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An EIR special report

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From the Managing Editor

We are in a race against time. Can the world financial system be reorganized, to save humanity, before Prince Philip and his oligarchical minions create so much chaos that that becomes impossible? As Lyndon LaRouche said in last week's issue (p. 46), "It's impossible to change the world in time to save humanity . . . from a New Dark Age, unless the President of the United States changes his mind and behavior . . . to provide the world the kind of leadership role of the United States and its President which echoes the role performed by Franklin Roosevelt in the late 1930s, and during the war."

President Bill Clinton's speech to the New York Council on Foreign Relations (see *Economics*)—his public recognition of the "global financial crisis," his decision to convene an international summit to "make recommendations to us about what to do over the long run to fix the global financial system," and his reference to the leadership of President Franklin Roosevelt during World War II as a model for today—indicates the increased potential for the President doing just what LaRouche said.

This week's *Feature*, the proceedings of a panel of the Schiller Institute/International Caucus of Labor Committees Labor Day conference, provides some in-depth documentation on the stark choices every nation faces: a New Bretton Woods, or chaos. Among those for a New Bretton Woods, is former President of Mexico José López Portillo, with whom we have an exclusive interview.

Prince Philip's "Chaos Faction" is active on every continent. In *International*, note our coverage of the Taliban, Nepal, and Cambodia, part of the British deployment against the Eurasian Land-Bridge project and China (whose cooperation in creating a New Bretton Woods is key).

The British oligarchs know that a sovereign U.S. Presidency, with a President who will listen to LaRouche, could wipe out their power in the midst of the financial upheaval. So, they are out to destroy it. But (see *National*), their Kenneth "Porno" Starr operation is backfiring.

Circulation of LaRouche's New Bretton Woods proposal, and the "Americans to Save the Presidency" (printed in last week's issue), are crucial to ensure that the New Bretton Woods is implemented in time.



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We include the reports to the conference from John Hoefle (Economics), Linda de Hoyos (Africa), Dennis Small and Maximiliano Londoño (Ibero-America), Gail G. Billington (Asia), and Rachel Douglas (Russia).
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Clinton takes the lead on new financial architecture

by William Jones

Speaking to the Council on Foreign Relations in New York on Sept. 14 in his first major policy speech since his Aug. 17 testimony before independent counsel Kenneth's Starr grand jury, President Bill Clinton put himself in the forefront of a renewed drive to revamp the international financial system. "Today, I have asked Secretary [Robert] Rubin and Federal Reserve Board Chairman [Alan] Greenspan to convene a major meeting of their counterparts within the next 30 days to recommend ways to adapt the international financial architecture to the 21st century," the President said.

"If you consider today's economic difficulties, disruptions, and plain old deep personal disappointments of now tens of millions of people around the world, it is clear to me that there is now a stark challenge not only to economic freedom but, if unaddressed, a challenge that could stem the rising tide of political liberty as well," the President warned.

"For most of the last 30 years, the United States and the rest of the world has been preoccupied by inflation, for reasons that all of you here know all too well," Clinton said. "But clearly the balance of risks has now shifted, with a full quarter of the world's population living in countries with declining economic growth or negative economic growth."

This is not the first time that President Clinton has placed the global financial crisis on the agenda. Already in June 1995, at the Halifax summit of the Group of Seven (G-7) leaders, restructuring the international financial system became the main item of discussion, after President Clinton put the topic on the agenda at the previous G-7 meeting in Naples. At Halifax, however, in an attempt to try to balance often opposed political and financial viewpoints represented at the meeting, the leaders' communiqué limited itself to a call for greater supervision by, and more funding for the International Monetary Fund (IMF). In fact, however, it has been the very policies of the IMF which have seriously aggravated the cri-

sis, leading to the effective bankruptcy of the IMF itself and an imminent breakdown of the global financial system.

Threat to U.S. economy is clear

All too often, when asked to comment on the economic situation in the United States, President Clinton's typical response has been to reference the latest figures that someone has slapped together in order to show how great things were going with the U.S. economy. In the last couple of months, however, with the disastrous effects of the Asian crisis throwing key sectors of U.S. industry into turmoil, such figures have been much more difficult to conjure up. Accordingly, the President's comments on the economy have become increasingly less sanguine. Now it is clear that such tinkering with the system will not be sufficient, and that the U.S. economy is directly threatened by the crisis.

With the economies of Asia threatened by growing economic chaos, leaders of the Asian nations prevailed upon the U.S. President in November 1997 at the Asia-Pacific Economic Cooperation forum, to take the initiative in convening a meeting of finance ministers from the G-7 countries and from the nations hit by the crisis, to discuss reforming the global financial system. The President agreed to their proposal, and, at the invitation of Treasury Secretary Rubin, the finance ministers and central bank governors of 22 nations, including Russia and India, met in April of this year at the Madison Hotel in Washington to discuss these issues.

The Group of 22 includes China and Hong Kong, Japan, South Korea, Indonesia, Malaysia, Thailand, and Singapore; India and Australia; Canada, Brazil, Argentina, Mexico, as well as the United States; and France, Germany, Italy, Britain, Russia, and Poland. And, South Africa.

At the same time, Lyndon LaRouche was garnering increasing international and national support for his call to Pres-

ident Clinton to convene a New Bretton Woods conference, which could lay the basis for a real alternative to the bankrupt IMF system. Seeing the insanity of trying to conduct piecemeal reform as the system was fast sinking, LaRouche called upon the President to bring together the heads of the most important economic nations, particularly Russia and China, to establish a system of fixed parities among the nations' currencies, which would facilitate trade and investment. Although the issue of exchange rates and currency controls was broached at the G-22 meeting in April, after several hours of heated discussion the ministers and central bank governors decided to put off any resolution to these contentious questions and to set up three working groups which would put forward proposals at a yet undetermined meeting in the future.

The time has come

Since the April meeting, however, little has been done. Instead, the subsequent collapse of the Russian ruble, and the refusal of the Japanese to write off much of the bad debt now encumbering their banking system, have threatened to topple world markets. The recent measures taken by Malaysia and Hong Kong to protect their markets against the ravages of the hedge funds, underlines the need of a global solution to the problem.

At the proverbial eleventh hour, the President decided to turn his attention to the global systemic crisis. With finance ministers and central bank governors heading to Washington for the annual IMF meeting at the end of September, the time is propitious for reviving the G-22, or perhaps a broader gathering, with which to move forward on the creation of the new financial architecture.

President Clinton underlined the vital interest the American people had in dealing with this global crisis. "These people are our customers. With one-third of the growth of our economy coming from exports, much of it from emerging markets, we know that those markets will falter as their economies flatten. When the problem is widespread and perceived to be moving in the wrong direction, we have seen that our stock market can react, having a direct and immediate impact on the wealth of the American people."

"This is the biggest financial challenge facing the world in a half century," Clinton said, "and the United States has an absolutely inescapable obligation to lead and to lead in a way that's consistent with our values and our obligation to see that what we're doing helps lift the lives of ordinary people, here at home and all around the world."

In a reference that caught the ear of those listening to LaRouche, the President made an unusual reference to the FDR era. "The World War II generation did it for us 50 years ago. Now it is time for us to rise to our responsibility as America has been called upon to do so often, so many times in the past. We can, if we do that, redeem the promise of the global economy and strengthen our own nation for a new century."

President Clinton outlined six short-term measures to alleviate the problems. "Concerted action to spur growth, help-

ing Asia through private-sector debt restructuring and a strengthened social safety net, helping to protect the rest of the world through the use of the IMF's emergency fund, increasing the activity of the ExIm Bank, and meeting our own obligations to the IMF—these are the six immediate steps we want to take," Clinton said.

IMF hangover

While the President's proposals implicitly criticize IMF policies, Clinton unfortunately still promoted that bankrupt institution, and its nostrums on free markets and free trade. He went on to urge the need to rapidly deal with the long-term, systemic problem. "I just want to emphasize that even as we respond to the urgent alarms of the moment," he said, "we must speed the pace of this systemic work as well. . . . We must also be willing to take action for the long run, to modify the financial and trading institutions of the world to match the realities of the new economy they serve."

"We must develop current policies so that countries can reap the benefits of free-flowing capital in a way that is safe and sustainable," said Clinton. "We must adapt the IMF so that it can more effectively confront the new types of financial crises, minimizing their frequency, severity, and human cost. We need to consider ways to extend emergency financing when countries are battling crises of confidence due to world financial distress as distinct from their own errors in policy. We must find ways to tap the energy of global markets without sentencing the world to a cycle of continued extreme crises."

People over markets

Shortly thereafter, the President again referenced his proposal at a group of Democratic supporters at a "Unity '98" luncheon in New York City. "You know, after the Great Depression in America we learned how to limit the swings of the economy and [we] haven't had another depression. And it stabilized things. We have to do that in the world," the President said. He continued, "We've got to make the global economy more humane. We have to make it work for ordinary people. And when times are tough and countries have to go through difficult times, we've got to help the innocent and make sure they don't get punished too badly. Otherwise, the support for free markets and democracy will erode."

In a press conference following the President's speech, Treasury Secretary Rubin and National Economic Council director Gene Sperling elaborated some ideas on the kind of debt restructuring that would help get credit flowing. Both emphasized a systemic approach. Rubin said that it is not totally effective "to deal with this enterprise-to-enterprise, but that it would be useful to have a more systematic way to deal with these kinds of issues." Sperling was even clearer: "So, the goal is to explore whether there are comprehensive approaches that would give incentives for all the players—for the banks, for other creditors and the companies—to try to get this debt overhang out of the way so that they could begin getting new capital and investing and expanding."

This approach seems to go in the direction of the bankruptcy reorganization proposals LaRouche has often proposed. But the acute, terminal nature of the present systemic crisis requires that any “new architecture” take on the fundamental features of the LaRouche “New Bretton Woods” proposal, which is gaining wide support throughout the world.

Global collapse demands a New Bretton Woods

by William Engdahl

A banker with one of the largest European banks told *EIR*, “I am now convinced the world is coming into currency and capital controls, to a new Bretton Woods as Mr. LaRouche calls it, as the only way to save things.” The banker added, “Clinton’s New York speech to the Council on Foreign Relations is very important in this light. The American President is the only one who can make such a call. It should have been made before Russia’s crisis, but better late than never.”

Remarking on the content of Clinton’s CFR speech, he noted, “Re-organization of the IMF [International Monetary Fund], development of a new architecture similar to the original idea of Bretton Woods, these are big proposals which Clinton now has put on the table. This is the response I have been looking for for some time. It at least signals an attempt by the President to try to forge some consensus on the crisis.”

By all indications, the President’s call for an emergency meeting of the Group of 22, an ad hoc gathering which met first in April in Washington, to consider measures to deal with the growing global financial and economic crisis which broke out in Asia, comes not a minute too soon.

While major stock markets of the Organization for Economic Cooperation and Development (OECD) industrial countries appeared for several days in mid-September to have momentarily recovered some lost ground, following drastic plunges of several weeks, the global economic crisis had gathered momentum, with prospects of a financial system blowout likely to erupt at any moment.

Japan at the center of the crisis

On Sept. 17, Tokyo’s Nikkei Dow stock index fell to 13,800, its lowest level in 12 years. Japanese banks calculate the market value of their core, or permanent stock holdings in related companies, the Japanese Keiretsu, two times per year, on March 31 and Sept. 30. At a Nikkei level of 14,800, the OECD estimates that these hidden stock assets of Japan’s 19 largest banks fall to zero, or become a loss for the banks’ balance sheets. The severe slide in the Nikkei, should it last until Sept. 30, is likely to force several banks below the internationally mandated Bank for International Settlements’ 8%

bank capital ratio, fuelling new fears of a Japanese banking meltdown.

The proximate trigger for the Nikkei slide in recent days was the failure of the Obuchi government to come to a compromise with the opposition-controlled Upper House of Parliament, on emergency measures to deal with country’s estimated \$2 trillion in bank bad loans. The size of the problem is so mammoth, that it defies attempts to deal with it within the current, bankrupt financial system. “I am very pessimistic on Japan,” commented Alex Balfour, manager of a London-based fund specializing in Japan. “The Bank of Japan last week cut call-money interest rates to 0.25%, as an act of sheer desperation over the continuing policy paralysis of the government. It was an attempt to shame the government into acting. The economy is collapsing, housing starts are down 40%, bankruptcies are soaring to a postwar record.”

Even without a new phase of Japan bank crisis, the first-ever default by a sovereign debtor, Russia, on its foreign and domestic loans in late August, has set off global shock waves, which are far more awesome than anyone admits openly. By defaulting only weeks after the IMF gave it an unprecedented \$22.6 billion rescue package, and after the United States had backed it up, Russia has let fund managers around the world know that the “impossible” is possible. The result has been a universal collapse of confidence in “crisis management” techniques, leading to a severe contraction of investment in every market around the world considered even remotely risky.

Russia default hits Brazil

“By casting doubt on the integrity of all emerging and developing debt, [Russia’s default] has triggered a global margin call and credit crunch,” David Hale, chief economist of Zurich Insurance, told *Barron’s* on Sept. 14. “As a result, interest rates have soared in places like Brazil, Mexico, and Venezuela, raising the specter of a recession in 1999 in a continent which is a major trading partner of the United States.” The Russia default has hit Brazil “like a tornado,” says Hale, driving interest rates to almost 50% in a desperate bid to prevent devaluation of the Brazilian currency, the real, or at least postpone it until after the Oct. 4 Presidential elections.

“My major worry right now is Latin America, especially Brazil,” a senior director of one of Europe’s central banks stressed to with *EIR*. “Brazil faces elections, and its short-term dollar debts coming due in the next three months are very, very high. If Brazil begins to have frictions, then the world has real problems. It is the largest economy in Latin America and a major U.S. trade partner.”

Adding to worries over Brazil is the growth of flight capital. In the first two weeks of September, more than \$13 billion left Brazil, almost \$1 billion daily, forcing the Central Bank to hike interest rates to 49.75%, up from an already high 29.75%. The Brazil government has let itself become hostage to its foreign creditors for the second time in two decades. In August, \$12 billion left the country. Brazil foreign currency reserves have fallen to \$452 billion. Between now and Dec.

31, Brazil must repay \$15.3 billion in dollar-indexed debt, much of it short term.

But, by Sept. 17, even the short-lived rally in stock markets around the world had ended with a stampeding sell-off. Confirmation by Federal Reserve Board Chairman Alan Greenspan and central bankers from other members of the Group of Seven nations, that there was no prospect of a coordinated global interest-rate cut to calm the financial markets, triggered heavy selling from Frankfurt to Paris to São Paulo to New York. At this writing, the question seems to be whether the world can afford to wait even 30 days for the emergency G-22 meeting asked by President Clinton.

Allais: 'World is now one big casino'

France's Prof. Maurice Allais, Nobel Laureate in Economics, sent greetings to the Labor Day conference of the International Caucus of Labor Committees and Schiller Institute. In addition to his economic expertise, Professor Allais has done research in physics, which has been published in 21st Century Science & Technology magazine. At 87 years old, he comes from the generation that remembers industrial production and what a real economy looks like.

Professor Allais asked us to excerpt some of his remarks on the economic situation from a 1992 paper he wrote, on "The Monetary Conditions of an Economy of Markets." Emphasis is in the original.

[p. 6] The disorders which took place in the Western economies can in no way be considered as the inevitable result of the working of an economy of markets: They were, and they are generally, the very consequences of the implementation of inappropriate policies.

[p. 8] The world economy as a whole rests today on gigantic pyramids of debts, buttressed one against another in a fragile equilibrium. Never in the past had such a colossal accumulation of promises to pay been witnessed. Undoubtedly, never will it be so difficult to master.

Be it speculation on currencies or speculation on stocks and shares, the world has become one big casino with gaming tables distributed along every latitude and longitude. The game and bids, in which millions of players take part, never cease. The American quotations are followed by those from Tokyo and Hong Kong, then from London, Frankfurt, and Paris. Everywhere speculation is supported by credit *since one can buy without paying and sell without owning.*"

[p. 9] Both in the case of exchange rates and in that of share prices, there arises more often than not a *gap* between the data of the economy in real terms and the nominal prices determined by speculation. Frenzied and feverish speculation

is everywhere enabled, fuelled and amplified by the credit *as it operates*. Never in the past had it attained such a magnitude.

[p. 10] Indeed the responsibility for the disorders we see does not lie with the speculators themselves but with the present institutional framework, which is totally inappropriate.

[p. 11] Certainly it is intellectually and politically scandalous in the extreme that after two centuries of recurrent major crises, the Western democratic societies have still proven unable to specify the economic institutions within which conjunctural fluctuations would be, if not eliminated, at least considerably reduced.

[p. 13] For two centuries at least, deep monetary disorders have been observed within Western economies of markets. These disorders have had major consequences on output, employment, and the distribution of income.

They have given rise to considerable variations in the real value of money, to the impossibility of sound economic calculus, to a highly inequitable distribution of income, to ethically unacceptable rates of unemployment, and finally to a permanent tendency to the despoiling of savings.

[p. 38] The weaknesses of *Wall Street* today are the same as those that led to the 1929 depression. They have merely become more acute. Nor are they a specifically American characteristic. . . .

Its effects are fundamentally very bad: *The generation of a permanent potential instability and a growing disconnection between the financial system and the real economy.*

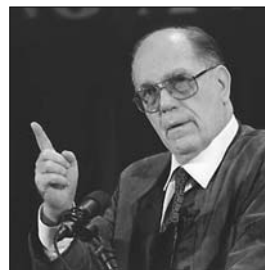
THE WORLD FINANCIAL COLLAPSE LAROUCHE WAS RIGHT!

An EIR Video

What does Indonesia's Minister of Economy, Finance and Industry, Ginandjar Kartasasmita, know about the global financial crisis that you don't?

Here's what the Far Eastern Economic Review reported July 23:

"It seems the IMF isn't the only organization



supplying economic advice to the Jakarta government. . . . [Reporters] were surprised to spot, among [Ginandjar's] papers, a video

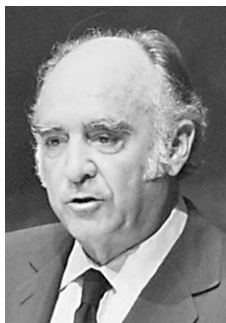
entitled, 'The World Financial Collapse: LaRouche was Right.' Lyndon LaRouche . . . has been arguing for years that the world's financial system was on the brink of collapse due to unfettered growth in speculative funds; he says now that the Asian crisis is just the beginning. . . ."

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We urgently need a new world economic order, a New Bretton Woods

José López Portillo, President of Mexico from 1976 to 1982, granted this exclusive interview to Carlos Cota Meza and Marivilia Carrasco on Sept. 17, in Mexico City.



EIR: On Oct. 1, 1982, in your last speech as President of Mexico before the United Nations, you stated that to face the critical problems of the world, “Either a new world economic order is accepted, or civilization will sink into a new medieval Dark Age with no hope of a renaissance.” Sixteen years after your statement, how would you evaluate it today?

López Portillo: I still hold to it. It was evident to me that we had already passed from the stage of economic crisis or erosion through “simple inflation,” to the stage of a structural crisis of the international economic and financial system. This was recognized worldwide as the “contemporary crisis,” or the “crisis of the capitalist system.”

The economic and monetary stability of the Bretton Woods system was already breaking down, due to the abandonment of the obligations of the gold standard by the United States, and then by the rest of the economically developed countries, who later transferred their decision to the rest of the countries of the world.

The kind of Financial Society in which the world lived, was coming apart. There was a world struggle among maintaining the economic precepts of reducing import-dependency, placing public investment in highly profitable areas, having fixed parities, low interest rates, a fluctuating reserve ratio, rationed domestic and foreign credits. All these, significant elements of the Bretton Woods system, had maintained economic stability from the postwar period until approximately 1968.

Strongly pressuring against this was what I characterized as the new economic theology, which was not really all that new: free markets, free trade, free competition, total opening of national economies to “foreign investment.” This is the doctrine of the International Monetary Fund, perhaps the last relic of the old Bretton Woods system, which took charge of imposing the conditions for the disappearance of the system which had engendered it.

The worldwide imposition of these precepts has placed humanity in a savage “state of nature,” in which force is the justification of the powerful, and the anguished conviction of the weak has to live accepting their rules, on pain of being thrown out of a supposed Garden of Eden, a not very pleasant garden, as a matter of fact: above, arrogance, and below, the cancellation of hope. And this world begins to become diabolic, caught between the arrogance of the powerful and the desperation of the weak.

EIR: During your administration, I suppose because you were faced with this dilemma, you proposed that a North-South Dialogue be held, what was called the Cancún Summit, which was attended by a considerable number of heads of state or government.

López Portillo: Cancún was in October 1981. Within the postwar economic order, the problem for developing countries has been precisely that of obtaining financing for development.

The development of a country such as ours, requires foreign exchange to purchase abroad that which is fundamental for further growth. And foreign exchange is obtained by exporting or by borrowing. With the latter, either dependence begins, or a marginalization which is hard to accept. It is a brutal monetary encirclement from which we had to find a way out.

I discussed this clearly with all the heads of state with whom I met in advance to invite them to Cancún. The International Monetary Fund, by eliminating the participation of governments in the responsibilities of development, by controlling public spending, creates an open playing field for the private sector, which in Mexico was not, and is not, sufficiently competitive, in addition to the fact that they take their profits out of the country, which leads to a dramatic choice: either to not grow, which is the path to fascism, or to submit to unrestrained foreign investment, which involves the same risk.

In this regard, my government took a rigorous position. If we accepted the IMF’s restrictions, and fulfilled them to the letter, we would be administering our resignation to backwardness. But Mexico needed to grow; there was no other choice. We can only live better if we develop our resources.

“As President, I had a relationship with Mr. L.H. LaRouche of respect for his solidly independent and tenacious ideological position, which I share in large measure, largely because of the adherence he had achieved from a group of young Mexicans, whom I equally respect and admire.”

Trade relations were our logical alternative. This was the intention of the Cancún Summit. To reach an exemplary consensus to be proposed to the United Nations, regarding the necessity of ordering trade, finance, currencies. To close the technological gap between our countries and the developed countries. The issue continues to be, if we continue, or overcome, our condition as mere exporters of agricultural and mineral raw materials, supplying the industrialized countries while we import their manufactured goods. The way to overcome this condition is through the industrialization of our resources.

The North-South Dialogue which we sought, in summary, was an effort to give universal validity, in economics, politics, and the moral realm, to the need to satisfy our development needs, and that it be so understood by the economically powerful countries, to formalize this within the United Nations.

EIR: In your administration, you insisted that Mexico would grow “against the tide of the world recession.”

López Portillo: I was fully aware as head of state, as I am as a Mexican, that the country should be competitive within the arena of western development. To link ourselves with the world economy, not only through the insufficient policy of *maquiladora* assembly plants, but to link ourselves to its standardization, its technology, its efficiency.

This meant to complement, broaden, rationalize, and modernize our productive plant, and not only “substitute imports,” but to achieve great exports. We had to spread our industry into the regions, ease the congestion of our great cities, go down to the coasts and set up industrial ports so as to produce there, with an eye toward exports, near to the raw materials, to water, and save ourselves the dead-end operations of bringing inputs to the *altiplano*, or the center, to then take the finished products back down.

Otherwise, we could not provide employment for Mexicans. We would fight inflation and unemployment with production, as far as possible, and not by cutting back demand. We posited that investment would generate its own savings, as opposed to those who demanded that monetary factors be protected at all costs, to maintain savings.

This meant great projects for the national economy. Twenty new cities, four industrial superports, the development of the petrochemical sector, entering the era of nuclear energy. For this reason, we began the Laguna Verde nuclear

plant, and I proposed internationally the World Energy Plan, to thus assure the flow of technology vital for the development of economies such as ours.

EIR: Recently you signed the call for the establishment of a New Bretton Woods system. This statement, an initiative of the political leader Helga Zepp-LaRouche and Dr. Natalya Vitrenko, a Ukrainian parliamentarian, calls upon President William Clinton to take the lead in establishing a new and just international economic order. What can you add to what the call states?

López Portillo: There are various reasons why I join that call. Among the leading ones, is what I have already explained: a new world economic order is urgent.

Another reason appears as a curious occurrence. You will remember that, when I assumed the Presidency of the Republic, we were in the midst of an oil crisis. The OPEC countries had “embargoed” oil exports to the consumer countries of the North, which led to a spectacular increase in the international price of oil. It was in this context that we told the world: “Mexico has oil.”

At the end of my term in office, we faced a drastic fall in the price of oil, which, together with the ruthless rise in interest rates imposed by the United States, brought us to the grave foreign payments crisis which, still today, identifies the 1981-82 period.

Later, everything which we had sought to avoid through the North-South Dialogue, was imposed as a new economic theology: economic liberalism, the so-called globalizing or denationalizing processes, and the systems of politically or ideologically conditioned bailouts.

Curiously, to close the circle, right now, 16-17 years later, there is another “oil crisis,” another fall in the price of oil which is bringing the specter of default on foreign financial obligations to our doorstep. Once again, the price of our exportable raw materials, those of all the Third World countries, are worth nothing in international markets. It is like descending, circle after circle, into a Dantesque Inferno of economic destruction.

But above all, I am convinced that the worldwide solution to the crisis we are experiencing, has to come from an association of developing countries, such as Mexico, India, Egypt, Argentina, Brazil. The case of China is indicative of what a developing country can and should do. The economically

“I think the world economy could use reordering. Fixed exchange rates among national currencies; controlled convertibility where it is necessary; exchange controls and capital controls, which prohibit the creation of markets for financial speculation; encouragement of protectionist measures in trade and tariff regulations.”

powerful countries should understand that they, alone, cannot put the world in order, as, in fact, they have been unable to do in this past quarter-century.

With regard to the United States, as I have always conceived it, they have a leadership role which they do not exercise, and this vacuum is filled with something, even if that is disorder and anarchy. The convoking of a new Bretton Woods system by the government of William Clinton, together with countries such as ours, would help solve many of the voids of recent history.

Otherwise, I think the world economy could use reordering. Fixed exchange rates among national currencies; controlled convertibility where it is necessary; exchange controls and capital controls, which prohibit the creation of markets for financial speculation; encouragement of protectionist measures in trade and tariff regulations. If it could be done after the Second World War, with decisiveness, it could also be done today.

EIR: Could one speak of the creation of a Non-Aligned type movement among developing countries, or regionally of Latin American unity, a common front, or however you might wish to call it, to address those common problems?

López Portillo: Well, Mexico was never a member of the Non-Aligned Movement, just as it never joined other organizations such as OPEC, for example. I am convinced that this is due to our historic neighborhood. But this would be another subject matter.

During my administration, we sought to unite with the countries of Latin America, with Brazil, Argentina, Venezuela (with whom we even reached the San José Pact). It was a political and economic necessity; we had the same international financial problems. But in Latin America, it would seem that problems come, go, and return, and we want to solve them with speeches. We have a temple for this, the Organization of American States (OAS).

I had to govern in a gloomy international environment, a moment of great tension in the Cold War. The revolution in Iran and the Soviet invasion of Afghanistan, the revolution in Nicaragua and the worsening of the armed conflict throughout Central America. The negotiation of the Torrijos-Carter Treaties for the return of the canal to Panama, a worsening of the United States' conflict with Cuba.

And to close out my term, the Malvinas War, where drastic transformations occurred in the historical “doctrines” which had prevailed in all the region. In the Malvinas affair, the United States left Argentina in the lurch, giving its express, open, and brutal support to Great Britain, pushing into oblivion the Monroe Doctrine, the Rio Treaty, and even the policy which it had of providing some protection to the repressive Latin American regimes.

The Malvinas War was the expression of the policy of the Big Stick, in all its open brutality. What followed, in the financial negotiations with international creditors, was the imposition of unlimited arrogance. I maintain that, since 1982, the policy of the United States toward Latin America has been the Big Stick policy by many means, including military. The invasion of Grenada, the vile war against Panama. Actions taken against one, designed to send a message to another.

Then, as now, I firmly believe, a joint position of the Latin American countries was necessary. The region still has to overcome the precarious situation which we had already identified before the OAS. We cannot continue complaining that the United States does not have a policy toward Latin America, because Latin America doesn't have a policy toward the United States either; and, what is worse, Latin America doesn't have a policy even toward itself.

EIR: Of those I am familiar with, you are the only statesman who identifies with Shakespeare in order to analyze the essence of our times. Characters such as Hamlet, or Shylock, the usurer of *The Merchant of Venice*, appear in your writings, in your speeches. Why?

López Portillo: That is because they are not fictitious characters; they are real people. Hamlet is the recognition that there is an historical anguish, a universal anguish.

Those who do not confront “to be or not to be,” are monolithic spirits, who know nothing of being, and only know of doing. Administrators of their own submission. It seems that this is the spirit of the current leaders of the world. Nobody wants to know about a decision such as, “I am ready for whatever it takes, in order to achieve a noble goal.”

Shylock is the usurer in *The Merchant of Venice*, in whose hands our country has been since 1982. I remember it well. With the fall in the price of oil and the increase in interest

rates, we were left only with payment obligations and without monetary resources.

And we resorted to Shylock to sell him our petroleum blood, before he could try to cut the flesh, and so we could pay him his due. And Shylock behaved like Shylock. Humiliating proposals, unacceptable attempts at blackmail as a condition so that they, the creditors, would provide us the resources to pay them their loans coming due, when, from beforehand, all our economic surplus was already in the safety of their own coffers.

I also know how to deal with Shylock. When I issued categorical instructions, in 1982, that Mexico would declare a suspension of payments, the U.S. negotiators withdrew the unacceptable conditions, not without first obtaining some other usurious benefits.

But they are real people. And because I recognized them as such, so it went. As I have already said on other occasions, a flood of crap fell on me. I look back and remember Indira Gandhi, Omar Torrijos, among others. It didn't go quite that way with them.

EIR: There are interventions of various kinds in many countries, attacking not only the institutions of the Nation-State, but the very idea of the Nation-State itself. It is evident that this is what is behind the conflict in Chiapas in Mexico, and not any legitimate interest in the fate of the Indian populations that have been so greatly victimized by the economic policies. What is your view of this matter?

López Portillo: This is the only issue of current affairs of Mexico about which I have said anything, since, as ex-President, I have respected the unwritten rule in my country, that ex-Presidents do not intervene in domestic affairs. The issue of Chiapas, however, is more than a merely domestic matter. For more than six decades there have been international efforts to demand minority rights, supposedly not recognized in the idea of the Nation-State. This strikes me as a great mistake. Mexico's strength lies in our *mestizaje* [mixing of races], which they seek to weaken with the idea of "the right to difference" demanded by the ideologues of the indigenist movement.

For example, in Chiapas, through national and international players they seek to establish a special body of law—contrary to the Western culture which has become universal—a racist special body of law, racial law which is profoundly discriminatory, like Hitler's Nazism. Opposed to this, which would be a grave setback, a state of Law seeks to be universal. To be valid, Law must have a universal character.

The Western experience of the Nation-State poses two fundamental questions: a) national unity as an integrating force; and b) the idea that the state is based on Law, which is of a general nature, and not on custom. Common law, which is custom, lacks universal character, and therefore lacks validity in Law. So that, if someone wanted to reestablish what is

called "Montezuma's Laws," based on custom and the arbitrariness of the ruler (who sentenced even death by decree, for example), more than 500 years of Western legal heritage would be destroyed. The Fathers of Independence in Mexico decided to found a modern Nation-State, and did not seek to reestablish "Montezuma's Laws," nor did they disavow the virtues contained in the Law of the Indies applied by the Spanish conquerors. Mexico became a federal state in order to not become divided, as distinct from the United States, which did so in order to unite. There were "centrifugal" forces in Mexico in 1824. Central America split apart, for example, because it did not become a federation.

If an attempt is made to legislate in a special manner for that group of Mexicans, someone must come up with a statute of regulations which are not contrary to general constitutional law. Otherwise, the doors would be opened to fragmentation and the elimination of the Nation-State.

EIR: Since last October's crisis in Southeast Asia, there have been important interventions by leaders of those countries against the policies of the IMF, prominently including the Prime Minister of Malaysia, Dr. Mahathir bin Mohamad. In a certain sense, Dr. Mahathir is returning to the policy you held in 1982, asserting the need for an "international financial system to ensure currency stability," among other things. There are former heads of state, such as Brazilian ex-President João Baptista Figueiredo, or heads of government such as Dr. Mahathir, who represent a kind of leadership which has to find ways of expressing itself, in order to provide the world and humanity an example of statecraft against what Dr. Mahathir himself has called "market fundamentalists." What is your view of this matter?

López Portillo: That they are on the right path; and as for myself, as I am not in active politics, it only remains for me to express my hope that their purposes succeed in coalescing around them an international solidarity of countries in equivalent conditions, that they may be heard and, thereby, that they may act.

EIR: In conclusion, I would like to ask you for a few words about Lyndon H. LaRouche. There was a lot of speculation about your relationship with him during your Presidency, which I would like you to comment on; also, how do you view him now, as ex-President?

López Portillo: As President, I had a relationship with Mr. L.H. LaRouche of respect for his solidly independent and tenacious ideological position, which I share in large measure, largely because of the adherence he had achieved from a group of young Mexicans, whom I equally respect and admire, who even had to endure accusations of belonging to the CIA, which turned out to be false.

As ex-President, my sympathy for his imprisonment, and my wish for his legal situation to finally be resolved, the which is aggravated by an illness from which, I hope, he recovers.

López Portillo urges New Economic Order

On Sept. 8, in the Mexican daily El Universal, former Mexican President José López Portillo (1978-82) urged Mexican leaders to reconsider the urgency of the international battle to secure a New World Economic Order. In the article, entitled "On the Subject of the State of the Union Address," López Portillo explains that this issue is of such importance, that he breaks the unwritten rule of the Mexican political system, that former Presidents do not publicly comment upon the actions of the current President. On Sept. 1, in his State of the Union address, President Ernesto Zedillo told Mexicans that because of the global crisis, the worst of Mexico's crisis is still to come.

It is unusual, and without a doubt a little unorthodox—assuming that the unwritten rules of what we could call the political protocol of presidentialism are still kept—that a former President publicly writes about what the head of the Executive branch reports. . . . I am going to dare to do so, because, when I heard and read the State of the Union—a good State of the Union address, if you take into account the gravity of the situation, such that, as difficult as the situation was when it was my turn at the helm (and only he who has carried the boat knows what it weighs), the situation is much more difficult today—an old reflection came back to me once again, something which has concerned me since I had the responsibility of the Presidency . . . : a new *international* economic order. . . .

The proposition is very simple: The new economic order must be oriented to the increase of production, and not to the control of demand, the latter fundamentally directed to favoring capital (frequently, that of speculative capital) through outright depressive measures which reward profits, even if this postpones the satisfaction of real human, social needs. . . .

All this comes to mind, because the State of the Union made clear that global inter-communication is transmitting to what have come to be called "emerging economies" . . . (which in my time were called "developing countries," if not frankly "under-developed countries," or the Third World) the weaknesses or failures of other similar countries, and not, as it should be, the strength which should come from the unity of a well-organized globalization. . . .

With a fundamental difference, the "populist" governments of [Mexican President Luis] Echeverría and my own, agreed on this. . . . We called them "external factors," which

controlled the great economic variables over which there was practically nothing we could do from inside, other than to propose international measures such as the above-mentioned New International Economic Order of Echeverría, or my World Energy Plan, and the North-South meeting in Cancún which I proposed in 1981. . . .

International proposals

I emphasize this, not to recall past efforts, but to underline that the essential solution to the economic problems of countries such as ours, cannot be found here, but abroad, which is where these problems come from, and it is there that the battle should be waged. . . .

Those critical of these policies . . . charge that to attribute problems to external factors, is to elude responsibility. And this is not so. This does not mean decisions are not taken into consideration, decisions which can be erroneous, and are frequently defensive, and almost always conditioned by external factors, outside of national control. Therefore, to the degree that ability and circumstances permit, and do at least create a consciousness inside and outside [the country], and so as to not continue sitting on one's hands, international proposals are made. . . .

I proposed a World Energy Plan which would permit the passage . . . from the oil energy era (which, we forget, sooner or later will run out) to the next era. Oil is non-renewable. An energy era, . . . basically a nuclear era, plus the development of others . . . would not leave [prices and markets] to the free play of the law of supply and demand, as currently happens—as if to this law, the rationality of production, consumption, and their relationship should be sacrificed. . . .

To the same purpose, . . . we convoked . . . the meeting in Cancún, called the North-South Meeting, to make people conscious of the problem. . . . We conducted the meeting to achieve what I called "the spirit of Cancún," which is an important precedent for something which, if we wish it to be so, will be a new economic order which treats as "global," that which is worldwide and international, democratic, and rational, an agreement which we reach . . . through the agreement of our national sovereign states. . . . The time has come for the world to elevate civil society, and leave behind the law of the jungle.

These reflections were provoked by President Zedillo's Fourth State of the Union address, because I see that, despite the years, and the fact that we have been the good students of the International Monetary Fund, our problems remain unresolved, and are basically the same, because the solutions to them, fundamentally, lie outside. It is time that we advance, . . . ordering world production, and not remaining subject to monetary demands which, fatally, subdue and oppress us. . . . Think about it. I said it as President; I repeat it now as ex-President.

There are many occasions in which politics is not to seek who is guilty, but who will take responsibility.

Dengue is not just a tropical disease

by N.C. Thompson

The dengue epidemic now engulfing most of the United States' neighbors in the Western Hemisphere, has reached alarming proportions in Puerto Rico. Dengue fever has now spread to 50 out of 78 municipalities on the island, according to an Aug. 8 Spanish News Agency (EFE) wire reprinted in *El Nuevo Día*, the leading Spanish-language newspaper in Puerto Rico. The source for this startling information is Puerto Rico's Secretary of Education, Carmen Feliciano de Melicio, who has announced a campaign of prevention.

"There is no vaccine against the dengue that blankets the island," she said. "The only 'vaccine' is to kill the mosquitoes [that transmit the disease], and the only ones that can do that and control the spread of the epidemic are the citizens and the actions of communities." She called on citizens to wage war on the areas that spawn the carrier, the *Aedes aegypti* mosquito, in their homes, backyards, and communities.

In 1994, an epidemic of the virus in Puerto Rico had 25,000 reported cases. In the current outbreak, the number of cases reported for June, July, and August 1998 was higher than those reported for the same months in 1994. The Health Department of Puerto Rico has announced that 7,636 cases of dengue have been reported so far this year, and there have been three deaths.

Fumigation for the mosquito, using the pesticide malathion, was ordered by the island's Civil Defense authorities.

A pan-American epidemic

The Pan American Health Organization (PAHO), which tracks diseases throughout the continent, has published figures on the rate of dengue infection for the Americas. **Table 1** reports PAHO's figures for 1996 (see also **Figure 1**); the numbers for 1998 are still being compiled.

The total number of reported cases of dengue and dengue hemorrhagic fever for the entire South American and Caribbean region in 1996 was 276,691; there were 46 deaths in 1996.

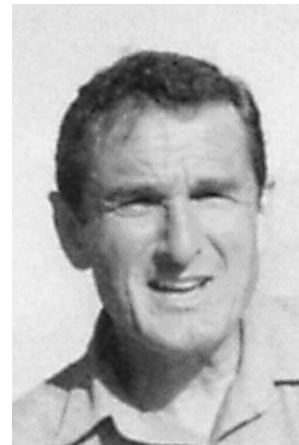
The statistics on rates of infection are closely guarded by some countries. For example, the *Miami Herald* recently reported that Cuba expelled a priest from the island who had commented on the serious nature of the outbreak in Cuba, and in another incident, a scientific researcher reportedly was sentenced to eight years in jail for merely telling other scientists about the disease spread.

The accompanying interview describes the course of the disease, and gives an indication of how quickly dengue could spread through *any* southern urban area—including the United States—where the *Aedes aegypti* mosquito is allowed to breed.

Interview: Paul Reiter

A little funding could help a great deal

Dr. Reiter, Ph.D., is chief of the entomology section of the U.S. Centers for Disease Control's Dengue Branch, DV-BID, CID, in San Juan, Puerto Rico, and is on the front lines of the battle to control the dengue epidemic. He is president of the American Society of Tropical Medicine and Hygiene's medical entomology committee. The author of 52 publications, he has received numerous awards for distinguished public service and for scientific endeavors and investigations. He holds a Ph.D. in medical entomology from the University of Sussex. He was interviewed by N.C. Thompson.

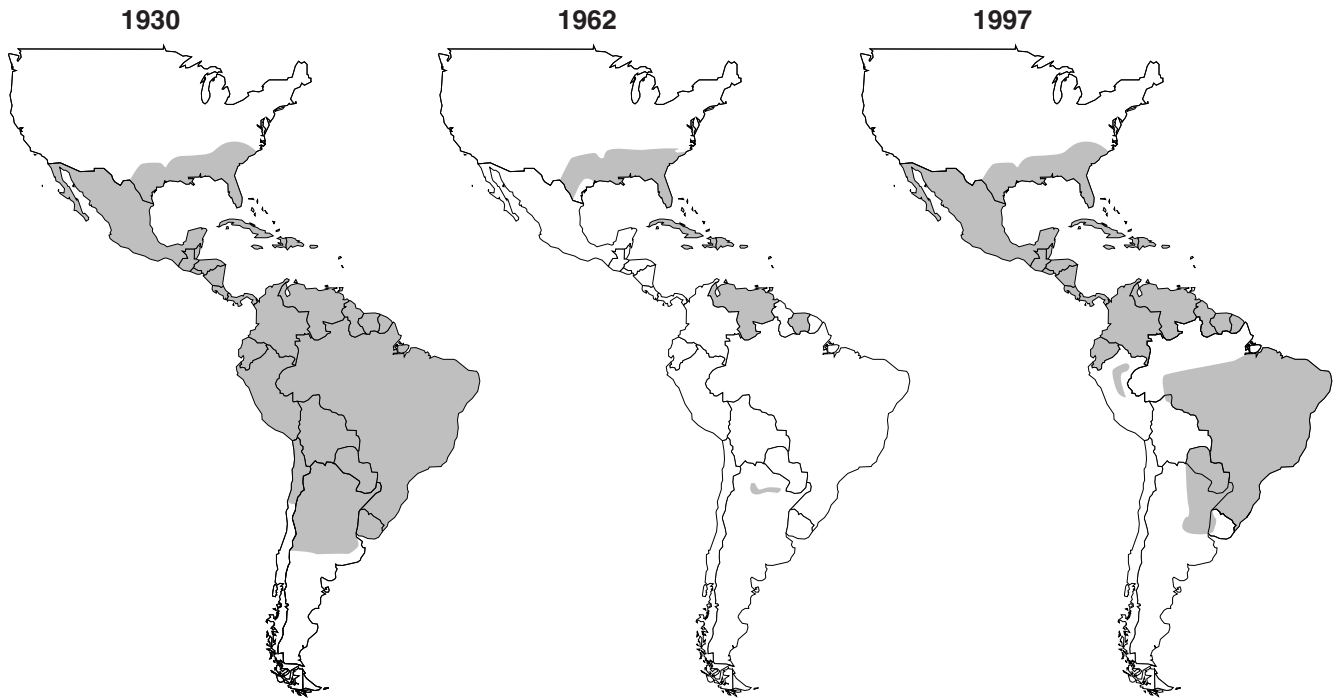


EIR: People normally think of dengue as a tropical disease. What is the history of dengue in the Western Hemisphere and in so-called advance sector countries? How is the disease spread?

Reiter: Dengue is a mosquito-borne disease of primates. It circulates among monkeys in tropical woodland, transmitted by a number of species of mosquito. The disease arrived in

FIGURE 1

Distribution of *Aedes aegypti* in the Americas, 1930, 1962, and 1997



the Americas with the slave trade, together with the principal urban vector, *Aedes aegypti*, a mosquito that lives in close association with people. *Aedes aegypti* is a mosquito common throughout the southern United States.

The first major epidemics were recorded in the United States in the 18th century. At least eight pandemics of the disease have occurred in this country since the start of the last century. For example, 500,000 cases are estimated to have occurred in Texas in 1922. The disease swept eastwards. Savannah, Georgia had an estimated 32,000 cases, of which about a third had hemorrhagic symptoms.

EIR: Why will some people get dengue and others get dengue hemorrhagic?

Reiter: Dengue can cause a wide range of symptoms of varying severity, ranging from the almost inapparent, to dengue hemorrhagic fever/dengue shock syndrome, a serious condition that can be fatal if not managed correctly.

EIR: How will a compromised immune system deal with the infection?

Reiter: To date, we have little information on the effect of dengue on persons with a compromised immune system.

EIR: Can a mosquito infect others after it bites an infected

person? Tell us how the transmission of the illness works?

Reiter: Yes, that is how the disease is transmitted: When a mosquito bites a person in whom virus is circulating, the virus infects the mosquito. After a period of about 10 days, the

TABLE 1

Number of cases of dengue and dengue hemorrhagic fever in selected Ibero-American nations, 1996

Country	Total cases	Virus serotype	Number of cases, DHF (deaths)
Brazil	175,751	(1,2)	2
Colombia	33,155	(1,2,3)	1,757 (11)
Venezuela	9,180	(2,4)	1,680 (13)
Peru	6,395	(2,4)	
Mexico	20,687	(1,2,3,4)	884 (13)
Central America			
El Salvador	2,307	(1,3)	
Honduras	5,047	(3)	
Guatemala	3,679	(1,2,3,4)	19
Nicaragua	2,792		49

Source: Pan American Health Organization

salivary glands of the insect contain large amounts of virus. Subsequently, every bite by the mosquito injects virus into the host. If the person bitten is susceptible, the virus can take hold and cause a new infection.

EIR: To what do you attribute the current high rates of dengue? Is it due solely to a natural cycle?

Reiter: There are many factors: *Aedes aegypti* is a common mosquito in urban areas from Tennessee to Argentina. There was a time when the mosquito was under control, even eradicated, from many countries in the Americas. For various reasons, the mosquito has returned.

Urban areas are much larger, offering greater opportunities for the dissemination of the virus.

International travel is an important factor: Virus travels readily in persons moving from one infected region to another. Thousands of infected persons enter the United States every year.

EIR: Have other factors contributed to the rise of cases within the last decade? Have declines in people's standard of living and health care contributed?

Reiter: In many senses, an *increase* in living standards is responsible. The mosquito breeds in water held in small, man-made containers (old tires, discarded cans, blocked roof-gutters, etc.). In our throw-away society, such containers have become ubiquitous, even in poorer societies.

EIR: How was this illness dealt with in the past?

Reiter: Mosquito control was successful in controlling another *Aedes aegypti*-borne disease, yellow fever, at the start of the century. The main measure was the elimination of the infested containers that harbored the mosquito. After World War II, a massive campaign to eliminate the mosquito,

mainly by the use of DDT, was very successful. Twenty-two countries were declared free of the species in the early 1960s. Resistance to the insecticide, and a number of other factors, led to the gradual recolonization of all the treated regions.

EIR: What can be said about current methods to contain the spread of this disease?

Reiter: There is no curative treatment; most patients overcome the virus, just as flu patients overcome influenza. After recovery, the patient is immune to the disease, or rather, to one serotype of the disease. There are four serotypes, so theoretically anyone can have four dengue infections in a lifetime.

Many countries spend significant amounts of money on expensive fumigation campaigns. Insecticide aerosols are dispensed from road vehicles or even aircraft. In a long series of studies, the Centers for Disease Control have unequivocally shown that such fumigation has very limited impact on the adult mosquito population, no effect on the immature stages of the insect, and no impact on disease transmission. The only effective method of preventing transmission is to eliminate the breeding sites.

EIR: Some experts in the United States, among them Dr. Don Roberts, from the Uniformed Services University of Health Sciences, have called for the return use of DDT in house spraying to control mosquitoes for malaria. How would spraying deter the spread of dengue?

Reiter: DDT was a cheap, safe, and effective insecticide for mosquito control. The quantities of DDT used in public health were minuscule compared to the quantities used for agricultural and veterinary purposes. Many (perhaps most) specialists in malaria control agree that the cessation of use of DDT

Dengue in Asia

Although dengue fever is endemic in the Americas, it is most prevalent in Asia, the Indian subcontinent, and Pacific island countries (**Table 2**). In Asia, the Philippines, Laos, Indonesia, Malaysia, and Myanmar all had significant increases in dengue fever cases during 1991-95, as compared to the early 1980s. India and Sri Lanka both had serious outbreaks of dengue fever in 1996. Dengue fever is also circulating in Africa, but reporting is very erratic; epidemics were reported in Kenya, Mozambique, Somalia, and Djibouti in the 1990s.

—Colin Lowry

TABLE 2

Number of dengue fever cases for selected Asian countries, 1981-85 and 1991-95

Country	1981-85	1991-95
Philippines	4,657	18,731
Vietnam	294,112	342,193
Laos	2,287	10,847
Cambodia	2,771	22,292
Myanmar	1,984	25,301
Malaysia	5,389	27,366
Indonesia	50,747	110,043
India	None reported	35,440
Thailand	227,322	263,252

Source: World Health Organization *Statistics Quarterly*, Vol. 50, No. 3/4, 1997

Surgeon General warns that U.S. is unprepared

As a result of the breakdown of public health measures, sanitation, and insect-vector control programs, deaths caused by preventable diseases are rising globally. The public health infrastructure in the United States is no exception. U.S. public health programs are currently inadequate to deal with emerging infectious diseases, as U.S. Surgeon General David Satcher noted in remarks, excerpted here, before the Senate Labor and Human Resources Subcommittee on Public Health and Safety, on March 3, 1998.

Emerging infectious diseases are a continuing threat to the health of U.S. citizens and of people around the world. They cause suffering and death, and impose an enormous financial burden on society. The recent outbreak of a new and virulent strain of influenza in Hong Kong raised the specter of a pandemic. It again illustrated the need for the U.S. to work closely with other countries and the World Health Organization to assure there is adequate

global capacity to detect and address such outbreaks.

In the past century, we have made tremendous strides in medicine and science. Antibiotics and vaccines, along with improvements in urban sanitation and water quality, dramatically lowered death and disability from infectious diseases and nearly doubled life expectancy in this country. Progress has been so great, some predicted three decades ago we would soon see the end of infectious diseases.

Our optimism then was premature. We are seeing a global resurgence of infectious diseases, including the identification of new infectious agents; the re-emergence of old infectious agents, such as tuberculosis; and the rapid spread of antimicrobial resistance. In the United States, the death rate from infectious diseases, excluding HIV/AIDS, rose by 22% between 1980 and 1992. Throughout the world, infectious and parasitic diseases remain the leading cause of death.

In 1995, I chaired a work group of the National Science and Technology Council, which was charged with conducting a government-wide review of our ability to protect our citizens from emerging infectious diseases. We concluded that existing mechanisms to survey, respond to, and prevent outbreaks of new and re-emerging infectious diseases were inadequate, both at home and abroad.

has been a major factor in the alarming increase in malaria morbidity and mortality in many countries.

This is not the whole picture; resistance to the insecticide is also a problem. DDT resistance is widespread in *Aedes aegypti*. For example, in Puerto Rico, there is 100 to 200 times more resistance in the local mosquitoes. In many countries, therefore, DDT could not be used for dengue/yellow fever control.

EIR: Where are most people bitten, inside or outside the home?

Reiter: The mosquito lives in and around the home. Most biting activity occurs in the first hours of daylight, and in the afternoon, until about an hour before sunset. The mosquito goes to people, wherever they are at during those times. It happily enters indoors.

EIR: How could people protect themselves?

Reiter: Screens help prevent contact with the mosquito. Air-conditioning is also a protective factor.

The best means of protection is elimination of the breeding sites, a simple task in most cases.

EIR: Are health officials putting too much emphasis on indi-

vidual responsibility? How bad would the situation have to get to have this viewed as a health emergency? Who is more at risk?

Reiter: Large-scale control campaigns were possible in the past, when cities were more compact. Today, they would be prohibitive in cost.

Even in highly organized countries, such as Singapore, sustainability has proven to be a major factor: When the job appears done, funds are diverted to other projects. The last hope is to be able to persuade the population to take the problem to task, as a matter of personal hygiene, so to speak.

EIR: Why is there no substantial treatment? The United States was able to wipe out malaria. Why can't we develop a vaccine? Is there one in the works? *El Nuevo Día* alluded to the work of Edmundo Kraiselburd to discover a vaccine.

Reiter: Malaria is a parasitic disease. Natural substances (e.g., quinine, derived from the bark of a tree) can kill the parasite. Viruses are much more difficult to eliminate.

At present, the only hope [for dengue] is a vaccine. Several laboratories around the world are working on this, but the problem is complex, and funds are scarce. Unfortunately, much of the current awareness of the emergence of dengue as a major public health problem is ill-informed. Many people

attribute the phenomenon to irrelevant factors, such as climate change. We are still a long way from a cheap, safe, usable vaccine. A little money in this direction could help progress a great deal!

EIR: What program could you propose for a resolution to the current epidemic?

Reiter: We are trying hard to inform the public that fumigation (which many demand from the government) is ineffective against this mosquito. Quite simply, the insecticide hardly penetrates indoors, and so does not interact with the mosquitoes. Fumigation, though a major expenditure in many countries, is money thrown into the wind.

The only way to prevent transmission is to eliminate the breeding sites. In theory, this is a simple measure, and has been very successful in the past. In practice, we are trying, but results are not encouraging to date.

EIR: Is aspirin really the only recourse once infection strikes?

Reiter: Aspirin should never be used for dengue. The anti-coagulant effects of aspirin can exacerbate the risk of hemorrhagic manifestations, as can other drugs, such as ibuprofen. CDC recommends the use of acetaminophen-based products, such as Tylenol.

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Bring back DDT to save lives!

by Marjorie Mazel Hecht

Dengue is one of many insect-borne killer diseases that could be eradicated with the proper combination of mosquito control (including spraying of house walls) and public health programs. By the mid-1990s, it was taken for granted that this is what governments should do to protect their populations, and in the early 1960s *Aedes aegypti*, the mosquito species that carries dengue, was eradicated from many countries, including those in South America and the Caribbean.

But budget cuts, the international monetary police agencies, and so-called environmentalism intervened, to stop both mosquito control and public health programs, especially in the tropical areas of the world, whose people were considered expendable, or relatively more expendable, by the Malthusians. The swift return of both *Aedes aegypti* and killer diseases, therefore, was no surprise. According to the World Health Organization, today dengue is endemic in all continents except Europe, and an estimated 80 million people are infected annually.

DDT and mosquito control

One of the primary tools in mosquito control following World War II was DDT, which is responsible for saving more millions of human lives than any other man-made substance. For this very reason, it still comes under fierce attack.

Spraying the inside of houses with DDT twice a year is an effective, inexpensive way to stop the spread of malaria and other insect-borne killer diseases, with no harm to the environment. The field tests and research show that even if mosquitoes have become resistant to DDT, they will stay away from houses sprayed, because of DDT's excito-repellant effect. In fact, excito-repellency has been shown to be the main way that DDT controls mosquitoes, rather than killing them on contact.

House spraying involves relatively small amounts of pesticide, compared with agricultural uses, and the pesticide on walls stays put. The resistance to DDT in the mosquito population occurred in areas where there was widespread use of DDT on cropland. Those few mosquitoes that survived the DDT, because of some natural ability to resist DDT's killing mechanism, then propagated, so that the local mosquito population became mainly resistant to DDT.

The insect resistance that developed during the early malaria control programs is often cited by the World Health



A Dunsun house made of bamboo and having a thatched roof is sprayed by a member of the malaria eradication squad. This pilot eradication project in North Borneo in 1956 was so successful that it was converted into a full-fledged eradication program.

Organization and others as a “scientific” reason that DDT could no longer be effective, but this is not true. DDT house spraying has cut the incidence of malaria dramatically in Belize, Mexico, and other areas. Recent research has shown that there is a direct relationship between DDT house spraying and the incidence of malaria: As the number of houses sprayed increases, the incidence of malaria goes down.

DDT and dengue

The species of mosquito that spreads dengue is the *Aedes aegypti*, most populations of which are resistant to DDT. How effective would DDT be in Puerto Rico and other areas where dengue is epidemic? The scientific way to find out would be to field test DDT in areas where the dengue infection rate is high, by spraying the inside walls of houses. The mosquito rests inside houses, and that is where most people are bitten.

If DDT proves not to be effective, there are other insecticides, pyrethroids, in particular, that may be effective for house spraying. The main disadvantage of the DDT replacements is their cost; house spraying twice a year with DDT costs approximately \$1.44 per house, and replacements can cost 19 times as much. Of course, when an insect-borne disease is out of control, like dengue, and spraying could solve the problem and stem the spread of the disease, the issue becomes the cost of saving human lives.

Political resistance

The main resistance to DDT is political, not scientific. DDT was banned in the United States in 1972 for political reasons. Green groups like the Environmental Defense Fund and the Natural Resources Defense Council, made their fame and fortune in media and fundraising campaigns, scaring people about DDT. The hoax that DDT was detrimental to the environment, begun with Rachel Carson’s lying book *Silent Spring* in 1962, took on a life of its own.

At the time of its ban in the United States, every major scientific organization in the world supported the use of DDT, and a seven-month hearing, convened by the U.S. Environmental Protection Agency, ruled in April 1972 that DDT should *not* be banned, based on the scientific evidence. “DDT is not

carcinogenic, mutagenic, or teratogenic to man [and] these uses of DDT do not have a deleterious effect on fish, birds, wildlife, or estuarine organisms,” the EPA hearing examiner concluded. But two months later, EPA administrator William Ruckelshaus banned DDT (without reading the 9,000 pages of EPA testimony), for what he later admitted were political reasons.

The consequences were rapid and deadly: Countries that followed the U.S. lead on DDT, which many were forced to do as a condition of receiving development aid, experienced a precipitous rise in malaria incidence. In Sri Lanka, for example, before the DDT spraying campaign began, there were 2.8 million cases of malaria and 12,500 deaths, in 1946 alone. By 1963, the number of cases had dropped to 17. Just five years after DDT use stopped, malaria cases had climbed to 500,000 with 113 deaths.

Today, nearly half the world’s population is at risk from malaria and its debilitating effects; most of the 200-300 million new malaria cases each year are among children. Two-thirds of the world’s population live in areas where the dengue-carrier is endemic. The mosquito and its diseases, however, know no boundaries. Self-righteous Western environmentalists who attack insecticides because they think they are protecting Mother Nature, may not have long to wait before they are bitten — courtesy of that same Mother Nature.

A genuine second big historic chance

The policy shift in Moscow will work to the benefit of Russo-German cooperation.

For the first time in years, there are signs of a profound shift of policy in Russia, away from International Monetary Fund (IMF) monetarist internationalism, toward a reemphasis on the development of the national economy. Assessments that for a long time have been “dissident views,” can now be heard among people either in, or in the immediate vicinity of the new government of Prime Minister Yevgeny Primakov. Denunciations of the IMF’s monetarism, calls for strict capital controls, and for banking loans to industry and the farm sector, indicate the positive potential.

There can be no doubt that once Russians are committed to remobilize their ruined economy, the Germans, with their technological and industrial capacities, will play an important role. And, for the first time since 1989, when Chancellor Helmut Kohl and the German elites missed the historic chance of a grand post-Soviet reconstruction program for Russia, when they gave in to the London-centered policy designs for a monetarist reign in Moscow, there is also potential in Germany for active cooperation with the Russians.

Ironically, only weeks ago, the Kohl government was still holding on to the illusion that the Russian crisis would not affect Germany. This, at a time when Helga Zepp-LaRouche, at a press conference in Bonn on Aug. 27, presented a special dossier of the LaRouche movement on the “Missed Historic Chance of 1989” (see *EIR*, Aug. 14). There, she issued an urgent call for the German government not to miss the current chance for a policy shift toward the better.

That message seems to have come across among the German elites. Even Kohl has come to realize that there is a new constellation of forces in Russia. In a Sept. 13 interview with *Bildzeitung*, Kohl offered Prime Minister Primakov “German experts on economic and financial policy, to assist the Russian government in its practical work.” This is a big shift after nine years of German abstention from having any Russia policy.

There are more indications that a broader re-assessment of the last nine years of self-containment in Germany’s policy approaches on Russia, is under way. For example, on Sept. 9, the business daily *Handelsblatt* quoted Alfred Steinherr, the chief economist of the European Investment Bank, the “house bank” of the European Union. He said that a big historic chance was missed in the early 1990s, when the Germans, with their experience in banking methods during the postwar economic reconstruction, did not play any role in Western designs for Russia.

Steinherr criticized the fact that, under the influence of Anglo-Saxon investment funds, Russia’s financial and economic system was ruined by rapid capital market liberalization, and optimal conditions were created for short-term speculative operations.

The German system, instead, would first have insisted on establishing solid banks, based on long-term savings of citizens, to provide controlled, long-term investments into the real economy of Russia, Steinherr said. The IMF’s “ultraliberal views on the role of the state threw many switches in the wrong direction, to-

ward market economy” in Russia, he charged.

Similarly, Wolfgang Kartte, one of the very few German economic advisers working in Russia, and who has been on a non-profit mission in Russia arranged by the German government, used harsh words against the Russian “reform era,” in a Sept. 14 interview with *Der Spiegel*. “Western advisers are to blame for some disastrous economic decisions, which Russia now has to suffer from,” he said. “On the one hand, privatization has been a total failure—it induced the state to sell off its treasures at dumping prices to the old guard and to speculators.”

Kartte criticized the fact that the Russian government, under the influence of Western advisers, had “failed to introduce high import tariffs. Keep in mind that Imperial Chancellor Bismarck (1871 to 1890) built a defense against dumping products from abroad. This was called *educational tariffs*, giving domestic industry a chance to mobilize its own production. But when I called for that then [in the mid-1990s], I met with strong criticism among Western exporters. Even in Bonn, I had to justify myself.”

The IMF and World Bank policy in Russia “was outright evil, almost a strategy of extinction, which inevitably had to lead to disaster,” Kartte said. “We in Germany had no convertible currency for 13 postwar years—and we had one capital control after the other.”

So, having correctly stated all this, what is the only meaningful conclusion for Germany? The German government has to drop its longtime support of IMF monetarism, and begin pursuing its interests as an industrial nation. It needs expanding economic partners abroad, which have a demand for the specific industrial products and technology know-how that Germany can provide.

The message from every continent: The New Bretton Woods, or chaos

by Harley Schlanger

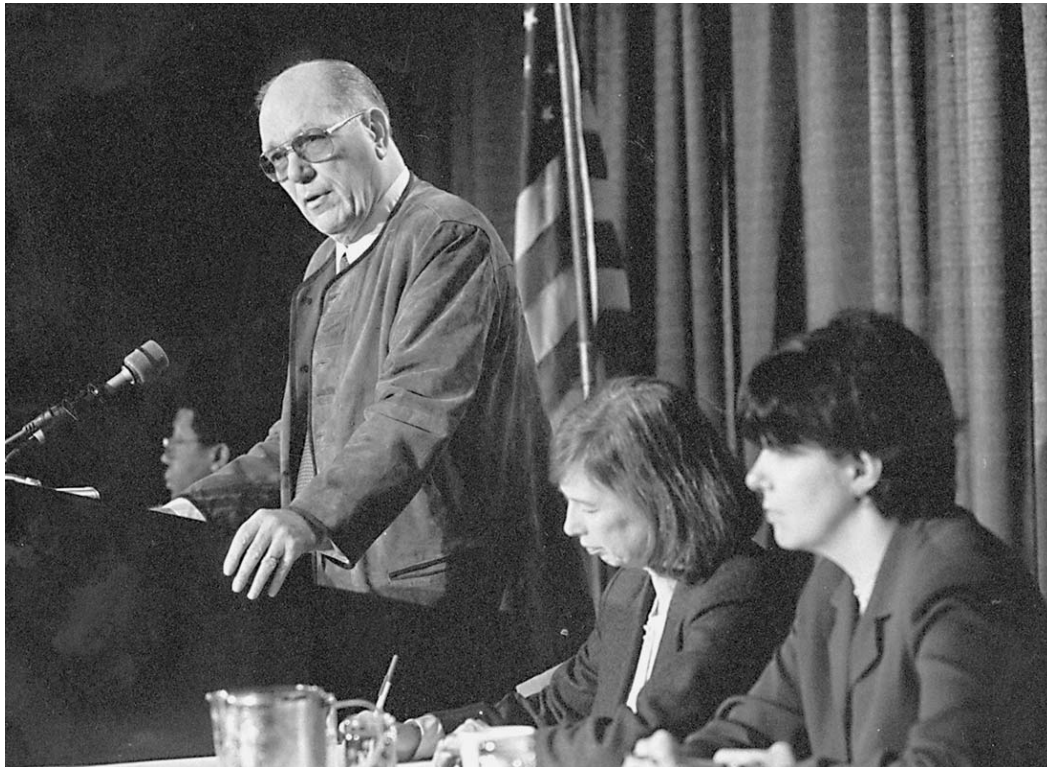
A panel composed of sector chiefs from the *EIR* presented a breathtaking sweep of the present status of the global financial crisis, and the stark choices that face governments in the weeks ahead, at the semi-annual Schiller Institute conference near Washington, D.C., over Labor Day weekend. The panorama is must-reading for those who are serious about ensuring the future of world civilization.

The panel, titled “The World Tells the U.S.: We Must Have LaRouche’s New Bretton Woods,” was opened by *EIR* banking columnist John Hoefle, who presented an in-depth view of the precarious status of the major international banks, as the derivatives bubble is about to pop. His report was followed by updates on Africa, Ibero-America, and Asia, and a report from Ramtanu Maitra on India; they were given by Linda de Hoyos, Dennis Small and Maximiliano Londoño, and Gail Billington, respectively, with a concluding report on the rapidly unfolding developments in Russia, by Rachel Douglas.

The presentations collectively demonstrated that the economic forecasts made this year by Lyndon LaRouche, presented in public speeches and in *EIR*, have been right on target. LaRouche has insisted that the financial crisis is global and systemic, and that the present financial and monetary order, dominated by usurious bankers and immoral currency speculators like George Soros, and sustained by the International Monetary Fund (IMF), is dead, and cannot be resurrected. The review by the panelists of present conditions, continent-by-continent, left conference participants with the unmistakable conclusion that the crisis is immediately upon us, and cannot be postponed by means of “crisis management,” as LaRouche frequently has warned.

Therefore, unless President Clinton were to convene a conference to implement a New Bretton Woods system, to create a new monetary system, in order to fund great projects, such as the Eurasian Land-Bridge, civilization will be plunged into the nightmare of a New Dark Age.

In opening the panel, Harley Schlanger (this author), serving as the moderator,



Lyndon LaRouche addresses an EIR seminar in Washington, D.C. on March 18, 1998, on the theme "Toward a New Bretton Woods." It strategically defined the agenda for setting up a new global financial and monetary system. Seated, from left, are EIR editors Nancy Spannaus and Debra Hanania Freeman.

reported on the series of seminars and town meetings sponsored during the first eight months of 1998 by the Schiller Institute and *EIR*, in Europe and North and South America, on the necessity for convening a New Bretton Woods Conference. Of the thousands of people who attended and participated in these meetings, many were representatives of governments—from United Nations missions, embassies, and the consular corps.

These seminars, he said, had a dual purpose: To present the harsh reality of depression conditions which have spread worldwide, as a result of the now-discredited policies of “globalization” and free trade, imposed by the morally—and financially—bankrupt International Monetary Fund, while offering a complete picture of the potential for a positive transformation of the global economy, which would result from implementation of LaRouche’s proposal for a new monetary system.

“The dramatic and jolting economic shocks which have occurred this year—all of which were forecast accurately by Lyndon LaRouche—precipitated significant changes in the response to these presentations,” Schlanger reported. At first, there was still some skepticism toward LaRouche’s theses. “How can you say the system is dead?” many asked. “Isn’t globalization necessary? If developing sector nations restructure, implement reforms, and play by the rules, won’t they benefit?”

As the second phase of the “Asia crisis” hit, the questions changed. “What is the New Bretton Woods?” participants

asked, “and how will it work? Do you really think we can go back to fixed exchange rates?”

As the crisis spread to Russia, Brazil, and Mexico, with turbulence hitting the western European and U.S. stock markets, the questions changed again: “Will the U.S. support New Bretton Woods?” and “What about Clinton?” were frequently asked questions.

A challenge

Schlanger said that these are the questions that the conference participants must answer, through organizing others. In concluding the introduction to the panel, he presented a challenge to the audience: “In this panel, we will be looking at the nations of the world as they face this choice, this *punctum saliens*—which path will humanity take? Will we see the Hell which results when nations are destroyed, their populations marginalized, tossed onto a human garbage heap? Or, will we see the potential which exists around the world, to rally forces behind the LaRouche program for a New Bretton Woods?”

“We ask you to look at the world, first through the eyes of patriotic Americans, informed by the outlook of the mission of our republic, as defined by Benjamin Franklin, Alexander Hamilton, John Quincy Adams, Abraham Lincoln, and Franklin Roosevelt. Then, look at the United States through the eyes of children around the world, whose future is in your hands, and depends on our success in fulfilling that mission.”

The system has passed the point of no return

by John Hoefle

We are living in an extraordinary time, a time which presents both grave dangers and great opportunities. The choice facing humanity is stark: a new Renaissance, in which creativity and reason flourish; or, a new Dark Age, in which the law of the jungle reigns, an eat-or-be-eaten world in which most of humanity is on Prince Philip's menu.

The global financial system is collapsing with breathtaking speed, and the party is just beginning. We've moved from an era in which mere companies are going under, to an era in which entire nations are collapsing. The international institutions which seemed so powerful just a few months ago, are now being swept aside by tidal waves of losses. The International Monetary Fund (IMF), which once struck fear into the hearts of nations, has proved powerless to stop the onrushing crisis, its poison no longer sufficient to contain the situation. The very system itself, is crumbling.

In May 1997, the financial oligarchy launched an all-out financial assault on the nations of Southeast Asia, beginning with Thailand (Figure 1). Leading the assault, was the British

Empire's drug-pushing financial warfare specialist, George Soros; behind him, was arrayed the full might of the oligarchy's banks and investment houses.

The main goal of this attack was to destabilize the continent, and prevent the emergence of a regional bloc committed to implementing the Eurasian Land-Bridge development program. A secondary goal, was to steal billions of dollars.

In July, Thailand fell, agreeing to allow its currency, the baht, to rise and fall at the whim of the speculators, and begging for help from the IMF. In rapid succession, the nations of the Philippines, Malaysia, and Indonesia were hit by similar attacks. By December, the IMF had promised—but only partially delivered—"bailout" packages to these nations, and to South Korea.

With typical oligarchic arrogance, the Asian nations were blamed for what was termed an "Asian crisis," or the "Asian contagion." But the Asian nations were responsible, only to the extent that they had allowed themselves to be seduced by the sirens of the free market, which made them vulnerable in the first place.

The nature of the present financial system, is that it must loot in order to survive, and it must grow, or it collapses (Figure 2). It is a giant pyramid scheme, which must suck in ever-increasing amounts of money. So, the oligarchy deploys its banks, and creatures like George Soros, to go out and steal money for the bubble.

But, it is not only Asia. The entire world is under attack. Most of Africa has already been destroyed, Russia is in convulsions, and Ibero-America is also melting down (Figure 3).

In the early stages of this crisis, money that had been invested in Asia, or would have been invested in Asia, fled to what was perceived as safe havens: Europe and the United

FIGURE 1
Asian stocks collapse in wake of speculative assault

(May 30, 1997 = 1.0)



FIGURE 2
A typical collapse function

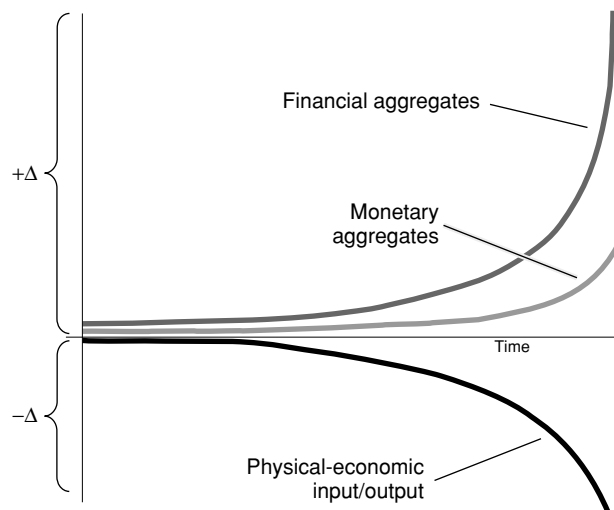


FIGURE 3
Ibero-American stocks plummet

(May 30, 1997 = 1.0)



FIGURE 4
European stocks are no longer a safe-haven

(May 30, 1997 = 1.0)

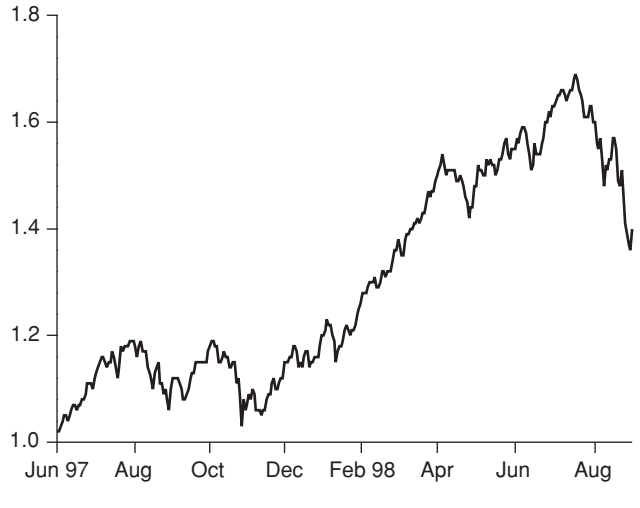
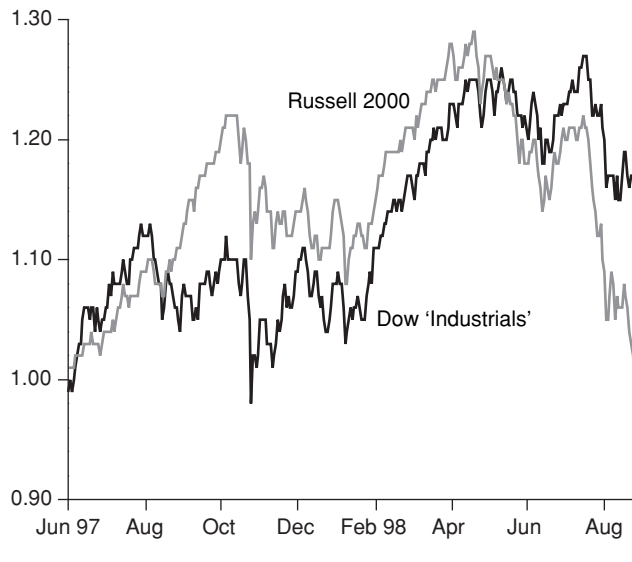


FIGURE 5
U.S. markets also collapse

(May 30, 1997 = 1.0)



States. The major European stock indices soared to record heights, as did the Dow. But that changed in mid-July. Now, all the markets are dropping (**Figure 4**).

In the United States, most eyes are focussed—maybe even fixated—on the Dow. But, as fast as the Dow is falling, the

broader U.S. stock market is falling even faster (**Figure 5**). The “Down” Jones Industrial Average, after all, consists of just 30 stocks, and is relatively easy to manipulate—it’s not even an industrial measurement, as it includes such decidedly non-industrial companies as McDonalds, American Express, Disney, and Wal-Mart. It also includes two of the biggest derivatives players in the world, J.P. Morgan and Travelers, which between them have nearly \$10 trillion in derivatives. The Russell 2000, on the other hand, excludes the blue chips, and measures the smaller companies.

But the losses so far, are just the tip of the iceberg.

It is claimed, repeatedly, that the United States’ economy is in no danger, because our “economic fundamentals are sound.” We may suffer some fallout from the “Asian contagion,” or the “Russian crisis,” or the “Ibero-American crisis,” but we’ll be okay, because our “fundamentals are sound.”

Many people want to believe this. After all, the computer models all show that “historically”—even as far back in pre-history as 1980—the stock market always goes up. When the occasional blip occurs, it’s just an opportunity to buy. “Everybody knows that. We’re all with the smart money now, we’re all above average.”

This delusion, of course, is fostered by the oligarchs, whose main goal is to convince you to keep your money in the market, so they can pull theirs out.

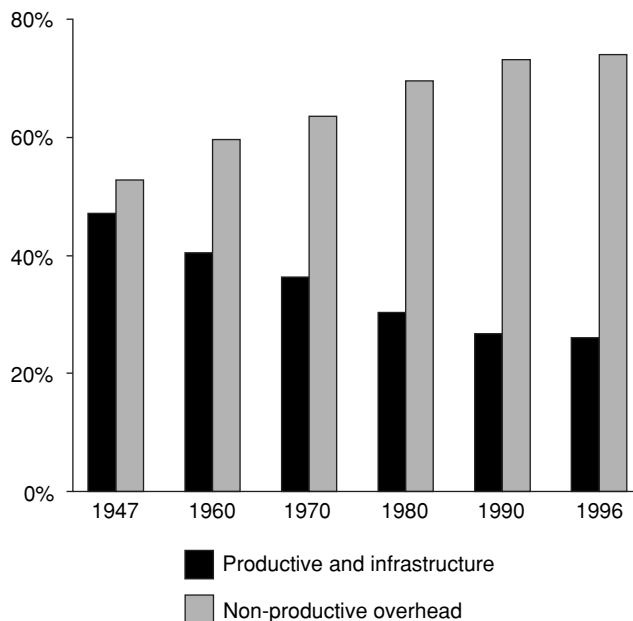
Physical economy a disaster

The truth is, that fundamentally, our economy is a disaster. Our studies show that the U.S. physical economy has declined by some 50% since 1967, or about 2% a year, and the rate of that decline is accelerating. We get that not by measuring

FIGURE 6

Productive compared to non-productive labor force

(percent of total labor force)



prices, but by measuring a market basket of essential goods on a per-capita, per-household, and per-square-kilometer basis. When you look at the economy in terms of physical production and the services needed to support that production, you get an accurate picture. The money figures are worthless.

At the end of 1967, the Dow stood at 900 points. Since then, it has risen more than ninefold, while the physical economy has dropped by half. No wonder Federal Reserve Board Chairman Alan Greenspan keeps his money in Treasury securities.

Coming out of World War II, nearly half of the U.S. labor force was involved in the productive side of the economy: the production and distribution of goods, and provision of essential services, including research, health care, and education (Figure 6). Over the years, while the number of people employed has risen significantly, the number of production workers has remained relatively constant, meaning that virtually all of the net job gain has been in the overhead category. Today, only one in four workers is employed in the productive sector. Adding overhead jobs — hamburger flippers, Internet jockeys, stockbrokers, and the like — does not increase productivity. Rather, it increases overhead, and adds to the burden the productive sector must support.

The condition of the productive sector will get even worse, as entire sections of the world economy collapse. The effect can already be seen in the decline of U.S. goods exports, which is dramatically increasing the U.S. trade deficit (Figures 7 and 8).

FIGURE 7

Fall in U.S. goods exports parallels world economic collapse

(billions \$)

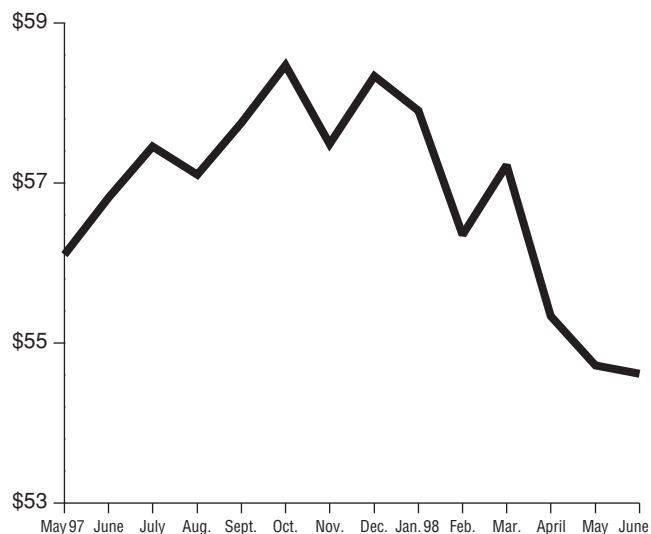
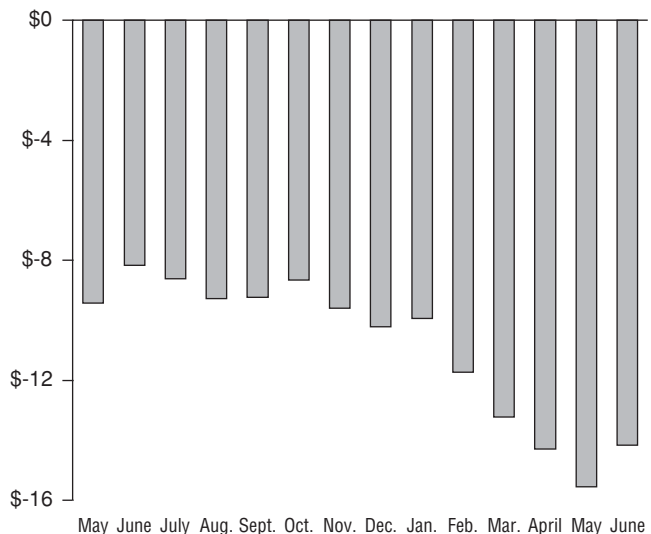


FIGURE 8

Growth in U.S. trade deficit fuelled by decline in exports, 1997-98

(billions \$)

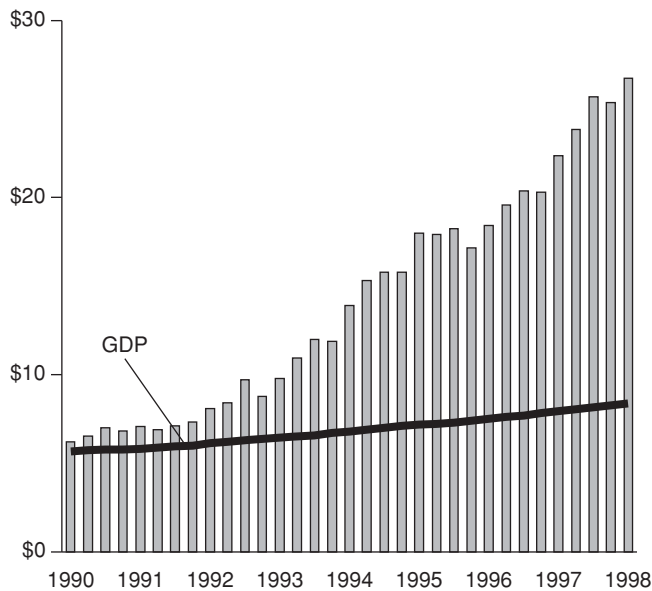


One place where the United States does have growth, is in the derivatives market. Gross Domestic Product is a poor measure of economic growth, because some two-thirds of GDP is overhead, but the growth in derivatives is far outrun-

FIGURE 9

U.S. bank derivatives vs. Gross Domestic Product

(trillions \$)



ing even that bloated statistic. Overall, the United States has some \$40 trillion in derivatives, of which the commercial banks hold \$27 trillion (Figure 9).

When the derivatives market blows up, the United States will be sitting squarely at ground zero (Figure 10). Overall, the United States has about one-third of the global derivatives exposure: Our banks dominate the over-the-counter market, and the United States accounts for nearly half of the trading on the world's derivatives exchanges.

The result are exposures so large, that tiny drops in the derivatives markets would be enough to blow them out of the water. Just seven U.S. banks have \$25 trillion in derivatives exposure, backed up by just \$114 billion in equity capital (Figure 11). A loss equivalent to just 0.2% of its derivatives portfolio would wipe out all of Morgan's equity, bankrupting the bank, and a loss of 1.2% would wipe out any of the top seven.

Figure 12 shows what it looks like, when you compare Morgan's equity and assets to its derivatives holdings. They call this risk management.

The bankers' response

You can see why bankers are getting hysterical. Some of them are beginning to figure out that, to quote Chicken Little, "The sky is falling." But, rather than face reality, they are determined to try to save themselves, by saving their system.

Take Alan Greenspan, for example.

FIGURE 10

U.S. at ground zero of derivatives explosion

(share of global derivatives exposure)

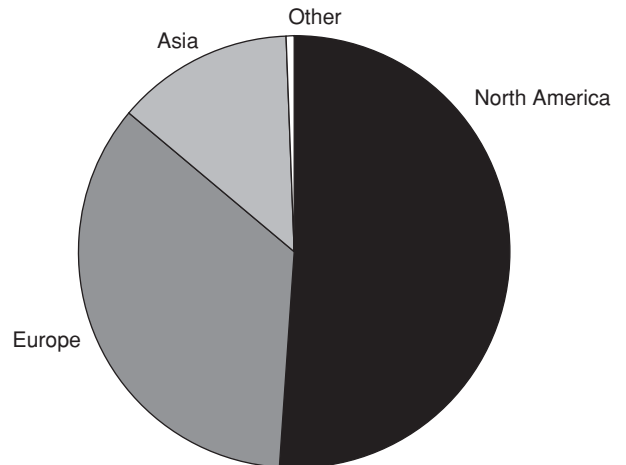
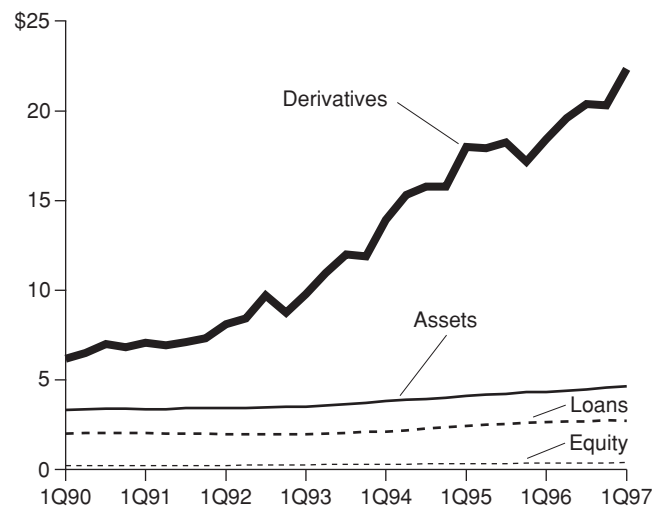


FIGURE 11

U.S. banks addicted to derivatives: derivatives versus assets, loans, and equity

(trillions \$)



We do not as yet fully understand the new system's dynamics. . . . We have tried to confront the current crisis with the institutions and techniques we have.

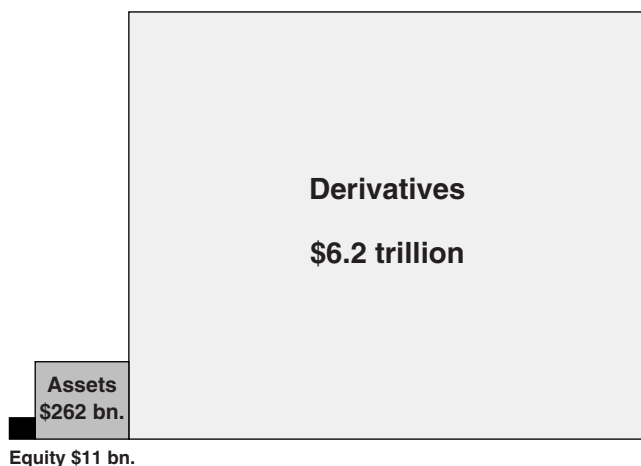
—Fed Chairman Alan Greenspan, to Congress, May 1998

Greenspan doesn't understand that the rules of the game have changed, and he is foolishly prescribing another dose

FIGURE 12

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

(as of Dec. 31, 1997)



of the same medicine which is killing his system.

Or, here is another comment from the Fed, from a “senior Fed official,” to *American Banker* magazine in August 1998: “The problem with models is that they reflect your best guess. . . . It is out of the parameters of what the banks were expecting.”

The computer models, which project that the economy will continue to do what it has been doing, cannot account for the discontinuity which has occurred. Reality is outside the parameters. Who could have known?

Then, there is the Aug. 24 *Wall Street Journal*:

The financial firestorm that has been scorching economies around the globe is intensifying into one of the world’s worst—and most baffling—currency crises since the system of fixed exchange rates crumbled a quarter of a century ago. . . . What makes the crisis so unnerving is that there is no clear solution in sight—no financial firebreak that governments or international financial institutions can construct to slow the spread.

This is precisely where sticking with the current axioms must inevitably lead. The system can’t be saved, and the attempts to save it with the current “institutions and techniques,” are merely fanning the flames of the firestorm.

Reverse leverage is beginning to kick in, and that spells disaster for the markets. The bubble was built on borrowed money, and derivatives bets backed by borrowed money. That means faster growth on the way up, and even faster collapse on the way down. The speculators are having to

sell assets in a falling market in order to cover their debts, driving the market even lower.

The derivatives danger

Where reverse leverage will prove most deadly, however, is in the derivatives market, which is so interlocked that a big default in one area, could set off a chain reaction of failures which would race around the world in hours. This would be the proverbial “big one.”

The alarm bells are already sounding over derivatives losses in Asia and Russia.

In Russia, Western banks and other institutions bought large amounts of government-backed bonds, called GKO’s; then, to protect themselves against a devaluation of the ruble, they bought derivatives contracts which would pay off, if the ruble collapsed. The ruble did collapse, hitting the investors with big losses. But now, thanks to the Russian meltdown and the freeze on certain currency transactions, they find that their prospects of collecting on as much as \$100 billion in currency derivatives has been called into serious doubt.

The imposition of currency controls by Malaysia, has called into question the collectibility of currency derivatives based upon Malaysia’s currency, the ringgit.

In Japan, where the government has insisted on defending, rather than correcting trillions of dollars of fictitious real estate values and unpayable debt, Finance Minister Kiichi Miyazawa warned Parliament on Aug. 25 that there is a “danger of default” on some \$350 billion in derivatives contracts held by the bankrupt Long-Term Credit Bank. With overall derivatives exposure in the range of \$10-\$15 trillion, a derivatives crisis in Japan would immediately mean a derivatives crisis worldwide.

The magnitude of losses already incurred in the derivatives market is not known, but judging by the losses now being reported by banks, securities firms, and the hedge funds, the losses are already in the billions of dollars. As J.P. Morgan and the other big derivatives players know, the margin between survival and disintegration, is a very thin one indeed. When that line is crossed, the entire global financial and monetary system will simply disintegrate, in a chain-reaction. Poof. No more system.

Which brings us to Prince Philip and his Chaos faction. They want the system to disintegrate, and they plan to use that collapse to wipe out the nation-states and take the world back to feudalism. Their plan is simple: to wind up on top of whatever pile of rubble is left after the crash. They have been consolidating their control over precious metals, strategic minerals, energy sources, food supplies, communications networks, and other essential industries over the last few years, in order to have a stranglehold after the system disintegrates. Their motto is, “If you need it to live, we want to own it. Then you either pay our price, or die.” But, even if you pay, you might just die anyway, as civilization gives way to a new Dark Age.

Africa gives a glimpse at your own future

by Linda de Hoyos

Figure 1 might remind us of the cataclysm that has recently struck in Indonesia, South Korea, Russia, but it is Zaire, and the time is not now, but the early 1990s. Between 1991 and 1993, the country of Zaire underwent two successive devaluations of its currency — of 1,000% each.

This devaluation caused, as can be seen in **Figure 2**, astronomical levels of inflation, so that by 1994, inflation was at 1 trillion percent! Zaire ceased to be a money economy.

The question that is posed by Zaire is: Is there life after death? The answer to that question is, “Yes,” on condition that:

1. a New Bretton Woods system is created by sovereign nation-states for the purposes of global infrastructural development;
2. the concept of the sovereign nation-state is not lost;
3. there is leadership that is dedicated to the advancement of its people as human beings made in the image of God.

We can answer this question from the standpoint of Africa, because Africa is not some distant continent far away

that seems strange, where people do have a lot of problems — like war, disease, and famine. Africa is your future, unless we are able to bring the world into a New World Economic Order.

This is because the cataclysm that we have been witnessing unfold in Southeast Asia, Russia, and Ibero-America, has already happened in Africa—it happened ten years ago. Therefore, Africa avails a glimpse of the violence and chaos that Prince Philip and his ilk are prepared to unleash everywhere.

What happened to Africa

In the 1980s, most African countries were put through what is called a Structural Adjustment Program by the International Monetary Fund (IMF). Now, what Structural Adjustment actually means, is the destruction of any structure or barrier that might stand in the way of the total looting of a national economy.

Africa was targeted for two reasons. First, because the long-standing yoke of colonialism and slavery had left African nations vulnerable. Second, Africa has vast wealth; it has enormous agricultural potential and enormous mineral and resource wealth. Under a sane monetary system, Africa would be an industrial powerhouse. So, there is a lot of wealth to be had in Africa.

The conditionalities that were imposed on African countries represented a takedown of the government. These conditionalities were:

- no foreign exchange controls;

FIGURE 1
The value of Zaire's currency has plummeted
(zaire to U.S. dollar)

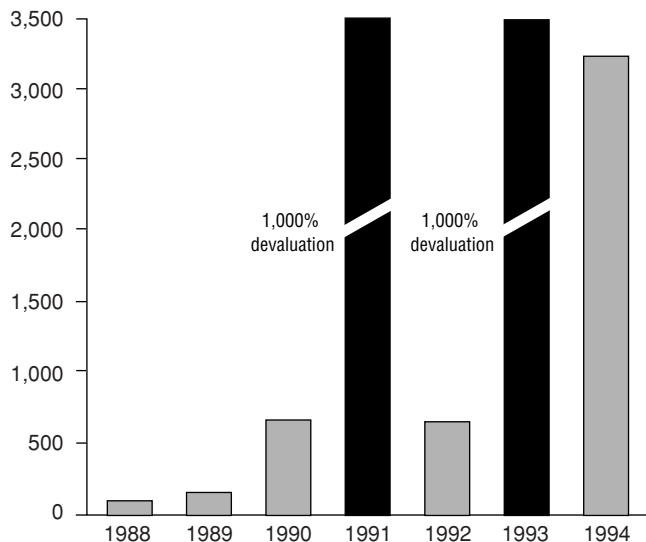


FIGURE 2
Consumer prices in Zaire
(Index = 100)

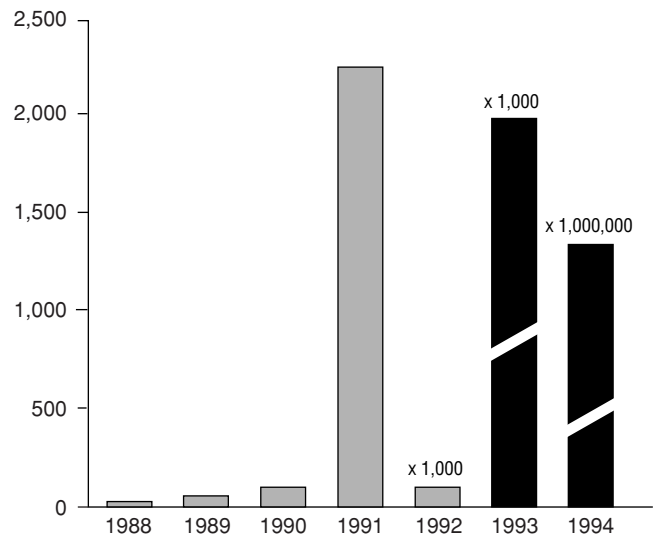
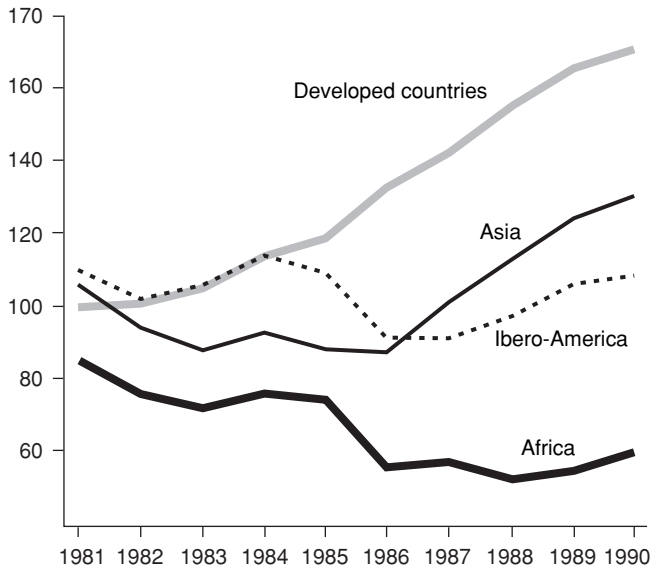


FIGURE 3

Purchasing power of exports

(1980 = 100)

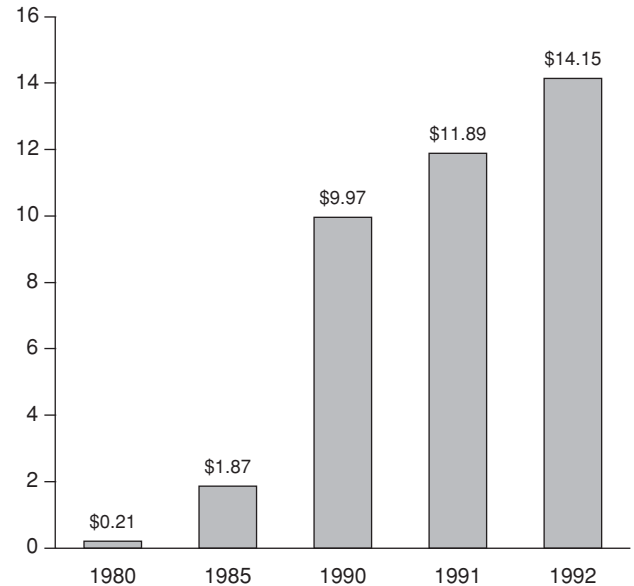


Source: UN

FIGURE 4

Sub-Saharan Africa's rising debt arrears

(billions \$)



Source: UN

- no development, because, “You clearly don’t have money for that, do you?”;

- no subsidies to people for food or anything else. For instance, in 1985, when the country of Sudan was in the midst of a terrible famine, the IMF refused any credit to Sudan and the country was put under a donors’ embargo, because it had refused to end food subsidies. When I asked an IMF desk officer why this was happening, and said that an end to subsidies would mean that more people would starve, he answered, “Yes, but it is good for the economy”;

- cutback of services to the point of nonexistence. In Zaire, there are no medical services, there are no educational services, there are no services that one would think a government would actually supply to its people;

- drastic currency devaluations;
- total debt repayment.

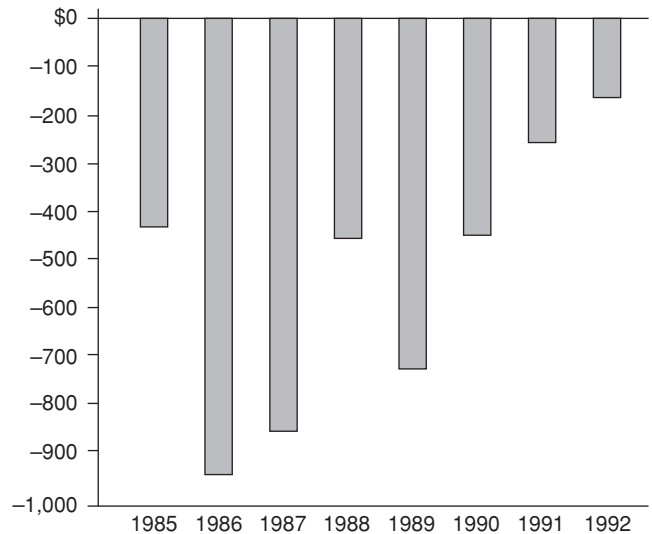
At the same time as the IMF’s Structural Adjustment Programs were being put into place, the terms of trade of African commodities plummeted in the 1980s. There arose an enormous disparity between the purchasing power of African exports as opposed to the purchasing power of the exports of the developed countries (Figure 3).

The total impact of all this is what I call the “vacuum cleaner effect.” The countries are simply sucked dry. Between 1986 and 1990, Africa had to export 30% more of its commodities in order to earn the same dollar in foreign exchange. Between 1986 and 1990, because of the lack of foreign ex-

FIGURE 5

IMF net transfers: sub-Saharan Africa

(millions \$)



Source: UN

change controls, Africa lost another \$30 billion in capital flight.

The net transfer of resources and money of Africa was

out. During the 1980s, the debt of African nations rose astronomically (Figure 4). The African countries had to borrow more money in order to pay the IMF. Figure 5 shows the net transfer of funds from Africa countries to the IMF during the same period: The African countries gave the IMF far more than they received in that decade.

So, it is not the case after all that Africa lives off the aid we give them, those poor incompetents. It is the fact that *we* live off *them*.

The vacuum cleaner in this way just keeps sucking and sucking, and the hole gets deeper and deeper.

The physical economic and social effects

In the 1980s, the Gross National Product of most African countries officially contracted. The figures are an underestimation of what happened to the real physical economy. The GNP in Gabon fell 25%; in Zambia, 35%; in Tanzania, 58%; in Zaire, 59%; and in Nigeria, 76%.

As countries scrambled for cash, people were not able to produce food. Figure 6 gives an idea of the downslide of per-capita agricultural production in the same time period.

Real wages fell by more than 30% across the board in Africa. Unemployment officially rose in most African countries at a rate of 10% per year.

Naturally, life expectancies under these conditions began to come down. They had taken a leap forward in the 1960s right after independence, and now they are beginning to fall back to the levels prevailing under colonialism. In 1994, for instance, life expectancies were: for Zaire, 47; Burundi, 40; Uganda, 37; and Rwanda, 22.6 years.

Life expectancy in the United States is 76.

What were the social effects of this catastrophe? First of all, psychologically, is the breeding of hopelessness and pessimism, as an entire generation is simply cast on the scrapheap. There is a rise of criminalization in the society, a burgeoning of the underground criminal economy. There is a rise in insurgencies, also due to the complete collapse of education. There are wars.

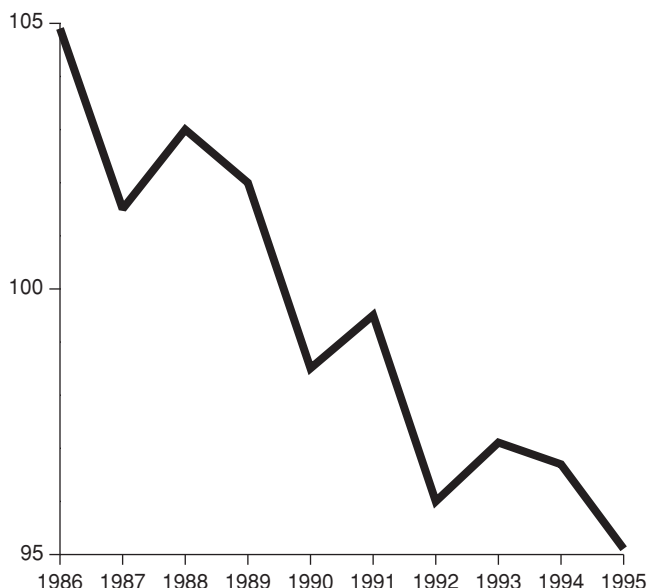
Today, there are 16 African countries that have their troops deployed in war, either civil wars or foreign wars: Algeria, Senegal, Guinea Bissau, Sierra Leone, Liberia, the Democratic Republic of the Congo, Angola, Namibia, Zimbabwe, Burundi, Rwanda, Uganda, Somalia, Ethiopia, Eritrea, and Sudan. This involves a huge area of the continent, not counting the deployment of Nigerian Ecomog troops into Sierra Leone.

Between 1980 and 1989, the numbers of refugees and internally displaced people *within the continent*, not counting the many millions that have left Africa altogether, tripled, from 4,045,200 in 1980, to 13,721,800 in 1989. Today, it is about 14 million. In the 1989 figure, there are about 4 million internally displaced South Africans and 1 million Ethiopians, and they have now been replaced by people from East Africa, Liberia, and Sierra Leone.

These horrors can be distilled into the image of the child-

FIGURE 6
Per-capita agricultural production in sub-Saharan Africa

(1989-91 = 100)



Source: UN

soldiers. The picture is taken from 1985, when Yoweri Museveni, now the President of Uganda but then still a guerrilla leader in the bush, was about to seize Kampala. He seized Kampala with *kadogos*, the word for child-soldiers, who overran the capital. In the picture, he is giving instructions to one of them. The recruitment of child-soldiers was in keeping with Museveni's ultimate ideology, which is the Dar es Salaam University theory that violence is the proper tool of education. Therefore, he is "educating" this young man. How do you recruit a child-soldier? Museveni was a pioneer in this respect. It is very simple. You kill their parents, and then you take that traumatized child into your own group, and you terrorize that child into becoming a killer. That is what we see today in northern Uganda with the Lord's Resistance Army, in southern Sudan with the Sudanese People's Liberation Army, in Liberia, Sierra Leone, and in Congo.

In 1990, after the economic devastation wrought by the IMF, a new phase of destruction was unleashed, and this was London's geopolitical move to destroy the nation-state completely through marcherlords unleashed primarily out of Uganda. The targets were American allies: Liberia, Somalia, and Zaire. In 1989, Charles Taylor invaded Liberia; that country is now completely obliterated. In 1989, right before the Persian Gulf War, Somalian President Siad Barre was brought down, and that country is now obliterated. In 1990, Museveni invaded Rwanda under the cover of the Gulf War. The goal

Museveni's *kadogo* who missed milk



"Museveni's Kadogo Who Missed Milk," was the headline of this newspaper article on President Yoweri Museveni. Museveni (left) talks to his kadogos, the name given to designate his child-soldiers, during his guerrilla war in 1985 to gain power. Museveni was a pioneer in the use of children soldiers.

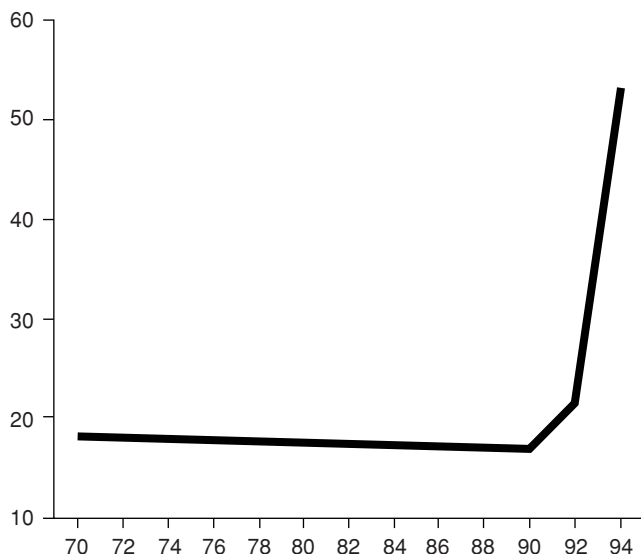
of that invasion was never Rwanda; the goal of that war was always Zaire. And, we have witnessed the devastation to human beings that was wrought by this plan.

As of last year, the areas under the control of this British warlord force and their allies at that time, included Eritrea, Ethiopia, Uganda, Rwanda, Burundi, the Democratic Republic of the Congo, Angola, Congo-Brazzaville, Tanzania, Zambia, Zimbabwe, Mozambique, South Africa, and Namibia—half of the continent.

However, this past August, a change has taken place. On Aug. 2, the Rwandans and Ugandans launched a new invasion of the Congo, because the President they had installed there in 1997, Laurent Kabila, was not cooperating with the program. Now, leaders throughout the region have begun to wake up. Zimbabwe, Angola, and Namibia, supported diplomatically by Zambia and Kenya, have taken action to defend the Congo. On Aug. 24, they counterattacked militarily to support the Congo against invasion. This is not an action to defend Kabila, but to defend the *sovereignty* of the Congo. A line has been drawn. These countries know that if they do not stop Museveni and the forces behind him, which they know are London and allied channels within the United States and France, then *they will be next*. They know that this a marcherlord force bent on the annihilation of the nation-state.

FIGURE 7
Crude death rates rise in Rwanda

(deaths per thousand)



A vision for the future

But this defense can only buy precious time. To achieve victory, two additional conditions must be met.

First, "Where the leaders have no vision, the people perish." Contrast the death rate since 1994 of Rwanda (**Figure 7**), to the potentialities that would have been unleashed if, instead, the Transaqua Project, which would take a mere 5% of the water from the Congo River basin, and divert it by canal into the Sahel, had been constructed in the early 1990s, as agreed upon by the then-Presidents of Chad, the Central African Republic, and Zaire. The Transaqua Project, which also envisions a highway from Mombasa, Kenya, on the Indian Ocean, stretching to the Atlantic Ocean at Lagos, Nigeria, would open up the entire landlocked regions of Central Africa to trade, would open up Africa to the internal exchange of goods, and would create the conditions for full-scale high-technology agriculture and industrialization.

Victory requires as its first condition leaders in Africa who will not only seek to *defend* their countries, but are committed to the Africa of the future, who can see the global crisis and are ready to seize the opportunity to rid Africa of the yoke of colonialism and slavery forever. Leaders who have the courage to say, "Enough. The land is soaked with the blood of our children. This is it. *We* are going to build Africa now."

Second, the victory Africa requires for its rebirth in the twenty-first century, also needs *us*. It needs you. To save Africa, to save ourselves, we must have a New World Economic Order, now, before it is too late.

Brazil is likely to be the next 'big one'

by Dennis Small

Back in 1982, the then-President of Mexico, José López Portillo, said the following at the United Nations on Oct. 1: "Either a new world economic order is accepted, or civilization will sink into a new medieval Dark Age with no hope of a renaissance."

So, even back then, the issues which we now face today, more starkly, were recognized by some at that time. And, it should be noted that those "some," such as López Portillo, were in touch with Lyndon LaRouche, who had met with him just a few months prior to his Oct. 1 remarks.

For those of you who have had a chance to look at the Call for a Union of Sovereign Nation-States, you'll notice, lawfully enough, that ex-President López Portillo is one of the initiating signators of that call.

What I'd like to focus on today, is the situation in Brazil, because this is most likely the next "big one" that's going to blow up financially.

We have entered the zone of sovereign defaults (Table 1). As noted by John Hoefle, with the so-called second phase of the Asia crisis, we are coming into a situation where entire nations, the debt of governments and related debts of entire nation-states, are blowing up. In July 1997, it was Thailand, with perhaps \$95 billion of official foreign debt, but with a *real* foreign debt—in other words, categories that aren't officially counted but are de facto foreign obligations—of perhaps \$110 billion. This is not really a large amount, relatively speaking.

TABLE 1
Sovereign defaults
(billions \$)

Date	Country	Official foreign debt	Real foreign debt
July 97	Thailand	95	110
Aug. 97	Malaysia	40	50
Dec. 97	South Korea	158	170
Jan. 98	Indoneasia	137	150
Aug. 98	Russia	140	180
—?, 1998	Brazil	263	481

Then, Malaysia, just a month later, in August, was put in the barrel, with a total of about \$50 billion. In December 1997, everyone remembers what happened over Christmas with South Korea: It blew up, with perhaps in the range of \$170 billion at stake. Indonesia then jumped into the barrel, or rather was pushed into the barrel, in the early part of 1998, and President Suharto was eventually overthrown as part of this process. Here, perhaps \$150 billion in debt exploded. And now, we're in the throes of the Russian sovereign default. The official foreign debt of Russia is \$140 billion, while the real foreign debt is perhaps in the range of \$180 billion.

Next comes Brazil, in the weeks and months immediately ahead. The official foreign debt of Brazil is going to be \$263 billion at the end of 1998. But, when you add in the other categories of de facto foreign obligations, such as dollar-denominated domestic debt and so forth, you're talking about a real foreign debt bubble of \$481 billion—close to a half-trillion dollars, which, as John so eloquently put it, is about to go, "Poof!"

Now, that's big. This is nearly three times the size of the Russian debt bubble. And as can be seen in **Figure 1**, *the exposure of United States banks in Brazil, and Ibero-America in general, is greater than either in the Asian situation or in Russia.* In all of Asia, U.S. banks have about \$35 billion of direct exposure. Mind you, this excludes consideration of derivatives: We are leaving derivatives aside, because that has an incalculable multiplier effect. We're talking about just direct sovereign-type default.

In the case of Russia, U.S. banks have "only" \$8 billion in exposure. Of course, the strategic implications of Russia

FIGURE 1
U.S. bank exposure
(billions \$)

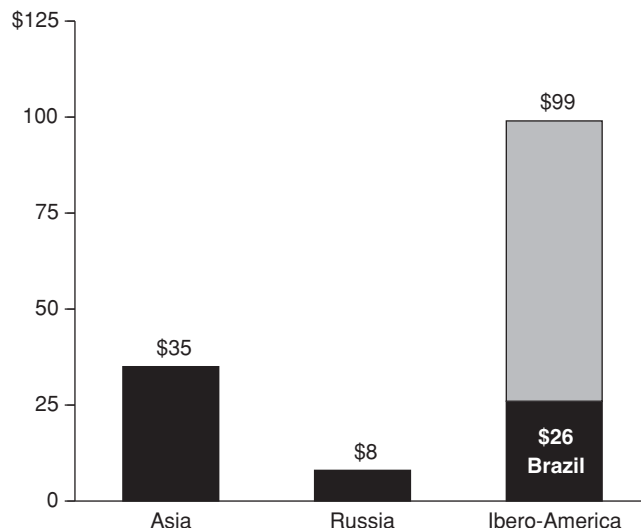


FIGURE 2

Brazil: real foreign debt

(billions of \$)

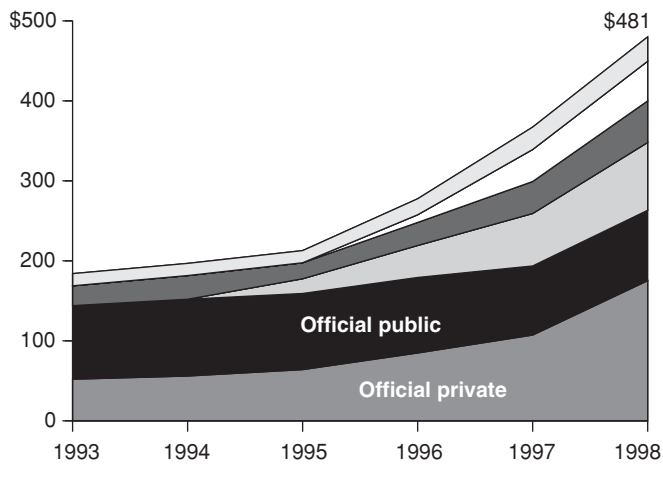
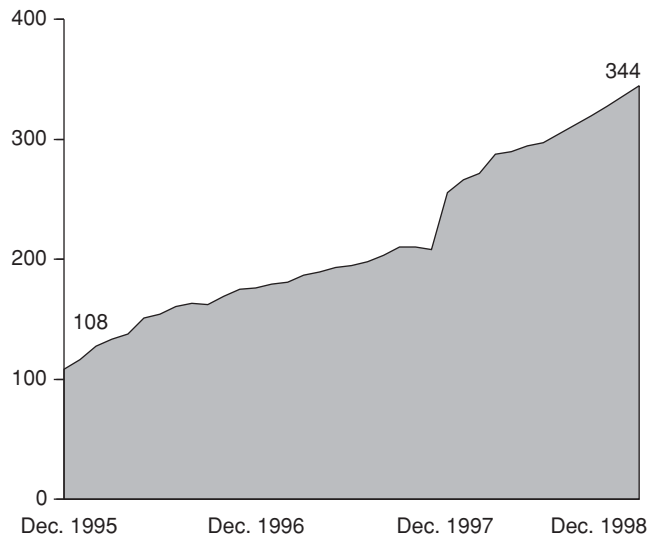


FIGURE 3

Brazil: treasury bonds

(billions of reais)



go far beyond anything that we've seen yet to date, including the Brazilian situation. But it is useful to look at the financial magnitudes, to get a mental image of what's about to go "poof!" here.

In Brazil alone, there is \$26 billion in U.S. bank exposure. In other words, *the U.S. banks have at stake directly 3.3 times as much in Brazil, as they have at stake in Russia*. So, if the size of the debt bomb itself is nearly three times larger in Brazil than in Russia, and if U.S. bank exposure is 3.3 times greater in Brazil, then even simple arithmetic shows that you're talking about a debt explosion of ten times greater direct impact on the U.S. banking system. Again, this is only direct, immediate impact; it is not reverse leverage, not derivatives, none of that. Just the direct, immediate impact of the Brazil blow-out on the United States banking system.

If you look at all of Ibero-America—which, by the way, will go in chain-reaction directly after Brazil—Argentina, Mexico, and so on, then you have \$99 billion of United States bank exposure.

The Brazilian bubble

Now, let us analyze the Brazilian debt bubble, and see what it looks like. **Figure 2** shows the growth—not just the size, but the rate of growth—of the official Brazilian foreign debt, and the de facto foreign debt on top of that. The bottom two segments are the official debt, and the remainder are other categories of de facto foreign obligations, totalling \$481 billion.

Now, that's bad, but it is still not the main problem. That is not where the explosion is likely to start in Brazil. In **Figure 3**, we see not where it is going to start, but where the meltdown has started already, even as we speak.

These are Brazilian treasury bonds. From December

1995, when there were about 108 billion reais worth in circulation (there are about 1.18 reais per dollar), through November 1997, they grew at the rate of "merely" 40% per year. Since that time, until June 1998, the annualized growth rate has increased to about 100% a year. You have a situation of a debt bubble which is out of control, and is already blowing up. The problem is not only the size of the bubble—at current rates of growth it will hit about 344 billion reais by the end of this year—but its composition, which is changing rapidly even in the few weeks since Helga Zepp-LaRouche was in Brazil, in mid-August of this year.

One big problem is that 30% of this domestic debt bubble is denominated in dollars, i.e., about one-third of it has to be repaid in dollars. In other words, they need foreign exchange to do it. Sixty percent of the debt bubble has what is called "post-fixed" interest rates, which means that the interest rate on the bond that you buy is set at the end of the term, i.e., when it matures. That way, if interest rates increase over the term of the bond, you, the bondholder, get more money. Lucky you—if, of course, there's a casino house still standing to cash in the chips. Sixty percent at this point are post-fixed.

Then, the average maturity on all the bonds is nine months. Now, just straight arithmetic tells you that, with this amount of bonds maturing over a nine-month period, you have, on average, approximately \$7 billion worth of bonds coming due every week. Every week that has to be rolled over.

Well, guess what? The markets aren't buying Brazilian bonds any more, at least not at any interest rates that the government can pay. Now, the experts say: "Well, no problem; Brazil's got \$70 billion of reserves." That was, of course, a week ago. Now it has \$60 billion of reserves, and dropping.

Londoño denounces British plot to dismember Colombia

Maximiliano Londoño, president of the Ibero-American Solidarity Movement in Colombia, described to conference participants how narco-terrorists have brought his country to the brink of disintegration, and showed how that destruction flows out of long-standing British plans to dismember all the nations of the Americas.

Londoño also brought “fraternal greetings of friendship” to the conference from former Presidential candidate, Gen. Harold Bedoya (ret.). Bedoya wished the best for “the important work you are undertaking today, regarding the problems of economics and violence that are afflicting the world. Colombia, a country threatened by indiscriminate globalization, drug trafficking and terrorism, needs international understanding and support, in order for life, freedom and democracy not to perish, and Latin America along with it,” Bedoya’s message read. “During



the recent Colombian Presidential elections, I proposed a ‘Marshall Plan’ with international participation to achieve the moral and economic recovery of the country,” adding that he continues to represent “the democratic opposition against the drug trafficking and terrorism that reigns today in Colombia.”

At this current rate of loss of reserves, and turning in bonds at the rate of \$7 billion per week, those \$60 billion of reserves could last perhaps eight weeks, nine weeks, something like that—if the pace does not accelerate, which it is.

The government of Brazil is acting like they aren’t concerned about this, because there are Presidential elections on Oct. 4, and all they want to do is get to those elections. And then, if President Fernando Henrique Cardoso gets re-elected, he will hand over the country’s wealth entirely, to deal with this debt issue.

So, Brazil is on an extremely short fuse to a blowout. A member of the New York Council on Foreign Relations, Albert Fishlow, recently noted that there is a lot of discussion around the world about capital controls and exchange controls. He argued that it is very dangerous that this has been raised by the likes of Dr. Mahathir bin Mohamad of Malaysia, but *should this catch on in a country like Brazil, the system is really finished*. Because Brazil is very big, and very dangerous, Fishlow explained. And, he’s right.

Infrastructure and integration

Brazil is a very great danger, in one sense, to the financial system. But, Brazil is also a country of enormous potential: political potential, economic potential, and it can in fact be the engine for movement and leadership in Ibero-America and throughout the Third World in a significant way.

Brazil is a nation of 170 million people. Brazil is larger

than the continental United States in land area (if you throw in Alaska and Hawaii, the United States is larger). Brazil is the ninth-largest economy in the world. It has an *enormous* industrial sector in its own right. And, most importantly, it has very significant advanced technology capabilities as well—or had, until the recent takedown of some of these—in the nuclear area, and in the aerospace area. It also has capital goods production.

Brazil lacks, as LaRouche has explained, real capabilities in terms of machine-tool production. But the potential for that absolutely exists in Brazil, because of the existing level of development—which, of course, co-exists along with terrible poverty in most of the country. But, it has tremendous potential for real economic development.

Now, Helga Zepp-Larouche was just down in Brazil for about a week. One of the things that has not been publicly reported on, only because there wasn’t space or time to report on everything, was that the very first meeting which she had on arrival, was with a gentleman, an engineer, by the name of Prof. Vasco Azevedo Neto, who is professor emeritus at the Polytechnic Institute of the Federal University of Bahia.

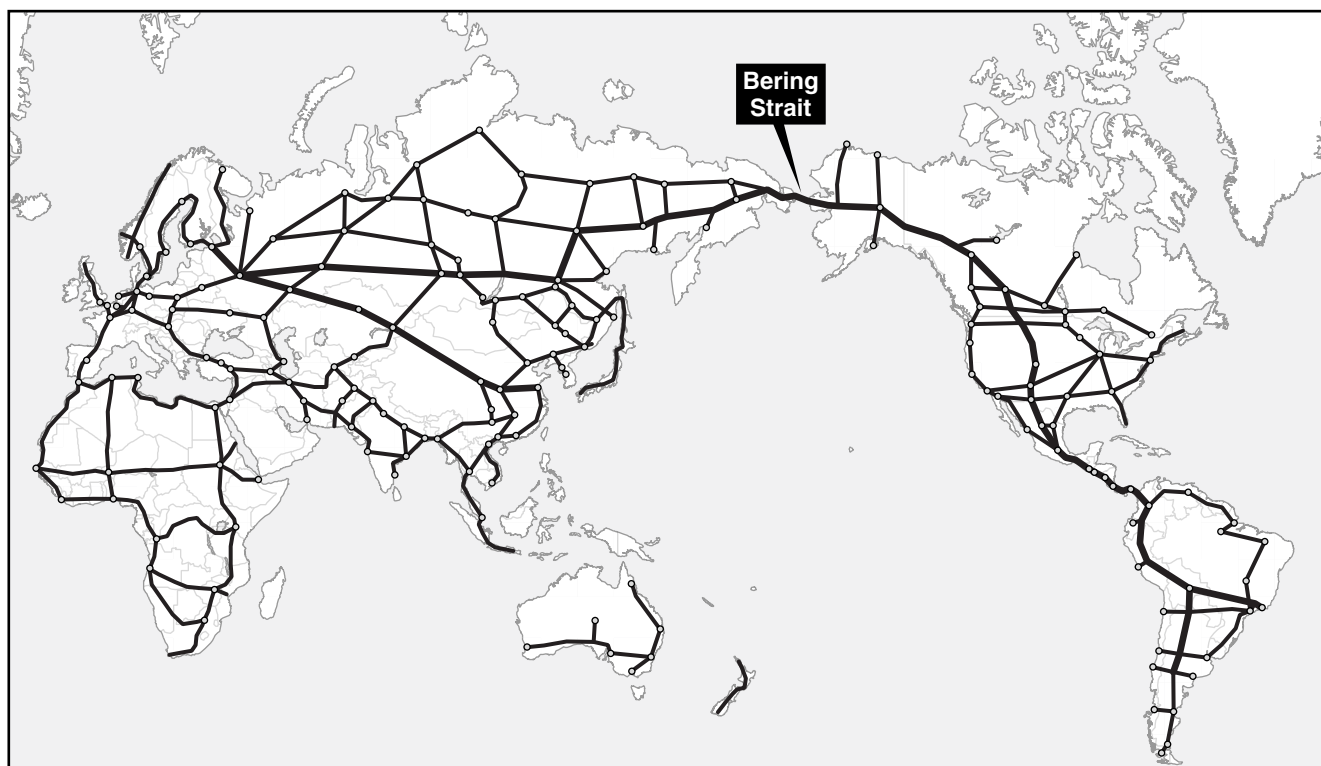
This was a very interesting meeting, because Professor Vasco has developed and published an entire proposal for the infrastructural development, not only of Brazil, but of the entire South American continent, a proposal which is based, as he explains in the introduction, on “the theories and forecasts of the polemical American politician and economist,

FIGURE 4
South America: great water projects



FIGURE 5

Main lines of a worldwide rail network, as sketched by H.A. Cooper



Lyndon H. LaRouche.”

Another notable fact about Professor Vasco is that he is currently a Presidential candidate in the Oct. 4 elections. Now, he does not have any real chance of winning. However, there’s another Presidential candidate, whom I’ll say a little bit about in a moment, who does.

What Professor Vasco has developed—and this goes way back before he knew us, to the 1960s and 1970s—is a concept of developing continental great waterways and railroads to open up the interior of Ibero-America to development, based on what he calls “the paths of least resistance.” In other words, you have to find, within the natural geography and “physical economy,” as he puts it, those pathways of least resistance for the infrastructure, which will lead to the greatest rates of economic development. It’s actually a concept very close to that of Leibniz’s “least action principle.”

In **Figure 4** you can see *EIR*’s representation of proposed water development projects for South America. Professor Vasco presents similar maps and proposals, emphasizing what he calls the “Great Waterway.” This is a water transport system which would connect the river systems of the Orinoco in the north, with the Amazon system in the center of the continent, and then down into the Rio de la Plata system in the south.

There are two principal connection points that have to be developed: One, where the Orinoco links up with the Amazon, which is in a region called the Casiquiare, which is the headwaters of *both* river systems. I’ve never been there, but I’m told that this is one of the most fascinating geographical areas on the face of the earth, because you have water that comes from underground springs, and flows in two opposite directions simultaneously. So, you need a canal system to connect these two systems, and thereby make the entire area navigable. Further south, going down the Amazon system, you can link up to the Paraná/Rio de la Plata system in the Guaporé rapids area, if you also construct canals and so forth.

If you do this, you have an internal navigable waterway which is 9,800 kilometers long. That’s about 6,000 miles. Think back to what we heard in other panels at this conference about the importance of opening up the Ohio and the other river systems in the United States, and you can see how crucial this is for South America.

Interestingly, the idea of linking up these three river systems, historically, was associated both politically and economically to the idea of opening up the waterways in North America. It was actually Alexander von Humboldt who was among the first to propose connecting these three river systems, then leading out into the Caribbean, travelling

up the Mississippi River, and from the Mississippi, through canals, connecting to the Great Lakes system of the United States. His idea was one of *integrated continental development*, and this is the way it actually has to be done today, as well.

What *EIR* has added to Professor Vasco's waterway proposal, is that there must not only be great infrastructure development projects, but that you also have to have corridors of development which are carried by these infrastructure projects, which is LaRouche's concept for the European Productive Triangle and the Eurasian Land-Bridge.

The shaded area in Figure 4—southern Brazil, Uruguay, and northern Argentina—is what we have called the “Productive Axis” of South America. It is only 12% of the total land area of Ibero-America, but it has 26% of the population, 40% of the electricity production of the continent, and 44% of the manufacturing. It is the most economically dense region, and it has to be the motor which spreads development—technology and labor-force development—throughout the interior of the continent, through not only this Great Waterway, but also through an integrated continental railroad system, which has the crucial advantage, unlike the Waterway, which can't go over the Andes Mountains, of linking South America up with the Pacific Basin and the Eurasian Land-Bridge.

The existing railroads of Ibero-America are relics of colonialism. The railroad density (kilometers of rail per square kilometer of land area) is one-sixth that of the United States, and one-thirteenth that of France. Moreover, there are six different gauges in Ibero-America, such that, on the existing rail systems, you cannot interlink the traffic of one country to another. This was an intentional colonial policy, to have rail lines running only from the mines, to the ports, for export of raw materials.

It is an economic and political necessity to link such great development projects of Ibero-America, to the Eurasian Land-Bridge, and more broadly to the proposed Union of Sovereign Nation-States, as has been discussed throughout today's proceedings (see **Figure 5**).

The political task at hand is one that is absolutely feasible. The current governments of Ibero-America are, by and large, weak and bad, as they are in many parts of the world. But, there are some past Presidents who are not so bad, and are helping to lead the way, such as the case of Mexico's López Portillo. And, we are confident, there are some *future* governments and Presidents that are not so bad either.

In this regard, I would simply refer to the case of Brazil's Dr. Eneas Carneiro, the Presidential candidate who hosted Helga LaRouche on her recent trip to Brazil. In an educational pamphlet of his, entitled “Brazil in Danger,” Dr. Carneiro notes simply: “There is only one solution, and that is to break with the international financial system, including the IMF, the World Bank, and the World Trade Organization.”

Give the children back their dreams!

by Gail G. Billington

Two developments in the past week graphically underscore the theme of this panel—the two paths for humanity: descent into a New Dark Age, or a return to economic and cultural sanity through the New Bretton Woods and Eurasian Land-Bridge policies outlined by Mr. and Mrs. LaRouche.

On the side of the New Dark Age, we have the Aug. 31 report of the International Labor Organization that in 1999, some 66% of Indonesia's more than 200 million people will slip below the poverty line—2 out of 3 people. As the report says, this is “poverty levels not seen since the 1960s.”

Please recall that in October 1997, then-President Suharto was given the UN award for poverty eradication, having reduced the number below the poverty line to 11%—better than poverty figures here in the United States. The ILO report confirms that 35 years of progress have been wiped out in Indonesia.

Similarly, the famine in North Korea has claimed the lives of at least 2 million, and possibly up to 6 million people—2 million would be 1 out of 12 people; 6 million would be almost 1 out of 4.

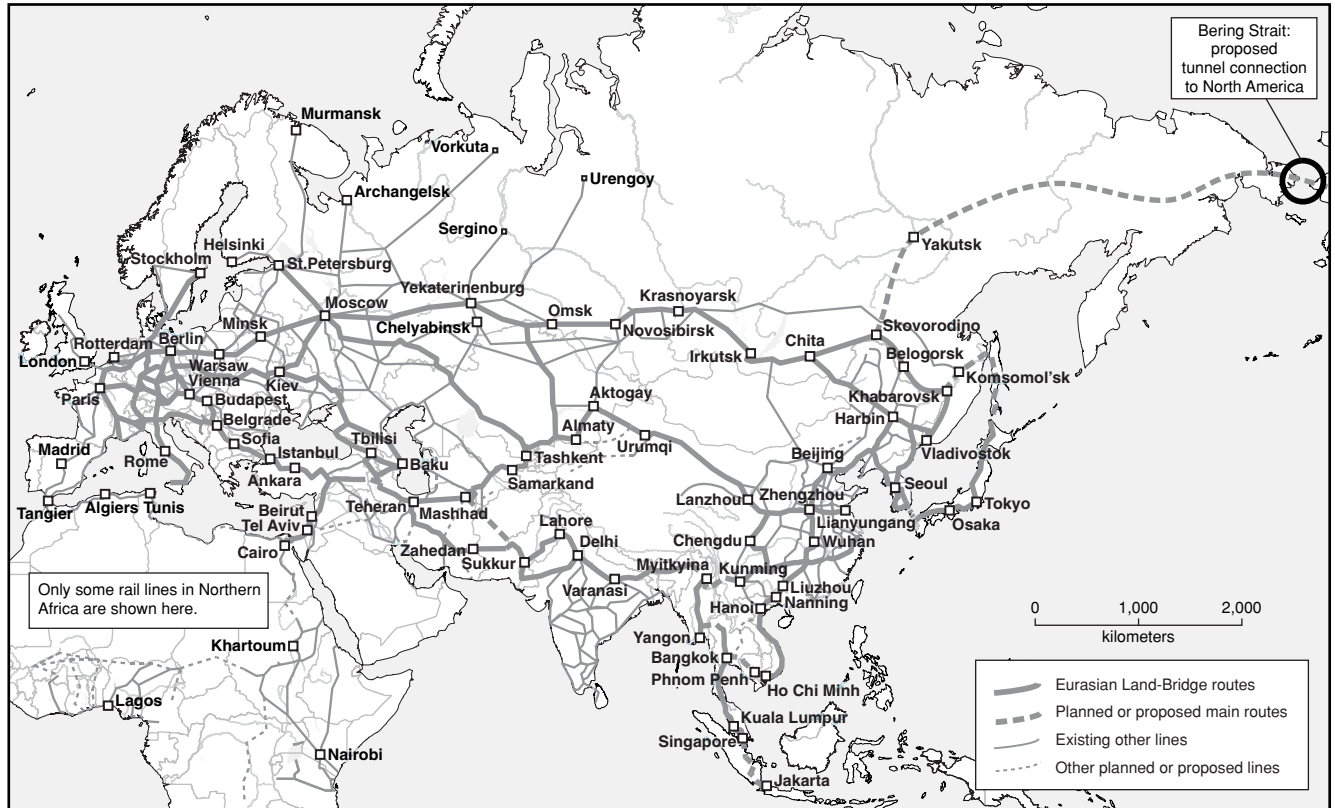
The second development, is the move by the Malaysian government to shut down the ability of speculators to continue to loot that country, through attacks on its currency and stock market. Prime Minister Dr. Mahathir bin Mohamad has made the turn toward economic sanity, over the objections and obstruction of his now former Deputy Prime Minister and the former central bank head.

Sept. 20 marks the first anniversary of Dr. Mahathir's keynote address to the annual International Monetary Fund (IMF) meeting in Hong Kong, in which he became the first sitting head of state to publicly espouse what *EIR* has said all along about the global financial crisis: that the world economy has been overtaken by speculation, and has been decoupled from providing for the general welfare of the population, and that this is leading to a new form of colonialism. He has also said, and as a sitting head of state, uniquely so, that the only solution must be a global overhaul of the financial system.

On the eve of that IMF meeting, the *Wall Street Journal* ran a front-page article in its Asian and European editions, charging that Dr. Mahathir was listening to LaRouche. In

FIGURE 1

Eurasia: main routes and selected secondary routes of the Eurasian Land-Bridge



its lair on Wall Street, the *Journal* didn't say a peep.

I want to read you an excerpt from Dr. Mahathir's speech on Nov. 2, 1997, describing the world economy:

A world trading system cannot rely on market forces. It is time that we draw up fair rules for the market place. If we don't, then the fight for independence will have to begin all over again, for the present market rules will surely result in a new imperialism more noxious and debilitating than the old.

And, let me make clear what Malaysia has done with the controls imposed last week. The following excerpt from the Sept. 1 Bank Negara release makes absolutely clear Malaysia's understanding of what is required, and to what extent any national measures will solve the global problem:

"2. . . . While arguments have been put forward for emerging economies to undertake economic and financial reforms, of greater urgency is the need to reform the international financial system to better cope with the changed international financial environment that we operate in. *Unless this is recognized by the international community, there will*

not be a permanent solution to the current crisis.

"3. *Efforts to deal with the current situation on the part of one country alone will not be sufficient to achieve this objective on a permanent basis [emphasis added]. . . .*

"4. The overriding objective of the new measures is to regain monetary independence and insulate the Malaysian economy from the prospects of further deterioration in the world economic and financial environment. . . ."

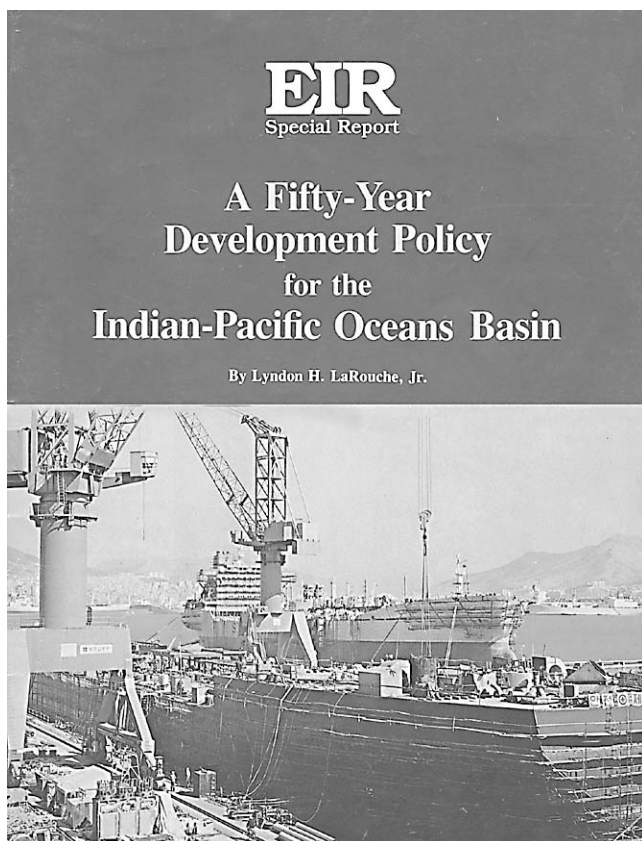
Pawprint of the New Dark Age

I shall briefly indicate exemplary evidence of the approaching New Dark Age, as a result of the utter failure of the IMF system.

1. *Unemployment: Record rates of unemployment are being recorded across the region.*

In Indonesia, the economy will collapse 10%, and perhaps up to 20% this year, with inflation running officially at 80-85%, unofficially at 100% or more. In June, Manpower Minister Fahmi Idris warned that unemployment would rise to 17% (15 million) of the 90 million workforce. One co-author of the ILO report warned that unemployment could possibly rise to 20% (18 million), with half of those seeking

FIGURE 2



“work” in the “informal sector.” Earlier reports said as many as 50 million people would be “underemployed”; 7-9% (6-8 million) will fall under “open employment”—less than one hour of work per week. Using the conservative estimates, that adds up to 71 million *effectively unemployed* out of a 90 million labor force!

Unicef and the ILO report that 5 million people are immediately at risk of starvation; 4 million children below the age of two are severely malnourished. (The poverty level in Indonesia is defined as daily income of 55¢ in urban areas and 40¢ in the countryside, or a daily diet of 2,100 calories.)

In Thailand, 2,000 workers a day are losing their jobs. Unemployment could hit 3 million this year, the worst level in 50 years. There are 1.6 million unemployed and another 2 million flocking to the cities for any kind of employment, and if you’ve ever seen Bangkok traffic, you know what this means. Soup kitchens have been set up.

The region also faces deportation of at least 3 million immigrant workers, i.e., the mass dislocation of peoples throughout the region, many from the poorest countries in the region: Cambodia, Myanmar, Bangladesh, which have the least resources to absorb such shocks or loss of income.

2. *The explosion of the “informal sector” means an explosion in crime, drug abuse, prostitution.*

On Aug. 19, the ILO released a report showing that prostitution accounts for 2-14% of GDP in Indonesia, Malaysia, Thailand, and the Philippines. In Indonesia, at the lower end of the range (1-2%), prostitution earned \$1.2-3.3 billion per annum. In Thailand, at the high end, it yielded annual income of \$22.5-27 billion during 1993-95, according to a study by Chulalongkorn University, with \$300 million in remittances to rural families of “commercial sex workers.” The Philippines has an estimated 75,000 child prostitutes, compared to 100-160,000 adult prostitutes.

Thai officials have sounded the alarm over increasing amphetamine abuse among young adults. The number of youth charged with illegal drug use so far this year is already almost as many as for the entirety of 1997 — youth drug offenses have risen 72% since 1993.

3. *There is a collapse of health care, and increased rates of disease.*

Indonesia is 90% dependent on imports for medicine; the currency collapse means that medicine is 500% more expensive; Malaysia, 60%; the Philippines, 90%.

After Africa, Asia is emerging as the epicenter of the AIDS epidemic, which is suggested by the growth of the “informal sector.” In the past year, however, the former Soviet bloc has experienced the highest rate of increase in new AIDS cases.

There is a dengue fever epidemic, which is related to the drought. Rates of infection in May were three times last year’s; in Indonesia, there were 777 dead by May 1998, as compared with 707 for all of 1997. Jakarta was hardest hit by a shortage of blood and medicine. Thailand is expecting 300,000 cases this year, again, with four times the number of fatalities as last year as of May. Worst of all, 75% of the fatalities were children ages 5-14, because symptoms don’t present in that age group until the patient is near critical condition.

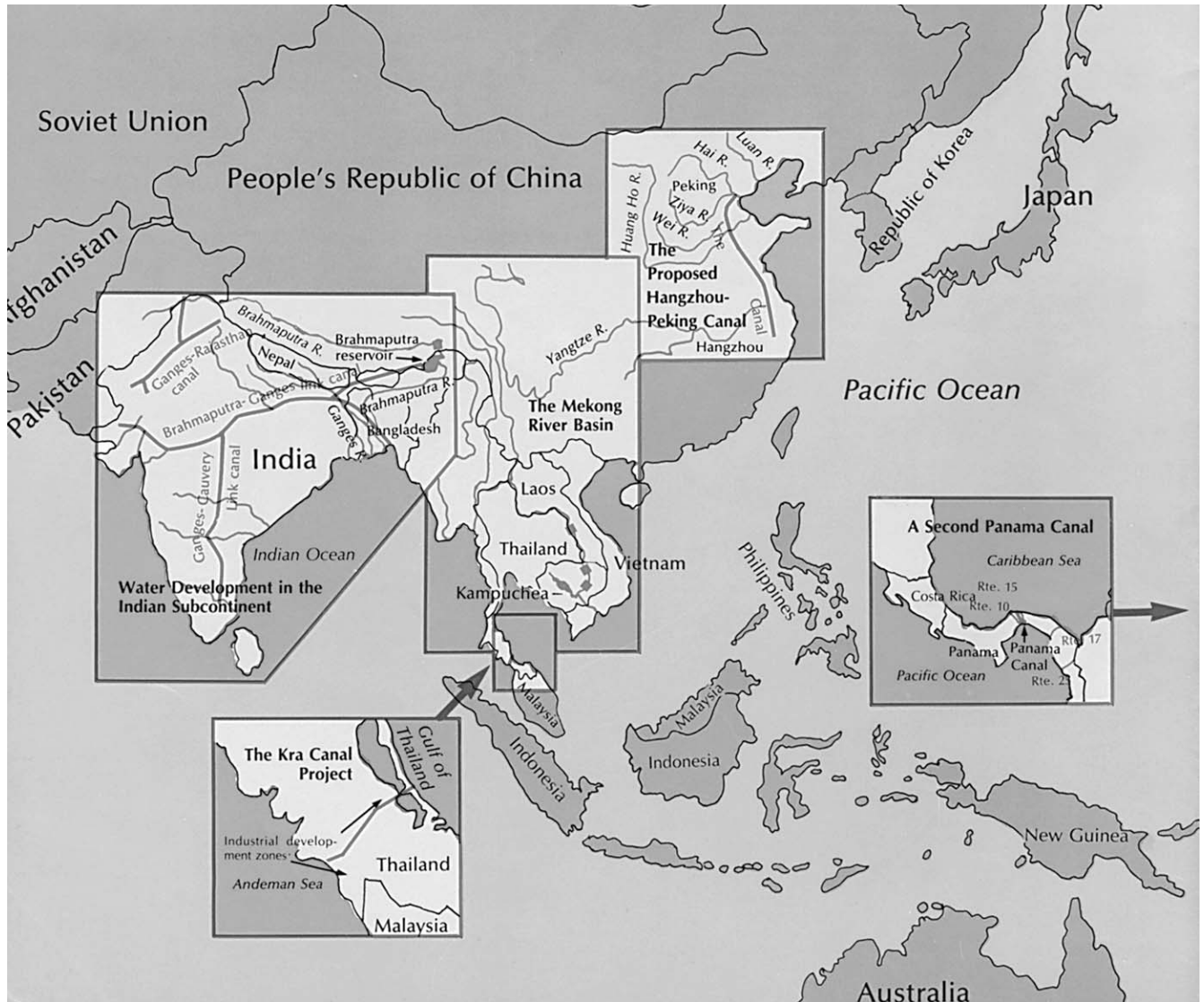
4. *Cultural pessimism, cynicism, and the collapse of education.*

Early this year, Indonesia reported that the entire university graduating class was counted among the newly unemployed. In June, Education Minister Juwono Sudarsono said that 30% had dropped out of school because they were unable to pay tuition, transportation, and other fees, and they needed to help support the family. On Aug. 8, he reported that enrollment was 24% lower than last year. The ILO report says that 1.4 million new entrants into the labor force, i.e., young adults, will be unemployed.

In Thailand, on Aug. 19, the Foundation of Children’s Development said that 300,000 students have dropped out before grade nine. Almost the entirety of the 48,000 university grads will be unemployed; 70,000 elementary school teachers will lose their jobs, 30,000 of them new graduates.

FIGURE 3

Great projects: The motor for development



In Malaysia, of the graduating classes this year, only 1 in 10 will find work — mostly below their academic achievement levels, and at reduced wages.

At the end of July, even the World Bank warned: “No country in recent history, let alone one the size of Indonesia, has ever suffered such a dramatic reversal of fortune. . . . Too much is at stake for Indonesia and the world to allow the country to fall back into a nightmare of recession and poverty after 30 years of economic and social progress.”

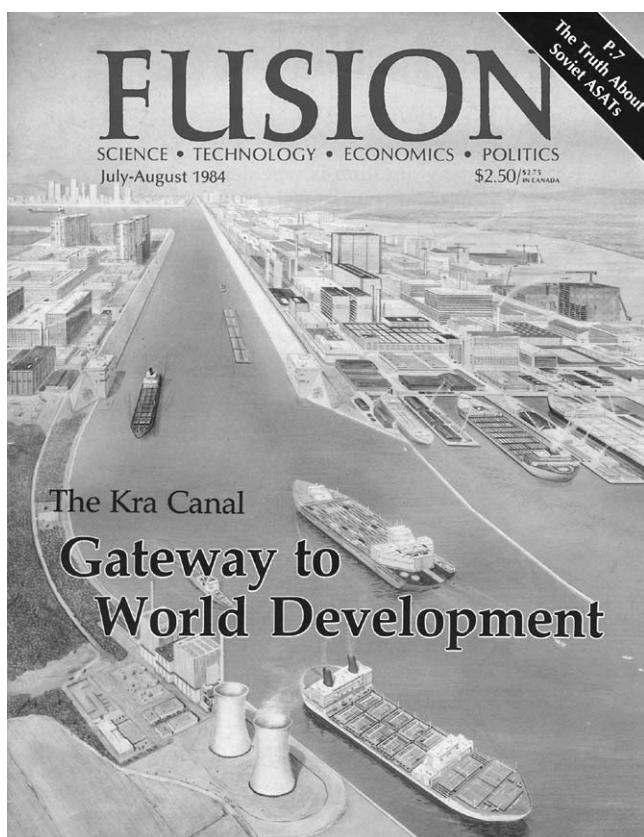
On Aug. 6, fifteen prominent Indonesian economists sounded the alarm. One of them warned: “If there is no prompt action, the situation will move toward a total destruction of

the Indonesian economy, bringing along the collapse of the social and political life of the people and even the existence of Indonesia. . . . Class conflict could happen where people with no rice beat up others. . . . We are running against the clock. . . . We are dying, do you understand?”

Most ‘unnatural’ disasters

Another type of disaster hit in the past year, also largely the product of this failed IMF system. That is the catastrophic “natural disasters” blamed on the El Niño cycle, which led to record high temperatures, the worst drought in decades, billions of dollars in crop loss, and devastating forest fires,

FIGURE 4



followed by the worst flooding in decades. Water rationing hit both the population and industrial centers of the Malay peninsula, for example.

In Asia, especially Southeast Asia, about 300 million people, more than half of the 0.5 billion in Southeast Asia, live on islands—more than 17,000 islands in Indonesia, and more than 7,000 islands in the Philippines. One of the biggest problems in Southeast Asia is, “Water, water everywhere, but ne’er a drop to drink.” They are surrounded by water, but man has failed to fulfill God’s mandate, in Genesis 1:28: “Be fruitful and multiply, replenish the earth and subdue nature!” We need potable water for consumption, for health; we need abundant water for agriculture, for industry.

If man has the science, the technology to “subdue nature,” can you call such a disaster as this year’s drought “natural”?

Southeast Asia needs floating nuclear power plants to provide power, and water desalination and similar technologies that have been gathering dust for decades.

‘We like to think big’

In fact, the first sacrifices on the altar of the IMF free-trade system this year, were precisely those infrastructure

projects that could have helped prevent such “unnatural” disasters. Prior to the onset of the “Asian contagion,” a clear consensus had developed in the region around the urgent need to carry out what has become known as the Eurasian Land-Bridge project (**Figure 1**), a vision which was clearly stated in Dr. Mahathir’s speech to the IMF meeting in September 1997:

“We like to think big. We even have great ideas for bringing wealth to other developing countries. We proposed the development of the Mekong Valley, beginning with the railway from Singapore to Kunming. . . . We want to link up with the railways of China, Central Asia and on to Europe. . . . But we are not going to be allowed to do this because you don’t like us to have big ideas.”

Specifically, this includes a grid of interlocking highways, railways, bridges, water projects to tame the mighty rivers of Asia, dam projects, and power projects. Many of these were the first victims of the massive budget blood-letting that began last fall and continues to this day. Vietnam in recent weeks has cancelled 27 infrastructure projects, for example, including construction on the Trans-Asia Highway.

What is equally important, is that same political consensus for development represents the promise of securing peace through development in Asia in a way that has been almost unthinkable since World War II.

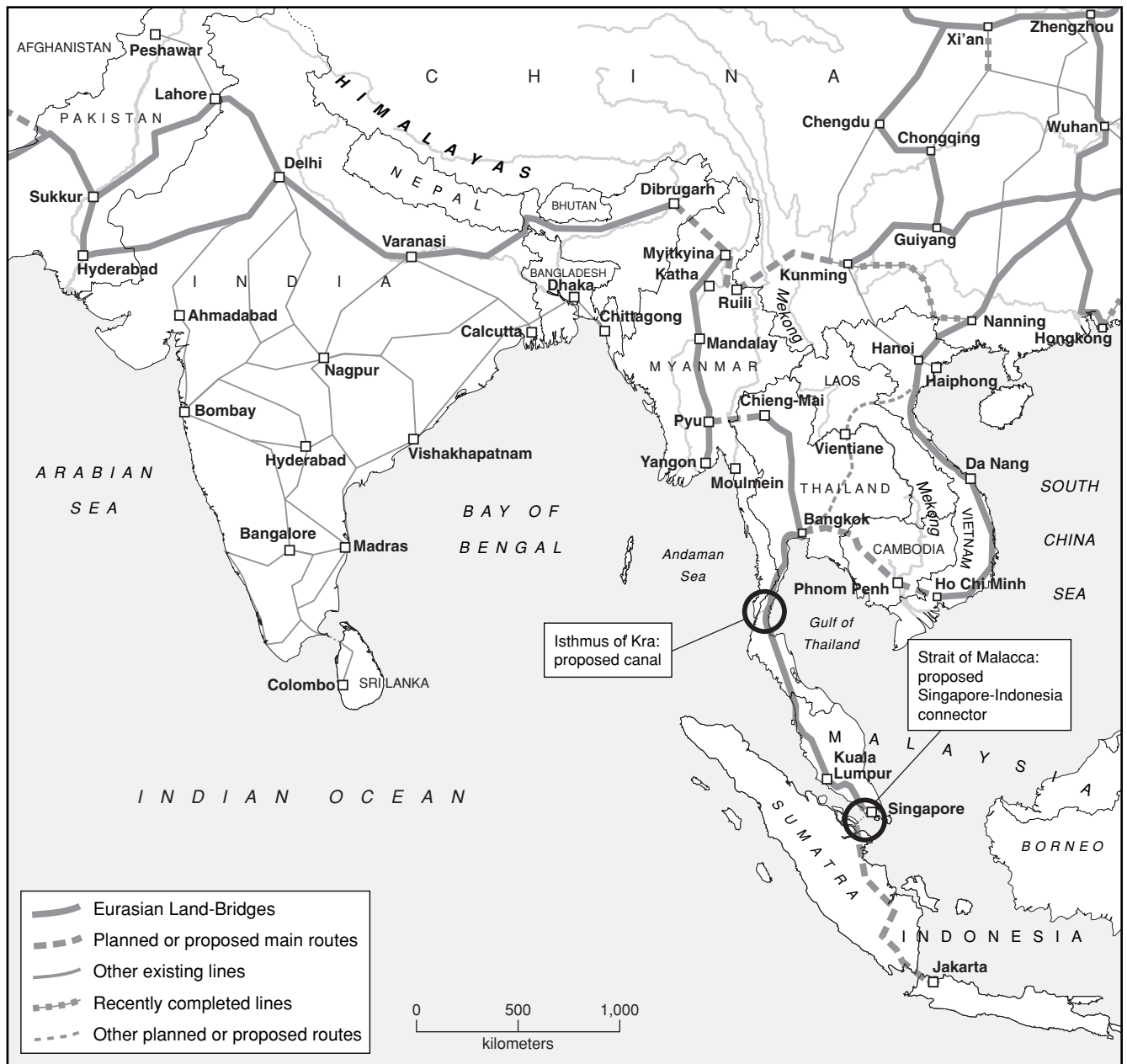
Look into the past to see the future

For the entire history of this association, it has championed the need for a just new world economic order, including equal access to the most advanced ideas in science and technology to carry out continental infrastructure projects. A 1983 *EIR Special Report*, “A Fifty-Year Development Policy for the Indian-Pacific Oceans Basin” (**Figure 2**), outlined a 50-year perspective for Asia-Pacific development, a principal feature of which was water projects, including in the Ganges-Brahmaputra and Mekong River basins, a canal across the Kra Isthmus of Thailand, a second Panama Canal, and others (**Figure 3**).

Let us take a closer look at the Mekong River development program. The Greater Mekong subregion comprises Cambodia, the Lao People’s Democratic Republic, Myanmar, Thailand, Vietnam, and Yunnan Province of China—several of these countries have been at war with each other almost since World War II. It covers a land area of 2.3 million square kilometers, with a population of more than 230 million. GDP for the region in 1994 was \$184 billion. By the year 2010, according to the Asian Development Bank, with sustained progress, the population could reach 314 million, and GDP \$863 billion.

The priority infrastructure projects include 9 highway projects, 8 major rail projects, 10 major water transport projects, a series of dams and power projects, 6 airport construction or upgrade projects, and 13 fiber-optic telecommunica-

FIGURE 5
Railways, and Kra Canal, in South Asia



tions projects. *EIR's* estimate in 1983 was that the combination of projects would lead to a tripling of food production in the Mekong region by the year 2000, making it a breadbasket for Asia.

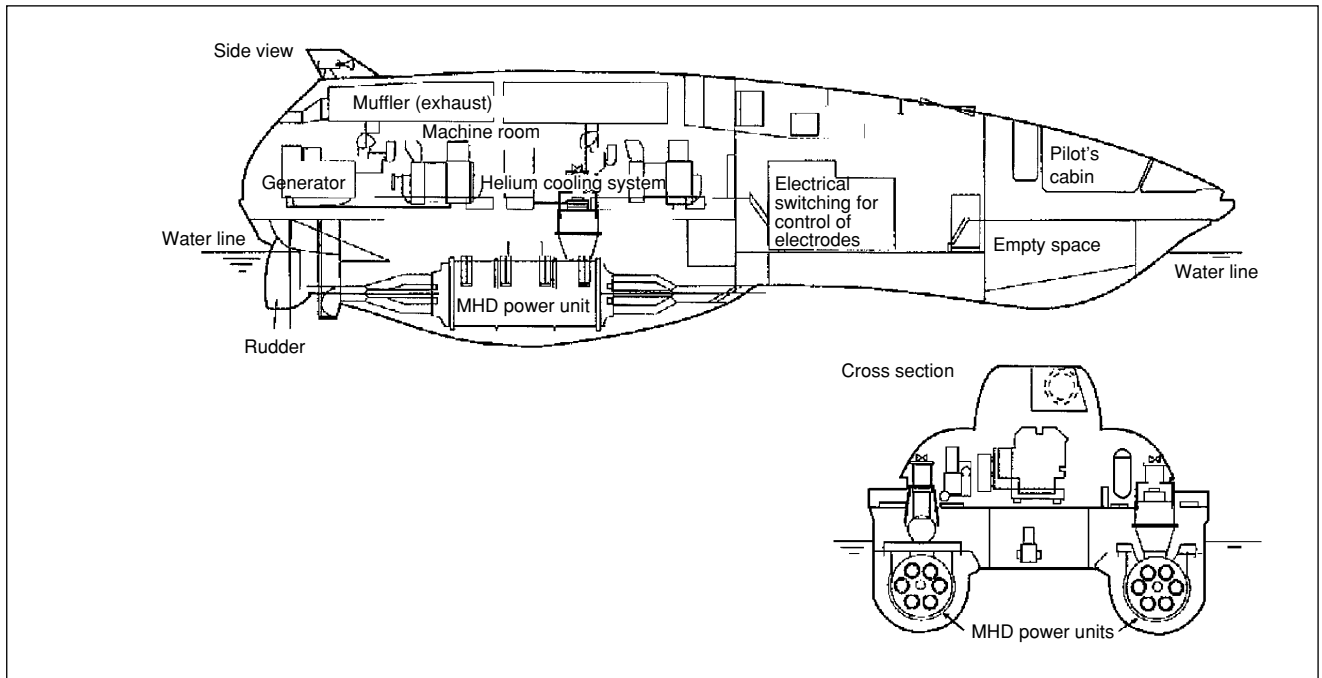
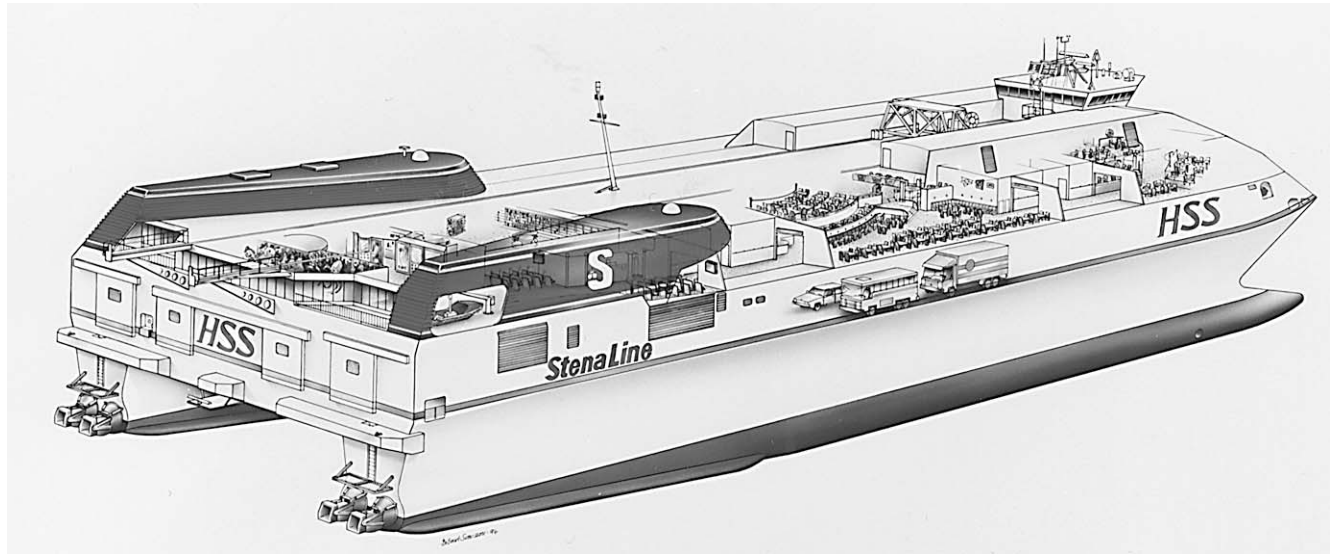
This is also the part of East Asia that has served as the cauldron of war and instability since World War II—part of the colonial powers' attempt to contain China and prevent the greatest concentration of the world's population from ever

achieving full development. Border insurgencies, largely run by drug-warlord armies, many with backing from the former colonial powers, continue. It is also the home of the notorious Golden Triangle opium production. Just this year, the Greater Mekong subregion reached a breakthrough agreement on drug eradication, making clear that drugs and war *cannot co-exist* with peace through development.

The Mekong countries also made links extending into

FIGURE 6

A Japanese model of a magnetohydrodynamic propulsion catamaran



South Asia this year, through the Bimstec group.

Let's move south to the Isthmus of Kra and into the Southeast Asian archipelago. In the policy debate that erupted in Thailand this year seeking alternatives to the IMF, leading economists called for a Marshall Plan to build out of the IMF's depression. With that, have come renewed calls for construc-

tion of the Kra Canal, a project first proposed in 1793 by the younger brother of King Rama I of Thailand. At the end of World War II, the British explicitly forbade Thailand to build such a canal, as a precondition for regaining independence following Japanese occupation. It is a project the LaRouches and *EIR* campaigned for actively from the 1970s to the present

as essential to unleash the economic potential of Asia. (See **Figure 4**, the cover of *Fusion* magazine, the science magazine cofounded by LaRouche.)

In 1983, the Ministry of Communications in Thailand co-sponsored a conference with *EIR*, one of several conferences, on the great projects for Asia. At that conference, Mr. LaRouche discussed the development of the world's economy in terms of principal ocean basins, identifying the key chokepoints to world trade in the lack of sufficient transit points connecting those ocean basins: for example, the Mediterranean to the Indian-Pacific oceans through the Suez Canal; the Atlantic to the Pacific through the Panama Canal; the Indian Ocean to the Pacific through the Straits of Malacca—chokepoints strangling the potential for rapid and necessary increase in the transport of goods.

At that seminar, *EIR* argued that rates of shipping traffic in Asia would increase, conservatively, 2.5 times between 1982 and 2000, and tenfold by 2020, a shipping volume that could not possibly be handled safely or rapidly through the Malacca Straits. *EIR* endorsed the proposals presented at that conference to construct a sea-level canal without locks, using peaceful nuclear explosions to excavate some 45 kilometers of the 102 miles of the canal's length, and to increase the industrial potential through the construction of deep sea ports at one or both ends of the canal.

Moving into the Southeast Asian archipelago, let me quickly identify key linkages (**Figure 5**). As part of the Thai, Malaysia, Indonesia growth triangle, a series of ambitious, indeed historic, bridge projects were in the works prior to the financial blowout. These bridges would straddle the Malacca Straits, linking Malaysia to Indonesia, with additional projects spanning the Sunda Straits between Sumatra and Java, and another to link Java to Bali. Malaysia planned the most ambitious dam project in the world, the Bakun Dam, with major assistance from Brazil's now-privatized CVRD—a bauble Soros bought into—which dam would transform the island of Kalimantan, shared by Malaysia, Indonesia, and Brunei Darussalam, with a growth triangle linking Malaysia, Indonesia, and Brunei to Mindanao, the southernmost island of the Philippines.

A further requirement for the archipelago, Mr. LaRouche has insisted, is to develop high-speed shipping capacity—to transform the South China Sea in a way similar to how the Great Lakes between the United States and Canada opened up the industrial heartland of North America with the construction of the St. Lawrence Seaway. **Figure 6** is an example of such technology, which was patented in 1961. It is a Japanese model of a magnetohydrodynamic propulsion catamaran, which has no moving parts, but uses electromagnetic forces, enabling it to travel at speeds of 60 up to 95-100 kilometers per hour.

We must turn the Andaman Sea, the South China Sea, and the other great bodies of water into “the Great Lakes” of

industrial development in Asia. After all, more than two-thirds of the world's population live there.

The children are the best reason I can give you for why we must seize this opportunity to build the new, just world economic order on the ashes of the IMF system. We must give back to the children of Asia, Africa, Ibero-America, Russia—the world—their inalienable human right to play, to dream, to happiness, to “be somebody,” as Dr. Martin Luther King, Jr. said. Indonesian President B.J. Habibie was such a child. Born into a poor family on the island of Sulawesi, as an adolescent he was taken under the wing of the local military commander, later President Suharto. Clearly, Suharto encouraged Habibie to “think big,” to dream, because Habibie became one of the world's leading aeronautical engineers, vice president at the Vokker Messerschmitt firm in Germany. In an interview with the *New York Times* earlier this year, Dr. Habibie confessed that he had dreamed of becoming an astronaut. Imagine that: a poor boy from Sulawesi in outer space.

Let me introduce you to the future commander and his crew of the international space station.



Indonesian children. “We must give back to the children of Asia, Africa, Ibero-America, Russia—the world—their inalienable human right to play, to dream, to happiness, to ‘be somebody,’ as Dr. Martin Luther King, Jr. said.”

Russia: Dark Age, or recovery as Eurasia's keystone economy

by Rachel Douglas

What happened to the economy of the Russian Federation during the 1990s, you see in **Figure 1**. It is a mirror of LaRouche's "Typical Collapse Function." It compares the growth of the state debt since 1990, combined foreign and domestic, with the collapse of the core sector of a modern economy — machine tool production. The process of looting of the productive powers of the economy, expressed by the upward flight of the debt curve, against the demolition of "the brains of profit," the machine-tool sector, has sent the world's second biggest nuclear power — Russia — into a Dark Age.

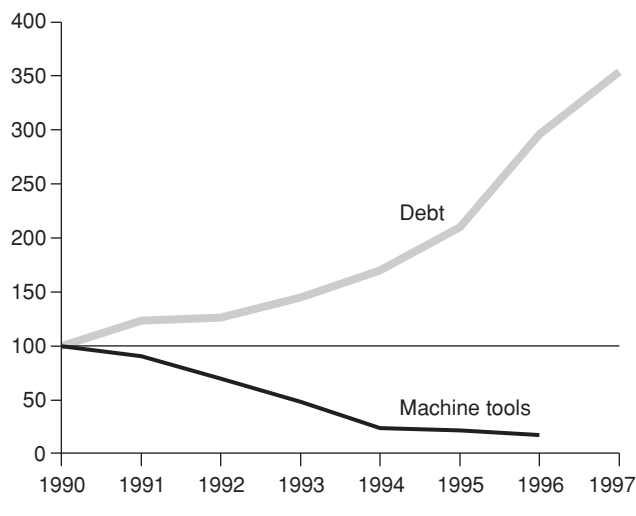
Lyndon LaRouche warned that this would happen, back in 1989-91, when he offered the Productive Triangle policy. Three short pieces of film footage will remind us of what LaRouche said at the outset of this dismal process in Russia, and will show why Russia and the other countries of the former Soviet Union need to be part of a New Bretton Woods and the Eurasian Land-Bridge reconstruction policy.

The first film was aired on U.S. national television on Jan.

FIGURE 1

Russia: bubble vs. real economy

(index 1990 = 100)



28, 1992, by LaRouche's Presidential campaign. The second is excerpted from a documentary made in 1994 by Stanislav Govorukhin, titled "The Great Criminal Revolution"; it is a glimpse of the Africanization of Russia that was under way, nearly five years ago, less than two years after the beginning of the so-called "reforms." Mr. Govorukhin, a famous Russian actor and director, is also a member of the State Duma, the Russian parliament. You will see his interviews with Russian nuclear scientists, some doctors, and children — the brothers and sisters of the child-soldiers of Uganda and the child-prostitutes of Thailand — who are taking part in the free market economy in far eastern Russia. The third film, is a snippet from another LaRouche Presidential campaign broadcast, from June 1996.

* * *

Clip 1: From a LaRouche Presidential campaign broadcast, Jan. 28, 1992.

Announcer: Lyndon LaRouche — from his prison — has been developing the detailed programs necessary to integrate the former Communist nations into a new, revived European economic bloc. On his behalf, Helga Zepp-LaRouche and her representatives have extensively toured Eastern Europe, explaining those programs to high-level officials. What is President Bush's current program for the former Iron Curtain countries? He insists that they institute "free-market reforms," which means that they must open themselves to the conditionalities of the International Monetary Fund and other Anglo-American banking organizations. They must follow the policies of Harvard economist Jeffrey Sachs, for instance: devaluing their currencies, destroying what's left of their industry, throwing millions onto unemployment — all, so that the Anglo-American bankers can loot what remains.

In other words, Bush proposes to treat the former Soviet Union and Eastern bloc countries like the IMF treats the nations of Ibero-America and Africa.

Lyndon LaRouche now warns that, if there is still a danger of nuclear war, its source is the insane foreign economic policy of George Bush. LaRouche sent the following taped message, from his prison, on Dec. 28, concerning the new free-market reforms of Russian President Boris Yeltsin:

LaRouche: "If Yeltsin, for example, and his government, were to go with a reform of the type which Sachs and Sachs's co-thinkers demand — chiefly from the Anglo-American side — then the result in Russia would be chaos. In such a case, the overthrow of Yeltsin, or somebody, by a dictatorship and the restoration of a form of what is called totalitarianism would probably occur. In that case, then we have a strategic threat." (From a Dec. 28, 1991 audio recording.)

* * *

Clip 2: From "The Great Criminal Revolution" Part III: Does Russia Have a Future?

Govorukhin: Travelling around Russia, seeing how the

country is being robbed, we gradually realized that Russia was not simply being looted. Her future has been stolen. What are the building-blocks of the foundation of the future of any country? Science, culture, education, health care, defense, and the children. The future citizens of the country. As we raise our children, so our country will be.

[Film shows security gate] Arzamas-16. At one time, the very name of this city was pronounced with a quaver of the voice. It is the country's main nuclear center.

Scientist: "Virtually all financing of this scientific research and development has been cut. I consider this a catastrophe. We were turned loose in the market, cut from the budget. But we have no commodities, nothing we can barter with. What we are capable of doing, we cannot sell, we have no right to."

Man at microphone: "How do we live here? What's going on with science? I was trying to think of how to explain it to you in a few words, so that you might understand. We are digging graves. Our people are simply dying. It may seem strange. Our work, which is linked with various damage, has been sharply cut back. Everybody knows it. But the people have begun to die."

Govorukhin: How do the scientists live? Badly. Wages at the country's main nuclear center are less than what they are at a municipal sobering-up station. In this fairly large city, there is only one hospital.

Medical worker #1: "Yesterday I was talking to an ambulance crew. They have three ampoules of anti-inflammatory, whereas five or six ampoules are needed for helping people. Pick who gets those three, this person, that one, or that one. By evening the person will be dead. We get sanitary gloves — one set, right? If your glove tears, that's it, go in with your bare hands. This man sitting next to me is a trauma specialist. They have no bandages. Nothing."

Medical worker #2: "Our doctors have left."

Govorukhin: "Where to?"

Medical worker #2: "Into retail. They're in business, buying and selling. They are not involved in treating people or anything. People with 15 years of work experience have left."

Medical worker #3: "We don't do things the way they should be done, but depending on what we have on hand."

Medical worker #4: "An ulcer not treated today can be a cancer tomorrow. A simple ulcer today, tomorrow there are complications. So these things have to be treated, and we have to do it. We write prescriptions. The sick find the medicine. We treat people."

Govorukhin: "What about those who can't obtain or buy medicine?"

Medical worker #4: "We treat them with what we have left — with water, with affection."

Doctor with wire-rimmed glasses: "Ordinary working people do not have their medical bills paid at work; and the government has no money to allocate for them. They come to the hospital and are told they have to pay 200,000 for an

operation. They turn around and leave. And so there is appearing a class of sick people whose diseases are so far gone, that they don't even bother coming in when they should get an operation; they are the ones brought in by the emergency medical vehicles, with hemorrhaging or peritonitis, with all kinds of complications because they were not treated earlier. . . .

"Of course this is a perverted situation, because a physician has very specialized training, a high level of training. And if a person like that is looking for income somewhere having nothing to do with his profession, off on some sideline, that's perverse. Our capability to provide medical care collapses, although we do still have a reserve, a good potential. We have very good doctors — in their conscience, morality, professionalism, and self-sacrifice. The worst thing is not the poverty, but this perversion of morality in medicine."

Govorukhin: [on camera] Now we will show you pictures that personally simply killed us. Not because it was anything new. You and I have seen all of this a thousand times, all over Russia. But when you pull it all together. Furthermore, this was the ultimate goal of our journey through Russia. And so, to the railway station in Zabaikalsk on the Chinese border.

[Ministry of Security film]

Freight trains arrive here from China every day. They do ship us something. The entire city, all its residents from the littlest to the eldest are engaged in robbing the railcars. Do you see those white spots on the ground, like husks? In every courtyard, on every street, in every garden. Those are crates from imported goods off the freight cars.

This stealing peaked in the spring of last year. Now a fence has been constructed along the tracks, with a militarized guard. But the stealing continues. Looting the freight cars is the main industry of the local inhabitants. Kids have the most success. There are some real aces. Each of them makes in a day more than a nuclear physicist in a year.

Interview of children at police station: "Yeah, he got run over."

"Did you see him?"

"Half his head was gone. And no hands. They said the dogs dragged them off. Half his head. That's all they could find."

"We were drinking with him."

"Ah, were you drinking with him yesterday?"

Govorukhin: The children had come from another city. A lot of children come for three or four days to rob the freight cars.

Govorukhin: "You were drinking beer, right?"

"Beer, wine, Chinese."

Govorukhin: "Then what?"

"Then we went to bed. He was sitting there and said he didn't feel well. 'I'm going outside.' He went out and got lost. And that was it. At night the police came and took us away from there."

Govorukhin: "Do you know how to write? To read?"

[Girl shakes head]

Govorukhin: “What grade are you in?”

“First.”

Govorukhin: “First grade? How old are you?”

“Nine.”

Govorukhin: “Nine? How come you’re in first grade?”

“She had to repeat.”

Govorukhin: “What grade are you in?”

“Fifth.”

Govorukhin: “Fifth?”

“But I should be in eighth.”

Govorukhin: “Why? How old are you?”

“Thirteen. I don’t go to school. I work, in the summer.”

Govorukhin: Poor Russian children. They are also unlucky in Moscow. Maybe you think it’s fine for a youngster to wash cars on the street all day long. People say that “it’s good. The child gets used to work, from childhood.” Well, it’s the children of workers and the intelligentsia who are getting used to work like this. The children of the *nouveaux riches* and government officials go to prestigious schools. Furthermore, it’s not so harmless to wash cars and sell gas on the street. These youngsters are rapidly criminalized. They have their own rackets, their criminal bosses. They do poorly in school. . . .

All of this footage was taken in Moscow on Sept. 1, 1993.

* * *

Clip 3: Opening footage of Lyndon LaRouche arriving for a seminar at the Free Economic Society of Russia, in Moscow, April 24, 1996.

Academician Leonid Abalkin (Director, Institute of Economics, Russian Academy of Science) [in Russian, with English subtitles]: “Our meeting today is of special interest, because we are hosting representatives of the well-known Schiller Institute. The theme which Mr. LaRouche has proposed, on behalf of the Institute, is of great interest to us. The formal title of his theme, as many of you saw in the invitation, is ‘Russia, the U.S.A., and the Global Financial Crisis.’ ”

Lyndon LaRouche: “We are in the middle of the worst international monetary and financial crisis of the century.” [End of film clip.]

‘Russia is losing its main asset — its citizens’

The level of disaster, described by the hospital staff that Mr. Govorukhin interviewed, had been reached five years ago. Things have not improved. This summer’s collapse of the speculative financial pyramid in Russia, is crashing into a landscape that is already physically devastated by five years of the so-called “reform.”

In June 1997, a conference attended by 1,700 senior Russian physicians, in Moscow, sent a resolution to the government, in which they said, “Russia is losing its main state asset — its citizens.” The death rate exceeds the birth rate, they

reported, by a factor of 1.6. That means that for every 10 people who are born, 16 people die. The population of the Russian Federation is shrinking by between 500,000 and 1 million persons per year (it varies, because of immigration).

Genocide — it’s the title of Russian economist Sergei Glazyev’s new book about the results of the Thatcher-Bush liberal economics package in Russia. Dr. Glazyev covers all aspects of the collapse, from the gutting of industrial output through asset-stripping during privatization, to the erosion of scientific manpower.

Focus, for a minute, just on the demographic process. I will quote a memorandum by Dr. Murray Feshbach, a senior American demographer who has studied the Soviet Union, and now Russia, for several decades. In June 1997, Feshbach wrote:

“I believe that, over and above the still exceedingly high abortion rate in Russia, the future ability of young females to conceive may become much more limited, due to illnesses at much younger and adolescent ages. In addition, the health status of newborns, due to serious pathologies of their mothers during pregnancy, will lead to other long-term problems. . . .

“What about the explosion in sexual promiscuity and hard drug use? If in the last five years, syphilis among 10- to 14-year-old girls . . . has increased by 30 times. . . . Chlamydia is stated to be very high. . . . How sick will these children be in subsequent years? Can they have children themselves? Will they be part of the enormous growth in hard-drug addicts, estimated from 600,000 to 6 million, if one uses the multipliers indicated by Russian medical authorities? Many of them will simply die at an earlier age.

“Ill health for the younger population, from birth to draft age, is . . . evident from the very beginning of life of newborns. Given that 75% of all pregnant women have a serious pathology during their pregnancy . . . and that rubella shots are not on the immunization calendar at all, it is not surprising that [only] 37.6% of newborns are born normally, i.e., without complications of the birth process or in the postpartum period. Alternatively, we are told that 24.7% of all newborns are born ill, more than three times the rate in 1980. . . . The increase in anemia among pregnant women, of more than three times in the last five years, probably is more a symptom of poor nutrition than anything else.

“Many reports exist that the health of children worsens over the school period; according to . . . the Presidential Commission for Women, Family and Demography, . . . only 10% of secondary school graduates have ‘normal’ health, 50% have various pathologies, and 40% have chronic illnesses. . . . One out of every three potential [military] draftees was rejected for health reasons in 1996; 15% of those drafted were underweight.”

Diseases that were under control a decade ago, have exploded inside the former Soviet Union, especially diseases associated with poverty and the breakdown of public health

and sanitation. Last month, the organization Médecins sans Frontières (Doctors Without Borders), and two other health groups, appealed to President Yeltsin for action against the spread of drug-resistant tuberculosis in Russia.

With the opening of its borders for free trade—in the absence of an improvements policy for its own agriculture sector, especially no construction of infrastructure—Russia has become 40% import-dependent for its food supply. The big cities, Moscow and St. Petersburg, are 80% import-dependent. (I have to tell you that the largest single American food export to Russia has a very peculiar name in Russian slang: U.S.-origin chicken leg-and-thigh quarters are called Bush legs!—ever since the U.S. administration eased the regulations for their sale to Russia in the early 1990s, and they flooded onto the Russian market at low prices, to the detriment of domestic poultry production.)

But, with the ruble now plunging below 50% of its recent value, and Russian importers' letters of credit not being honored, imported food is being blocked, not to mention becoming unaffordable. Russian economist Tatyana Koryagina, whose interview you can read in this coming week's *EIR* (Sept. 11), warns of imminent famine in Russia's northern regions. The *Times* of London, yesterday, carried an update on Russia under the headline, "Starvation Threatens Poorest, as Blight Rots Potatoes," home-grown, or bartered, potatoes having become more of a dietary staple than ever.

Strong-arm men for the 'free market'

Why did this happen? Please don't let anybody tell you, that the Russian government was insufficiently zealous in instituting the principles of the free market. That backsliding Communists in the Parliament tarnished the purity of the reforms. That Russian people were just not ready to handle all that freedom, after 70 years under the Soviet system.

This disaster, these crimes against humanity, occurred because of the political enforcement of an evil and insane idea: British "free market" liberalism.

As for whether the Russian regime enforced it in a sufficiently pure form, Lyndon LaRouche remarked, in his 1995 "Memorandum on Prospects for Russian Economic Revival": "Some have said that the sickness of Russia's economy was that it had failed to adapt to the principle of the more successful western market economies. This might remind us of the story of a man who went to a doctor seeking help to overcome a cold. The man took the medicine the doctor prescribed, and the cold turned into pneumonia. The doctor then told him it was necessary to increase the dosage of the same medicine. The man accepted this advice, and died. However, that is not the end of the story. The dead man's family invited the doctor to the funeral, but the doctor had a conflicting appointment. The doctor had been taking the same medicine, and was attending his own funeral."

This morning, Helga Zepp-LaRouche chronicled the stra-

tegic decisions that were involved. [The full transcript of her speech is available in the *New Federalist*, Sept. 21—ed.] Inside Russia, the insane idea was imposed by a small clique, under the patronage of London's Margaret Thatcher, and the cat who rode around on the back of her broomstick, U.S. President "Sir" George Bush. Exactly how this was done, Russian journalist Roman Bessonov exposed in a series of articles in *EIR*, in 1996, called "The International Republican Institute's Friends in Russia." We recapped the story in *EIR* of Aug. 14, 1998, as part of Helga's strategic overview on the "missed historic chance of 1989." In 1991, the London *Times* reported how Lord Harris of High Cross, chief of the Mont Pelerin Society's Institute for Economic Affairs, in London, saw Russia as "the perfect laboratory" to test out Thatcherism, and was ready to move in. Lord Harris still talks about 1992 Russian Premier Yegor Gaidar and his team, as "our men." Gaidar, Anatoli Chubais, Boris Fyodorov—they were all pupils in Lord Harris's kindergarten. They attended his seminars in London. Harvard did its part, as did the London School of Economics, but the core was Lord Harris's group of trainees. Gaidar's institute was directly sponsored by the IEA; it nearly shut down at the end of 1991, because most of its members entered the first Yeltsin government.

(Boris Fyodorov was one of them, being the Finance Minister in 1992. Very much on the scene right now as acting Deputy Prime Minister, Fyodorov is attempting to impose the British imperial "currency board" model for the final pillaging of Russia. That is what's behind the reports, asked about this morning, on "pegging the ruble to dollar and gold reserves." A memo by the staff at the Federation Council's Analysis Center calls it the "Chernomyrdin-Fyodorov-Soros Plan," as in George Soros, the megaspeculator who has been the other chief patron of Fyodorov and his cronies since 1990).

The Gaidar team launched the so-called "shock therapy," which embodied many techniques of looting and stealing, but its essential quality is the ideology on which it was based: the ideology of Friedrich von Hayek's Mont Pelerin Society, explicitly traced back to the enemy of Benjamin Franklin, Bernard de Mandeville, and his concept of man as a greedy animal, worthy only of being a slave.

Mendeleyev, Witte, and LaRouche

There were, and are, quite different ideas available for Russia. Just this past July 20, while the International Monetary Fund Executive Board was meeting in Washington about its ill-fated \$22.6 billion stabilization package for Russian finances, Academician Leonid Abalkin gave a press conference to attack the government's latest austerity measures. Abalkin asked, why should the country of Sergei Witte and Pyotr Stolypin, and of the Soviet mathematical economics school, be following imported, disastrous economic prescriptions?

The Russian universal genius Dmitri Mendeleev, who conceptualized the periodic law of the elements, was also an industrializer and an economist. His student, Count Sergei Witte, was Finance Minister in the 1890s. They got the railroads built in Russia. They fought vigorously for the principles of national economy, and explicitly against British free trade. Witte's 1902-03 "Lectures on Political Economy and State Finance" is one of the most brilliant textbooks ever written, on the system of national economy. Mendeleev and Witte worked with Henry Carey's circles in the United States.

That tradition of collaboration went back to the beginning of the nineteenth century. A Russian edition of Alexander Hamilton's 1791 *Report on Manufactures* came out in St. Petersburg in 1807, sponsored by the Ministry of Finance. In his introduction, the Russian educator V. Malinovsky wrote, "All the rules, remarks and means proposed here are suitable for our country." Malinovsky was the headmaster at the famous Tsarskoye Tselo Lycée, in the first graduating class of which were the poet Aleksandr Pushkin, and Prince Gorchakov, future Foreign Minister for Tsar Alexander II, and negotiator of the Tsar's alliance with Abraham Lincoln.

If you go to the Library of Congress and look up Russian editions of Henry Carey's works, you will find anthologies that came out in Russian in the 1850s and 1860s, less than two years after they were published in the United States.

Today, we have Lyndon LaRouche's decades-long discussion process with the Russian intelligentsia.

That dialogue goes back to the 1980s, when it was behind the scenes, sometimes indirect. The Soviet establishment attacked LaRouche as the author of the Strategic Defense Initiative. Yet, the circulation of LaRouche's economics writings, in that setting, laid the basis for ever greater and more serious attention to his ideas in Russia, even while LaRouche was in prison.

The dialogue took off, with the 1993 publication of the Russian edition of his textbook, *So, You Wish to Learn All About Economics?* LaRouche's second book in Russian, *Physical Economy*, came out last year — both Russian editions were brought into print under the scientific editorship of Prof. Taras Muranivsky, president of the Schiller Institute in Moscow. Academician Dmitri Lvov, the Academic Secretary of the Economics Branch of the Russian Academy of Sciences, wrote to LaRouche in his contribution to the *Festschrift* for LaRouche's 75th birthday, last year: "Your school of physical economy is 'the ray of light in the kingdom of darkness' of monetarism. . . . I propose to consider your birthday, to be the day of the rebirth of economic science, and to celebrate it in all countries."

When LaRouche visited Moscow for the first time, in April 1994, his host at the Economics Ministry research institute, Dr. Vyacheslav Senchagov, asked how one would go about creating a banking and financial system that would promote industry and the national economy, instead of destroy-

ing it, and especially asked Lyn to contrast his own approach with that of George Soros. LaRouche replied, "As far back in history as I know, there has been a conflict, . . . starting from Babylon, . . . with the usurers taking one side, and my friends taking the other side. It is a conflict between those who want to hold slaves, and those of us who believe that all individuals are sacred." Lyn gave a thumbnail outline of the American System of Political Economy, of a system of national banking, and said that any Americans who abandoned that and promoted the British System, for the U.S.A. or any other country, were "treasonous idiots." (This dialogue was published in *EIR* at the time, May 13, 1994.)

In his "Memorandum on Prospects for Russian Economic Revival, LaRouche wrote:

"What is required is not that Russia become a carbon-copy of the United States during the best period of the U.S.A. Rather, Russia's rational alternative to the presently ongoing economic catastrophe, is to adopt a Russian system which embodies the same proven principles of success which have been tested and proven sound in not only the experience of the United States' wiser periods, but of other nations which, for a time, also applied their own version of the same principles of national economy."

The memorandum, which was published in *EIR* and also in Russian, was one of a series of strategic articles by LaRouche on Russia. Among them:

- "A Science-Driver Program to End Russia's Depression," *EIR*, April 22, 1994;
- "Memorandum: Prospects for Russian Economic Revival," published in *EIR*, March 17, 1995; it was originally drafted as testimony for hearings held in the Economic Policy Committee of the Russian State Duma;
- "The New Role for Russia in U.S. Policy Today," in *EIR* of Aug. 25, 1995. In this essay, which I'm happy to say is one of the writings we have published in Russian, LaRouche went to the heart of the axioms of foreign policy:

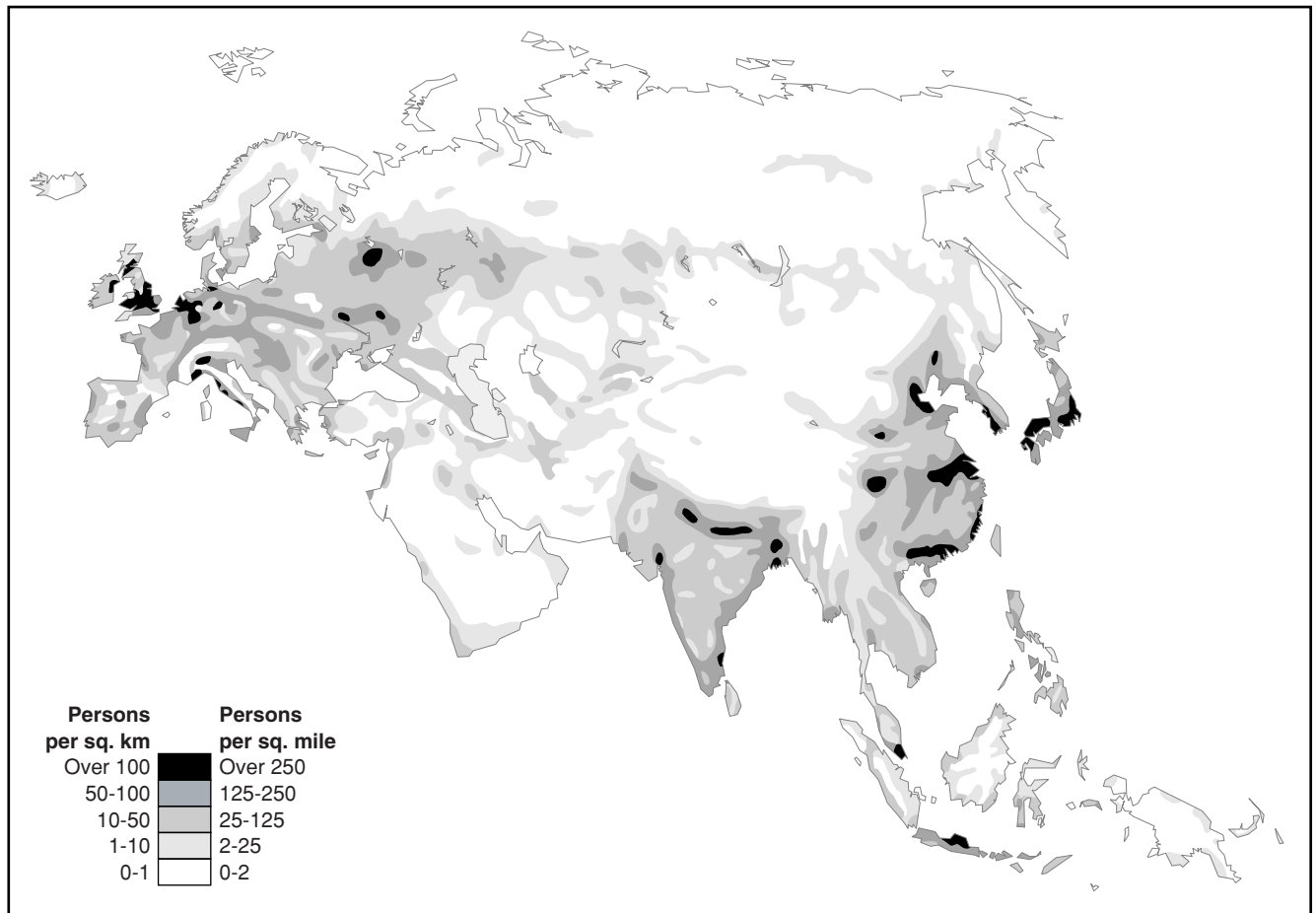
"There can be no competent U.S. strategic doctrine or foreign policy, which does not proceed from understanding of the nature of, and reasons for the irreconcilable, principled difference in moral character between the British monarchy and the constitutional Federal republic of the United States.

"It is a corollary of that same point, that there can be no competent understanding of the United States by any nation, unless that nation recognizes that the very national identity of the United States, and its most vital interests, are rooted, since no later than [Massachusetts colonial] Royal Governor Andros's pranks of 1688-89, in a fundamental conflict of interest between the British monarchy and the continued existence of the United States. At issue is nothing less fundamental, than two, mutually exclusive conceptions of man and nature."

From that same year, 1995, dates LaRouche's Presidential campaign paper, "The Blunder in U.S. National Security Pol-

FIGURE 2

Population density in Eurasia, 1990



icy,” in which he exposed the insanity of continuing to chant “democracy and reform,” while nations, including the former Soviet Union, are being annihilated in the name of “democracy and reform.”

- Lyn’s “Letter to a Russian Friend: Russia’s Relation to Universal History,” in which he talks about the special world-historical identity of the Soviet scientific intelligentsia—their quality of dissidence and truth-seeking (many of them, like LaRouche’s friend Pobisk Kuznetsov, spent years in the prison camps)—appeared in *EIR*, Nov. 29, 1996. It is about to come out in Russian, in Bulletin #8 of the Schiller Institute in Moscow.

- “Russia’s Liberal Reforms: Anatomy of a Catastrophe,” *EIR*, Feb. 21, 1997, accompanied our publication of a working paper by Academician Lvov and his colleagues.

- “Russia’s Science: a Strategic Assessment” appeared Aug. 8, 1997.

- “Russia Is Eurasia’s Keystone Economy,” in *EIR* of March 27 of this year, introduced our publication of Sergei

Glazyev’s paper, “Key Measures for a Transition to Economic Growth in Russia.”

As you can tell from the titles, the central idea is Russia’s potential as a leader in a science-driver economy.

Look at the population density map of the Eurasian continent **Figure 2**. There is plenty of room for development along transportation corridors in central Eurasia. Moreover, the Eurasian Land-Bridge cannot be built as a highway for the Renaissance, if Russia and the Central Asian Republics are hell-holes of spreading drug-resistant TB.

LaRouche wrote, in “Russia Is Eurasia’s Keystone Economy”: “The stability of this entire Eurasia inland region, depends, immediately, on recognition of the almost desperate, strategic self-interest in cooperation, among the three keystone powers of Asia: China, India, and Russia. These three, relatively most weighty nations of the Eurasia heartland, must be cultivated as strategic partners of the United States, a partnership which must be centered, on the U.S. side, in the person of the U.S. President, and his Executive branch.”



The Moscow newspaper Nezavisimaya Gazeta publishes EIR's map of the Eurasian Land-Bridge, with the title, "Contours of a New Russian Strategy: The Country Can Only Be Saved by Its Central Position on the Geo-Economic Map of Eurasia."

Eurasia as a British looting ground

The British Commonwealth-centered raw materials cartels, and their adjuncts from the Bush League—oil companies, and so forth—look at Eurasia as one of the two great concentrations of booty, strategic metals and fossil fuels, on the planet (the other being in Africa). That is the story behind the story of the attempted return of Viktor Chernomyrdin as Russian Prime Minister. The Federation Council staff memo warns that under the “Chernomyrdin-Fyodorov-Soros Plan”: “Russia loses its sovereignty. . . . In order to finance any domestic production whatsoever, it will be required first to export raw materials, in order to earn foreign currency, because an accumulation of foreign currency is the allowed basis for issuing rubles. . . . Russia’s position as a global donor to the developed countries is consolidated—the position of a raw materials appendage and a ‘milk cow,’ as a colony of the

transnational corporations. . . . [This means] the final destruction of science-intensive and complex manufacturing industries . . . [and] the liquidation of Russia’s scientific and technological potential.”

The staff memo goes on to forecast 30-35% unemployment, and more than half the population falling below, not the poverty line, but the physical survival line.

What the radical liberal reformers attack as the albatross hanging around the neck of the growth of speculative markets and looting, namely Russia’s heavy industry, the military-industrial complex (after all, as much as 70% of Soviet industry was tied in with military production), is actually the location of its greatest strength. It should not have been destroyed, or bankrupted as incurably “loss-making” and “value-destroying,” but transformed, so that its machine-tool potential be applied elsewhere. But, that requires engagement in the

great projects of the Eurasian Land-Bridge.

LaRouche wrote, in "Russia's Science: A Strategic Assessment":

"[C]onsider the potentials for an economic renaissance of Russia. Consider the strategic importance of such a renaissance in Russia for the development of Eurasia and of contiguous regions of the planet.

"From this vantage-point, the world's economy has three interests at stake in the prospect for reactivating the scientific potentials which Russia (like Ukraine) has inherited from the Soviet Union: 1) One of the largest, and best developed scientific cadres of the planet; 2) The specific orientation of that cadre to the frontiers of experimental science in general, as the Soviet space program typifies this frontier capability; 3) The grievous shortage, globally, of that quality of science cadres associated with the former Soviet Union, as this acute shortage should be measured, per-capita of labor-force, throughout most of the world, notably Eurasia and Africa. In summary, without a virtually full-scale reactivation of the scientific cadre associated with Russia, the world at large lacks the quantity and quality of total scientific cadre-force required to reverse the recent thirty years' contraction of means to satisfy the urgent requirements of mankind as a whole."

In "Science vs. Ideology," Lyn's article in the Aug. 21, 1998 *EIR*, he updates the case:

"The only possibility for the economic revival of Russia lies in the role to be played by the most advanced ration of Russia's combined present and former labor-force, notably the scientific-military-industrial complex developed within the former Soviet Union. For Russia's economy itself, the problem is, that without reactivating that complex as the basis for an export-oriented, vast machine-tool-design complex, there is no possibility of halting the presently accelerating plunge of Russia and adjoining former members of the Soviet Union into a strategically world-perilous form of disintegration. The potential markets represented by the indicated prospects for economic reconstruction of Asia represent the margin of opportunity without which Russia could not be brought to economic and financial stability."

Think of north-central Eurasia under a Land-Bridge policy, in which the science cities of the Soviet period, instead of dying, were mobilized. Think of reviving the famous Russian, Ukrainian, or Armenian, for that matter, "KB," or design bureaus, where teams of scientists pioneered new technologies and feats of engineering. Think of Russian machine-tool exports to China and Central Asia, as we detail the potential for that in *EIR*'s Special Report on "The Eurasian Land-Bridge—the New Silk Road."

Such an idea is attractive to thinking people in Russia. In March of this year, the Land-Bridge map turned up as the illustration for a major article in the daily *Nezavisimaya Gazeta*, by Dr. Sergei Rogov, head of the U.S.A.-Canada Institute of the Russian Academy of Science (**Figure 3**). The head-

line says "Contours of a New Russian Strategy; the Country Can Only Be Saved by Its Central Position on the Geoeconomic Map of Eurasia." It is properly credited to *EIR* and identified as "the Transeurasian bridge, published by the Lyndon LaRouche Institute."

There is a brawl raging over economic policy in Russia right now. Please do not be brainwashed by the media, to think it is a fight between "a return to communism" and "continuation of free-market reforms." The Russians jumped from the frying pan into that inferno, a long time ago. The contours of the battle are different, and I hope I've indicated them to you. Many of the scientists and politically active economists, whom I have mentioned today, are extremely active in this fight.

Sergei Glazyev, in a major *Nezavisimaya* article this week, projects that Russia has a "last chance . . . transition to a mobilization economic policy, by no later than October," instead of the Chernomyrdin-Fyodorov-Soros plan.

Dr. Koryagina, who is an adviser to leading opposition deputies in the State Duma, and who says in her *EIR* interview that Lyndon LaRouche ought to be an economics consultant to the Russian government, welcomes the worldwide "revolution against financial speculators," in which the nation of China, and now Malaysian Prime Minister Mahathir, are key leaders. We should make sure that the United States is on the right side!

LAROCHE ON THE NEW BRETTON WOODS

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monetary system must be
radically reorganized.

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British-controlled Taliban threaten regional war

by Muriel Mirak-Weissbach

If coordinated efforts involving the United States, Russia, and Iran are not undertaken immediately, there exists the danger that the escalating crisis in Afghanistan may explode into a regional war. Were that to occur, all hopes for completing the project for Eurasian transportation infrastructure, through a cooperative regional effort, would be dashed.

The crisis itself has come into being over the past several years, as the result of the insurgency of the Taliban movement in Afghanistan, which insurgency has been actively supported financially, militarily, and politically, by forces which claim they are committed to infrastructure development of the region. As has been documented, it is the Union Oil of California (UNOCAL) group, in agreement with its Saudi partners of Delta, which have backed the Taliban insurgents, arguing that, once they have unified the country, plans for a multibillion-dollar pipeline from Turkmenistan across the country into Pakistan, could be carried out. Pakistani support for the Taliban has been massive, from the Inter-Services Intelligence (ISI), the military, and increasing layers of the political establishment. Another, unstated interest in sponsoring the Taliban warlords, is defined by the lucrative narcotics production of the country. As documented recently by the United Nations drug control program, 80% of the heroin invading Western markets, is produced from opium grown in Afghanistan.

The tragic irony inherent in the war, is that the integration of a post-war Afghanistan into the economy of the Eurasian continent, would indeed require massive infrastructure development, especially rail connections, but also pipelines of the type UNOCAL is proposing; however, by opting for a marcherlord force like the Taliban, allegedly to “unify the country,”

these international sponsors have unleashed an irrationalist, Pushtun tribal, essentially fascist force, which could very well turn into a Frankenstein’s monster, eluding the control which the Pakistanis et al. believe they exert. Furthermore, the original creators and continuing behind-the-scenes backers of the Taliban, are the scenario-spinners of British geopolitics, like the infamous Lord Avebury, who are sitting back, amused, at the total chaos about to engulf the region, which, they fervently hope, will eliminate any and all plans for economic development of Eurasia.

Iranian-Afghan tensions exacerbated

It was on Aug. 8, when the Taliban conquered the northern city of Mazar-i-Sharif, that tensions with neighboring Iran flared up. Entering the city, the satanic Taliban militias began systematic massacres of the civilian population. According to reports verified by UN and other humanitarian aid officials, the Taliban slaughtered up to 6,000 ethnic Hazaras, who, like the Iranians, are Shiite Muslims. According to reports of diplomats who had fled the city, “Young men over 16 were brought out of their houses into the streets and had their throats slit in a ritualistic killing.” Debriefings of surviving Hazaras family members, provided further reports, that “younger boys had both hands chopped off at the wrist.” Children were mutilated, bodies were left to rot in the streets, and anyone seeking to flee, was summarily shot.

At the same time, the crazed Taliban invaders stormed the consulate of the Islamic Republic of Iran, and kidnapped the ten diplomats and one journalist from the national press agency IRNA, who were there. Although the Taliban would systematically deny that they had abducted the diplomats,

Iranian Foreign Ministry spokesmen presented proof of the contrary. At the moment of the Taliban's forced entry into the consulate, a number of diplomats were on the telephone with Tehran, and the conversation, reporting on what was unfolding, was recorded. It was only on Sept. 10, that Taliban spokesmen admitted that the Iranians had been killed. They claimed that the men had been shot by fighters "acting on their own," i.e., rogue elements not following orders of the central command. It was mooted by the Arabic daily *Al Hayat*, that such an order could have come from Pakistani intelligence officers, who are active inside Afghanistan, with the Taliban.

The Iranian government, which had from the outset declared sponsoring Pakistan to be responsible for the killings, demanded that the assassins be identified and promptly brought to justice. At the same time, Iran lodged official complaints with the United Nations, denouncing the illegal abduction and later murder of their diplomats. The fate of the remaining two Iranians abducted remains unknown.

Military show of force

Inside Iran, public outrage at the killings, and at the broader ethnic cleansing operations by the Taliban, against ethnic Shiite Hazaras, exploded, and calls for retaliatory action were voiced. While three days of official mourning were declared, Iranian President Seyyed Mohammad Khatami denounced the atrocities, in a message read at Friday prayers on Sept. 11. "The primitivity, irrationality, and adventurism of the uncouth Taliban has been the cause of enormous catastrophe taking the innocent and defenseless lives of thousands and thousands of Afghan children, women, and men," it read.

At the same time, Iranian military maneuvers along the Afghan border were proceeding, in an impressive show of force. Following the official news that the bodies had been found and would be sent back to Tehran, the government announced that another, larger round of maneuvers would take place, involving massive numbers of troops. The commander of Iranian ground forces, Brig. Gen. Abdolali Purshasb, announced on Sept. 12, that the maneuvers would engage 200,000 troops, beginning on Sept. 23. The exercises, he said, were motivated by "intensified insecurity on our eastern borders." He added, "Our policy is defensive, but we are ready to answer any move by the Taliban with full power."

The conflict escalated significantly on Sept. 13, when the Taliban pursued their three-pronged attack on Bamiyan, the last remaining Shiite stronghold, and intense fighting took place. Again, reports of house-to-house searches, ethnic cleansing, and streets littered with bodies, reached Western press outlets.

Despite the increasing calls for military intervention inside the country, the Iranian government maintained a resolute position, to increase pressure on the Taliban through its large-scale military exercises on the border, in an effort to force the Pakistani sponsors to facilitate a diplomatic solution,

in the interests of avoiding a regional conflagration, in which there would be no winners. The U.S. State Department seemed to acknowledge this Iranian approach, when department spokesman Jamie Rubin expressed "understanding" for Iran's reaction to the killing of its diplomats, while calling for restraint on all sides.

The military threat mounted by Iran had to be credible, and it has been. The Supreme Leader of the Revolution, Ayatollah Ali Khamenei, explicitly warned the Taliban on Sept. 13, of possible war. "I have so far prevented the lighting of a fire in this region which would be hard to extinguish," the highest Iranian authority stated, "but all should know that a very great and wide danger is quite near." He went on to specify, that war could "only be prevented [by] forcing Pakistan's army to stop intervening in Afghanistan and obliging the leaders of the Taliban group to submit to logic, to abandon actions which lead to a catastrophe and to make up for their past errors."

Taliban spokesman Wakil Ahmed initially responded with bravado, telling the Afghan Islamic Press, "Iran must know that if the soil of Afghanistan is attacked, we will target Iranian cities." However, Taliban leader Mohammad Omar then told the same agency, that he wanted to invite Iran "to come and sit with us for negotiations to take [place] under United Nations law." This was followed up by a request presented at the UN by the Taliban deputy representative there, for talks mediated by the UN. Pakistan also made an about-face; initially, the Army Chief of Staff, Gen. Jehangir Karamat, responded to the Iranian words and moves, saying, "Events across our western borders could lead to a situation disastrous for Islam." Then, however, it was reported that the Pakistani government had ordered its borders to Afghanistan sealed. The action along the 1,200 kilometer border was explained, according to the Pakistani daily, *The Dawn*, as a measure to block the "entry of extremist elements from Pakistan into Afghanistan to receive training in guerrilla warfare and use of sophisticated weapons." Furthermore, Pakistani Prime Minister Nawaz Sharif offered to mediate between Iran and Afghanistan.

The more likely reason for these Pakistani moves, could be found in initiatives taken by the U.S. government. On Sept. 15, State Department spokesman Jamie Rubin told the press, "We've made it clear to all parties, Pakistan included, not to interfere through logistics or other assistance, not to inflame or make the situation worse." Rubin characterized the situation as "very tense," pointing to the "tens of thousands of troops" along the border, which he said the United States was monitoring "very, very closely."

More explicit indications of diplomatic progress emerged on Sept. 17, when news was released that a meeting would take place on the sidelines of the UN General Assembly (UNGA) session in New York, which begins on Sept. 21. On Sept. 16, the UN Security Council had denounced the killings of the Iranian diplomats as a flagrant violation of international

law, and demanded that Taliban release any remaining Iranians it held. It was then reported, that Iranian Foreign Minister Dr. Kamal Kharazmi might be at the same meeting of representatives of the UN-sponsored mediation effort, with U.S. Secretary of State Madeleine Albright.

The UN initiative to bring peace to Afghanistan includes representatives of Russia, Turkmenistan, Tajikistan, Uzbekistan, the United States, Pakistan, and Iran. It has been strongly supported by Iran, which was instrumental in mediating a cease-fire inside the country, prior to the Taliban's assault on Kabul two years ago. If talks do take place during the UNGA, and the United States exerts political pressure on its regional ally Pakistan, to withdraw its own military, intelligence, and weaponry from the conflict, a solution can be found for some coalition government inside Afghanistan which represents all major ethnic components of the country.

The regional cauldron

In the absence of a timely negotiated solution, backed by the United States, the danger of regional war will grow. At present, virtually all the neighboring states are on alert. Following the Taliban's capture of Mazar-i-Sharif, the Russians, who had been deploying 25,000 troops to protect the lengthy Tajik border with Afghanistan, dispatched 10,000 more. The Uzbek government closed its relatively short border with Afghanistan.

Members of the Northern Alliance of anti-Taliban forces travelled to Iran for consultations, among them the official President of Afghanistan, Burhanuddin Rabbani. The talks centered on the possibility that Iran, without entering the war directly, might provide the same kind of military and logistical back-up to the Northern Alliance, that Pakistan has been providing to the Taliban.

All political factions in Iran have reportedly recognized the fact, that any direct military intervention into the neighboring country—whether a mooted surgical strike, or a more extended engagement—would be suicidal. Regardless of Iran's considerable military strength and demographic superiority, any military conflict would erase the considerable achievements the country has made over the past seven years, in establishing thriving economic relations with the Central Asian Republics, through its consistent diplomatic efforts to build continental infrastructure links, in transportation and pipelines. War with Afghanistan would effectively take the Eurasian Land-Bridge project off the agenda, and replace it with chaos and disintegration. Iran's relations with Pakistan and Saudi Arabia, the two leading Islamic backers of the Taliban, would be obliterated.

More broadly, Iranian direct engagement would precipitate more overt Pakistani involvement. Russia and Uzbekistan would not be able to maintain neutrality for long, particularly as the Taliban insurgents move farther northwards toward their borders. China, which has a strategically important border with Afghanistan, would be threatened.

Out of these considerations, cool heads have prevailed among the Iranian leadership. Warnings, issued by the Uzbeks, Saudis, and others, to the effect that entering the conflict would be a trap for Iran, have been redundant, since Tehran has from the onset been fully aware of the entrapment danger.

The British, again

It comes as no surprise, that those who are fanning the flames of regional conflict, are the same British geopolitical circles which created the Taliban and its synthetic, pseudo-Islamic ideology, in the infamous *madrasas*, or schools, in the refugee camps in Pakistan. (see *EIR*, Aug. 21). The British press has been spinning out wargames scenarios, explicitly provoking conflict. In the London *Daily Telegraph* on Sept. 16, unidentified defense attachés in Islamabad were cited, who claimed that Iran had a war plan ready. The alleged plan, foresaw Iranian takeovers of the provinces of Nimruz, Herat, and Farah, which were historically part of Persia. Author Alan Philips noted, that if this were to occur, the Taliban's allies Pakistan and Saudi Arabia would be drawn in, as would Iran's allies, including the Central Asian Republics, Russia, Turkey, and India. India, Pakistan, and Russia, he declined to note, possess nuclear weapons.

A day later, it was the *Times* of London which outlined the foreseeable disaster for Pakistan, were the conflict to expand. "Pakistan's backing for Taliban," it said, "could lead to the country's greatest catastrophe," as the Taliban's fanatic belief in their invincibility "might persuade it to turn its attention to the old dream of creating a region called Pushtunistan, taking in Pushtun tribal areas in both Afghanistan and Pakistan."

Finally, the *Times* stoked the fires of regional war, by raising the issue of Kashmir in this context. It reported on a study in *Jane's Defence Weekly*, a British military intelligence outlet, according to which Pakistan was "disarming local Kashmiri insurgents" in India and planned to replace them with a new formation of mercenaries composed of Taliban militias. This group, the Harkat ul Jihad Islamee Tanzeem, made up of 30-40,000 Taliban, would then embark on the "decisive phase" of confrontation in Kashmir.

Such scenarios are anything but fanciful. As numerous Pakistani intelligence and military officials have publicly stated, in the wake of the country's first atomic tests, they are intent on "solving" the Kashmir problem, the way they are "solving" the Afghan problem: by sheer military force.

The British intent, as revealed in the report by *Jane's Defence Weekly*, is to unleash chaos through regional war, throughout Central Asia. One look at recent developments in the Great Lakes region of Africa, gives a taste of what London has in mind. Recognition of this clear and present danger, must provide the impetus to the parties meeting under UN auspices—without the British—to define and implement a political solution to the Afghan drama.

NED 'democrats' are pushing Cambodia toward a new disaster

by Michael O. and Gail G. Billington

Despite one of the most carefully monitored elections in recent history, and nearly unanimous recognition of the fairness of that election by international agencies and observers, the losers in Cambodia's July 26 elections have brought the country near the brink of civil war, demanding the overthrow of the democratically elected government. In recent weeks, a small mob of a few thousand followers of opposition figure Sam Rainsy, who received only 14% of the popular vote, have been riled up into a racist frenzy against the minority Vietnamese, inciting that mob to disrupt both the government and the national commerce of the country until the election results are overturned. On Sept. 5, Rainsy's mob bludgeoned to death five alleged ethnic Vietnamese street vendors in the capital of Phnom Penh.

On Sept. 7, three grenades were thrown into Second Prime Minister Hun Sen's Phnom Penh residence, two of which exploded. Fortunately, no one was hurt. The Second Prime Minister ordered the demonstrations suspended, and restricted all foreign travel for the demonstrations' leaders, pending investigations into the violence. An arrest warrant was issued for Sam Rainsy, who has taken refuge in the office of the UN High Commissioner for Human Rights in Phnom Penh, even though the warrant was lifted the following day. Prince Norodom Ranariddh, who has generally followed Rainsy's course of provocation and confrontation, may finally be taking steps to disengage from Rainsy and form a coalition with the Cambodian People's Party (CPP) of Hun Sen—which the Second Prime Minister has offered since the elections. As of this writing, the three leading parties, Hun Sen's CPP, Ranariddh's Funcinpec, and the Sam Rainsy Party, have agreed to abstain from further demonstrations and are engaged in a new round of talks with King Norodom Sihanouk, aimed at seating a new coalition by the Sept. 24 deadline. Based on the July 26 results, Hun Sen's CPP received 41% of the votes and would hold a bare majority of 64 seats in the 122-seat Parliament, against Ranariddh's 31% and Rainsy's 14%. Elected members of Parliament have also agreed to meet at Siem Reap on Sept. 24.

Rainsy's fanaticism has been increasingly denounced by governments and institutions around the world. For example, France's leading business journal, *Le Point*, wrote in its Sept.

5 issue that the majority of European and Asian ambassadors in Phnom Penh consider Rainsy "a dangerous agitator, along the same lines as the Khmer Rouge." *Le Point* quotes political analyst Raoul Jennar, who said, "Sam Rainsy's statements in English on democracy have nothing in common with his speeches in Khmer, which are outright calls to violence, sedition, and racial hatred."

Nonetheless, the U.S. government-financed National Endowment for Democracy (NED), which includes both the International Republican Institute and the National Democratic Institute for International Affairs, has continued to provide direct financial and political support for this overtly racist and anti-democratic destabilization of Cambodia, thus threatening the peace of the entire region. The NED, created by the George Bush machine during the 1980s, represents the deadly combination of the Bush-Newt Gingrich Republicans and the Jimmy Carter-Al Gore faction of the Democratic Party, which have now openly joined forces to undermine President Clinton's foreign policy in Russia and elsewhere, while pushing independent prosecutor Kenneth Starr's treasonous attempt to impeach the President. Under the phony cover of "democracy," the NED functions as a foreign-policy hit-squad for the British-American-Canadian financial oligarchy, now desperately trying to hold their collapsing financial system together by any means necessary, including spreading chaos.

Clinton must avoid a strategic blunder

Thus far, President Clinton has refused to fall for the NED Cambodia trap, nor has he responded to the blustering demands of NED Congressional spokesmen, including U.S. Reps. Dana Rohrabacher (R-Calif.) and Benjamin A. Gilman (R-N.Y.), who have demanded that the United States take action against Cambodia's elected Prime Minister Hun Sen. The danger is that the beleaguered President may be drawn into another strategic blunder, as he was when the same NED-linked interests induced him to include the Al-Shifa pharmaceuticals plant in Sudan as a bombing target in the air strikes against the Osama Bin Laden terrorist organization on Aug. 20. The lies fed to the President concerning Sudan were aimed at discrediting him in the Islamic world, while making him

look foolish internationally. A similar process would be repeated in Asia, if President Clinton were to follow the NED gameplan in Cambodia. As it is, the NED's fawning support for Rainsy's antics have contributed to a false perception, expressed in *Le Point's* Sept. 5 article, titled "A Controversial Agitator," that "only the Americans still support him. They give him credit to the extent he fights against the communist Hun Sen."

Rohrabacher, in one of several public letters to the administration calling for the overthrow of the July 26 election results—all in the name of democracy!—pontificated that "any communiqués or press statements by the State Department that do not criticize Hun Sen as the central figure responsible for the violence will be inadequate."

Clinton's State Department spokesman, James Rubin, however, has refused to blame Hun Sen. Rubin stated that the administration deplores "the use of racist rhetoric, which inspired the killing of five ethnic Vietnamese," and the "widespread use of violence in Cambodia, particularly the recent grenade attacks on Hun Sen's residence," while also deploring a grenade thrown at a demonstration led by Rainsy at the Ministry of the Interior.

'Miracle on the Mekong'

Other than the NED, Rainsy enjoys only the support of the most extreme of the international non-governmental organizations, such as London's Amnesty International and Human Rights Watch, the plaything of the discredited speculator and drug-legalization advocate, George Soros. It was Soros who launched the initial speculative assault on Cambodia's neighbors last year, which started the global financial collapse. Now, all of Cambodia's neighbors have pleaded with Rainsy and Prince Ranariddh to end their provocations and to work with Hun Sen to form a new government. An official statement from the Association of Southeast Asian Nations (ASEAN) urged "all parties concerned to respect the results of the 26 July 1998 general elections which were generally recognized by the international community as free and fair, as well as to exercise restraint, avoid violence, including extremist acts, and resolve their problems through dialogue and consultation in order to prevent further deterioration of the situation."

Even the European Union has spoken out against the NED-sponsored lies. The official declaration of the Presidency of the EU states: "The EU was deeply involved in the electoral process, both in voter registration and polling observation. The very high percentage of voters who registered [more than 98%] and cast their ballot [90%] proves that the Cambodian people have a strong desire for democracy and wish to decide their own political future." It calls on all the parties to "come together in a peaceful way."

Former U.S. Rep. Stephen Solarz (D-N.Y.), who has been deeply involved in Cambodian affairs for years—generally on the side of the opposition parties—and who was one of the

two NED leaders that led the U.S. observer team to monitor the elections, initially declared the elections "a miracle on the Mekong." Representative Rohrabacher, in a letter to King Sihanouk, ridiculed Solarz, and threatened the King that unless he went along with the NED plot to overthrow the election result, the U.S. Congress would refuse to authorize any assistance to Cambodia! Rohrabacher's cohort, Gilman, chairman of the House International Relations Committee, went so far as to instruct the nation of Cambodia over a Voice of America radio broadcast that they "must not take steps to amend the Cambodian Constitution," and that *he*, Gilman, would not accept Cambodia as a member of ASEAN—an organization in which the United States is not even a member! Such colonial chutzpah may pass in the House of Lords, but it has no place in the United States of America.

The man upon whom the NED has lavished such praise and financial largesse, Sam Rainsy, has displayed his peace-loving and democratic credentials in the past few weeks in several ways:

- At a rally soon after the Aug. 20 U.S. bombings in Afghanistan and Sudan, Rainsy asked, with a straight face, that the United States fire a missile at Hun Sen's residence. Not long after, the three grenades were thrown into Hun Sen's Phnom Penh residence.

- While professing regret over the brutal murder of innocent Vietnamese by mobs whipped up by his speeches, Rainsy continues to publicly denounce the ethnic Vietnamese, using the pejorative "*yuon*," a term popularized by the Khmer Rouge in their bloody liquidation of the Vietnamese minority.

- Rainsy called on soldiers and police to turn their guns on their superiors.

- Rainsy and his followers forcefully broke into the locked compound of the Interior Ministry, intending to stage an occupation against the election results. When a hand-grenade exploded outside the building, killing an employee of a Japanese newspaper, police ended the occupation.

By law, the new Parliament must meet by Sept. 24. Under Cambodian law, a two-thirds majority is required to form a government. Hun Sen has repeatedly called on both Prince Ranariddh and Rainsy to form a coalition government. Hun Sen has warned, however, that if the opposition refuses to form a coalition, he will have no choice but to call on the old Parliament, dominated by his own supporters, to change the Constitution to allow simple majority control to be sufficient to form a new government, thus allowing his party to rule alone.

Without the sponsorship of the NED, the opposition would undoubtedly come to its senses and form a government with Hun Sen's party, and Cambodia could get on with the enormous task of building a nation, while defending itself against the effects of the international economic crisis. Shutting down the NED would go a long way toward saving Cambodia from yet another bloody war, and could well save the United States itself from self-destruction.

Sudan ambassador calls for Congressional probe

by Linda de Hoyos

In a letter directed to U.S. Congressmen on Sept. 8, Sudanese Ambassador to the United States Mahdi Ibrahim Mohamed formally called for an investigation by the U.S. Congress, into U.S. policy toward the nation of Sudan and into the U.S. air strike carried out Aug. 20 against the Al-Shifa pharmaceutical plant in Khartoum, Sudan. "I have been formally instructed by President Beshir [of Sudan] to request that the Congress initiate a fair and impartial inquiry into these matters and to invite a senior Congressional delegation to the Sudan for a full and open consultation and inquiry."

The ambassador had informed Washington of such a call during his press conference on Sept. 2 at the National Press Club, where he also announced that the Sudan diplomatic delegation would be leaving Washington, in protest against the unprovoked attack on the Al-Shifa plant. He called the U.S. air strike against the plant—which produces 60% of Sudan's medicines—"an aggression against the sovereignty, the sanctity, and the territorial integrity of the Sudan, a member of the United Nations."

The withdrawal of the Sudan diplomatic corps from the United States, the ambassador also made clear, is not meant to force a rupture of relations between the two countries, but is a protest to the air strike. On the contrary, the ambassador told the press on Aug. 2, "Sudan wishes open and honest relations with the United States of America. These circumstances, as unfortunate as they are, could prove to be the beginning. And in the normal and ordinary course of life, we have seen that it takes a crisis between two countries to open the real channels for dialogue and to open a new way for relationships."

That is Sudan's hope in this case.

Evidence turns to confetti

Sudan is left with hardly any choice in the matter, given the act of war perpetrated against the country on Aug. 20. Sudan was not the only target in the air strike. Within the first week of the air strike against the Al-Shifa plant, it became apparent that the motivations for the attack, as stated by high-level U.S. officials, bore little relation to the facts of the matter on the ground, leading to speculation that President Clinton was deliberately handed false information.

The United States is now blocking implementation of the Sudan government's call for a full United Nations probe into

the Al-Shifa plant. Sudan's call for a UN investigation, however, has been supported by the Arab League, the Organization of African Unity, and the Non-Aligned Movement.

On all counts, the "compelling evidence" for the hit on the Al-Shifa plant has evaporated:

- The plant produced chemical weapons. No evidence has been forthcoming on this count. The designer of the plant, Henry Jobe, told the London *Observer*, "We didn't intend a dual use for it. We didn't design anything extra there. The design we made was for pharmaceuticals." As the *New York Times* reported on Aug. 29, the evidence used to motivate the attack has "proven to be inaccurate, misleading, or open to question." On Aug. 30, it was reported that Germany's ambassador to Sudan, Werner Daum, had cabled his Foreign Ministry that "one can't, even if one wants to, describe the Shifa firm as a chemical factory." Signifying the quality of information going into the strike decision, U.S. officials had averred that the plant produced no commercial products—an assertion now proven to be 100% false. As the *Los Angeles Times* reported the case on Sept. 1, "The [U.S.] officials did not believe that the plant actually produced such medicines, because they saw no evidence of such an output when they accessed a Web site for it. Web sites for five other pharmaceutical plants in Sudan listed the medicines produced at those plants." In fact, the United Nations had in January cleared the Al-Shifa plant for export of medicines to Iraq as part of the UN's food-for-fuel program with Iraq.

- Similarly, charges that Osama bin Laden, the alleged moneybags and mastermind behind the Aug. 7 bombings of U.S. embassies in Dar es Salaam, Tanzania and Nairobi, Kenya, is financially tied to the Al-Shifa plant, also appear to have been based on information that is not tangible.

The very gravity of the United States carrying out an act of aggression against another sovereign country unilaterally, begs the question as to how such information could have arrived unchallenged at the door of the American President: Who put forward false information on the Al-Shifa plant, and why? The answers to these questions are of more importance, to President Clinton, and to the American people, than they are to Sudan.

Three sources have been publicly identified with the story that Sudan is working, either alone or with Iraq, to produce chemical weapons:

1. "Military and diplomatic intelligence sources in Kampala," Uganda as reported in the *Times* of London on Nov. 16, 1997. The primary military adviser to Ugandan military dictator Yoweri Museveni, who has been at war with Sudan since 1986, is Israel's Gen. David Agman. Israel's interest in Uganda stems from its desire to control the headwaters of the River Nile, which then flows through Sudan to Egypt.

2. Deputy Speaker of the House of Lords Caroline Cox, the most vocal proponent of a full-scale *American* war against Sudan in the environs of Washington, declared on Feb. 17, 1998 in the House of Lords, that Saddam Hussein had trans-

ferred Scud missile delivery systems, and other weapons of mass destruction (WMD), to Sudan.

3. Yossef Bodansky, whom Cox indicated as her own source for her charge, in the form of a Feb. 10 report, entitled "The Iraqi WMD Challenge: Myths and Realities," prepared by the Task Force on Terrorism and Unconventional Warfare, an association composed of members of the U.S. House of Representatives, but which is not an official body of the U.S. Congress. The official director of the group is Bodansky, a former officer of the Israeli Air Force, who was the "spotter" for Jonathan Pollard, an Israeli agent convicted of espionage against the United States.

People knowledgeable on terrorism have pointed out that the U.S. air strikes against not only Khartoum, but also Afghanistan, are not expected to bring about a terrorist retreat. "On the contrary," one well-informed source told *EIR*, "it will backfire, as it will appear to prove in the minds of such people that the United States will act capriciously and arbitrarily against an Islamic target. This will only serve to recruit more terrorists. And the terrorist counterattacks will then come, against innocent Americans."

Such sentiments have been echoed among numbers of policymakers in Washington—but so far there has been no public admission of the fallacy that produced the U.S. air strike against Sudan.

Offers of cooperation spurned

Ambassador Mohamed noted in his press conference that while the United States had never initiated any diplomatic protest in regards to the Al-Shifa plant, Sudan had offered full cooperation with the United States in the fight against terrorism. In May 1998, he stated, "I delivered a formal letter of invitation to a senior official of the Federal Bureau of Investigation, offering to establish a joint effort between our external security bureau to combat international terrorism. . . . We thought our offer of cooperation with U.S. law enforcement officials would be welcomed. But after conferring with the administration, the FBI politely declined our invitation."

On the other hand, Sudan had granted the United States use of Sudan air space to evacuate wounded from Nairobi, but the ambassador expressed concern that the overflights had been used for last-minute surveillance of Al-Shifa.

The Sudanese ambassador, who departed Washington on Sept. 17, registered his frustration at the difficulties he had as ambassador in meeting with Susan Rice, in her current post as Assistant Secretary of State for African Affairs, or in her previous position at the National Security Council. Rice had steadfastly refused to meet the ambassador until the crisis erupted over the U.S. air strikes. According to reports, Rice had promoted a U.S. air strike against Sudan. So far, while America's relations with one of the most important countries of Africa lie in tatters, Rice and those who demanded a U.S. air strike against Sudan on the basis of flimsy if not outright false evidence, remain unscathed.

'Third Way' fuels U.S., British 'convergence'

by Mark Burdman

Repeatedly over the past months, British Prime Minister Tony Blair has promoted himself as the leading figure in a "center-left international," a so-called "Third Way." In substance, it is nothing more than an attempt to put a pseudo-human face on the brutal policies associated with his predecessor, Margaret Thatcher. Third Way has become a euphemism for the practice, typified by activities of the "New Democrats" in the United States, of abandoning traditional constituencies among blue collar workers, minorities, and others, in favor of cultivating the high-flying elements brought to the fore by the piratical policy known as "globalization."

Perhaps heed should be paid to the recent comment in the *London Times*, that Third Way would be better thought of as a "sexual rather than philosophical position."

In last week's *EIR*, Lyndon LaRouche pronounced the Third Way as, for all intents and purposes, a dead letter, at a time when the world economy is crumbling, and nation-state-, constituency-oriented approaches, like those used by U.S. President Franklin D. Roosevelt in the 1930s, are the only thing that will prevent a plunge into global chaos. In milder terms, *Times* chief political correspondent Peter Riddell warned Blair, in a Sept. 14 commentary, that the impact of the global economic crisis on Britain might force Blair to move away from the Third Way, and to deal with the demands of labor unions and others being badly hit by that crisis.

At present, the reality factor of global economic collapse is not stopping Blair and other utopians from pushing on with their Third Way drive. Blair's guru, London School of Economics head Anthony Giddens, released a book over the Sept. 12-13 weekend, entitled *The Third Way*. Giddens's previous work, *Beyond Left and Right*, is a bible for Third Way ideologues. In part, the new Giddens work has been prepared, in anticipation of a Sept. 21 gathering at New York University, of a conference with the theme "Strengthening Democracy in the Context of a Globalized Economy," at which the Third Way will be highlighted. Both Blair and Giddens are scheduled to participate, as is Italian Prime Minister Romano Prodi, Swedish Prime Minister Göran Persson, Bill and Hillary Clinton, a senior representative of Brazil's President Sir Fernando Henrique Cardoso, and others.

A case of extreme historical revisionism

Beyond the double-talk, Blair's Third Way drive is part of a broader effort to manipulate the United States into an

updated form of the Anglo-American “special relationship.” A convincing piece of evidence for this assertion is the following.

The Sept. 21 event in New York is being sponsored by the World Policy Institute, an entity based at New York’s New School for Social Research that aspires to the level of establishment policy influence usually associated with the New York Council on Foreign Relations. The editor of WPI’s magazine, the *World Policy Journal*, is James Chace, formerly editor of the CFR’s *Foreign Affairs* quarterly. WPI promotional literature boasts about the *Journal*’s extensive circulation among Washington officialdom and in the D.C. think-tank circuit.

A member of the *Journal*’s editorial board is Clinton White House adviser Sidney Blumenthal, described as “on leave, government service.”

In its Spring 1998 edition, the *Journal*’s lead article was written by editorial board member David Fromkin of Boston University, entitled “Churchill’s Way: The Great Convergence of Britain and the United States.” Fromkin argues in the most shameless way for a full Anglo-American “partnership,” ultimately based on the argument that American history should be seen as an extension, or mirror image, of British history. Fromkin’s is a crude rejection of “American exceptionalism,” which motivated Benjamin Franklin, John Quincy Adams, Abraham Lincoln, and other great American patriots to repudiate British methods.

Fromkin argues that the United States under Bill Clinton “ought to follow” what he calls “Churchill’s way.” This means accepting Churchill’s “spacious and attractive” view that “the English-speaking peoples were one,” and that “they should aim at some sort of unity.” Churchill, according to Fromkin, “joined to his beliefs a strategic vision in which an England that no longer could be supreme on her own could retain her greatness in a close partnership with the United States.”

This is most relevant for the present time, Fromkin asserts, because “America’s and England’s ways have converged. Bill Clinton’s United States and Tony Blair’s United Kingdom share ideals as well as national interests and strategic situation. Surely, there now is a strong case for also defining goals together, and moving toward achieving them in partnership. With the obstacles removed, we can move in the direction pointed out by Churchill.”

Among the United States’ NATO allies, Fromkin claims, “Britain uniquely shares our strategic position and outlook as an oceanic power off the shores of Europe.” Britain and the United States should “enter into a transatlantic dialogue with one another aimed at finding common solutions that may differ in some respects or at times from our land-oriented European allies.”

To bolster this strategic advice, Fromkin engages in the most disgusting historical revisionism. For example, he writes: “England was here before we were. The language and

the common law were hers before they were ours. So was constitutionalism, the underlying political faith of both countries. . . . In retrospect, we might well question the traditional American view that world history from 1776 onward should be viewed as a duel between our country and the mother country. We might well begin by noting that even the political philosophy we call our own—republican, democratic, and individualist—had its origins, in the 17th century, in Britain.” The leading figures of 1776 in America “were formed by the legal and political classics of the mother country, above all by the philosophy of John Locke.”

This is an outright lie. The Founding Fathers, in framing the Declaration of Independence, specifically rejected slavery-supporting Locke’s formula of “life, liberty, and the pursuit of property,” in favor of the *Leibnizian* concept of “life, liberty and the pursuit of happiness.”

Equally perverse, Fromkin portrays John Quincy Adams’s seminal Monroe Doctrine as only having been promulgated, because Adams could count on the British Navy as a “shield,” to protect the Americas from the continental European powers!

After putting forward such lies, Fromkin evolves his argument into advocacy of the notion that there has been a complete strategic symbiosis, through the decades, of the interests of the United States and Britain, as two “oceanic powers.” American and British “geopolitics” merge into one strategic vision, in the myopic author’s conception. Such admirers of British imperialism as President Theodore Roosevelt are highlighted, to bolster the general point.

Strange bedfellows

What makes the Fromkin piece all the more curious, is that recently, the most outspoken advocate of the thesis of an Anglo-American “convergence” has been Canada’s Conrad Black, owner of the Hollinger Corp. chain of newspapers. As *EIR* has reported, Black has been pushing for Britain to join the North American Free Trade Agreement, as a way of firming up that “convergence” (see *EIR*, Aug. 7, p. 24). At the same time, Black and his Hollinger interests have been the leading outlets in the “Get Clinton” media food-chain. So, he and Fromkin, writing in the center-left, nominally “pro-Clinton” *World Policy Journal*, certainly make strange bedfellows.

The same edition of the *Journal* has a tricky editorial by Chace, entitled “Bretton Woods Two?” warning of the growing dangers to the world economy, and praising the original Bretton Woods agreements, and then highlighting the proposals being made by two individuals: Harvard University “shock therapy” punk Jeffrey Sachs and Queen Elizabeth’s favorite speculator, George Soros!

One only hopes that when Sidney Blumenthal brings copies of the *World Policy Journal* into the White House, that they end up in the latrine, or President’s circular file, where they belong.

Clinton forces British to outlaw terrorism against foreign nations

by Scott Thompson

The British Parliament was called back into emergency session on Sept. 1-3, to enact a bill that for the first time ever would make it illegal for a resident in the United Kingdom to plot terrorism against an overseas target. The bill was passed by the House of Commons and the House of Lords, and became an Act, after being signed by Her Majesty Queen Elizabeth II by orders in the Privy Council on Sept. 3.

For the past five years, the governments of Egypt, Pakistan, Saudi Arabia, Peru, Turkey, Israel, France, Libya, and others have been pressing the British to crack down on terrorists, who have been carrying out acts of violence against their citizenry from safe-havens in London. Repeatedly, the British refused to comply with requests for extradition, or to honor other measures aimed at cracking down on the London terrorist infrastructure.

This time, however, the Clinton administration weighed in, directly, in support of these long-standing diplomatic demands that the British move to take appropriate anti-terrorism steps. However, as one might expect, the British government, at the same time that it “complied” with the U.S. demand, threw a potential poison pill into the anti-terrorism law, including another provision that has already sparked widespread protests and could result in seriously undermining the Northern Ireland Agreement for peace.

The bill, as sponsored by Prime Minister Tony Blair, had two distinct parts: One, demanded by the Clinton administration, would outlaw attacks against other nations by the hundreds of terrorists headquartered in London; the second, added following the “Real IRA” bombing in Omagh, Northern Ireland on Aug. 15, contained language that jeopardizes the Northern Ireland Agreement. How these two seemingly conflicting pieces of legislation got put together and rammed through Parliament in the same package, is the subject of this story.

Prime Minister Blair’s use of high-handed tactics in rushing the bill through the emergency session of Parliament, drew protests from an off coalition that, at one point, included ultra-Ulster Unionist Ian Paisley, Labour Party left-winger Anthony Wedgwood Benn, and the leader of the Liberal Democratic party. For different reasons, all were demanding more

debate on the issues, and were charging the government with using a “guillotine motion” to cut off debate.

Clause 5

Clause 5 of the bill, the key section which would outlaw U.K.-based terrorist attacks against other nations, including the United States and its allies, has been long overdue. In February 1997, a Private Member bill to this effect had been introduced into Parliament, but was shot down by Labour Party Member of Parliament George Galloway: When the bill came up at that time, neither Labour nor Conservative leaders made any effort to round up a quorum, and the bill died.

This time, two reliable sources reported to *EIR*, the Clinton administration had demanded inclusion of the anti-terrorist clause in the first available piece of legislation.

On Sept. 3, 1998, a British Embassy press official in Washington confirmed that Clause 5 had been written in direct “response to a request from the Clinton administration.” This clause once again raised outlawing Britain as a base for plotting “extra-territorial terrorism” against U.S. citizens or others around the world, which had been defeated under the John Major government thanks to Galloway and other “human rights” advocates.

“It closes a loophole that we have been aware of for some time. Right now it is illegal to plot murder abroad from the U.K., but terrorism can get lost in-between. Obviously, there was a difference of opinion with the Clinton administration, and, if this bill passes more or less as written, then that loophole will be closed,” the embassy spokesman told *EIR*.

An aide to a leading member of the Tony Benn faction within the Labour Party also told *EIR* that there had been strong pressure from Washington to pass the anti-terrorism bill.

The Irish Parliament in Dublin passed similar anti-terrorist legislation on Sept. 3-4, during President Clinton’s visit to Ireland.

The introduction to the bill as circulated by the British Home Office summarized Clause 5: “It would become an offence to conspire in the U.K. to commit terrorist or other serious offences in a foreign country.”

Draconian measure

However, referring to the “poison pill” provisions, the aide in the Benn faction said that there were severe problems with other parts of the legislation. He said that he had just been meeting with an attorney, and he was convinced that the bill would violate the Northern Ireland Agreement and be condemned by the European Commission on Human Rights. In fact, he said, it might even go to trial before The Hague. For example, he pointed out, there are provisions which say that only a senior police officer’s word is needed to detain someone as a member of a proscribed organization, such as the Real IRA.

Members of Parliament who sought to widen the debate similarly argued that such provisions were “draconian.” Benn said at one point: “Prime Minister Blair has shown contempt for Parliament in these proceedings. It is as if the Supreme Soviet had been summoned by the Central Committee to rubberstamp this draconian measure.” The more troubling aspects of the bill, that purportedly had to do with countering the Omagh bombing, read as follows in the official introduction to the Bill put forward by the Home Office:

“The opinion of a senior police officer would be admissible in court as evidence of membership of specific, proscribed terrorist groups;

“Courts would be allowed to draw inference from a suspect’s refusal to answer questions during the course of an investigation into membership; and,

“On conviction, the assets of individuals found to be members would be subject to forfeiture if they had been used in support of the group or could be so used in the future.”

Throughout the debate, Blair refused on national security grounds to elaborate on the deeper meaning to this language.

At one point, Conservative MP Richard Shephard exploded, saying that this would lead to “inquiries in the face of fear,” that “measures that affect criminal justice are being treated in a most cavalier manner,” that “anonymous spokesmen could denounce someone as a terrorist,” that these were “draconian measures that the House must reject,” and that the measures meant “abandonment of the freedom to discuss.”

Shephard added, “Parliament needs to weigh these measures very carefully. . . . The stately order of business has never made clear why it is in order to have this emergency meeting. No one has done their preparatory work. The bill was not even ready until 6 p.m. yesterday. The government is being manipulative of the rule of law.”

These sentiments were expressed by others in the fight to stave off the Blair government’s moves to end debate. Even Ulster Unionists wanted more debate, fearing that it would establish a “two-tier system,” between approved and proscribed terrorist groups. MP Robert McCartney said, “There must be a process that will lead to a full and fair trial.”

The sole amendment to the bill as it became an Act, was that it seems to have been considered for purposes of the

bill, that Scotland was part of the United Kingdom, and, therefore, the extra-territorial argument in that instance was rescinded.

Instead, Clause 7 of the bill became a request that there ought to be an annual report on the effectiveness of the bill laid before Parliament. This was the sole concession made to those who feared that the potential for “human rights” abuses in the bill might blow up the peace process in Ireland.

Another theme in the Parliamentary debate was why the Blair government did not condemn the U.S. attack against the Al-Shifa pharmaceuticals plant in Khartoum, Sudan, carried out in retaliation for the bombings against U.S. embassies in Kenya and Tanzania. Sudan, some said, was a separate, sovereign nation, and there was no proof that the pharmaceuticals plant had been producing precursor chemicals for nerve gas. The Blair government merely shrugged and said that Khartoum had not given its inspectors a free hand.

Documentation

Excerpts from Clause 5, “Conspiracy to commit offences outside the United Kingdom,” from the Home Office:

1A.—(1) Where each of the following conditions is satisfied in the case of an agreement, this Part of this Act has effect in relation to the agreement as it has effect in relation to an agreement falling within section 1 above.

(2) The first condition is that the pursuit of the agreed course of conduct would at some stage involve—

(a) an act by one or more parties, or

(b) the happening of some other event, intended to take place in a country or territory outside the United Kingdom.

(3) The second condition is that that act or other event constitutes an offence under the law in force in that country or territory.

(4) The third condition is that the agreement would fall within section (1) above as an agreement relating to the commission of an offence but for the fact that the offence would not be triable in England or Wales if committed in accordance with the parties intentions. . . .

(6) In application of this Part of this Act to an agreement in the case of which each of the above conditions is satisfied, a reference to an offence is to be read as a reference to what would be the offence in question but for the fact that it is not an offence triable in England and Wales.

(7) Conduct punishable under the law in force in any country or territory is an offence under this section. However, it is described in that law. . . .

Britain's control over Nepal strengthens

by Ramtanu Maitra

Amnesty International, the British intelligence-linked human rights organization, is in Nepal in a big way defending the Maoists. In a report published in March 1997, it accused the Nepali government of using "lethal force in situations where such force was clearly unjustified." The report has already brought down the Sher Bahadur Deuba government, and, from information available at this point, the Maoists have stepped up their attacks and recently shot to death at least half a dozen people whom they alleged were police informers.

Meanwhile, Amnesty workers, along with a slew of non-governmental organizations, of which, one, ICIMOD, stands out, are crawling all over rural Nepal, ostensibly keeping watch on "police atrocities" against the Maoists.

The Amnesty championing of the Nepali terrorists, however, did not occur in a vacuum. The Nepali Congress, the dominant political party which took power in 1991 by weakening the monarchy in a long-drawn-out political campaign that led to many incidents of violence, failed miserably to unify the country behind one political leader. Intra-party conflict led to electoral erosion of the party and gave rise to a consolidated Nepali Communist Party (CPN), which wielded political power for nine months following its electoral victory in 1995. This year the CPN split, creating an avowed group of terrorists under the banner of CPN (Marxist-Leninist). It is this group that British intelligence controls.

British interest in Nepal is as old as the hills. The Nepali monarchy, which looks up to Buckingham Palace, is linked to the British monarchy in many ways, including through the World Wildlife Fund. Prince Gyanendra, elder son of King Birendra, is a member of the 1001 Club, run by Prince Philip of Britain and Prince Bernhard of the Netherlands.

There are, in fact, a number of geopolitical reasons why Britain wants its paws on Nepal. To begin with, Nepal is very much part of the old drugs-and-guns trade route. Recent reports indicate that Nepal has become an important link in the scheme of things of the Pakistani Inter-Services Intelligence—a search of whose family tree may lead one to the British MI6, Israeli Mossad, and Saudi intelligence. The ISI has furthered the drugs-and-guns trade to fund a number of terrorist groups operating in northeast India, including the Tamil Tigers of Sri Lanka.

In time, perhaps, this link could also supply arms to the Tibetan "refugees," anti-monarch Nepalis in southern Bhutan, and even the Uighurs in China's Xinjiang. The British

geopoliticians need the entire northern belt along the Himalayas, stretching from Kashmir to Myanmar, to remain a no-man's land where drug-traffickers, gun-runners, and spies are allowed to roam free, bringing in money and information to the oligarchs. It is for this reason that the porous boundaries of Kashmir have become a major transit route for guns and drugs, and it is also perhaps why Britain, and Israel, will do their best not to let the Kashmir issue be resolved. Strategically located huge game reserves all along the belt, ostensibly set up to protect endangered species such as the Tibetan antelope and snow leopard, fit into this scheme of things nicely.

If China had not taken control, Tibet would have long been the kind of drug- and gun-running thoroughfare Nepal has become today. Failure of the democratic forces in Nepal to respond adequately to the basic requirements of the poor Nepalis, and a cynical monarchy's plan to turn Nepal's capital, Kathmandu, into a tourist-oriented center for hot money, flesh, and drug traders, has created a highly volatile situation in Nepal, which borders India, China, and Bhutan.

Development sabotaged

It would be wrong, however, to assume that British intelligence is keen to set up the Maoists as the powers to be in Nepal. In fact, support to the Maoists is lent primarily to weaken the Nepali Communist Party and the democratic forces. It is widely acknowledged in Nepal that any element that violently opposes the democratic forces is in fact working on behalf of the monarchy, which is, in effect, aligned with the British monarchy. The objective is to keep Nepal undeveloped, and unstable.

Attempts made earlier by the leaders of both India and Nepal to harness Nepal's huge hydroelectric potential have been systematically uprooted by the violent communists, who now wear the label of Maoist. The World Bank, which at one point had committed funds for a feasibility study for one of the hydroelectric projects, danced to the British tune and left. Last year, the U.S.-based Enron Corp. left Nepal abruptly, after making a foray to develop Nepal's hydro-potential. The reason cited by Enron was Nepal's political instability. New Delhi, which played a crucial role in setting the stage for the Nepali Congress's rise to power in 1991, has since been outmaneuvered by the British geopoliticians, partly due to the failures of the Nepali Congress leadership.

As a result, the future portends breeding of new armed insurgents. Indian security forces, who are battling insurgents in the northeast states—the United Liberation Front of Asom, Bodo secessionist forces, and the National Socialist Council of Nagaland—will likely find things getting hotter.

Bhutan and China should also take note. The Tibetans, linked to the Dalai Lama, are involved in the trade which gets them deep into China. There have already been reports that the Tibetans and Uighurs, both controlled top down by British intelligence, have joined hands to fight for Xinjiang's and Tibet's independence from China.

International Intelligence

German CDU preparing for Grand Coalition?

Bavaria's state elections on Sept. 13 gave a boost to the hopes of the Christian Democratic Union (CDU) of re-electing Helmut Kohl as Germany's Chancellor on Sept. 27. The CDU's Bavarian partner, the Christian Social Union, consolidated its vote at 52.8%, while the opposition Social Democrats (SPD) dropped below the 30% level. Nonetheless, the CDU nationally is making behind-the-scenes preparations for a Grand Coalition government with the SPD, because the CDU's present coalition partner, the Free Democrats (FDP), may not win enough votes on Sept. 27 to enter the Bundestag (parliament).

Neither the CDU nor the SPD can expect to win by enough to form a stable single-party government, and leading CDU figures, such as Wolfgang Schäuble, Volker Rühe, and Kurt Biedenkopf, as well as the SPD's Oskar Lafontaine, have expressed openness to the idea of a CDU-SPD coalition government.

Brazil's Sarney charges: Bush destroyed Russia

Former Brazilian President José Sarney accused George Bush of causing the destruction of post-communist Russia. In an interview with the Sept. 4 *Folha de São Paulo*, entitled "The Wall Is Falling Down on Us," the former President (1986-90) explained:

"Today, linking events, I find a connection with the U.S. attitude toward Russia at the end of the Cold War. They did not know how to administer victory, as happens under the genius of statesmen. It is the case of the War of 1914 and the peace imposed at Versailles, which generated the Third Reich, bringing the world to the brink of suicide. In the Second World War, with victory in our sights, Churchill and Roosevelt prepared the postwar world: Bretton Woods, the World Bank, the International Monetary Fund, the reconstruction of Germany, a modern Japan, a Europe restored.

"The victory of the Cold War found Bush leading the victors. And what did he

do? He treated Russia as a danger, and did not reconstruct it for democracy. Russia became transformed into chaos, dominated by the mafia and an economy based on predator capitalism. Every adventurer in the world landed there, and set the trap of the speculative financial market, the which is globalization's great blackmail. . . . Combining the shards of history, with the speed at which events occur in this era of global communication, a tragedy is possible, for Russia itself, or for the world itself.

"Today, we all speak of the collapse of virtual economy in the face of the real economy," Sarney continued. "In 1956, 74% of international trade was in real goods; in 1976, 35%; 7% in '82. Today, 2% of what the U.S. trades with the world are physical goods, and 98%, paper.

"A great statesman is needed to build a world of peace and more justice, from the rubble of communism. Russia has history, greater than Yeltsin and Bush. It is always politics which governs economy. The problem with the stock markets is that of world speculative capitalism. It is a structural problem. This is a conjuncture of thunder. What is essential is the eye of the hurricane.

"The financial crisis is the projection of the great political failure of the West. The Berlin Wall is falling down upon us," he concluded.

Netanyahu rubberstamps murder of Hamas leaders

Taking advantage of the assault against U.S. President Clinton, Israeli Prime Minister Benjamin Netanyahu has again plunged the Mideast into a crisis, through the murder of two leaders of the London-steered Hamas military wing. According to reports, Hamas military commander Iwad Awadallah escaped from a Palestinian prison on Sept. 11, and fled to the hideout of his terrorist brother Adel. Both were promptly killed by pursuing Shin Bet operatives. Decrying "conspiracy theories," *Maariv*, a mouthpiece for Israeli military intelligence, insisted "there was no prior agreement between the Israeli GSS [Shin Bet] and [PLO intelligence chief] Jibril Rajoub's Preventive Security Apparatus to intentionally permit Iwad Awadallah to

escape from a Palestinian prison, so that he would lead to his brother and enable Israel to capture both of them in one action." True or not, no one will believe it: The Palestine Liberation Organization is also now set up for Hamas terrorist attack.

Israeli soldiers clashed with angry Palestinians, as U.S. envoy Dennis Ross held talks with Yasser Arafat on a U.S. plan for the Israelis to pull troops back from another 13% of the West Bank in exchange for Palestinian action on security. In Tel Aviv, 50,000 Israelis gathered in the square where Yitzhak Rabin was assassinated and demanded that Netanyahu resign to save the peace process. The rally, which adopted the slogan "Netanyahu Go Home," was organized by the opposition Meretz party and the Peace Now organization, to mark the fifth anniversary of the Sept. 13, 1993 signing of the Oslo interim peace accords at the White House.

Argentines decry Soros, Benneton land grabbing

Arch-speculator George Soros and the Italian Benneton textile family are buying up Argentine land in order to launder their money, charged Humberto Volando, former head of the Argentine Agricultural Federation (FAA). In an interview with the Sept. 10 *Tiempos del Mundo*, Volando pointed to their purchase of large tracts of choice agricultural land in Argentina, adding that they bring their "dirty money, money from the drug trade. Buying land is one way of laundering drug money. They buy property. . . . This isn't money they've earned by the sweat of their brow, as we say here." George Soros, for example, "a big international speculator," has over a million hectares in Argentina. "He doesn't break the law, but he violates justice, which is worse." Benneton has another million hectares in the Patagonia region.

The new "agricultural oligarchy" is really "the financial oligarchy," Volando warned. "They come from other countries, some well known companies, some not. . . . [T]hey use their money to buy up land, running poor people off it, some of whom have owned it for centuries . . . this is laundered drug money."

Backlash grows vs. Starr's assault on the Presidency

by Nancy Spannaus

One week after Grand Inquisitor Kenneth Starr, also known as the "Porno Starr," released his salacious report to the U.S. House of Representatives, the battle over the U.S. Presidency is raging throughout these United States. Faced with continued signs that the President is still popular with the U.S. population—and in fact, probably more popular now that he is under such outrageous attack—the British-backed forces around Starr and the Republican Congressional leadership are pressing recklessly ahead in their attempt to destroy the Clinton Presidency. On the other side, a growing movement of American citizens, led by African-American state legislators and the LaRouche political movement, has taken up the battle to save the Presidency, so that President Clinton can address the overriding issue of the nation's survival, the worldwide financial collapse.

Anyone who merely reads or watches the major media in the United States could not possibly understand the state of this war. The nation's media establishment is overwhelmingly oriented toward tarring and ousting the President—and it just can't understand why large sections of the U.S. population have not been convinced to go along with them. This consensus against President Clinton is in sharp contrast to the coverage in many newspapers in Europe and South America, who see Starr's efforts as a blatant political attack. Many U.S. newspapers have gone so far as to editorially demand the President's resignation or impeachment.

One significant break in this treasonous pattern in the U.S. media was the publication of the banner shown in the accompanying picture, which was hoisted by LaRouche associates working with Americans to Save the Presidency, outside President Clinton's Sept. 14 speech at the New York Council on Foreign Relations. This photo has appeared in newspapers all around the United States, cutting through a lot

of the sanctimonious garbage otherwise filling the pages.

But behind this banner, which is appearing now at every public appearance by the President, there is a much bigger story.

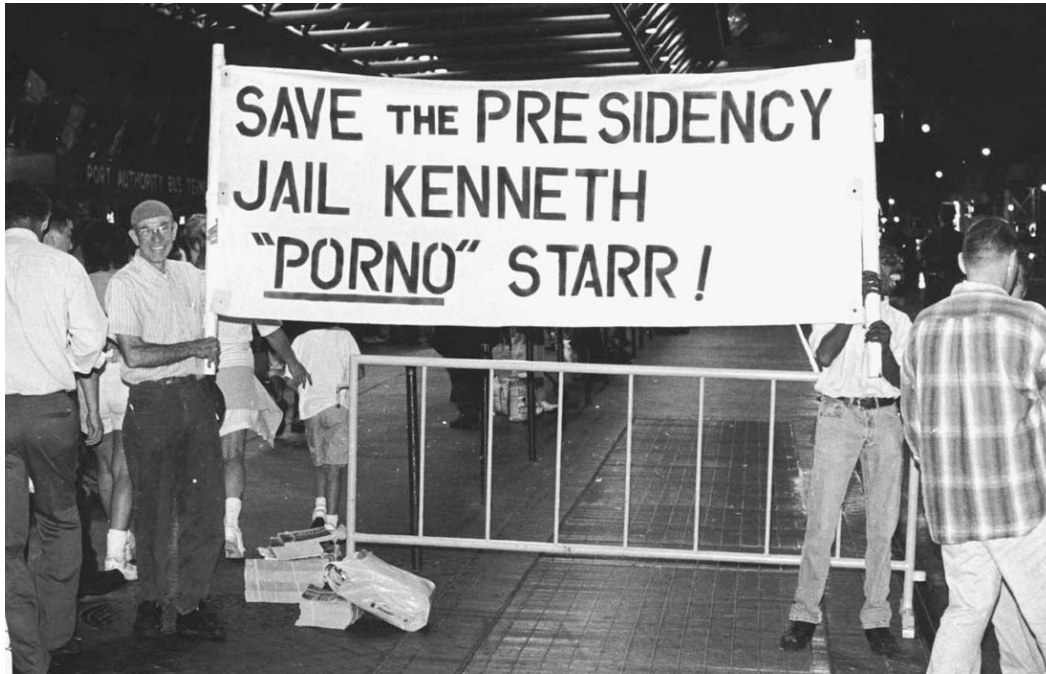
Americans to Save the Presidency

On Sept. 6, eight sitting state legislators and five other constituency leaders launched Americans to Save the Presidency, an ad hoc group committed to ensuring that President Clinton is "able to fulfill the unique responsibility of [his] office. We want you to devote your attention to addressing the crises of the day," they stated. It was the right idea at a time when there was a total vacuum of leadership in the Democratic Party, and the nation.

Within a week, these legislators and their collaborators in the LaRouche movement had gotten more than 750 prominent citizens to endorse the call, and thousands of ordinary citizens as well. Among the prominent endorsers of the petition which the group is circulating are eight former Congressmen, almost 200 state legislators, more than 50 city and county elected officials, close to 75 trade union leaders, nearly 200 Democratic Party officials, and dozens of civil rights, community, and religious leaders nationwide.

This is not a sectarian group. Forty-six of the 50 states are represented, and all races and creeds are involved. Downtown rallies in various U.S. cities have been drawing lines of citizens, enraged at Starr, who want to sign the petition. But the leading roles are being taken by African-Americans, who see the assault on the Presidency as being undertaken in the very same spirit as the persecution which they have undergone over the years.

In an interview during the week of Sept. 14 with a cable TV station, Americans to Save the Presidency initiators Rep.



President Clinton was greeted in New York on Sept. 14, by a LaRouche organizing team demanding a strong Presidency to deal with the collapse of the global financial system. An Associated Press wire photo of the banner was picked up by newspapers around the country and internationally.

Harold James of Pennsylvania, and Rep. Quincy Troupe of Missouri, both African-American state representatives, stressed that they see their drive as a critical intervention because of the failures of the Democratic Party leadership, and because of the onrushing financial and economic crisis. Both indicated that they believed the British-backed Starr assault would get worse, because the financial crisis is deepening, certain nations are moving to defend themselves, and the financial oligarchy is desperate to prevent President Clinton from acting on LaRouche's ideas to reorganize the world economy.

Already, an ad with the first 650 prominent signers has been published in *The New Federalist*, the paper of the LaRouche movement. The full text of the petition has also been printed in newspapers in the Dominican Republic, Argentina, and Venezuela.

Hitting the traitors

In addition to mobilizing petition signatures, which will be sent to the President and Congress, as well as published in newspaper ads, the movement to save the Presidency is hitting hard at the traitors in the Democratic Party who actually created the conditions for Starr's escalated assault.

Picket lines and demonstrations have been held outside the offices of Virginia's Rep. James Moran, New York's Sen. Patrick Moynihan, Connecticut Sen. Joseph Lieberman, and California Sen. Diane Feinstein. The spirited actions have been followed by delegations going up to speak with the Senator or Congressman, or their aides. The most upset was Moran's office, just across the Potomac from Washington, which actually turned off the elevator in the building, in the hopes

of keeping the delegation, which was led by civil rights heroine Mrs. Amelia Robinson, from reaching the office.

Democrats throughout the country have expressed their total disgust with their so-called leadership, for failing to defend the President, and dozens have been signing the petition at meetings throughout the country. One critical test of the ability of the party base to resist its treacherous leadership will occur on Saturday, Sept. 19, in Richmond, Virginia, when a bunch of traitors will try to have the Central Committee go on record condemning the President.

It is widely reported that leading Democrats who have publicly attacked the President, or made the stupid demand that he give up his legal defense, are suffering significant drops in their support from their core constituencies, who see them as the media-sycophants that they are.

The Republican insanity

Many Congressional Republicans have been able to stand back and appear relatively statesmanlike, while the Democratic leadership has stuck its knives into the President's back. But, from Starr and the House GOP leadership around Tom DeLay (Tex.), Dick Armey (Tex.), Henry Hyde (Ill.), and so forth, the hysteria over the fact that President Clinton has not folded, and continues to receive broad popular support, is growing.

The Republicans have not had it easy from their constituency, of course. The irony of the publication of the pornography of the Starr report on the Internet—from those forces who allegedly stand for eliminating pornography—has not been lost on people. It has also been widely reported, and recognized, that the Starr report was written in the most

graphic, disgusting detail for reasons that had nothing to do with Starr's so-called legal case. The report itself was written by a journalist named Stephen Bates, who once wrote for *Playboy* magazine. But his work was reportedly edited by Starr himself, who, according to reporter Michael Isikoff, insisted that more lurid details of the sexual encounters (as reported by the questionable Monica Lewinsky) be included in the report.

Nonetheless, the House leadership is trying to increase the intensity of the attack on the President. Gingrich has indicated to Starr that he would like the Inquisitor to issue a follow-up report on matters other than sex—and Starr has made it known that he is keeping his grand juries active despite the initial report. Judiciary Chairman Hyde and Majority Whip DeLay have also taken steps to try to intimidate those who might dare to expose the hypocrisy of the Congressmen who are attacking Clinton. On Sept. 17, DeLay sent a request to the FBI, for an investigation of those who disclosed the story of Congressman Hyde's extramarital affair, claiming that the release of such stories could amount to "intimidation of Congress," and might even be included in the counts of impeachment, if it could be proven that the stories came from the White House.

If there has ever been a case of intimidation of Congress, ironically, it has come from the FBI—not those telling the truth about the backgrounds of Congressional leaders. An attempt to prevent the truth from being published would amount to nothing less than the imposition of *lèse-majesté*, the feudal prohibition against attacking the monarch for which the violator is punished more severely, the more true the charge is.

The view from afar

President Clinton has received significant support from European heads of state, who insist that he must not be distracted from dealing with the dramatic foreign policy and financial crises which are upon the world. The international press has also made trenchant observations about the insurrectionary nature of Starr's assault.

Sometimes one can see one's nation better through the eyes of foreigners. A Sept. 13-14 report in the French daily *Le Monde* was particularly acute in its lead editorial. The content of the Starr report is "worthy of those trials-by-words of the Inquisition that the medievalists study," the paper said. What is happening now in the United States is a "new McCarthyism, which replaces the panic fear of communism by the fear of sexuality. . . . Inquisitor Starr is the product of a long history: the promotion into political dogma of supposedly moral and family values."

It is precisely this McCarthyism that the movement to save the Presidency, so that Clinton might act to save the world economy, is determined to stop. There is going to be quite a fight ahead.

Character Tells

Senator Moynihan plays Marat

by Lyndon H. LaRouche, Jr.

September 10, 1998

Of course, he was drunk when he said it.
Drunk as a British lord, he might have been;
but, never blame the bottle for what a
drinking man brings to it.

President Bill Clinton is learning it the hard way. Experience shows, once again, that any politician or news media creature, who frequently slanders and libels Lyndon LaRouche, was going to show his colors as no friend of the President, sooner or later. The President was repeatedly warned of that fact.

What the back-stabbing Brutuses among the Democratic National Committee's New Democrats did, should not have surprised the President. He should never have let himself become upset by the behavior of these types of so-called "political advisors;" he should remember, I had forewarned the White House publicly of this. There is no reason for him to be surprised by the utterly predictable behavior of these scalawags, and less reason for him to care a fig about winning their good opinion of him. Treat them with the respect a wise dog shows to a skunk; don't try to caress it.

Take the like of veteran LaRouche-hater Senator Pat "Brutus" Moynihan, for example. If you know the facts of Moynihan's case, you might consider him a New York Democrat in the tradition of the most notorious Lincoln-era Copperhead, August Belmont. On that account, we have had significant personal experience with the Senator, as the latter may have been either drunk and sober on that occasion. The only unsettled question we ever had about his behavior, was the question, whether he acquired his familiar, flop-jowled speech-defect from liquid sandwiches, or his unfortunate attempt to cultivate what he may have imagined was a British accent, perhaps during his sojourn at Harvard University.

Moynihan never gave us any reason to doubt the compelling evidence that he is a rabid anti-African-American racist. His racism is of a type fully consistent with his general pedigree; he is, with certainty, a veritable "Leporello," an Anglo-

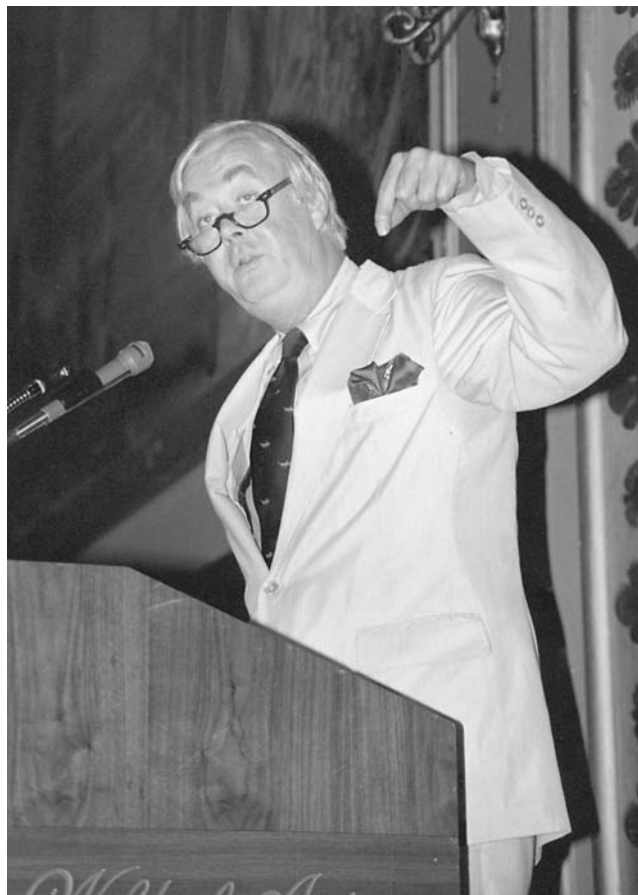
phile financier-oligarch's lackey, festooned with Venetian, stiletto-style political morals to match. We neither know, nor care what brand of hooch he drinks, or in what amounts; it is his personal character, or, rather, the lack thereof, which we know, and blame for his most recent display of shamelessly unpatriotic behavior toward a beleaguered President of the United States.

If you wish proof that he is a racist, look up the kinds of racist social theory with which he was associated, both at Harvard and as a certain kind of new Democrat inside the Nixon administration. Moynihan was a racist of the Gingrich "welfare reform" stripe, long before Jeremy Bentham and Adolf Hitler invented slave-labor "work camps." Do you remember "Benign Neglect?" Do you remember Moynihan's overt philosophical kinship to the Hitler-style techno-racists, like Schockley, operating out of Harvard University's education department, back then? He is a professed Democrat, some of the time, but one, like Copperhead Belmont, and certain Clinton back-stabbers, of a certain odor.

Take into account, as our investigators did, some of the curious characters, including house-guests, with whom he consorted, intellectually and otherwise, during his Harvard and Nixon days. The lackeys of Britain's King Edward VII, such as the banker Cassell, who was father-in-law to Britain's Lord Louis Mountbatten, and Cassell's New York representative, Jacob Schiff, would have recognized today's Moynihan as a lackey who had adopted, and received, the same British livery as their own. Ask why someone descended, financially and politically, to King Edward VII's patronage, dispatched lackey Moynihan as a prancing "pukka sahib" version of a U.S. Ambassador, and poisonous nuisance, to India.

That is enough said about the curricula vitae of Moynihan himself. The broader, more important political lesson which his case illustrates, is a certain resemblance to a notorious terrorist, that Swiss, London-trained Marat, deployed by the British foreign service, into Maximilien Robespierre's Paris. Throughout modern history, in particular, there are certain nominally political figures, such as Marat and Moynihan, who are political in the effects of their wicked deeds, but not political by intent. These are merely lackeys, to all essential purposes of political classification, who, while "Just doing my job," have no definitely discernible politics, or morals of their own. All of the recent decades' so-called "international terrorists" are included among such types.

Most unfortunately, such wretched, misnamed "political" types proliferate in the national political life of today's U.S.A. Their proliferation is a reflection of the degree to which, especially since the Vietnam War years, real politicians have been pushed out of significant influence in shaping national policy, by U.S. Justice Department or kindred frame-ups, usually to be replaced by hacks, like today's typically lying mass-media



Sen. Daniel Patrick Moynihan (D-N.Y.). "He builds nothing; try to find in his public statements of policy, a single idea . . . which actually represents a commitment to make society better. He uses his special position within politics and the U.S. intelligence establishment, like a hit-man, to destroy whatever target, either of his own choice, or by assignment, he is occupied with attempting to destroy on that particular occasion."

editor or journalist, who exhibit no clear principles of their own. What appears to be their policy, is whatever certain financial-oligarchical interests assign them to do. Moynihan's career is typical of lavishly patronized lackeys, like today's Gingrich-cuddling "New Democrats," who fit that classification, who each function in our nation's life as a perennial "interchangeable political part."

It is notable, that such latter types have a distinct, and analytically significant, moral and political kinship, and sometimes a cuddling relationship, to today's so-called "international terrorists."

Marat, for example

The variety of morally detached British liberalism which Moynihan has represented, dates from a curious partnership between the satanic sort of father and son of the British East India Company's late Eighteenth and early Nineteenth Centu-

ries: Lord Shelburne and his lackey Jeremy Bentham. Bentham's book on *The Principles of Morals and Legislation*, his promotion of Nazi-like slave-labor programs, and his tracts in promotion of sodomy and usury, tell one the odor of the man.

This formative period for the Shelburne-Bentham style in post-Walpole liberalism, bridges the century from 1763 through President Abraham Lincoln's crushing defeat of Britain's Lord John Russell and Lord Palmerston, in the U.S.A. and Mexico developments of 1863-1865. Shelburne, one-time Prime Minister of Britain, the paymaster of Barings Bank for much of the late Eighteenth-Century British Parliament, and, allegedly, of King George III to boot, was the architect of the operations which felled France in the course of the events of 1789-1814. It was Shelburne who, in 1782, placed Jeremy Bentham in charge of the newly created British Foreign Service. It was the utterly degenerate Bentham who then laid down the shape of that foreign policy of Britain, the policy which reigned until the political defeat of his most influential protégé, Lord Palmerston, by Abraham Lincoln. It was Bentham who trained and deployed the notorious terrorists, Danton and Marat, to conduct the Terror in Jacobin France.

Contrary to the international mass news media, and kindred opinion, there are no "sincere" international or like, Zionist or other terrorists. There are only criminals, usually of a certain type. The character of the putatively more successful such terrorists, is what is called by police and intelligence services "criminal energy." They have no morals. Acts of terrorism are the pleasure of these degenerate creatures, and serve them as substitutes for both morals and politics. They find a substitute for politics in the passion which they express through their adopted profession. Their essential moral quality is that of Bertolt Brecht's character "Jenny," from his "Three-Penny Opera." They are philosophically existentialists, as Nazi philosopher Martin Heidegger defined Nietzschean existentialism, and as Heidegger's followers, Jean-Paul Sartre, and Sartre's Frantz Fanon, did. Theirs, like Heidegger's, Sartre's, and Fanon's, is the pleasure they take from the passion of being satanically destructive. Their essential morality and politics, is the paid professional hit-man's politics of pure evil, of destruction for the pleasure of destroying.

Take the case of so-called "Palestinian terrorists." Are these people morally motivated, political? As a category: rarely. For the most part, they were driven into the kind of murderous madness proposed by Jean-Paul Sartre's Frantz Fanon: by decades of seemingly endless, hopeless persecution by the Israelis, especially by the fascist wing typified by present Prime Minister, Netanyahu, and implicitly, by Netanyahu's professed co-thinker Newt Gingrich. If you wish to end Palestinian terrorism, give justice to the Palestinian people, and then we could isolate, and contain the terrorist's own criminal qualities of hatred. Palestinians have been driven to

hate by the satanic cruelties of those kinds of Israelis who are themselves nothing but hate-filled, and racist, terrorists themselves.

In the Middle East, the manipulation of Arab and Jew by British masters, has made hatred, and death, a substitute for a way of life.

It should be noted, in this connection, that there is a clear distinction between guerrilla warfare and the sort of so-called "blind terrorism" widely practiced since the days of the Weathermen, the Baader-Meinhof Gang, and the like. Guerrilla warfare, and related forms of irregular warfare, follow the rules for justified warfare, as St. Augustine defined them. In warfare, the fostering of disabling dismay, in enemy ranks, is justified, but never "blind terrorism" against innocent victims. The satanic logic of the blind-terrorist, targeting children and other innocents, is the terrorist's pseudo-logic, "No one is innocent." That latter expression of hatred expresses the terrorist's innate moral depravity, his utter criminality.

For the terrorists recruited from the Americas or western Europe, as for the professional hit-man who blows up a plane filled with innocent passengers, while working for intelligence services of NATO countries, for example, there are no such qualifying excuses. Of the motives of the latter, such as Germany's Baader-Meinhof crew, their case-histories show, they are no different, as subjects of criminology, than any and all of the worst among other classes of inveterate criminals. Many, perhaps most of these, are merely cat's-paws used as deceptive, protective political cover for operations actually conducted by professional assassins, such as Buckingham Palace's own, deployed by the darker branches of Israeli and other leading intelligence services. The fact that many of them are used in this way, as mere "human toilet paper," does not make such "used toilet paper" less unattractive.

There is, admittedly, a certain kind of political philosophy expressed in circles of international terrorists and their fellow-travellers. This parallels the same perverse substitute for political philosophy expressed in Senator Moynihan's knifing of the President. It is the frankly satanic political philosophy of "destruction."

As known to our investigations and experience, Moynihan's relevant political practice never deviates from the amoral motivation of the terrorist and professional hit-man. He builds nothing; try to find in his public statements of policy, a single idea, not some trivially ejaculated campaign slogan, which actually represents a commitment to make society better. He uses his special position within politics and the U.S. intelligence establishment, like a hit-man, to destroy whatever target, either of his own choice, or by assignment, he is occupied with attempting to destroy on that particular occasion. Notably, as I can attest from personal knowledge and experience, his intelligence community connections are very deep, and very, very dirty.

National News

Clinton praised for help in settling pilot strike

Unlike the New Democrats, AFL-CIO President John Sweeney went out of his way to praise President Clinton on Sept. 10, after Northwest Airlines pilots reached a settlement with the carrier: "The settlement of the strike between the Airline Pilots Association (ALPA) and Northwest is an incredible victory for the pilots union and for the thousands of other Northwest workers who stood in solidarity with them. . . ."

"The Clinton administration played a pivotal role in resolving the conflict by sending Secretary of Transportation Rodney Slater and Deputy White House Counsel Bruce Lindsey to Minneapolis Monday night. Lindsey worked with the parties around the clock until the strike was settled this afternoon. President Clinton is particularly to be commended for standing firm against pressure to invoke his powers under the Railway Labor Act, to order the pilots back to work, thereby allowing the collective bargaining process to produce today's agreement on terms to end the strike."

LaRouche Dems win seats in Maryland primary

The results of Maryland's Sept. 15 Democratic primary furnished evidence of the growing influence among voters of Lyndon LaRouche: Three members of the "Marylanders for Justice" slate, led by gubernatorial candidate Lawrence K. Freeman, won seats on the State Central Committee in the western counties: Helen Alexander and Mary Borawski in Frederick County; and Laura Wright from Hagerstown, Washington County, who received the second-highest vote in a field of eight. This is the largest number of LaRouche partisans holding positions ever in the state party's history, which has already unnerved the "New Democrat" traitors who have turned their backs on defending the U.S. Presidency.

Freeman himself received 22,756 votes, or 5.6%, a huge increase over his 1994 vote (3,413), and the largest statewide vote total

for any ally of LaRouche's policies in Maryland. The Freeman vote is even more significant, given the 25% decrease in the number of voters in the gubernatorial primary.

The largest increase in Freeman's vote occurred in Baltimore City and Baltimore County, where he had launched a strong defense of Sen. Larry Young, who was expelled from the state Senate last January after the Justice Department had made him a target of its "Fruehmenschen" campaign against African-American officials.

Unfortunately, there is a question whether incumbent Gov. Parris Glendening, who won 70% in the Democratic primary, will be able to defeat Gingrich Republican Ellen Sauerbrey. Polls show the two running neck-and-neck, at 45% each. Since Democratic Marylanders outnumber Republicans by 3 to 1, this reflects a serious underlying problem. There are growing signs of discontent after Glendening recently snubbed President Clinton. Many longtime Democrats said they would vote against Glendening for that reason. The African-American community is very angry at the Governor's unprincipled treatment of the President.

María Milton takes 43% in Arizona Dem primary

LaRouche Democrat María Elena Milton received 43% of the vote in the Sept. 8 Democratic primary for U.S. Congress in Arizona's 4th Congressional District. Political observers were astounded at Milton's strong showing, since her opponent Eric Ehst had the support of the Democratic Party hierarchy, which mobilized a smear campaign against Milton and Lyndon LaRouche, rather than taking on the policies of incumbent Gingrich Republican, John Shadegg.

Ehst, a vice chairman of the Arizona Democratic Party, admitted that he was only running to "stop Milton." In 1996, Milton won the Democratic primary in her first campaign for elected office.

Milton issued a statement after the polls closed, entitled "Defend the Presidency, Defeat Shadegg":

"Starting tomorrow, I will be helping to lead a national campaign to defend the U.S. Constitution, and save the Presidency from

Kenneth Starr's British-directed wrecking operation.

"As I insisted in my campaign, President Clinton is under vicious attack by the financial elite, because they fear he has the potential, with the right support, to act in this crisis as Franklin D. Roosevelt acted in the 1930s. The fact is, that only FDR-style re-regulation of financial markets, and great infrastructure projects to rebuild our productive industry and agriculture, as proposed in Lyndon LaRouche's New Bretton Woods policy, can save the nation from chaos.

"I will call upon all of my supporters to mobilize with me against the New Age Democrats, like those who are treacherously calling for the President to resign. President Clinton must stay in office, and must have the support to deal with the multiple crises facing the nation, especially the accelerating disintegration of the world financial system."

Oregon marks up plans for prison slave labor

Oregon State Rep. Kevin Mannix, sponsor of a recent bill to allow prison labor in that state, is now trying to lure the Nike company, which uses virtual slave labor in Asia to make its athletic shoes, to move to Oregon. "We propose that [Nike] take a look at their transportation costs and their labor costs," says Mannix. "We could offer prison labor right here in Oregon."

Violating current Federal law, the State of Oregon has been forcing inmates to work without pay since April 1, 1995, when Measure 17, a voter ballot initiative, altered Oregon's Constitution, to require prison inmates to work or train 40 hours per week for no pay: their wages would be taken to cover prison costs, restitution to victims, family support, fines, court costs, and taxes. The Legislature amended the measure in May 1997 to provide that "prison work products or services shall be available without restriction imposed by any state or local law, ordinance or regulation as to competition with other public or private sector enterprises."

Oregon is already notorious as having pioneered legalized euthanasia, similarly through a ballot initiative.

Sanders slams IMF policy toward Russia

Rep. Bernie Sanders (I-Vt.) described the current situation in Russia as a “tragedy of historic proportions,” at a hearing on the Russian economic crisis and the International Monetary Fund (IMF) before the General Oversight and Investigations Subcommittee of the House Banking Committee on Sept. 10.

Sanders stated that after the end of communism, the IMF prescribed shock therapy, which was “essentially a Russian translation of the devastating structural adjustment that the Fund imposed on Mexico, Africa, Southeast Asia, and other debtor countries. It insisted that Russia cut government spending, sell off their public assets, and raise interest rates to attract foreign investment.” The results, he said, are what you see in Russia today.

Since 1991, Sanders said, “average life expectancy for men in Russia declined by seven years, to 59. And I am told that that is one of the sharpest declines in life expectancy since literally the bubonic plague.” The Russians are “not paying salaries or pensions—just to pay the interest on the public debt. In other words, for the illusion of fiscal and monetary prudence, Russia has to kill its own economy and shred its social safety net.”

He said, “The crisis in Russia, coming on the heels of Mexico, Southeast Asia, and Japan, has greatly increased fears of a global financial meltdown. . . . The IMF has become a veritable Typhoid Mary, spreading economic austerity and collapse to one country after another.”

Sanders put Undersecretary of the Treasury David Lipton, who recently returned from a trip to Moscow, on the defensive with respect to the IMF. Lipton, who had extolled the virtues of the reforms, back-pedaled when Sanders

pointed out the physical collapse of the Russian economy. He admitted that what Sanders had recounted is true, but attributed the collapse in production and living standards to a “lack of carrying forward reforms, rather than too much reforms.” Lipton admitted, that the IMF’s record in Asia “has been a mixed one.”

Minimum wage increase to be debated in Senate

On Sept. 11, the Senate came to an agreement on taking up the bankruptcy reform bill, and allowing debate on an amendment, sponsored by Edward Kennedy (D-Mass.), that would raise the minimum wage to \$6.15 per hour. The agreement also allows 20 other amendments, including several that are not relevant to the bill itself, including one by Al D’Amato (R-N.Y.) on ATM fees, and another by Chris Dodd (D-Conn.) relating to education savings accounts.

The agreement was not reached without some pain. Charles Grassley (R-Iowa), chief co-sponsor of the bankruptcy bill, complained that it was being loaded up with too many irrelevant amendments. He offered to work to accommodate Democratic concerns about the bill, but “efforts to burden this bill with minimum wage and other completely unrelated amendments ought to be resisted.”

A 99-0 cloture vote on Sept. 9 cleared the way to the agreement, but Democrats made clear that they are still going to push other items on their agenda, especially HMO reform. Jack Reed (D-R.I.) indicated how closely the Democrats tie the two issues together. He told the Senate after the cloture vote, that for people without health insurance, “getting sick in

America not only means being ill, it also very often means going broke.” He added that people in HMOs also find themselves in the same sort of situation, “where the insurance they paid for evaporates when they actually have a health crisis.”

Democrats tried to push campaign finance reform, but failed on Sept. 9 to invoke cloture on an amendment to attach it to the Interior Department Appropriations bill. John McCain (R-Ariz.) then withdrew the amendment.

North Korea framework agreement loses support

The framework agreement negotiated between the United States and North Korea in 1994, is losing support in Congress in the aftermath of the Aug. 31 North Korean missile test launch that flew over Japan before crashing into the Pacific Ocean. On Sept. 2, the Senate added an amendment, sponsored by John McCain (R-Ariz.), which would require Presidential certification that North Korea is not actively pursuing the development of any nuclear capability other than the light water reactor provided for in the 1994 agreement, before any funds are provided for the agreement.

In a separate action on Sept. 10, the House Appropriations Committee deleted funding for the Korean Peninsular Energy Development Organization (KEDO), which supplies the fuel oil that is part of the framework agreement.

Assistant Secretary of State for East Asian and Pacific Affairs Charles Kartman defended the agreement before the Senate East Asia and the Pacific Subcommittee, chaired by Craig Thomas (R-Wyo.) on Sept. 10. In negotiations over the preceding four

weeks, Kartman said, he had secured commitments from North Korea to "take a number of steps toward resolving key U.S. concerns" respecting the missile launch, suspect underground construction, and its implementation of the framework agreement. "We remain convinced . . . that firm and steadfast use of available channels is the best way to achieve the results we seek with respect to North Korea."

Kartman said that the framework agreement is the only "viable alternative we have that has a chance to keep North Korea's nuclear activities in check," and that this strategy "is best served if we are honoring our own commitments undertaken in the agreed framework, and specifically the provisions of heavy fuel oil to" North Korea.

Weldon reports back on visit to Moscow

Rep. Curt Weldon (R-Pa.), a senior member of the House National Security Committee and a founder of the Duma-Congress Initiative (the formal relationship between the U.S. Congress and the Russian State Duma, the lower House of Parliament), reported to the House on Sept. 10 on his latest visit to Moscow. He spent the bulk of his one-hour floor speech on the economic situation in Russia, and praised the cooperation between the Congress and the Duma. But, because "we have this Clinton-Yeltsin relationship focussing on failed, corrupt Moscow-based institutions, the Russian people have not been able to benefit," he said.

Weldon unveiled eight principles developed jointly with his Russian counterpart, Valentin Tsoy, which, he said, Tsoy had told him would pass in the Duma. The first, is that future monies from the United States coming

through international institutions should go into programs such as mortgage credits. Weldon invoked the memory of Franklin Roosevelt to explain that by giving the Russian people, under strict guidelines, a chance for home ownership, "we can help Russia create that middle class that has been the key component of a strong America."

Weldon discussed the murder of Gen. Lev Rokhlin, with whom Weldon had had many discussions about the consequences of the collapse of Russian military forces. He told the House that Rokhlin was the first elected official in Russia to call for President Boris Yeltsin's impeachment, which sent shockwaves throughout Russia because Rokhlin was a member of Yeltsin's own party. He urged the Clinton administration that, "when it talks about human rights in China and elsewhere, it should also talk about a human rights abuse in a democracy, where an elected leader in their parliament is shot down, I think, because of statements he made about the need to impeach the leader of the Russian government."

House GOP agenda takes another right turn

The House GOP leadership announced a new agenda for the remainder of the 105th Congress on Sept. 9, after a meeting with its Congressional Advisory Board, made up mostly of former Reagan and Bush administration officials. The new marching orders include more tax cuts, more attacks on the Clinton administration's foreign policy, withholding funding for the International Monetary Fund (IMF) until it is held more accountable for its policies, passing fast-track trade

negotiating authority, and implementing a missile defense program.

House Ways and Means Committee Chairman Bill Archer (R-Tex.) almost immediately announced that a tax-cut bill would be marked up on Sept. 17, in the range of \$70-80 billion over five years. This is much more than the \$30 billion included in the Senate Budget resolution, but Senate Majority Leader Trent Lott (R-Miss.), in a joint appearance with House leaders on Sept. 10, indicated that he would bring up the House version for a vote in the Senate, with the expectation that it would pass. The rationale given for the tax cut is that it is the best means for saving Social Security, because it would result in greater economic activity and therefore more revenue into the Social Security trust fund.

Funding for the IMF also remains a sticking point. The Foreign Operations Appropriations bill passed by the Senate contains the full \$17.9 billion requested by the Clinton administration, and Senate Appropriations Committee Chairman Ted Stevens (R-Ak.) said on Sept. 8 that he was assured by "key House Republicans" that the House will pass full IMF funding. However, House Majority Leader Dick Armey (R-Tex.) said that, as a result of the GOP Advisory Board's advice, he felt "particularly gratified personally and validated by what seemed to be the clear consensus of this group of people . . . that we ought not to just simply continue throwing good money after bad through the IMF."

The next day, the House Appropriations Committee marked up its Foreign Operations Appropriations bill with only \$3.4 billion in special borrowing authority for the IMF. The bill demands greater IMF transparency, and the elimination of government-directed lending and "market distorting" subsidies to favored industries.

Editorial

Monica Pollard?

Monica Lewinsky's lurid appearance before the Kenneth Starr grand jury has prompted many sage political observers around the world to pose the question: Was Lewinsky a Likud plant into the Clinton White House? It is highly unlikely that we will ever get a satisfactory answer to that question. However, some questions have been raised recently, and are now the subject of further investigation by *EIR*, about the involvement of the government of Israeli Prime Minister Benjamin Netanyahu and Israel's intelligence services, in the ongoing "Lewinskygate" assault on the Clinton Presidency.

One European journalist has pointed out that, from October 1995 onward, U.S. intelligence agencies, including the Defense Investigative Service (DIS), the National Security Agency (NSA), and the FBI, have been in hot pursuit of an Israeli intelligence network, operating inside the United States. In October 1995, the DIS issued a warning to defense contractors about possible Israeli espionage targetting American defense firms. Two months later, when word of the probe was leaked to the media, the Anti-Defamation League of B'nai B'rith attacked the DIS for spreading "anti-Semitism." Then-Defense Secretary William Perry ordered the DIS probe shut down. Despite the outward appearances of backing down in the face of Israeli pressure, nevertheless, the Clinton administration, with the case of convicted spy Jonathan Pollard in mind, remained vigilant about the possibility of a new round of Israeli espionage.

In January 1997, according to a variety of news accounts, the NSA intercepted a telephone conversation between a Mossad officer at the Israeli Embassy in Washington, and the head of the Mossad in Tel Aviv. The agent was asking authorization to solicit help from an Israeli "mole" inside the Clinton inner-circle, whom the agent called "Mega." Then-Mossad boss Danny Yatom flatly rejected the request, and chastised the agent for even raising the idea of jeopardizing their super-mole. According to our sources, the Netanyahu government went into a panic. A team was promptly dispatched to Washington from Israel to devise a "dam-

age control" plan for shutting down yet another American government probe into Israeli intelligence operations against the Clinton administration.

Here is where Lewinsky apparently enters the picture. According to a Tel Aviv source, the Israeli sleuths soon "discovered" that a telephone tap on Lewinsky's Watergate apartment might turn up just the ammunition required to pressure the U.S. government into dropping the "Mega" probe. Indeed, after a brief flurry of media coverage of the "Mega" scandal, which the Netanyahu government vociferously denied, the story disappeared from the news. We do not know yet whether the "Mega" probe was dropped at that time.

In June 1997, President Clinton, according to a number of news accounts, decided to raise the pressure on Prime Minister Netanyahu, to get him to make good on his promises to live up to the Rabin government's peace accords with the Palestinians. Every subsequent effort by the Clinton administration has been met by outrageous stonewalling and sabotage. In late 1997, President Clinton, furious at Netanyahu's subversion of the Mideast peace process, refused to meet with him while he was in the United States attending a series of Zionist Lobby events.

The following month, President Clinton agreed to host Netanyahu at the White House. Just before the scheduled Jan. 20 Oval Office session, the Israeli Prime Minister staged an anti-Clinton rally, with none other than Rev. Jerry Falwell, one of the "Christian" Right's most vicious Clinton libellers. Needless to say, the Clinton-Netanyahu meeting the next day was a non-starter. In the midst of the Netanyahu visit to Washington, the Lewinsky scandal broke in the national media.

EIR is now in the process of probing a wide range of sources around the world. We are not yet prepared to draw any conclusions about the role of the Netanyahu circle in the Lewinsky affair. But, *EIR* has been right, since 1994, in our warnings that the neo-conservative Zionist Lobby apparatus has been in the forefront of the assault on the Presidency. We felt it appropriate to inform our readers that this is a story that we intend to pursue.

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- ITHACA—Pegasy Ch. 57
Mon.—8 pm; Thu.—9:30 pm
Saturdays—4 p.m.
- JOHNSTOWN—Ch. 7
Tuesdays—4 p.m.
- MANHATTAN—MNN Ch. 34*
• MONTVALE/MAHWAH—Ch. 14
Wednesdays—5:30 p.m.
- NASSAU—Ch. 80
Wednesdays—7 p.m.
- OSSINING—Ch. 19-S
Wednesdays—3 p.m.
- POUGHKEEPSIE—Ch. 28
1st & 2nd Fridays—4 p.m.
- QUEENS—QPTV Ch. 57
Wednesdays—3 p.m.
- RIVERHEAD
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Thursdays—12 Midnite
- 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
Tuesdays—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; Sat.—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.

- BROOKLYN—BCAT
Time/Warner Ch. 35
Cablevision Ch. 68; Sun.—9 a.m.
- BUFFALO—BCTV Ch. 68
Saturdays—12 Noon
- HUDSON VALLEY—Ch. 6
2nd Sun. monthly—1:30 p.m.
- ILION—T/W Ch. 10
Saturdays—12:30 p.m.
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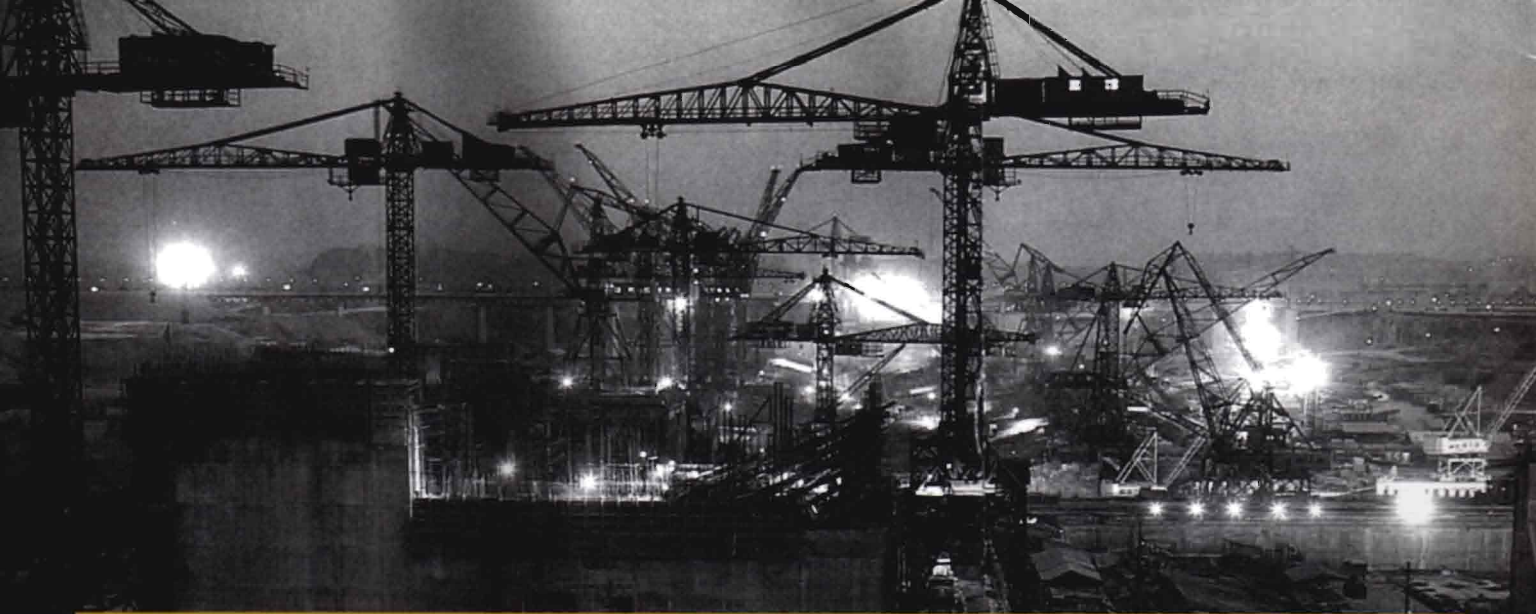
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Wednesdays—5 p.m.
- EL PASO—Paragon Ch. 15
Wednesdays—5 p.m.
- HOUSTON—Access Houston
Sat., Sep. 26: 10 a.m.
Mon., Sep. 28: 4:30 p.m.
Sat., Oct. 3: 8-9 a.m.
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Fri., Oct. 9: 2:30 p.m.



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