crisis, to demand the New Bretton Woods system which Lyndon LaRouche has insisted must replace the bankrupt International Monetary Fund (IMF)-centered globalization monster. In the days and weeks ahead, as the crisis intensifies, these labor actions will have to move in the direction LaRouche has specified, or be crushed.

The leading edge of the ferment in the United States are the strikes against General Motors by 9,200 members of two United Auto Workers locals in Flint, Michigan, begun on June 5 and 11, which have shut down virtually all of GM's North American auto production. The real, though not official, issue is the large-scale plant shutdowns and layoffs that GM has already carried out, and threatens to escalate, in order to "compete in the global marketplace." There are now an estimated 175,000 layoffs resulting from parts shortages. GM has lost more than \$1.2 billion, and is continuing to lose about a \$80 million a day.

But the GM strike, as serious as it is, is just the tip of the iceberg of growing anger in the working population here and abroad against the hideous effects of the financial elite's globalization and privatization policies. In Russia, where IMF policies have resulted in starvation and widespread loss of life, striking miners are again blockading the Trans-Siberian Railway, demanding wages that are months in arrears. In South Korea, where mass layoffs have been mandated by the IMF, a general strike is unfolding. In Puerto Rico, a commonwealth with local autonomy under the U.S. flag, an unprecedented general strike by a half-million workers shut down the capital of San Juan on July 7-8, protesting the planned privatization of the state telephone company.

In the United States itself, in addition to the UAW strike, a major demonstration against privatization occurred in New York City on June 30. An expected 10,000 construction workers turned into 30,000 angry hardhats, protesting the award of a \$33 million transit contract by the city to a viciously non-union firm, Roy Kay, Inc., despite the fact that the firm has been indicted repeatedly for its illegal practices. The demon-

strators, calling for the ouster of Mayor Rudolph Giuliani, tied up midtown Manhattan and disrupted business during the morning rush hour. A union source reports that similar actions are planned during the summer at large non-union construction sites.

Organized labor has also recently launched offensives against two other heads of the globalization hydra: the North American Free Trade Agreement (NAFTA) and managed care. On July 13, the United Steelworkers of America (USWA) joined the Made in USA Foundation in an unprecedented Federal lawsuit, challenging the constitutionality of NAFTA, on the grounds that the treaty which created it should have been subject to a two-thirds ratification vote by the U.S. Senate, as called for in the U.S. Constitution. USWA President George Becker declared at a press conference announcing the suit, "We are taking this legal action today because NAFTA has been an unmitigated disaster, not just for our members, but for working people throughout North America."

Then, on July 15, the AFL-CIO launched a nationwide grassroots campaign to pass a strong Patients' Bill of Rights quickly in Congress. AFL-CIO President John Sweeney denounced the practices of managed care companies for chiseling on health care for working Americans and promised a hard-hitting campaign, including TV and radio spots in Democratic and Republican Congressional districts, going into the November elections.

GM strikes: 'No' to globaloney

Larry Mathews, co-editor of the newspaper for striking UAW Local 651 in Flint, discussed the issues behind the GM strike in a recent interview with this news service. "We need protectionism," he said. "Our best hope at this point is that we'll wake our government up and they'll take action to ensure fair trade and not free trade. Our country cannot stand to lose all of the manufacturing jobs that are here, to Third World countries, and then ship all those products back for sale here with no import tax or no punishment for leaving, so to speak, in the first place. . . . There's not a country alive that can survive with service jobs only. I quite frankly don't see where we're going to have even service jobs around here if you take the manufacturing base away."

Mathews noted that General Motors has 53 Delphi Automotive Systems Division plants in Mexico alone, where workers average \$1.10 per hour income, not even enough to buy the cars they manufacture. Mathews's local represents Delphi workers in Flint, where the average wage is around \$22 per hour, not including overtime and benefits.

With four additional UAW locals threatening to strike once the Flint strikes are ended—whenever that is—it looks to be a very hot summer, indeed. If these and other labor actions take up the real issue—the need for global financial reorganization in a New Bretton Woods system—they could give the globalizers a run for their ill-gotten money.

Prosecution refuted in New York 'Get LaRouche' case

As the pressure mounts on the U.S. Congress to take action on the McDade-Murtha bill (the Citizens Protection Act) and thus to stem prosecutorial misconduct, prosecutors in New York sought this week to jail Marielle Kronberg and Lynne Speed, two associates of Lyndon LaRouche. Ultimately, New York Supreme Court Justice Stephen Crane refused to incarcerate Kronberg, but he also refused to let Speed continue on bond pending her appeal, ordering her to begin serving a six-month sentence. Speed was ordered released on bond pending appeal, only after an emergency appeal to the Appellate Division.

The fact that these convictions and those of LaRouche and his co-defendants, have not been thrown out and the prosecutors punished, is proof of the need for the type of judicial house-cleaning at issue in the Citizens Protection Act.

Indicted in 1987, Kronberg and Speed were prosecuted in 1989 by the New York Attorney General as part of the politically motivated trials aimed at eliminating LaRouche and his movement. After a five-month trial, they were convicted on one count of scheme to defraud and acquitted on one count of conspiracy. LaRouche associate George Canning was acquitted on both counts, and former LaRouche associate Robert Primack was convicted on both.

Like the other "LaRouche" prosecutions, the New York case was fraught with the types of prosecutorial misconduct the Citizens Protection Act seeks to punish, including withholding of witness statements (exculpatory evidence), suborning perjury, tampering with evidence, improperly disseminating information against the defendants, and impeding defendants' right to discovery.

The extent of the prosecutorial misconduct in the New York case was so great that in February 1995, after five years of post-trial hearings, trial Judge Stephen Crane threw out the convictions. In his opinion, Crane found that prosecutors had illegally withheld witness statements—evidence that, had it been available to the defense at trial, could have helped defendants prove their innocence. Crane wrote that the New York authorities "engaged in a conspiracy to lay low these defendants at all costs, both here and in Virginia." With whom did they conspire? The Federal officials who prosecuted LaRouche in Alexandria, Virginia, and the Virginia state officials who prosecuted a number of associates of LaRouche in state cases.

In December 1995, Crane vacated Kronberg's conviction



*Lynne
Speed*



*Marielle
Kronberg*

on a second ground. The issue this time was prosecutorial violation of Kronberg's Fifth Amendment privilege. In the so-called Kastigar hearings held on this matter, Crane determined that the New York Attorney General's office utterly failed to show that it had not used the fruits of her immunized testimony in prosecuting her.

However, this April—as a result perhaps of the clout of Gingrichism in New York politics—the Appellate Division of the New York Supreme Court adopted the prosecution's self-serving claims, ignored Crane's reasoning, overturned his decision, and reinstated the convictions.

Finally, at a July 13 hearing, Assistant New York Attorney General Rebecca Mullane demanded Kronberg be sentenced to the maximum prison time (four years) possible on her nine-year-old conviction. Sounding like the most violent of the gutter press, Mullane told one lie after another to the court, and accused Kronberg of being a member of a "criminal organization" headed by LaRouche.

These falsehoods were sharply refuted by Kronberg's attorney, Mayer Morganroth, who quoted extensively from the trial record to show how fraudulent Mullane's argument was. Speaking on her own behalf, Kronberg forcefully rebutted the prosecution's wild allegations.

Judge Crane refused to go along with the prosecutor's demands; he sentenced Kronberg to five years' probation, with no jail time.

Senate sanctions debate intersects farm crisis

On July 9, the Senate voted 98-0 to exempt U.S. Department of Agriculture credits for farm exports, from sanctions imposed on India and Pakistan for their May nuclear tests. The bill was introduced by Mitch McConnell (R-Ky.), with 21 co-sponsors, and was considered on an emergency basis because the government of Pakistan said it would tender offers for 350,000 tons of wheat, worth about \$40 million, on July 15, for August delivery.

McConnell argued that cutting off U.S. food exports cannot alter a targeted country's behavior after the fact. "There is no leverage," he said, "in curtailing or cutting off our sales; there is only loss of income for our farmers, our ranchers, our producers." He called the Pakistani tender "unusually important," in view of the fact that U.S. wheat exports to the rest of Asia have declined significantly because of the economic crisis there.

Byron Dorgan (D-N.D.) pointed out that because of U.S. unilateral sanctions, 10% of the world's wheat market is off-limits to the American farmer. "I don't think we ought to cut off food shipments," he said. "All that does is hurt the poor people and hungry people around the world."

The debate reflected a growing realization that current sanctions law simply doesn't work the way its proponents have claimed. Most important were the comments, in this regard, of John Glenn (D-Ohio), who authored the original 1994 legislation under which the sanctions were imposed on India and Pakistan. After supporting the concept of sanctions, he admitted that "we do need definitely to rethink sanctions across the board and what we mean by them." Glenn has introduced a new bill which would give the President more flexibility when the

sanctions law is triggered. It would give the President 45 days to build multilateral support for sanctions, and Congress 15 days thereafter to respond to the President's recommendation.

The debate also provided the context for demands to re-open the 1996 "Freedom to Farm Act," a sentiment which has been building because of the collapse of the farm economy. Dorgan called the 1996 bill the "underlying problem," and added, "We are pulling the rug out from family farmers in price support and calling it freedom to farm. It is like taking the minimum wage to a dollar an hour and calling it freedom to work."

Minority Leader Tom Daschle (D-S.D.) told reporters at the White House on July 13, that he had raised the issue with President Clinton. "We're not talking about reinstating farm subsidies," he said, "but we are talking about dealing with the crisis that now exists in agriculture virtually across the Great Plains in particular."

Health insurance debate heats up

Senate Minority Leader Tom Daschle (D-S.D.), after a meeting with President Clinton on July 13, told reporters that "we all agree that at the very top of our priority list is the Patients Bill of Rights, our patient-protection legislation." Daschle said that Clinton and Vice President Al Gore told him and House Minority Leader Richard Gephardt (D-Mo.) that they are "prepared to do whatever possible to move the legislation as quickly as possible, so long as it's comprehensive."

Gephardt said, "They [Republicans] say they don't like our bill," but "they have yet to have a bill out of the Republican side." The House GOP

leadership has refused to schedule any of a number of pending bills that have broad bipartisan support.

These comments followed a week in which the partisan rhetoric in the Senate reached new levels of vitriol (the House remained in recess an extra week after July 4). On July 7, Daschle brought up the Democrats' patients protection bill as an amendment to the Veterans Administration-Housing and Urban Development Appropriations bill, but Majority Leader Trent Lott (R-Miss.), rather than allowing a debate, pulled the bill from the floor and instead moved on to the Internal Revenue Service reform bill conference report.

Lott, in an appearance on the CBS News program "Face the Nation" on July 12, complained that the usual Democratic answer is "a government takeover," like the Clinton administration's 1993 health care proposal. "Their ultimate goal," he said, "is for the government to control and run everything in our life and health care." He added that the Democrats' demand to allow people to sue their health maintenance organizations (HMOs) is only for the benefit of "their plaintiff attorneys buddies." Lott reported that the GOP is working on their own bill, but it excludes the provision allowing lawsuits against HMOs.

On the same day, Bill Frist (R-Tenn.), a surgeon and one of Lott's appointed experts in the GOP's health insurance reform task force, argued that "you can't sue your way to better quality in health care," on the ABC News program "This Week." However, he was chastised by Bob Kerrey (D-Neb.), who challenged him on the GOP's connections to the insurance industry and the GOP's failure to schedule debate on any of the patients' protection bills that are currently pending before the Senate.

National News

Jeb Bush seeks Hispanic, black votes in Florida

Jeb Bush, who narrowly lost the 1994 Florida gubernatorial race to incumbent Democrat Lawton Chiles, has given his "conservative tough-guy" image a makeover in order to court traditionally Democratic constituencies among blacks, Hispanics, and Jews, according to a favorable article in the *Houston Chronicle* on July 12. The Houston daily admits that funds from Texas are filling the Floridian's campaign coffers. Bush's father is the retired President and his older brother, George W. Bush, is Governor of Texas. The article reports that Texas contributors have given \$372,000 to Jeb Bush, and another \$465,000 to the Florida Republican Party. The article paints a scenario in which Jeb Bush's election would allow him to deliver Florida to brother George Bush in the year 2000 Presidential election. Florida is the third largest state.

The *Chronicle's* Kim Cobb points out that Jeb Bush is the beneficiary of a nasty split among black Democrats, many of whom were angered over the removal of Willie Logan, who is black, as Democratic leader in the Florida House of Representatives. Logan was replaced by a white legislator, leading to charges of racism against the party leadership. U.S. Rep. Alcee Hastings, no defender of Bush, told Cobb, "The Willie Logan situation was manna from heaven" for the GOP.

Cobb gushes that many pundits see a different Bush from 1994, less abrasively conservative: "Some people say Jeb has changed most publicly by his conversion to Catholicism, his wife's religion."

LaRouche Democrats file 70 for Maryland slate

LaRouche Democrats have filed 70 candidates as the "Marylanders for Justice" slate to run in the Sept. 15 primary. The slate is led by Lawrence Freeman for Governor, Mark Nafziger for Lieutenant Governor, and Tom Jenkins for Congress in the 1st District.

Gerald Berg added his name to the slate, running for State Comptroller, after the sudden death of Louis Goldstein, who had held that post for decades. Marylanders for Justice citizen-candidates will also be competing for positions in the Democratic Party State Central Committee, 10 seats in the House of Delegates, and one for the State Senate seat of former State Sen. Larry Young. Young was forced out of that seat, as part of the Justice Department vendetta against black elected officials, and has decided not to run to regain it.

In Montgomery County, Seniors Organized for Change, of the Greater Washington Jewish Community Center, welcomed Comptroller candidate Berg. In previous years, this traditional political forum in Maryland races has been a hotbed of Anti-Defamation League slanders against LaRouche Democrats. But Berg's combined themes of imminent financial collapse and "the same gestapo that went after Clinton is going after you," elicited a serious response.

Berg blasted the dirty operations against Larry Young, saying, "If I owned the *Baltimore Sun*, I could create the appearance of impropriety for any candidate here, alleging they were Jack the Ripper or had slept with Monica Lewinsky. Why bother having an election if you're going to let the *Sun* paper or Ken Starr determine how long elected officials can serve?"

Scientist slams hysteria over Clinton China policy

John Pike of the Federation of American Scientists reacted angrily to regurgitations of unsubstantiated charges against the Clinton administration regarding the Chinese failed launch of an American satellite, at a June 18 roundtable on proliferation, sponsored by the Carnegie Endowment for International Peace in Washington. After listening to the Heritage Foundation's Richard Fisher, Pike countered, "I've been in this town for 15 years, and this is the silliest thing I have ever seen." Referring to the McCarthyite witch-hunts, he charged that the Clinton bashers were trying to concoct "the greatest act of treason since the Rosenbergs."

Pike pointed out that the Loral satellite company, if it is found that it improperly passed along a copy of a report on the failed launch to the Chinese, will only be slapped with a \$10,000 fine. Why, then, he asked, has this "misdemeanor" been promoted as "treason on the part of the Commander-in-Chief"? He answered his own question, saying that "the Monica attack machine" started running out of gas, and, since Clinton's China summit was coming up, "unavoidably, the rain dance, . . . in advance of any summit, was starting to get itself into motion to torment the President."

Pike rebuffed Bush non-proliferation guru Henry Sokolsky, asserting that China is returning to its historical position as a center of civilization. "Do we intend to play Sparta to China?" Pike asked. "Or do we intend to play Athens?"

Clinton reads riot act to 'health' insurers

President Clinton signed an executive memorandum on July 7 ordering the Office of Personnel Management (OPM) to take action against health insurers who deny coverage to sick people. The memorandum orders OPM to block their participation in the health insurance program for Federal employees, the nation's largest employer-sponsored health benefits program. OPM oversees the Federal Employees Health Benefits Program, which serves 9 million people through 350 health plans. "The administration has zero tolerance for any actions that hinder vulnerable Americans from accessing insurance," the President insisted.

Earlier this year, the administration had received reports that health insurers were giving financial incentives to agents to avoid enrolling people with pre-existing conditions; some agents would delay processing applications until the applicant was no longer eligible. Insurers also reduced commissions to "abnormally low levels" for coverage sold to businesses with fewer than ten employees. In February, the administration issued a bulletin about such violations to insurers and to every insurance commissioner.

According to a study released in May by the Robert Wood Johnson Foundation's

THE WHITE HOUSE announced on July 7 that Chinese military observers would be present at the annual August military exercises in the Pacific, called Rimpac 98, which involve the United States, Canada, Japan, the Republic of Korea, and Chile. In addition, the People's Liberation Army will send observers to a multilateral air exercise later this year in Alaska, entitled "Cooperative Thunder."

MICHIGAN finally passed a law making "assisted suicide" illegal on July 1, which will go into effect on Sept. 1. However, during the last eight-year reign of terror by Jack Kevorkian, prosecutors have refused to investigate even obvious homicides by Dr. Death, and those who did were slapped down by judges and juries, upholding the victims' "rights" to be killed.

THE U.S. APPEALS COURT in Denver announced on July 10 that it would rehear a case involving prosecutors offering leniency to witnesses in exchange for testimony, staying the implementation of an earlier July 2 ruling, until another decision is issued by the full court. A three-judge panel had held that it is a violation of the Federal anti-bribery statute for prosecutors to offer to go easy on witnesses if they will give testimony against their accomplices.

GEOFFREY FIEGER, Jack Kevorkian's accomplice/lawyer and gubernatorial candidate in Michigan, was strongly rebuffed by UAW strikers, when he tried to join their picket line on July 1. Local 659 first vice president Norm McComb said, "The rank and file is not as dumb as he [Fieger] thinks they are."

THE MID-TERM ELECTIONS this year are expected to have the lowest turnout in decades, according to the U.S. Information Service and other press. So far, according to the July 1 *The Hill* newspaper, 83 Congressional incumbents—51 Republicans and 32 Democrats—have no major party challengers, up from only 18 in 1996.

Center for Health Care Strategies, health maintenance organizations (HMOs) are dropping both Medicaid and Medicare. More than 8 million people covered by Medicaid are enrolled in HMO plans. In both rural areas and inner cities, patients are being left without access to doctors or hospitals, once the HMO contract is up. Most community clinics that had served the poor under Medicaid or other programs closed once Medicaid shifted primarily to HMOs.

At least six HMOs have terminated some of their Medicaid services in more than 12 states. Utah has lost its managed care programs for all of its Medicare and Medicare clients. In Massachusetts, Tufts Health Plan and Blue Cross and Blue Shield have both dropped out of the Medicaid program. U.S. Healthcare, Aetna, Prudential, and five other companies have dropped out of New York State's Medicaid programs. Kaiser Permanente, the largest HMO, quit North Carolina's Medicaid program. In Ohio, Anthem Blue Cross and Blue Shield pulled out of Medicare plans in 19 counties; Healthnet terminated its Medicare plans in 10 counties.

Houston judge gives FBI bloody nose again

Still licking its wounds from the aborted frame-up of five Houston City Council members, the FBI got another setback as Federal Bankruptcy Judge Karen Brown on July 7 rejected testimony from an FBI agent in a hearing linked to the Federal case against former Louisiana Gov. Edwin Edwards. Judge Brown rejected FBI agent Richard McHenry's testimony, saying it was a second-hand restatement from an informant who lacks credibility. The testimony was based on statements from informant Michael Graham, who went to the FBI alleging he had evidence of bribes being paid to then-Governor Edwards, including from former Houston Mayor Fred Hofheinz.

Graham initially made his allegations against Hofheinz and Edwards to the FBI after Graham filed for bankruptcy in 1996. He lost his house to Hofheinz in the bankruptcy, with the default of a loan for which the house was collateral. Hofheinz's attorney,

Michael Ramsey, told the judge he believes that Graham went to the FBI to get back at Hofheinz. On the basis of Graham's story, the FBI and Justice Department launched an investigation into Edwards, which may now be threatened by Brown's dismissal.

Virginia auditor slams prison 'inmate industry'

A report released on July 8 by Virginia state auditor of public accounts Walter J. KucharSKI, says that the Virginia Correctional Enterprises has not only broken the law, but lost money, and acted to benefit private vendors. The VCE, the brainchild of former Gov. George Allen and then-Attorney General (now Governor) Jim Gilmore, lost \$412,000 in 1997, and has a debt of over \$5 million, with assets of only \$3.5 million. The auditor's report does not address the criminal investigations into VCE practices, which were the subject of an exposé in the *Virginian-Pilot*.

According to the *Pilot* story, money was no object when VCE was providing for its private industry partners, to whom it extended hundreds of thousands of dollars in credit.

Meanwhile, according to the July 6 *Richmond Times-Dispatch*, Virginia is seeking to lease up to 3,290 prison beds, although the prison system is already holding 37% more inmates than it was built to accommodate. Department of Corrections head Ron Angelone told the daily that he would not call 137%, or even 150%, of capacity overcrowding. "Overcrowding is when you have an inmate sleeping on the floor. That means you do not have a bed available for an individual. . . . Then you can call that overcrowding."

The complaint was raised by Virginia Citizens United for Rehabilitation of Errants. CURE has pointed out that in some prisons there are 90 people per dorm, and they share only four toilets. Angelone euphemizes the situation as "operational capacity." The state is already contracted to lease 300 beds to Delaware, and is seeking prisoners from other states, possibly including 1,200 from Michigan and Washington.

Toward a revived Non-Aligned Movement

Contrary to the “virtual reality,” which for the moment still dominates the U.S. and European financial markets, in the last year the world has plunged into what threatens to be the worst depression in 500 years. Stock markets and currencies have plummeted throughout Asia, Russia, eastern Europe, and Ibero-America. The real, productive economy is being hit and unemployment is rising. The derivatives bubble is about to burst and the International Monetary Fund is de facto bankrupt. Even IMF Managing Director Michel Camdessus is warning that if the world’s governments do not come up with more money for the IMF, a global crisis of confidence could lead to the collapse of the entire international monetary and financial system.

Such a bailout of the IMF, the banks, and the speculators is the last thing we need.

Rather, Lyndon LaRouche has stressed that only a return to the policy of Franklin Delano Roosevelt of an alliance among the United States, Russia, and China could reorganize the bankrupt world financial system into a New Bretton Woods system. Unfortunately, since October 1997, President Clinton has not actively considered the necessary reorganization of the world monetary and financial system, and instead his administration has defended the IMF, the World Bank, and currency speculator George Soros—the very forces who are behind the efforts of Independent Counsel Kenneth Starr and House Speaker Newt Gingrich to destroy the Presidency. As long as President Clinton clings to the policies of the IMF, an uncontrolled disintegration of the international monetary and financial system will ensue with 100% certainty. Thus, ironically, the greatest threat to the President is not the actions of Starr and Gingrich, but his own financial policy.

Under these conditions, if we are to free President Clinton to act as FDR would have done at this moment of crisis, an intervention “from the side,” by some of the world’s most populous nations, would be most beneficial.

It is for that reason that Schiller Institute Chairman Helga Zepp-LaRouche has called for a revival of the Non-Aligned Movement to resist globalization. China

and India, which alone represent 40% of the world’s population, must constitute the kernel of such an alliance. Other threatened nations from Asia, Ibero-America, and Africa must join them to demand a “new, just world economic order.” Such a political force, combined with the efforts of the LaRouche movement in the industrialized nations, can change the indefensible political direction of the United States, western Europe, and Japan.

During the 1970s and early 1980s, the Non-Aligned Movement came very close to bringing about a revolutionary transformation of the global financial system, thanks to Lyndon LaRouche’s policy interventions. The demands for an International Development Bank, a debt moratorium, and LaRouche’s “Operation Juárez” alliance of Ibero-American nations, had widespread support, but were defeated by acts of IMF thuggery, including assassinations of key leaders such as India’s Mrs. Indira Gandhi.

Today, as can be seen from the UAW strike against General Motors, globalization and free trade are destroying the economy of the United States. Nor is this to the advantage of the Third World countries, to which GM and other U.S. companies are relocating. Workers in such countries are being exploited by such companies, which are themselves being driven by the insanity of globalization into seeking cheap, or even slave labor. Third World nations are thus being recolonized, even as the United States and other Western countries are being deindustrialized.

The only way to defeat globalization is to organize globally for the principles of national economy, which underlie LaRouche’s New Bretton Woods proposal. Instead of pushing British free-trade policies down the throats of America’s natural allies throughout the world, we need to return to American System methods. We need Hamiltonian national banking, fixed exchange rates, and capital controls, to stop speculation and to channel resources into great infrastructural projects like the Eurasian Land-Bridge and into machine-tool-driven manufacturing jobs. That is a program as much to the benefit of the United States, as it is to the people of the developing sector.

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Sun., July 26—9 a.m.
Sun., Aug. 9 & 23—9 a.m.
Sun., Sept. 6 & 20—9 a.m.
- MONTVALE/MAHWAH—Ch. 14
Wednesdays—5:30 p.m.
- NASSAU—Ch. 80
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Wednesdays—3 p.m.
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RIVERHEAD

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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.

OHIO

- OBERLIN
Cable Co-op Ch. 9, Tues.—7 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
Tue., July 28: 4-5 p.m.
Wed., July 29: 7:30-8:30 p.m.
Fri., July 31: 10-Noon
Mon., Aug. 3: 5-7 p.m.
Thu., Aug. 6: 5-6 p.m.
Sat., Aug. 8: 7-9 a.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
Thursdays—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
Wednesdays—6 p.m.
- TRI-CITIES—TCI Ch. 13
Mon.—12 Noon; Weds.—6 pm
Thursdays—8:30 pm

WISCONSIN

- OSHKOSH—Ch. 10
Fridays—11:00 pm
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Fridays—10 p.m.
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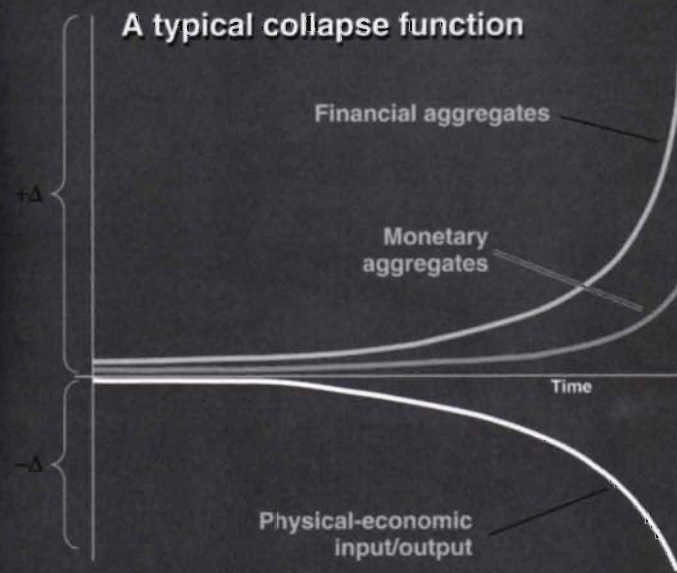
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