EIR

Executive Intelligence Review

January 29, 1999 Vol. 26 No. 5 $10.00

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260 pages **$200**

Available from:

EIR News Service P.O. Box 17390 Washington, D.C. 20041-0390

EIR (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July, and the last week of December by EIR News Service Inc., 317 Pennsylvania Ave., S.E., 2nd Floor, Washington, DC 20003. (202) 544-7010. For subscriptions: (703) 777-9451. World Wide Web site: http://www.larouchepub.com e-mail: eirns@larouchepub.com

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

 Periodicals postage paid at Washington D.C., and at an additional mailing offices.
Domestic subscriptions: 3 months—$125, 6 months—$225, 1 year—$396, Single issue—$10

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

EIR

From the Associate Editor

As we emphasized in last week's issue, the key to transforming the dangerous world situation, is Lyndon LaRouche's personal role in directing the attack against the coup attempt by Vice President Al Gore, and the oligarchical forces behind him. Over the past several weeks, *EIR* has published extensive material to this effect, which we expand upon in this week's *Feature*.

- The first salvo was LaRouche's article in *EIR* of Jan. 8, "Al Gore and Adolf Hitler," which demonstrated the ominous parallel between the coup d'état against President Clinton, and the ways in which the government of Germany's Chancellor Kurt von Schleicher was overthrown in 1933, by London-backed financial forces committed to installing Adolf Hitler in power, as their tool.
- Next, in our Jan. 15 issue, LaRouche wrote "To Defeat Impeachment, Defeat the New Confederacy" and "Why General Shelton Must Retire Now." These articles outlined the danger of thermonuclear war arising from the insane strategic policies of Gore and his backers. LaRouche enumerated Gore's "four political poisons," which would make his accession to the Presidency so disastrous: 1) his commitment to "reinventing government"—i.e., reinventing the U.S. Constitution and eliminating the republican nation-state; 2) his hostility to scientific and technological progress; 3) his advocacy of global slave-labor policies; and 4) his fanatical commitment to Malthusian population-reduction.
- In our Jan. 22 issue, under the headline "Will Al Gore Be Impeached?," Jeffrey and Michele Steinberg presented evidence of impeachable corruption by the Vice President, involving his collusion with the hedge fund D.E. Shaw, speculator George Soros, and other Wall Street interests, to prop up Russia's Prime Minister Viktor Chernomyrdin and to quash CIA evidence that Chernomyrdin was stealing billions of dollars from the Russian Treasury.
- In this issue, Jeffrey Steinberg and Scott Thompson provide further documentation of Gore's links to the Wall Street mafia, as well as to the British House of Windsor and its retainers, typified by Canada's number-one environmentalist lunatic, Maurice Strong. In our *Feature,* you will also find endorsements of a Gore Presidency from some surprising quarters, and indications that *EIR*'s campaign against him is beginning to draw blood.

Susan Welsh

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Feature

Partners in crime: Vice President Al Gore (right) with then-Russian Prime Minister Viktor Chernomyrdin, June 1994.

International

National

'All the king's horses' can't put Brazil back together

by Our Special Correspondent

Brazil stands, with Asia and Russia, at the center of the onrushing collapse of the international financial system. That was made official on Jan. 13, when the Brazilian government declared it could no longer maintain the value of its currency, the real—a de facto declaration of national bankruptcy. Speculators began pulling out their money at the rate of $300-400 million per day, and now, a mere seven banking days later, Brazil's real has plunged from 1.22 to the dollar, to 1.72 to the dollar—a 29% devaluation—and nothing is keeping it from dropping further. Today, Brazilians must cough up nearly one-third more than a week ago, to pay off every dollar in foreign debt—a total debt which *EIR* has calculated at more than $480 billion, more than twice as big as Russia's real foreign debt.

Pressured by the International Monetary Fund (IMF), on Jan. 18 the compliant government of Fernando Henrique Cardoso also raised basic bank lending rates, back up to an annual rate of 41%. For businesses, this translates into rates of 60-70%, and consumer credit is now in the range of 100% or higher. This will ensure that the banking system goes under soon, and mass bankruptcies escalate—no farmer, businessman, or consumer can meet payments at those rates.

With such insane policies, fears of a "Russia-style financial meltdown" of all of Ibero-America are consuming financiers and government officials around the world. (Lyndon LaRouche noted that the comparison between Brazil 1999 and Russia 1998 is inaccurate: Brazil is much worse, he explained.) Capital is fleeing all Ibero-American countries now, and hysterical governments, under IMF pressure, as is Brazil, are imposing measures which bring their doom sooner. Everywhere interest rates are being raised—Ecuador, for example, has raised the overnight lending rate for banks to 160%!—driving their economies, too, into bankruptcy and depression.

It was in this environment of barely contained panic, that the New York Federal Reserve bank on Jan. 20 hosted a crisis session of leading Wall Street and other bankers, with Brazilian Finance Minister Pedro Malan. The Wednesday morning session included mega-speculator George Soros, the top executives of Merrill Lynch, Goldman Sachs, and Citicorp, along with a half-dozen other swindlers. The last time a meeting of this sort occurred was in late September 1998, when the New York Fed and international bankers rang the alarm bells as they tried to put out the fire-storm caused by the blow-out of the giant hedge fund, Long Term Capital Management.

A mere four months later, they were back at it again. This time, they were gathered to hold Finance Minister Malan's feet to the fire, to make sure that the Cardoso government did not back down in the face of a major political challenge to his policies that is sweeping Brazil. On Jan. 6, the governor of the key state of Minas Gerais declared a 90-day debt moratorium on the state's debts to the federal government. In the two weeks since, the mood of rebellion against Cardoso and his IMF policies has swept the nation.

Malan, predictably, emerged from the Fed seance swearing that there would be no renegotiation of the states' debts, and that Brazil would meet all of its foreign debt obligations without fail. They were the right words, but they brought little relief to the bankers, since there is no guarantee that the Cardoso government will be able to make them reality.

At the same time that the bankers were beating up on Malan in Manhattan, Federal Reserve Chairman Alan Greenspan was appearing before the House Ways and Means Committee in Washington, conveying an unambiguous swell of

panic over the Brazil situation, the out-of-control asset bubble, and other flash points for financial disintegration. In the midst of this growing sense of panic, the London Club, holders of $32 billion in Soviet-era Russian debt, momentarily backed down from declaring Russia in default. According to wire services, the London Club voted to not take any action, in response to Russia's failure to pay a $362 million payment, due Dec. 2.

'Tired of chaos? Try a currency board'

As IMF-induced collapse and chaos spreads from country to country, the international financial oligarchy is stepping forward to offer its victims an "end" to their misery: Replace your existing monetary authorities with a British colonial *currency board,* and jettison your currencies altogether in favor of the dollar. This, they assure their prey with a smirk, will bring you "stability"—exactly the argument that they used in 1998 to try to convince first Indonesia, and then Russia, to adopt a currency board. Fortunately, both countries refused.

Some proponents of this view, such as the *Wall Street Journal,* are open in admitting that it would mean the end of any semblance of national sovereignty—although they confess that "to Americans, junking one of the most tangible symbols of nationhood is as unimaginable as flying another nation's flag over the Capitol." But Brazilians and Argentines should have no such qualms, they reason. Argentina is already engaged in concrete discussions with the U.S. Treasury about replacing its national currency entirely with the dollar, according to numerous press accounts.

Enough!

Brazil's Cardoso government is trying to oblige the IMF and its creditors, but faces a national rebellion, catalyzed by the refusal of several state governments to impose further austerity. On Jan. 18, seven opposition state Governors met in Belo Horizonte, capital of Minas Gerais, on the initiative of that state's governor, Itamar Franco, whom Wall Street and London brand a "renegade" and "rogue" because of his 90-day debt moratorium.

The governors issued a national call to arms against international financial speculation. Their manifesto, the "Belo Horizonte Letter," defines the fundamental strategic issue facing every nation today: Will the world be run by the financial speculators, or will we organize ourselves and our governments, "to stop the bloodletting" of financial speculation, and reassert our human right to "the certainty of a better, more just and prosperous future"?

The governors' letter may prove a nightmare to international bankers, because it is galvanizing others into action. In Brazil, the manifesto has already been endorsed by trade unionists and by the National Mayors Front, and around it, a national resistance movement against the government's IMF-dictated policies is forming.

Three thousand people came to Belo Horizonte to demonstrate their support for the governors, a rally organized by various national trade unions. When the governors finished meeting, Itamar Franco told the crowd: If we do not change national policy to one based on "political reason," we face a "danger that the national institutions, built with such sacrifices, will perish, dissolved by the ungovernability which the economic situation will provoke." The national economy is "exhausted, as a result of the transfer of the product of the labor of Brazilians to the world financial system, through the highest interest rates of modern times," he said. "The time has come to say 'Enough!' "

Before the meeting, Dr. Enéas Carneiro, a former Presidential candidate who had invited Helga Zepp-LaRouche to Brazil in August 1998, issued an open letter offering Franco, himself Brazil's former President, his full support. Dr. Carneiro outlined protectionist measures required, and urged that Brazil use its authority in the world to call on the United States "to convoke, under its leadership, a new Bretton Woods agreement in which sane regulations are defined for the existence and functioning of the International Financial System."

Such measures can turn the corner on the Brazil crisis. But nothing less will work.

Documentation

Itamar Franco: Economics begins and ends with man

Minas Gerais Gov. Itamar Franco welcomed the six other governors to the Palace of Liberty in the state capital, Belo Horizonte, on Jan. 18:

The Palace of Liberty, witness to the Brazilian history of our century, receives Your Excellencies, the Governors, in the Federation's most difficult hour.

We are not facing a political conflict between the states, nor a confrontation between the states and the Union, but the danger that the national institutions, built with such sacrifices, may perish, dissolved by the ungovernability which the economic situation will provoke—if we are not capable of offering, to the whole country, our contribution, based upon political reason and the experience of administering public affairs.

We do not merely represent the peoples of our states. I am sure all Brazilian people, from all the regions of our great and generous land, are with us in our concerns and our will for an honest and clear debate on national problems.

We received the treasuries of our states, drained. As the whole national economy has been drained as a consequence of the transfer of the product of the labor of Brazilians, to the world financial system, through the highest interest rates in modern times.

Itamar Franco, the former President and current governor of the Brazilian state of Minas Gerais: "The time has come to say 'Enough!' "

No economic policy can be successful, if it does not begin and end with the human being. Man works and produces to realize his species, not for exhibition in statistical tables.

As stated in the message which the eminent public figure of Ceara, one of the best of our constitutionalists, Prof. Paulo Bonavides, sent me, it is necessary to restore the appropriate functioning of the Federative principle. Our meeting will reconstruct the ruined bases of the system, and restore to the autonomy of the member-states, the moral substance of the authority which was taken away from them, their powers which have been degraded, and their Constitutional functions, encroached upon, and scorned by the arrogance of the Central Power.

Welcome to Minas Gerais.

The following "Belo Horizonte Letter" was issued by the governors at the end of the Jan. 18 meeting, signed by the governors of the states of Minas Gerais, Rio de Janeiro, Rio Grande do Sul, Matto Grosso do Sul, Acre, Amapa, and Alagoas.

The Brazilian Federation is in crisis. The country is living a dramatic moment, as seen in the grave disequilibrium in its foreign accounts, the fragility of its public finances, the dismantling of its productive structure, unemployment reaching alarming levels, in short, the impoverishment of the states and municipalities, which find themselves incapable of meeting the basic demands of the population.

It is necessary that Brazilians recover their certainty of a better, more just and prosperous future.

The impasse in which we find ourselves worsens the social situation day by day, leading families to desperation, frustration, and anxiety, stemming from their lack of opportunity and lack of participation in the process of production and consumption.

The difficulties of the moment are the sad result of the cruel and unjust economic policy adopted by the Union. This has only benefitted international speculative capital, which throughout the last years has been getting the highest interest rates on the planet.

Brazil, with its natural and human resource potential, has all the objective conditions to get out of the crisis immediately. It is necessary, before anything else, and on an emergency basis, to stop the bloodletting caused by the artificial rate of return for financial capital, which is responsible for the intolerable levels of indebtedness reached.

The balancing of the budgets and public finances of the Union, as well as the states and municipalities, is a priority goal. But this will only be achieved if, at the same time, measures aimed at redirecting monetary and interest rate policy toward the development of production and of the domestic consumer market, be adopted.

Another priority is a tax and fiscal reform which balances the necessities of state tax collection, with social justice and the requirements of the productive process, ensuring that the weight falls upon each, in exact proportion to the capacity of each of the contributors of the Union, and the collection be compatible with the responsibilities of each political level of the Union. Given the complexity of the material, and the multiplicity of interests to be reconciled, we hereby propose the launching of a National Forum for Tax and Fiscal Reform, in which the Union, the states and municipalities, and also society, are called upon to debate the guidelines for a new system, compatible with the expectations of the nation.

Immediately, two priorities must be dealt with. First, the restoration of the ability of the states and municipalities to collect taxes, gravely compromised by the reforms introduced at the federal level in the tax system with the ICMs tax [merchandise sales tax], and in revenue-sharing. Secondly, it is necessary to recognize, definitively, the absolute impossibility of paying the installments of the refinanced states' debts, under current conditions, as is the case of Minas Gerais and other states.

The excessive commitment of state revenue to cover these financial burdens, makes unviable the provision of even such essential public services as security, health, and education. In this regard, as was already done in the recent past, it is necessary to immediately reach political and juridical accords, establishing conditions compatible with the real capacity of the states to pay.

If, on the one hand, overcoming the crisis requires radical changes in the direction of national economic policy, on the other hand, it is necessary to take up the question of the immediate recomposition of the Federal Pact. States and municipalities must have the conditions in which to exercise their roles, with balanced financial and social responsibility. Their autonomy must be respected by the Central Power, as established in the Constitution, the basic instrument of national unity.

In the face of the crisis, it was agreed that Governors

Anthony Garatinho of Rio de Janeiro, Olivio Dutra of Rio Grande do Sul, and Ronaldo Lessa of Alagoas, representing all the states gathered here, will seek, together with the Legislative and Executive Branches, the immediate opening of dialogue on the renegotiation of the debts of the states, without any resources being embargoed during the period of discussion.

Two days after the government devalued the real, Gov. Itamar Franco had addressed a meeting of 110 of the state's 863 mayors, who came to Belo Horizonte on Jan. 15, to show their support for the state's debt moratorium.

"We have been going through very grave times, in the last 48 hours," he told them. "This is a moment for profound meditation, and in this hour, we of Minas Gerais are going to say that this is the hour of 'Enough!' because it is not possible that the system of national production be transferred to the international financial system. We cannot permit these interest rates, because our industries are being handed to foreigners; we cannot permit these interest rates which are bringing our workers to unemployment."

This "grave moment in the history of the country" is the result of errors committed by members of the President's economic team, he said. "This team which is still with the President—many of them worked with me," he added, referring to his period as President. "And how many times I had fights with these people, because these people could not make out the human being, they could only make out numbers."

"We do not want a rupture of the country's democracy," he added. "On the contrary, my life shows that I always fought for the state of rights, for the defense of human rights. We would not now bring the country to any rupture." But, Minas Gerais cannot accept this policy, "which brings unhappiness, recession and unemployment."

On Jan. 19, Governor Franco gave his first press conference to foreign journalists since the devaluation of Brazil's currency, in which, among other matters, he laughed at the "ridiculous" charge, asserted by many a banker and government official, that a moratorium by the state of Minas Gerais could, in itself, have caused "the collapse of Tokyo, Hong Kong, Wall Street stock markets, and the collapse of the dollar in relation to the yen." Present were reporters from Italy's Corriere della Serra, *Associated Press, Reuters, the British Broadcasting Corporation,* Newsweek, *and Uruguay's* El País. *We publish here a portion of* Corriere della Sera's *Jan. 21 report on the interview, in which Franco reveals that his mother was Neapolitan, and was named "Italia."*

"What are the few million dollars we froze, just for 90 days, in comparison to trillions everyday circulating in international finance? . . . Today Brazil is much poorer than five

Columnist cites LaRouche, backs Lautenbach Plan

José Neme Salum, columnist for the Mexican daily *Excélsior,* devoted his regular column on Jan. 18 to a description of the Lautenbach Plan to revive the post-World War I German economy, based on "increasing production rather than limiting it." As *EIR* has pointed out (e.g., Michael Liebig, "Lautenbach's Program for German Recovery," *EIR,* Jan. 8, 1999), Dr. Wilhelm Lautenbach's recovery plan would have prevented Adolf Hitler's rise to power in 1933.

Neme begins by observing that the Brazil crisis put an end to the British Prime Minister Tony Blair's "Third Way," while demonstrating the International Monetary Fund's incompetence in dealing with the "current systemic crisis of the world financial order." He argues that China and Malaysia offer an exemplary response to such a crisis, through capital and exchange controls to stop the cancer of speculation. The New Bretton Woods alternative, as proposed by Lyndon LaRouche, is available to any government that proposes to avail itself of such a solution, says Neme, who then refers to the "national remedy" formulated in 1931 by German economic official Lautenbach.

The German economist, writes Neme, warned that the application of so-called "anti-crisis" policies or "structural adjustments" such as budget cutbacks, increased taxes, and reduced salaries, "inevitably lead to a complete economic and political catastrophe." Instead, said Lautenbach, "the use of essentially unused productive capacity is the real and most urgent task of economic policy and, in principle, is its solution." How would it work? Discountable and long-term state-generated credit for investment in public works and infrastructure such as railroads, dams, canals, etc. Such credit would not be inflationary, because it would stimulate production throughout the economy, using labor and capital that is otherwise going unused.

In a clear warning to the Mexican (and Brazilian) governments, Neme concludes with a quote from Lautenbach: "By means of such a credit and investment policy, the disproportion between supply and demand in the domestic market is alleviated, and therefore total production is given a directionality and a goal. If we refuse to adopt such a policy, we will inevitably find ourselves on the path to continuous economic disintegration and a complete bankruptcy of our national economy."

years ago. . . . The monetary reform had to be accompanied with necessary changes for the country. Immediately after defeating inflation, the government had to change the whole administration and fiscal machinery. Instead, [President] Cardoso dealt for one whole year only with the constitutional reform that ensured his re-election. And we ended up in the arms of international financial capital.

"We totally sold out. . . . We gave away half of our productive system thanks to privatizations. Well, what happened? Today we must go with hat in hand, to Washington, to beg money from the IMF. The whole world knows that the IMF advises only recessive policies and that its orthodoxy leads to poverty. . . . I cannot starve my people, or suspend stipends to my employees, in order not to collapse stock exchanges abroad. . . . I say that when you transfer sovereignty over your productive system to the international financial system, this must happen."

Asked what was his alternative to the devaluation of the real, Franco replied, "I have an idea on the subject, but I prefer to wait and see."

As for Mexican President Ernesto Zedillo's public attack on Franco's declaration of a debt moratorium, Franco fired back: "Zedillo does not even know where Minas Gerais is and not even where Latin America is, although he declares himself to be part of it."

China to U.S.: Help us build infrastructure

by Richard Freeman

In early January, the U.S. Commerce Department announced that Commerce Secretary William Daley will lead a multi-agency mission to China and Hong Kong on March 14-20, following a business mission to South Korea on March 10-13. The mission will follow up on initiatives for U.S. industry to participate in building infrastructure in China that were developed at the 12th annual meeting of the Sino-U.S. Joint Commission on Commerce and Trade, held on Dec. 17-18 in Washington, D.C. The principals at that meeting were Chinese Minister of Foreign Trade and Economic Cooperation Shi Guangsheng, and Commerce Secretary Daley.

On Dec. 22, Yu Shuning, Minister-Counselor for Press Affairs from the Chinese Embassy in Washington, presented the results of this joint Sino-U.S. Commission. Yu stated, "The Chinese delegation provided the U.S. side with three lists of major projects to provide opportunities for the U.S. business community to compete on the Chinese market.

"The first two lists comprise 28 projects in infrastructure and 10 technical renovation projects, which will be undertaken this year [1998] and in 1999. The amount of these 38 projects is about $20 billion.

"Secondly, the third list comprises 25 sectors, areas for cooperation between the two sides in the period from 1998 through 2005. The value of these projects is estimated at U.S. $600 billion.

"And finally, we told the U.S. side that in this period, from 1998 through 2005, China will import equipment, technologies, and products worth U.S. $1.5 trillion.

"So, there are plenty of opportunities for the U.S. corporations to compete on the Chinese market on a fair basis. We say to address the issue, joint efforts are necessary."

An alliance for development

The Daley mission to China, following up on the proposals of the 12th annual meeting of the Sino-U.S. Joint Commission on Commerce and Trade, represents a ray of hope that the United States will develop a foreign and economic strategy that strengthens a development alliance with China, Russia, and India, for the Eurasian Land-Bridge and other great infrastructure projects, and away from its current ill-fated alliance with the monetarist, speculative Casino Mondiale schemes of the London financier oligarchy.

The three Chinese lists are quite broad, and cover an array of hard infrastructure projects. These are presented in **Figure 1.** Among those on the first of the three lists, entitled "Projects Inviting U.S. Companies to Bid," are 28 projects which China has either started in 1998 or will start in 1999, and will likely complete by the end of this year. They include eight power projects, including the Qangqu Power Plant in Shanxi Province, the Fuyang Power Plant in Anhui Province, and the Hancheng Power Plant in Shaanxi Province. The list also includes nine projects entitled "environmental protection," which are plants for clean water provision, sewage treatment, and gas utilization, such as the Zhangjiu River Water Diversion and Supply Project, and urban environment, water supply, drainage, and garbage treatment projects in Chongqing. List No. 1 also includes three chemical fertilizer plant projects and eight transport projects. The latter includes regional air traffic control centers in Beijing, Shanghai, and Guangzhou, and the Hangzhou-Quzhou Expressway project of the Shanghai-Ruili National Highway.

List two consists of 10 "technology transformation and renovation projects." These include a project for technological transformation of an electrolyzed copper and aluminum production line with annual output of 50,000 tons in Gansu Province, and a cycloresin facilities production line with annual output of 20,000 tons, in Heilongjiang Province.

The projects on lists one and two have a combined value of about $20 billion.

The third list is composed of 25 projects that will be constructed in China between 1998 and the year 2005. It consists of everything from a 600 megawatt supercritical and cooling thermal power generator, to technology for shallow-sea oil drilling and exploitation. These projects have a combined value of $600 billion. Finally, as Minister-Counselor Yu indicated, between 1998 and the year 2005, the Chinese will need to purchase $1.5 trillion in capital goods such as machine tools, and other technology, to build the infrastructure projects listed, as well as others that the Chinese are working on.

U.S. companies will have to bid on these projects, along with companies from other countries, but still there is an enormous amount of business to go around.

Speaking at a Dec. 18 press conference after the Sino-U.S. Joint Commission meeting, Commerce Secretary Daley asked that the Chinese also open up domestically funded infrastructure projects to participation by foreign companies, because the above lists consist largely of foreign-funded infrastructure projects.

Solving the U.S. trade deficit

The meeting of the Sino-U.S. Joint Commission, and the lists, represent a rational way to deal with the growing U.S. trade deficit with China. In 1990, the U.S. trade deficit with China was $10.4 billion; in 1998, the Commerce Department estimates, it was $58 billion. Moreover, for the first 10 months of 1998, Chinese exports to the United States, at $59.5 billion, were five times the size of U.S. exports to China, at $11.6 billion.

In response to a question about U.S. government restrictions and controls on the shipment of certain categories of U.S. high-technology exports to China at his Dec. 22 press conference, Minister-Counselor Yu called for a "loosening of the U.S. controls," and said that high-technology products are "the strong point for the U.S. economy." He continued, "We are strong in labor-intensive products like toys, shoes, garments, small electric appliances [which are a large part of the Chinese trade surplus with the United States], for which the U.S. could not compete, because the U.S. does not produce these things." Notwithstanding that the United States does produce some of these goods, Yu's point is absolutely correct. Since the Chinese export a large volume of the type of goods that Yu spoke of to the United States, therefore, the Chinese are deliberately trying to arrange for the United States to ship a large volume of high-technology goods, like transmission lines, advanced machine tools, and infrastructure-related and other goods to China, for use in its industrialization process. Through such state-to-state intervention, the Chinese are trying to defuse the trade issue by reducing the Chinese trade surplus with the United States in a rational manner.

Such infrastructure and related trade projects in China could add $100-200 billion of high-technology physical goods to the order books of failing U.S. manufacturing companies over the next 10 years, and provide employment for tens of thousands of manufacturing workers.

Second, through the Sino-U.S. Joint Commission and the shopping lists that the Chinese presented to the United States, Beijing, it would appear, is trying to bring the United States into the geometry of the Eurasian Land-Bridge. This does not suggest that even a significant minority of the infrastructure projects that the Chinese presented are in the Land-Bridge corridors per se, but rather, that the geometry the Chinese are attempting to bring the United States into is one in which the Eurasian Land-Bridge and other large-scale infrastructure and high-technology development projects worldwide are the basis for alliances among countries, and for constructing a new economic and financial system. This would be a break with America's current alliance with the speculative manipulators of London.

The Cox committee

The work of the United States and China on trade seeks to undo the damage that Rep. Christopher Cox (R-Calif.) is doing through the House Select Committee on U.S. National Security and Military/Commercial Concerns with the People's Republic of China, which he chairs. On Dec. 30, Cox told the press that his committee had completed a classified report containing allegations that the Chinese military has benefitted from U.S. technology, and that Clinton's policy has "harmed U.S. national security." Cox, and other neo-

FIGURE 1
China offers projects for foreign participation

conservative outlets, have targetted U.S.-China space cooperation, in particular alleging that U.S. commercial use of the Chinese Long March rocket for commercial satellite launches, and U.S. government assistance to China on quality-control for the Long March program, which the United States undertook after a series of Chinese rocket launch failures, constituted transfer of sensitive military-related technology.

The Cox operation is broadly meant to diminish high-technology goods sales to China, not just in the aerospace field, but across the board, pushing America in the wrong direction.

The Daley mission

Commerce Secretary Daley's trip to China and Hong Kong will expand upon the positive infrastructure initiatives outlined by the Sino-U.S. Joint Commission in Washington in December. The Daley trip had been planned as part of the Presidential summit between U.S. President Clinton and Chinese President Jiang Zemin held in China last June. The Daley mission, according to the U.S. Commerce Department, will feature a business contingent of "large, medium, and small firms representing sectors such as . . . information technologies, power generation, oil and gas exploration and downstream development, construction including residential

Key to Figure 1

Power projects:

1. Wangqu Power Plant, Shaanxi Province
2. Fuyang Power Plant, Anhui Province
3. Hancheng Power Plant, Shanxi Province
4. Leiyang Power Plant Phase II, Hunan Province
5. Zhanghewan Pumped Storage Power Plant, Hebei Province (not shown)
6. Tai'an Pumped Storage Power Plant, Shandong Province
7. Zipingpu Key Water Control Project, Sichuan Province
8. Baise Key Water Control Project, Guangxi Province

Environmental protection:

9. Water Supply and Environmental Protection in Tangshan, Shijianzhuang, Handan, and Qinhuangdao, in Hebei Province
10. Urban environment, water supply, drainage, Chongqing, Sichuan Province
11. Five Cities' Construction and Environmental Protection, Sichuan Province
12. Zhangjiu River Water Diversion and Supply Project
13. Fengshouba Water Plant Phase I, Chongqing
14. Sewage Treatment Works, Tianjin
15. No. 10 Water Source Plant, Beijing
16. Town Gas Project, Taiyuan, Shanxi Province
17. Gas Utilization Project, Yangquan, Shanxi Province

Chemical fertilizer:

18. Guizhou Phosphate Ammonia Project
19. Yunnan Phosphate Ammonia Project
20. Hainan Chemical Fertilizer Project (not shown)

Transport:

21. Relocation of Baiyun International Airport in Guangzhou
22. Regional Air Traffic Control Centers in Beijing, Shanghai, and Guangzhou (not shown)
23. Chongqing-Zhanjiang National Expressway
24. Shanghai-Chengdu National Expressway
25. Shanxi Qi County-Linfen Expressway project of Erlianhoate-Hekou National Expressway
26. Beijing-Zhuhai National Highway
27. Nanning-Youyiguan highway project of Hengyang-Kunming National Highway
28. Hangzhou-Quzhou Expressway project of Shanghai-Ruili National Highway

Technology transformation and renovation projects:

29. Improvement of blast furnace, vacuum negative pressure casting production line, Jilin Province
30. Offset printing newspaper, annual output of 170,000 tons, Heilongjiang Province
31. Kraft board and paper, annual output of 170,000 tons, Heilongjiang Province
32. Electrolyzed copper and aluminum production line, annual output of 50,000 tons, Gansu Province
33. High-grade white cardboard production line, Shanxi Province
34. Cycloresin facilities production line, annual output of 20,000 tons, Heilongjiang Province
35. Aluminum alloy high-precision plates system, Heilongjiang Province
36. Cement clicker, daily output of 2,000 tons, Heilongjiang Province
37. Weld steel pipe for boilers production line, annual output of 60,000 tons, Heilongjiang Province
38. Bisphenol A production, annual output of 20,000 tons, Heilongjiang Province

dwellings, environment, transportation, and engineering and financial services in support of efforts to involve more U.S. companies in China's infrastructure development." Cabinet and senior officials in Washington who are involved in infrastructure will participate in the mission. They will visit infrastructure sites and meet with Chinese ministries responsible for building infrastructure.

In addition, as part of the trip, according to a Commerce Department briefing paper, Daley will go to Hong Kong, where "he will . . . urge selection of U.S. firms for Hong Kong's infrastructure efforts with $30 billion in projects to be developed over the next five years."

The United States has posted a full-time U.S. trade finance officer connected with the U.S. Export-Import Bank, in Beijing, and the United States plans to have an Ex-Im representative in Shanghai soon. This will upgrade the U.S. commercial presence in China substantially, as well as provide U.S. companies with an interface with the Chinese government.

According to an Oct. 2, 1998 Ex-Im Bank press release, China is now the bank's largest market, surpassing Mexico for the first time, with an Ex-Im Bank exposure of $5.8 billion. This represents nearly one-third of all Ex-Im Bank exposure worldwide.

Internet insanity, tulips, and derivatives

by John Hoefle

When the guardians of the biggest financial bubble in world history suddenly begin talking about bubbles, you know two things right away: First, that they're scared, and second, that they're lying.

Take the *Washington Post,* for example. The *Post,* with its tight connection to the Lazard Frères investment bank, has long used its business page to conduit the demands of the financial oligarchy to the Federal government; it has steadfastly denied the existence of the bubble, instead asserting at every opportunity that the U.S. economy is "fundamentally sound," and that the financial markets are the high-water mark of human economic activity.

"The Internet is pumping up one of the greatest speculative bubbles since Europe went gaga over tulips in the 17th century," the *Washington Post*'s Jerry Knight wrote on Jan. 18. "The Internet market is going crazy."

The Internet market is indeed going crazy, with companies which have yet to—and may never—turn a profit, suddenly worth billions of dollars. But to single out the billions of dollars of Internet stocks as a bubble in a world awash with trillions of unpayable derivatives and other financial claims, is dishonest.

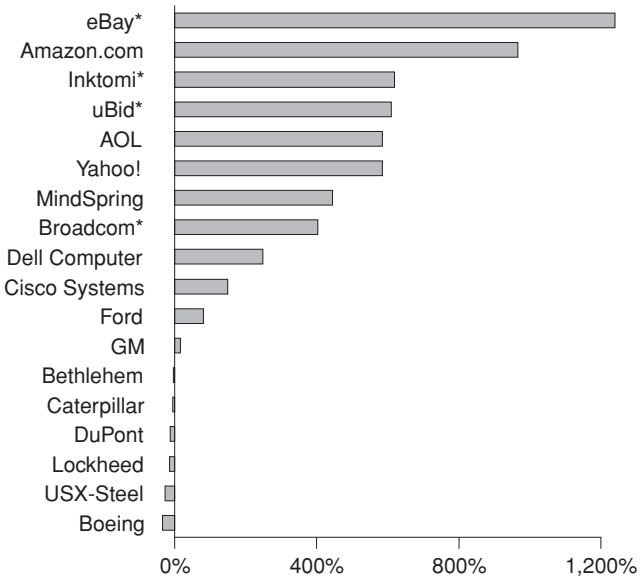
The widespread linkage of the Internet stock bubble to the tulip and other historical bubbles, of which the *Washinton Post*'s comments are just one example, is actually designed to protect the larger bubble, by cooling off the Internet frenzy, lest the collapse of the Internet stocks jeopardize the global derivatives rescue operations now under way.

Feeding frenzy

The Internet mania is based on the false assumption that the so-called Information Age can replace the Industrial Age as the engine of economic progress. Investors hoping to get in on the ground floor of the "information revolution" have been pouring money into Internet and Internet-related companies at an astounding rate, driving their stock prices to incredible levels.

The most egregious example is eBay, the Internet-based auction house which uses its World-Wide Web site to match up buyers and sellers for all sorts of goods. On Sept. 23, 1998, eBay went public through an initial public offering (IPO), offering shares at $18 each. At the close of 1998, eBay's shares were trading at $241 on the NASDAQ exchange, an increase of 1,240% in just a little more three months (**Figure 1**), and topped $300 in both December and January.

FIGURE 1
Change in stock price during 1998
(percent change)



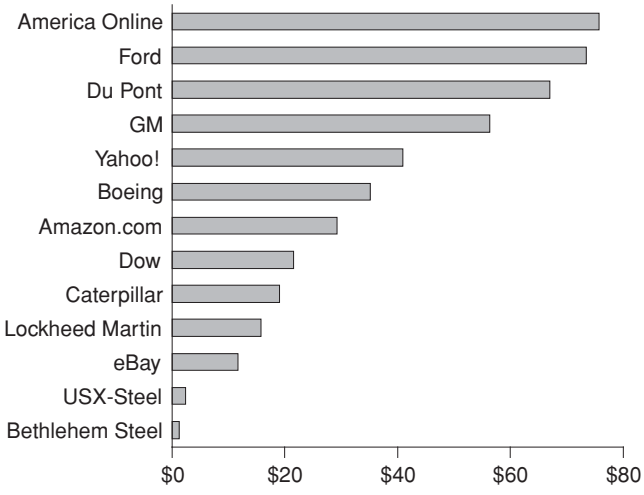
* Partial year; went public during 1998.

Source: EIR.

That a virtual flea market can grow so quickly, indicates the level to which virtual reality—and actual insanity—has taken over the markets. But eBay is hardly alone, as Internet stocks rose across the board in 1998: The stock of virtual bookstore Amazon.com rose 966%; the stock of search-software company Inktomi and flea market uBid rose some 620%, America Online rose 586%, Internet directory service Yahoo! rose 584%, and Internet service provider MindSpring rose 445%, among others. By comparison, the old industrial companies (which now have large financial service activities) seem downright stodgy. Ford's 82% increase in stock price, which is alarming on its own, looks conservative, as does General Motors's 18% increase. The declines at Bethlehem Steel, Caterpillar, DuPont, Lockheed Martin, USX-Steel, and Boeing reflect the accelerating collapse of the world's physical economy.

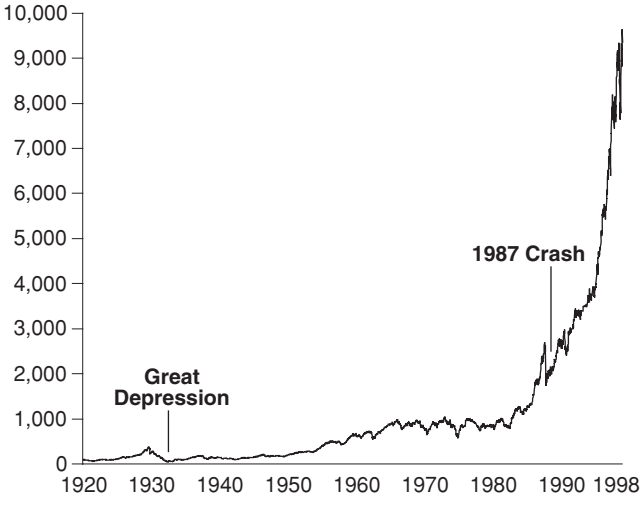
This sharp rise in Internet stock valuations has created huge companies out of thin air, at least as measured by market value. The market capitalization (the price per share times the number of shares outstanding) of America Online, was more than $75 billion as of Jan. 11, making it larger than Ford, DuPont, and General Motors (**Figure 2**). Yahoo!, at $56 billion, was larger than Boeing, and Amazon.com's $29 billion put it well ahead of Dow Chemical, Caterpillar, and Lockheed Martin. Even eBay, the virtual flea market, is now one of the top 200 U.S. corporations in terms of market capitalization, leaving most industrial corporations in the dust.

FIGURE 2
Market capitalization, as of Jan. 11, 1999
(billions $)



Source: EIR.

FIGURE 3
Dow Jones Industrial Average weekly closings, 1900-97



Back to reality

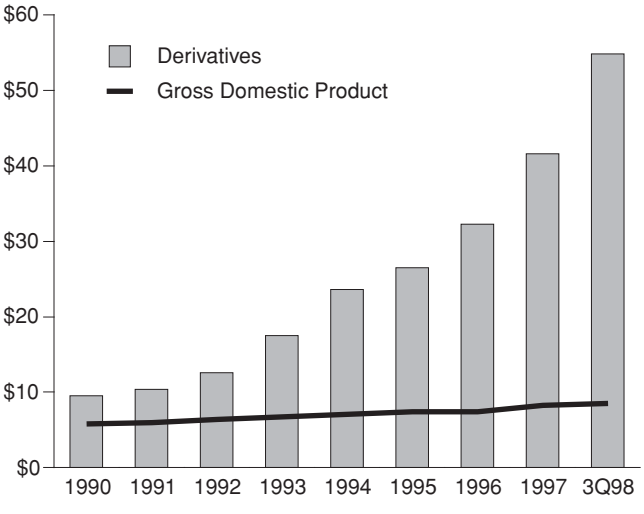
But the Internet bubble is a recent phenomenon, with most of the action taking place in the last four months, after the markets supposedly recovered from the near-meltdown triggered by last August's "Russian" crisis, and the still unresolved "Asian" problems. Internet stocks like Theglobe.com and MarketWatch.com are able to grow 400-600% in value in one day, only because the system is already awash in fictitious capital—they are not the cause of the bubble, but rather creatures of it. One glance at the Dow Jones Industrial Average (**Figure 3**) should be enough to convince anyone who can still think, that the Internet frenzy is just the latest phase of a much larger, and more dangerous, game.

In fact, the stock markets themselves are just a sideshow, with the total value of all stocks on all U.S. stock markets combined, equal to at best 10% of the more than $150 trillion notional principal value of all derivatives contracts outstanding globally, and equal to less than one-third of the $55 trillion in derivatives contracts held by U.S. banks, securities firms, insurance companies, and other derivatives dealers.

It is the derivatives bubble which the pundits are trying to protect, with their warnings about the Internet stocks.

Compare the growth of U.S.-held derivatives to the growth of U.S. gross domestic product during the 1990s (**Figure 4**). In 1990, according to *EIR*'s estimates, there were $9.6 trillion of derivatives in the United States, compared to a GDP of $5.8 trillion, or $1.65 in derivatives for every $1 of GDP. By Sept. 30, 1998, the level of derivatives had increased 474% to $55 trillion, while GDP had grown just 48%, to $8.5 trillion, meaning that there were $6.40 in derivatives for every $1 of GDP.

FIGURE 4
Derivatives versus GDP
(trillions $)



Sources: EIR, Federal Reserve.

The reality is even worse, because only about one-third of U.S. GDP represents productive economic activity, with the other two-thirds representing overhead. Today, there are some $15-20 in derivatives for every $1 of productive activity, and that ratio is getting worse by the day, as the depression increases its hold, and the grow-or-blow bubble expands.

Senate hearing proves food supply shrinkage is not a 'rural' crisis

by Marcia Merry Baker

On Jan. 5 in Washington, D.C., Democratic senators from the central farm states held a Democratic Policy Committee hearing on Capitol Hill, titled "Crisis in the American Livestock Sector." Chaired by Senate Minority Leader Tom Daschle (D-S.D.) and Tom Harkin (D-Iowa), the event was scheduled a day before the 106th Congress convened for the purpose of "putting it on everyone's mind," as Daschle said. Before the hearing began, the out-of-state witnesses met with President Clinton and Agriculture Secretary Dan Glickman. Clinton announced the formation of a new task force to come up with solutions alongside the U.S. Department of Agriculture task force that was formed in December 1998.

The hearing involved three panels of 12 witnesses, beginning wih the "experts"—who knew least about the nature of the crisis—and proceeding to the farmers, who gave firsthand reports from Montana, the Dakotas, Iowa, Nebraska, Illinois, and Minnesota.

These states, and other farm regions, are right now undergoing chain-reaction economic shutdowns, resulting from the combined effects of disastrously low commodity prices for farmers—hogs, cattle, grains—and from the rigging of the "free" markets by cartels of commodity companies operating outside the interests and control of nations, and finally, by the denial and lack of emergency measures to aid the U.S. and other economies worldwide.

South Dakota expects to lose 25% of its farmers in the coming months; in North Dakota, the situation is worse.

For their part, the Republican majority in Congress has given little or no recognition of the disaster. Meantime, emergency meetings are being held throughout the farm belt, ranging from prayer sessions to political rallies. On Jan. 30, a farm meeting in Sioux City, Iowa is expected to draw thousands of citizens, convened by state legislators from South Dakota, Iowa, Nebraska, and Minnesota.

What impels this activation, and the Jan. 5 hearing, is that family farm operations are scaling back, or facing ruin at such a rapid rate that whole towns, counties, and regions of the Midwestern farm states are closing down. The suicide rate is climbing.

What this shutdown process means, is that the food supply chain is itself breaking down, and future food production is imperiled. In the shadows, mega-commodities companies, such as Archer Daniels Midland, Iowa Beef Processors, and others, are making buy-out moves, and positioning themselves for almost total domination of food availability. Reportedly, ADM is on the move to acquire 20% ownership of IBP.

Many farmers who testified on Jan. 5 pleaded for understanding of the farm plight as a "rural" question, posing it as one of "fairness" for the farmer. But the impediment in Washington, as for the rest of the nation, is that most lawmakers and the public alike are still unwilling to face the emergency condition of the international financial and economic breakdown, and therefore, refuse to recognize the famine danger.

Hog prices at record low

The central focus of the Jan. 5 Senate hearing was record low prices for hog farmers. A 12-page report was released on Jan. 5 by the Democratic Policy Committee, "The Crisis in Rural American Continues: From Bad to Worse in the Livestock Sector," which documented many aspects of the disaster. "Since July 1998," it said, "hog prices to the farmer have fallen 72%. At current prices, pork producers are losing about $75 for each animal they market. That translates into $140 to $150 million in average lost revenue to U.S. pork producers each week, as compared to losses in the past five years."

What was conspicuously absent from the DPC report, were the names and specifics of the meat cartel, which is raking in record profits off pork and other commodities. IBP's profit rate for the second and third quarters of 1998 was four times higher than the year before!

The DPC report continued: "Between 1977 and 1997, the hog farmer's share of the retail dollar fell from 49% to 30%, while the cattle farmer's share fell from 60% to 50%. As of November, the hog farmer's share has plummeted to just 12% of the retail dollar."

Various initiatives were raised from all sides at the hearing, including by Tim Johnson (S.D.), Byron Dorgan (N.D.), Kent Conrad (N.D.), Richard Durbin (Ill.), and Bob Kerrey (Neb.) from the ranks of Senate Democrats. In general, these involve: preventing livestock and meat imports; requiring country-of-origin labelling; requiring packers to report their pricing and other data; expanding foreign markets, and others.

Subsequently, on Jan. 8, the Clinton administration announced an assistance program of $130 million for hog farmers. There is to be $50 million in direct cash payments. The government will also transfer $80 million to the Agriculture Department's voluntary pseudorabies eradication program to

The first panel of witnesses at the Jan. 5 Democratic Policy Committee hearing on the livestock crisis. On the right is Nikki Heier of Lemmon, South Dakota, who testified about how the agriculture crisis is not cyclical. On the far left is Michael Dunn, the USDA Under Secretary for Marketing and Regulatory Programs, who heads the USDA's Pork Crisis Task Force, who claimed that there is a market glut of hogs. Sen. Tom Harkin (D-Iowa) (inset), shows pork chops bought in a District of Columbia supermarket for $4.29 a pound, while the hog farmer is getting 10¢ a pound.

indemnify farmers for slaughtering hogs, on the principle that this will act to reduce "oversupply." (An estimated 1.7 million hogs are infected with the pseudorabies virus.)

Real solutions required

What these gestures of concern fail to address, is that markets themselves are blowing out, along with the global monetary system. Supply lines of production, trade, and consumption of vital commodities are breaking down the world over, and a fast-track return to tried-and-true national-interest measures needs to be implemented fast.

Among the traditional U.S. agriculture policy measures required are: 1) mandating a floor-price, or percent-of-parity price, for designated farm commodities; 2) mandating a moratorium on dispossession or foreclosure of family farms, pending improvement in the economy and debt rescheduling or forgiveness; 3) provision of low-interest production credits to guarantee continued farm output; 4) taking anti-trust action against the commodity cartels; 5) scrapping the free trade laws of the North American Free Trade Agreement (NAFTA), U.S.-Canada Free Trade Accord, and World Trade Organization (WTO), and making new mutual-interest trade arrangements. This also means scrapping the 1996 Freedom to Farm Act, which was premised on "free" (rigged) markets, which now are in a state of collapse.

In particular, the original thrust of the 1940s and 1950s "Food for Peace" approach to foreign policy—using food and technology to both "help ourselves" and "help our neighbors" around the globe—is strategically vital now, for sending food to Russia, North Korea, and other areas in need.

A few of the witnesses at the hearing spoke up in this spirit. Several proposed a "gilt lift" of shipping young sows to points of need in Central and South America; and in the meantime, shipping processed pork to Russia. The last witness, Herman Schumacher from Herriod, S.D., called for a moratorium on farm foreclosures.

Worship of 'cycles'

The principal block to facing the reality of the crisis, and formulating solutions, is the fanatical adherence to the idea that economic "cycles" are at work, and what goes down will come up. Michael Dunn, Agriculture Department official and the head of the Federal Pork Crisis Task Force, created by President Clinton on Dec. 11, released an eight-point program based on plans to drive down the 62 million hog inventory, which would supposedly benefit farmers.

Dr. John Lawrence, economics professor from Iowa State University, insisted that the "hog cycle" is still operative; there are just "too many hogs" right now. "There is a kink" in the curves, he said. When hog numbers drop by, maybe,

February, things will look up; Lawrence projected that by next summer, prices will rebound for farmers. He did lament, of course, that after 18 months of ultra-low prices, some hog farmers would be out of operation!

In contrast to this, several witnesses attested to the fact that the problem is specifically *not cyclical,* and if not reversed, will result in vast depopulation and misery. The following excerpts of testimony from South Dakota and Montana, describe the crisis under way.

Nikki Heier, Lemmon, S.D., business manager of the Ben Franklin store:

"My purpose for coming here today is simply stated: 'Rural America is going broke!' I am here to represent the retail industry. . . .

"Farmers and ranchers have virtually no disposable income to spend for goods and services local retailers and businesses provide. When the agricultural sector is in trouble, it has a domino effect throughout the retail sector. For example, when customer numbers, sales, and profits are down for businesses, customers in turn cannot afford to purchase merchandise, advertise, pay salaries, donate to community events, etc. This also has a detrimental effect on the tax base that funds schools, street and road improvements, and many other necessary programs.

"Many people have stated that the economy is in a cycle. A 'cycle' is defined as: 'A round of years of a recurring period of time, in which certain events repeat themselves.' The ag economy has been in a downward trend for 20 years. In past years, Lemmon was home to five implement dealerships and six auto dealerships. We are now home to a subsidiary parts dealership and one auto dealership. Lemmon and its surrounding area has seen a 39% decrease in county and city population. We have experienced a 50% decrease in loss of business in the past 20 years and are predicting those losses to rise.

"This is not a cycle! The loss of farm and ranch supply stores in Lemmon has been a disastrous situation for the Lemmon merchants. Ag producers used to come to town to buy ag-related products, then purchase their everyday supplies from other Lemmon merchants. The depletion of the farm and ranch population has resulted in an extreme customer base loss for the retailer. For example, in 1991, Ben Franklin had a customer base of 79,918. Just seven years later, that number has decreased 46%. In addition to losing our strong customer base, my Ben Franklin Store saw a 35% loss in sales over the same period of time.

"The oldest business of 86 years closed its doors Jan. 1, 1999. In addition, a liquidation of our lumber yard and closure of our steakhouse are curently under way. As chair of the Lemmon Business Boosters, I would like to state that every business in Lemmon is being hit extremely hard by this agricultural crisis. . . .

Bryan Jorgensen, Winner, S.D., hog producer:

"What is truly alarming, is the fact that all of production agriculture is in deep distress. In South Dakota, especially in the northern counties, financial distress from poor commodity prices and adverse weather has taken its toll on not only farms, but also small town businesses and lending institutions. I am on the Chamber of Commerce Board of Directors in my hometown of Winner, S.D. I can see and hear firsthand the effects that this crisis is having in smaller communities. Small towns like Winner, all over the state, are at risk of drying up and blowing away as long as agriculture is forced to endure low prices. The human toll is also high. Suicide and depression among citizens of these rural communities are climbing at alarming rates."

Leo McDonnell, Columbus, Montana, rancher and president of Ranchers-Cattlemen Action Legal Foundation (R-CALF):

"I've come here today to tell you that Rural America is in crisis, and the current trend doesn't look promising. In the mid '70s, we suffered depressed prices in 1975 and 1976. In the mid '80s, we suffered depressed prices in 1985 and 1986. Now in the '90s, the cattle industry has just finished its fifth straight year of declining cattle prices. This past year, 1998, was disastrous. . . .

"Getting out of the [cattle and farm commodity] price slump, is not only important for the health of my business, but it's also essential for the health of my community. With prolonged price depression that eats into our individual equity, it carries with it erosion of community infrastructures. Our rural communities are decaying at a rapid pace. It is no mystery why rural hospitals are struggling to survive, why our rural schools are often under-funded, and why rural churches can't collect enough to support a pastor. If we producers can't support ourselves, how can we possibly support our communities?

"Who else suffers? Our kids. The next generation is leaving the farm for better jobs because they can't afford to take over the family ranch. Just as we are losing our youth, we are losing our existing business base. Stores get boarded up, towns wither and die, and tumbleweeds take the place of foot traffic on our main streets. It is said that when the headstones in the cemetery outnumber the population of the town, the town dies.

"Agriculture is in jeopardy. We are fast becoming a nation of profit centers surrounded by subdivisions. The problem where we live is that those centers are 300 miles apart and most are unfamiliar with agriculture's plight. . . .

"Some folks like to attribute this price decline to 'oversupply' or 'the cattle cycle.' But there is a hard, cold reality out there that USDA statistics support. Real farm income has declined steadily. From 1910-1990 the share of the agricultural economy received by farmers dropped from 21% to 5%. In Montana, where I ranch, one in four farmers is at or below the poverty level. And many of those barely getting by and soon to lose what little they have to the bank."

Report from Bonn by Rainer Apel

'Real' crisis sends out shock waves

Germans fear that with the Brazil crisis, the last wall protecting their exports has collapsed.

The German political elite does not have (not yet, at least) any senior figure of the stature of former Mexican President José López Portillo or former Brazilian President João Baptista Figueiredo, who have not only addressed the global economic crisis, but also have openly sided with Lyndon H. LaRouche and his proposals for an alternative. But even lethargic German politicians are sometimes forced to comment on developments.

On Jan. 15, for example, Finance Minister Oskar Lafontaine called for "steps against speculation and for production," at the meeting of 25 finance ministers of the Asia-Europe Meeting (ASEM), in Frankfurt. Certainly, promonetarist Lafontaine is by no means close to LaRouche, although his remarks echoed the campaign slogan of the LaRouche movement in Germany, "Against Speculation, For Production!" But Lafontaine has a nose for situations that require unusual statements, and the latest Brazil crisis has created such a situation.

It is difficult to determine whether the government or Lafontaine is deeply concerned about Brazil, but industry and labor are, because Brazil is an important export and investment market for Germany. And, both industry and labor have their traditional channels into the Social Democrats, of which Lafontaine and Chancellor Gerhard Schröder are leading members. Some bankers are also getting worried about the developments in Ibero-America. They fear the financial crisis, but even more, they fear that it may give rise to a fundamental change of rules for banking and other financial operations.

In a discussion with this author on Jan. 18, a senior analyst at Dresdner Bank's Hamburg-based Ibero-American branch illustrated that fear. Trying to play down the scope of the Brazil crisis, and to support the alleged "success potential" of the policies of promonetarist Brazilian President Fernando Henrique Cardoso, the banker admitted that a devaluation of Brazil's currency, the real, by 30% or more, would not guarantee any significant revenue from whatever "export incentives," if any, this devaluation might create.

Furthermore, the devaluation makes Brazil's foreign debt burden even bigger, the expert admitted. Whatever Cardoso tries, he will run a high risk, and he will lose in popularity, because the population is certain to identify him more and more with the economic crisis, the banker said. And, because Brazil's Minas Gerais state Gov. Itamar Franco, who has Presidential ambitions of his own, is addressing these issues, his freeze on debt payments is very political, particularly because it puts the term "moratorium" on the agenda.

"The situation is so tense these days, that everybody who calls for debt moratorium provokes shocks on the markets," the banker said. He added that only a few months ago, he and his banking colleagues would have paid no attention to what a "regional figure" like Franco did, and everybody would have had confidence in Cardoso. But meanwhile, Cardoso's position among creditors abroad is being undermined, because he has Franco on his back, and everybody knows that.

Now, what is true for Brazil, is true also for Germany: So far, none of the heads of the 16 German states has said anything close to what Franco is saying, but whenever somebody mentions taxing speculators, the public debate turns into outright hysteria. Therefore, the good thing about Lafontaine's "against speculation, for production" remark, vague as it was (as is usually the case with Lafontaine), is that it recalls the ongoing political campaign of the LaRouche movement.

Both industry and labor are worried about the impact of the Brazil crisis on Germany's economy, because Brazil, after the outbreak of the Asian crisis, has been viewed as a "fire wall" against the collapse of all the "emerging markets." Now, all of the "emerging markets" are affected, and this is felt immediately in countries like Poland, the Czech Republic, and Hungary, which are important export markets for German industry, and serve as the land-bridge to Russia and to Asia. It has been noted in the German press that the eastern European stock markets dropped between 12% (Prague) and 17% (Budapest) during the week that the Brazil crisis broke out. The trigger for these losses was "panic sales of foreign funds that needed cash to compensate for their heavy losses in Brazil," according to press reports.

German industry has reported the biggest growth rates in recent years in the "emerging markets." Now, investments in the range of billions of deutschemarks have been made void overnight, and a new round of mass layoffs in the employment-intensive machine-building and automotive branches must be feared. The German metal workers union is warning that the Brazil crisis will be the catalyst for the loss of 200,000 jobs in the German automotive industry alone. The "real" crisis in Brazil is turning into a real crisis in Germany.

Business Briefs

Trade

Germany's exports to Russia lead collapse

Germany's Federal Statistical Office has announced a new record German trade surplus for November 1998, of 16.7 billion deutschemarks (about $10 billion). Despite media headlines such as "Record-High German Foreign Trade" (in the *Frankfurter Allegemeine Zeitung*), the boom in exports has already come to an end, and the near-term prospects are rather grim. Leading the decline has been the drop in exports to Russia.

In the first half of 1998, year-on-year export growth was 15-20%, while imports showed growth rates of 10-15%. In November 1998, German exports were up by 4.9% compared to the year before, reaching DM 83.2 billion, while imports were actually shrinking by 2%, to DM 66.5 billion. In respect to Asia, German exports had already sharply fallen in the first nine months of 1998: South Korea, –46%; Thailand, –35%; Indonesia, –29%.

German exports to Russia started to crash in August 1998. In third-quarter 1998, German exports to Russia were down by 27%, hitting in particular the food industry (–47%), chemical producers (–36%), and machine-builders (–23%). This trend accelerated in October, when German exports to Russia collapsed by 63% on a year-on-year basis. Simultaneously, the times of huge growth rates in German exports to other European Union members and to the United States, have come to an end.

Malaysia

Mahathir says currency controls will remain

Malaysia's currency controls will remain in place for a long time, to protect the economy, Prime Minister Mahathir bin Mohamad said, in an interview with Japan's *Mainichi Shimbun* daily published on Jan. 13. Mahathir said in Kuala Lumpur that the controls imposed by him have worked well, protecting the Malaysian economy against speculative attacks and allowing a process of recovery to begin.

Asked how long the controls will be maintained, Mahathir said: "It will take a long time for the international community to draw up a new international financial regime, so that currency traders will not destroy other people's economies. Until then, we cannot have an open currency. If we release the controls on the ringgit [Malaysia's currency], the currency traders will come back and attack the ringgit again."

Mahathir had said that he wanted to "do something to regulate hedge funds to make a new world order," at the last Asia Pacific Economic Cooperation summit in Kuala Lumpur, but he found that the United States, i.e., Vice President Al Gore, "is now using APEC to expand its domination over the Asia-Pacific region," which he thinks "is not a good idea — look what the United States did in Iraq." Rather, Mahathir said that using the summits of the Association of Southeast Asian Nations, but expanded to become an "ASEAN plus three, that is, including Japan, China, and South Korea . . . would be a better idea."

The *Mainichi Shimbun* reported that Mahathir will write a series of monthly essays for the publications of the newspaper chain.

South Asia

Pakistan, India welcome new bus link

A new bus route connecting Lahore, Pakistan to New Delhi, India was inaugurated on Jan. 12, and was warmly welcomed. The eagerly awaited Pakistan Tourism Development Corp. bus arrived in New Delhi on a "dry run," with an entourage of senior officials. The bus was received by a number of senior Indian transport officials and more than 100 reporters. There was a heavy police presence, because of threatening statements from the Hindu revivalist Shiv Sena group.

The leader of the Pakistani delegation and General Manager in Pakistan's Ministry of Communications, Dr. Taj-ul-Islam, was moved by the reception. "It is difficult to explain the happiness," he said. Dr. Islam said the delegation was overwhelmed by the reception it had been accorded right from the Wagah border. Radiant, with a rose garland around his neck and a vermillion tilak on his forehead, Dr. Islam said: "From Wagah to this place people have been very courteous and warm. I could feel the happiness on people's faces." The bus service, covering 650 kilometers between New Delhi and Lahore, is expected to become operational in the first week of February, according to an Indian official.

And now, after the successful inauguration of the bus service, it is the turn of the railways. According to Indian government reports, a proposal to restore rail traffic between India and Pakistan, from Khokrapar and Munabao, in Sind and Rajputana, respectively, is under consideration. If agreements are finalized, the train will begin operation by March 1999. The Khokrapar and Munabao railway was closed during the 1965 Indo-Pakistan War.

Infrastructure

Thailand's Kra canal project suffers setback

The committee within Thailand's Communications Ministry assigned to review the feasibility of the Kra Canal project across the Thai isthmus, has decided that the project, at 800 billion baht, would be too costly, and that no investor would seriously consider it. The committee, chaired by ministry Inspector-General Chaiyos Chaimankong, recommended that the government settle the debate on this issue to avoid further waste of public funds associated with various studies on the project's pros and cons.

The project is seen by sane economists and businessmen as an ambitious undertaking that could jump-start Thailand's recession-bound economy.

The committee, however, said that there is no compelling economic or financial reason to support the viability of the canal project. The proponents of the project believe this would help revitalize domestic industries, and would serve as an alternative inter-

national shipping route linking Europe and the Far East. But the committee believes that "they do not or cannot back up their optimism with credible economic, financial, or technical studies," the *Nation* reported on Jan. 15.

Finance

China's closures seen as warning to foreign banks

The Chinese "government's resolute closures of debt-ridden financial institutions is actually a warning to foreign banks: Do not indirectly collude with Chinese financial firms borrowing without state approval," a commentary in the Jan. 14 Beijing *Economic Daily* stated. "Foreign financial institutions should not think that the Chinese government will repay debt for closed institutions. They must be prudent in making loans," it said.

"A common problem shared by the closed institutions is that their internal management had been very lax and regulations were incomplete, while the systems of controls and responsibilities were unclear," the commentary said. Guangdong International Trust and Investment Corp. (GITIC) "did not register its debt, but its overseas borrowing had amounted to several billion Hong Kong dollars." GITIC's trustees revealed on Jan. 10 that the company has debts of 36.17 billion yuan ($4.37 billion) and assets of 21.47 billion yuan.

The People's Bank of China, the central bank, "did not supervise these financial institutions strictly enough and lacked effective supervisory skills and measures, resulting in a relatively wider payment crisis," the commentary said. "Some government departments have provided guarantees or obligations for loans of their Hong Kong-registered companies or their subsidiaries on the mainland. This has not only damaged the reputation and interest of the state and all levels of the government, but also helped breed illegal activities and irregularities."

Wu Jiesi, assistant to the Governor of Guangdong province, said at a meeting of creditors for the Nam Yue (Group), Guangdong province's company in Macau, that foreign bankers who had suffered losses in China had failed to adopt prudent lending policies. Nam Yue is now insolvent, with unaudited consolidated debts of $333 million at the end of 1998, and $250,000 in cash. Wu told the bankers that they might recover only 50% of their money if they did not agree to standstill arrangements until April 15, when most of Nam Yue's debts are due. Wu told the bankers that they should be prudent in lending money and should bear the risks, the *South China Morning Post* reported.

Energy

France looking for non-nuclear sources

French Minister of Education and Science Research Claude Allegre said, in an interview with Europe 1 radio on Jan. 15, that France is going to be looking for more non-nuclear and "cleaner" energy sources, which could gradually reduce its reliance on nuclear energy. Today, 75% of France's electricity is produced by nuclear power plants.

Allegre (who soon after taking up his education post called for the cancellation of all of Europe's manned space programs) was quoted, "France will quicken the pace of looking for both cleaner nuclear energy and, secondly, for sources of energy other than nuclear." He hastened to add that "there is no change in the energy policy of France."

In addition to his anti-technology proclivities, his statement also reflects concern over the Jan. 13 announcement by the German government that it will no longer send its nuclear waste to France for reprocessing. The French government-owned Cogema company said that this will result in a loss of $6 billion, from lost business for its La Hague reprocessing plant.

German Environment Minister Jürgen Trittin, in an interview with the French daily *Libération,* said that Bonn wishes France would abandon its nuclear power stations, as Germany is planning to do. Trittin said that the nuclear plants in Germany "worry" him. Trittin was recently in France to discuss the German nuclear shutdown plan with French officials.

Briefly

STANLEY FISCHER, First Deputy Managing Director of the International Monetary Fund, said at an investment conference in Boston that Russia, already in desperate economic straits, should cut its subsidies and government spending and try to create a budget surplus of 3-4% of gross domestic product—in order to service its debts.

RAW STEEL production fell to 778.2 million metric tons worldwide in 1998, down 2.5% from 1997, the UN Economic Commission for Europe reported on Jan. 12. During 1998, steel output was increasing or steady during the first part of the year, but declined at a growing rate toward the end of the year, indicating the global downturn of many types of basic production, including steel, machine tools, and farm equipment.

JAPAN has slapped a 390% tariff on Australian rice, and reduced the quantity of rice foreigners are allowed to sell in Japan from 8% to 7.2% of total rice sold. Australian Trade Minister Tim Fischer, who had been expecting a 1,200% tariff increase, threatened retaliation.

ALAN GREENSPAN is "panicked about the stock market's behavior," columnist John Crudele wrote in the Jan. 11 *New York Post*. "He's petrified that the market will go much higher on his watch; even more horrified that the bubble might burst. He's frozen with indecision."

THE GERMAN construction sector expects another bad year, with the loss of at least another 50,000 jobs. In the first 10 months of 1998, some 3,500 construction firms in eastern Germany, and 4,500 firms in western Germany, declared bankruptcy.

IRAQ plans to purchase $3 billion worth of Russian machinery, *Izvestia* reported on Jan. 13. An Iraqi delegation recently visited Nizhny Novgorod, and are interested in the output of the Gorky Auto Plant, Sokol Helicopter Plant, and Krasnoye Sormovo Works.

Al Gore and his Wall Street 'BAC' cronies

by Jeffrey Steinberg

EIR's ongoing investigation into Vice President Albert Gore, Jr.'s corrupt ties to some of Wall Street's biggest pirates, and the devastating consequences of that relationship for U.S. foreign policy and national security interests, continues to turn up evidence of impeachable offenses under Article II, Section 4 of the Constitution of the United States.

As *EIR* reported last week ("Will Al Gore Be Impeached?"), beginning no later than 1995, Vice President Gore was a pivotal player in an "inside" effort to destroy the Clinton Presidency and the Democratic Party. Gore's role has been to induce a series of domestic and foreign policy fiascos—all in the interests of a London-Wall Street cabal that has been in the center of the "Get Clinton" apparatus since Bill Clinton's inauguration as President in January 1993.

The Gore-centered operation went from treachery to overt impeachable offenses in the summer-autumn of 1998, when the Vice President aggressively sought to reinstall "super-kleptocrat" Viktor Chernomyrdin as Russian Prime Minister—to ensure that Russia would pay its foreign debt obligations at all costs. Gore's backing for Chernomyrdin followed Moscow's Aug. 17, 1998 announcement of a 90-day freeze on some of its foreign debt obligations, including derivatives contracts held by Russian commercial banks, and a call for renegotiating its short-term state bonds, called GKOs.

Well-informed European sources had told *EIR* that, during the March 10-12, 1998 Gore-Chernomyrdin Commission meeting in Washington, the two wanna-be heads of state had secretly agreed to "cover each others backs," and to take whatever steps were necessary to secure their mutual rise to power. Gore had already demonstrated his willingness to go to bat for Chernomyrdin, who had been appointed Russian Prime Minister in December 1992, and had been Gore's principal partner ever since President Clinton, unfortunately, handed Gore the responsibility to coordinate day-to-day American-Russian relations, early in his first administration.

By no later than 1995, Gore had received a lengthy dossier from the Central Intelligence Agency, proving that Chernomyrdin had embezzled an estimated $5 billion from the Russian treasury and from the state oil company, Gazprom, a firm which he had directed for years before becoming President Boris Yeltsin's Prime Minister. When Gore read the CIA dossier, he promptly sent it back to Langley "with a barnyard epithet" written across the top of the cover page, according to the *New York Times*. The message from the Vice President: Chernomyrdin's corruption was to be covered up.

Unfortunately for Gore and Chernomyrdin, President Yeltsin got word of the dirty Gore-Chernomyrdin deal, and within weeks of the March 1998 Washington session, he fired his Prime Minister and appointed the far less menacing 35-year-old economist Sergei Kiriyenko as Chernomyrdin's replacement.

When the Russian debt crisis exploded in July 1998, Gore and Chernomyrdin apparently saw their opportunity to rekindle their vows. But the Vice President had other, far more important backers in mind, when he moved to revive his kleptocrat crony's career.

Saving his Wall Street backers

Gore had secretly met with some of the leading Wall Street high-rollers who were trapped in the Russia crisis, as events were playing out. Since January 1998, the group of swindlers, including George Soros, Maurice Greenberg, and David E. Shaw, had helped raise $1 million for Gore's political action committee. On one day in late July, executives of D.E. Shaw, a New York hedge fund set up in 1988 by Columbia University computer "wunderkind" David E. Shaw, had ponied up $40,000 to Friends of Albert Gore Jr., Inc.

On Jan. 11, 1999, the *Washington Post,* in a puff piece on Wall Street's blooming love affair with Al Gore, revealed some of the events of mid-summer 1998. A trio of Wall Street "FAGs" ("Friends of Al Gore"), Steven Rattner, CEO of Lazard Frères and Co., John Tisch of Loews Corp., and money manager Orin Kramer, serving as a "kitchen cabinet," the *Post* reported, had opened up channels between Gore and some of Wall Street's most notable conservative moneybags and policy-shapers.

"Gore especially turned to these executives in August," the *Post* reported, "when the Russia debt default threatened to destabilize world financial markets. The Vice President . . . invited a Wall Street 'Who's Who' to the White House." Among the participants in the closed-door session with Gore (President Clinton was not a participant—in fact, the President was occupied with preparations for his appearance before independent counsel Kenneth Starr's grand jury) were: Tisch; Rattner; Kramer; Soros; Lionel Pincus of E.M. Warburg, Pincus and Co.; Bankers Trust CEO Frank Newman; Lehman Brothers. CEO Richard Fuld; American International Group CEO Maurice "Hank" Greenberg; Stan Schuman of Allen and Co.; and David Shaw.

During the heady days of late August 1998, when Kiriyenko was fired by Yeltsin following the debt freeze announcement, Gore went to work—behind President Clinton's back. He made a series of phone calls to Moscow—to Chernomyrdin (three times), to Kiriyenko, and to Yeltsin. President Clinton was only informed of the Gore intervention *after the fact,* and both he and the First Lady were reportedly livid at Gore for his mafioso intervention into Russian affairs.

When the dust settled, Chernomyrdin was back in power, as the acting Prime Minister. One of his first acts was to hire former Argentine Finance Minister Domingo Cavallo as his economic policy adviser, a move that made some of Gore's backers on Wall Street heave a sigh of relief. Cavallo was known to be Soros's tool. (Soros had helped trigger the Russia financial meltdown with an open letter, published in the London *Financial Times* on Aug. 13, 1998, calling for a devaluation of the ruble and the imposition of a currency board in Russia, to formally peg the ruble to either the dollar or the euro. Soros made the same pitch at the White House meeting with Gore.)

The Wall Street-London euphoria was shortlived, however. This time, the Russian State Duma (lower house of Parliament) balked at the Gore-Chernomyrdin-bankers' shenanigans, and twice rejected Yeltsin's nomination of Chernomyrdin. On Sept. 10, 1998, President Yeltsin nominated Yevgeni Primakov in his stead.

Impeachable corruption

Clearly, the $40,000 payment to Gore by D.E. Shaw executives in the midst of the Russia crisis, and even the $1 million in combined Wall Street contributions to Gore's PAC, do not in and of themselves make for an open-and-shut case of bribery, as specified as an impeachable offense in the Constitution. Rather, it is Gore's repeated efforts, on behalf of treasonous London, Canadian, and Wall Street interests—explicitly against the interests of the United States, often at direct odds with the stated policies of President Clinton—that cross the legal and political threshold of impeachable offenses.

Whereas President Clinton has committed *no impeachable offense,* and has been the target of an insurrection, led by the very people who are behind the "Al Gore option," the Vice President is a fully witting asset of what can only be described as a New Dark Age faction of the international financial oligarchy. That faction is committed to using Gore as its instrument for the destruction of the United States and the nation-state system worldwide, and its replacement with a one-world, eco-fascist Hell on Earth.

Some of Vice President Gore's other actions show him in

'Mr. Watergate' gives advice to Al Gore

Bob Woodward, the *Washington Post* editor who made his journalistic reputation bringing down President Richard Nixon in the Watergate affair, is now dispensing advice to Vice President Albert Gore, Jr., on how to avoid falling off the cliff as the battle to oust Clinton goes into its final phase in the U.S. Senate.

Appearing on the Larry King Live show on CNN right after the Jan. 19 State of the Union address by President Clinton, Woodward blurted out:

"Something that would really be interesting, if it happened, and that is if Clinton sent Al Gore as somebody to stand at that lectern in the well of the Senate and defend him. And if Gore were to say something along these lines—'I've wanted to be President all my life. Some think I would be the beneficiary if Clinton were impeached because I would be President. But it is not my time. It is still his time, and this is why.' "

The other "talking head" guests on the show were all evidently taken aback by Woodward's remarks. Woodward responded, "My only standard on that was not whether it's going to happen, but it sure would be interesting." Topic closed.

While Woodward never mentioned the name "Lyndon LaRouche," it was evident to many viewers, familiar with *EIR*'s recent exposés of Vice President Gore's role in the insurrection against the Clinton Presidency, that Woodward was expressing some concern that the LaRouche intervention against Gore may be gaining serious ground—serious enough to warn the Vice President not to do anything stupid, now that the spotlight has been turned on him.—*Jeffrey Steinberg*

a continuous pattern of corruption, on behalf of what has been known, in the 20th century, as the "BAC," a concert of British, American, and Canadian financier oligarchs devoted to bringing about the post-nation-state New Dark Age.

In the pages that follow, you will see Al Gore in action, using his office to further the interests of the worst enemies of President Clinton. You will also hear, "straight from the horse's mouth," how Gore has served the interests of the world's leading eco-terrorists, who hold positions of prominence in the United Nations, the World Bank, the World Wildlife Fund, and other entities dedicated to the oligarchy's depopulation and deindustrialization agenda. See also, on p. 56, a related report on the Gore connection of "Get Clinton" operative Kathleen Willey.

Al Gore, Dick Morris, and Kenneth Starr

One of the most bizarre documentaries of the "Get Clinton" insurrection, Dick Morris's self-promotional book *Behind the Oval Office: Getting Reelected Against All Odds* (Renaissance Books, 1999), places Vice President Al Gore in league with the man who may prove to have been independent counsel Kenneth Starr's equivalent of Watergate's John Dean. The new, paperback edition of a text largely written in 1996, reveals that Morris provided reams of documents and other vital evidence that helped shape Starr's frame-up against the President. Many of the documents are included in an appendix to the 1999 edition.

Morris's book also reveals the vital role played by the Vice President in ushering Morris back into the Clinton inner circle—just in time to allow the two men to entrap the President into signing the Republican Party's murderous "welfare-to-workfare" bill, a move that sank the Democratic Party in the 1996 Congressional elections and paved the way for the disgusting spectacle of the DeLay-Hyde House impeachment of the President.

Morris recounted his first private meeting with Vice President Gore, in March 1995:

"I needed allies desperately, and the Vice President came to my rescue. . . . We met in mid-March, in the office of Jack Quinn, Gore's chief of staff and later White House counsel. . . . I explained my ideas and theories for about half an hour with little or no interruption. I could sense that the Vice President agreed with most of what I was saying. He listened intently. I stressed that I needed his help to get anything done and underscored how frustrated I had been. . . . He grasped what I was saying at once, and offered his full support, subject to [the condition] . . . that I respect his priorities, such as the environment. . . .

"Gore told me that he had been increasingly troubled by the drift of the White House, and badly shaken by the defeat of '94. He said that he had tried, in vain, to move the administration toward the center, but the White House staff had shut him out. . . . He said, 'We need a change around here, a big change, and I'm hoping and praying that you're the man to bring it.' We shook hands on our alliance."

Morris described his collusion with Gore: "The struggle to rescue the President from his staff began in earnest and in the open in March [1995]." There were White House "strategy sessions" on March 23 and April 5. The latter, he claimed, "was the genuine turning point in the President's move to the center." At the meeting, Morris demanded what he calls "third-way solutions" from the President: "I argued that . . . we needed to strike out and fight for a triangulated third way." White House Chief of Staff Leon Panetta and Morris "argued," with Panetta insisting that "the President should not break ranks with Congressional Democrats."

According to Morris, the decisive moment came when Gore entered the meeting and sided with Morris, about which Morris triumphantly wrote, "Bravo!"

Morris described a later meeting with Gore, in which "I told Gore my efforts would be useless if they were continually blocked by Panetta and his White House operation. The Vice President sympathized, and noted how coldly the President's staff had received his own ideas in the past two years, and how often he felt shut out."

In May 1995, Gore and Morris ganged up on the President, in a private session. "Gore spoke up for me," Morris wrote, "and talked of his own frustrations in dealing with the staff on issues dear to him like reinventing government and protecting the environment."

Even after Morris was unceremoniously bounced from the White House and the Clinton-Gore campaign staff in late August 1996, over a sexual perversion scandal, the Vice President held out the hope that Morris would return. In a CNN interview on Sept. 2, 1996, Gore contradicted Panetta's unequivocal statement that Morris was gone, by saying that he could not rule out that he or the President would solicit Morris informally before the November elections.

Shortly after his departure from the Clinton-Gore White House, Morris began turning over his files to Starr. He also received a lucrative contract from Rupert Murdoch, to work as a political commentator for Fox TV and for Murdoch's "Get Clinton" rag, the *New York Post*.

Vice President Gore's 'other bad acts'

by Jeffrey Steinberg

Peter Munk epitomizes the current generation of British-American-Canadian, or "BAC," operators who, on behalf of the London-Wall Street-Toronto triangle of Club of the Isles oligarchs, have been engaged in the biggest worldwide raw materials grab since the heyday of the British East India Company. Munk's Barrick Gold Corp. has been plundering Africa, Indonesia, Ibero-America, and the United States, to corner a large chunk of the world's untapped supply of gold and other precious metals, to ensure that the "BAC" oligarchs are in a position to maintain choke-point control over the world economy, at the point—sometime soon—that the financial and monetary system goes into a complete disintegration.

It is therefore no surprise that Munk was one of 88 Canadians, handpicked by Maurice Strong, to become members of Prince Philip's 1001 Club, the secretive funding arm of the World Wildlife Fund (WWF, now called the World Wide Fund for Nature) and the plethora of eco-terrorist organizations deployed around the globe to destroy the nation-state system and modern industrial society.

Access to Gore

Membership in Strong's "kindergarten" brings with it certain perks, among them, access to Vice President Albert Gore, Jr.

In his 1996 authorized biography, Munk told writer Donald Rumball that, in the early days of the Clinton administration, he ran into a brick wall, when he tried to grab up U.S. Federal land, using an arcane 1872 statute that provided for sale of such land to "miners" for $5 per acre. Munk stood to make a killing, and he put all of his resources into twisting the U.S. Department of the Interior and the U.S. Senate to his point of view.

To curry favor with the Republicans in Washington, Munk had hired former Conservative Canadian Prime Minister Brian Mulroney as a Barrick director. Mulroney used "his close relationship with George Bush to good advantage." Bush got Munk access to key Senators, and they struck down legislation, drafted by President Clinton's close ally Sen. Dale Bumpers (D-Ark.), that would have blocked Munk's scheme. Identical legislation had passed the House.

However, after Munk won the land-grab, he "swore he would never again allow himself to be sideswiped by political surprises." He created an International Advisory Board for Barrick that included both Mulroney and Bush, to institutionalize his presence in Washington. But Munk knew that that was not enough. "We needed access to Gore," Munk told Rumball. "And we needed Maurice Strong to take us to some key contacts to make sure our case was understood at the highest level."

Sources familiar with Munk's gold rush suggest that, not only did Strong provide the Barrick boss with access to the Vice President, but Gore is widely believed to have played an important role, personally, in swaying Democratic Senators against the Bumpers bill.

Strong, Gore, and Molten Metal

Gore was also "Chairman Mo's" (the insider's term of endearment for Strong) witting or unwitting ally in another scheme, in which the Club of the Isles eco-freak personally managed to make millions, and for which he was, at one point, facing insider trading charges, a Federal civil suit, and several Congressional investigations, along with several top figures in the Al Gore campaign apparatus.

On Earth Day, April 17, 1995, Vice President Gore travelled to Fall River, Massachusetts to deliver a speech near the research plant of Molten Metal Technology, Inc., a firm which counted Strong among its leading stockholders and directors. The firm's registered lobbyist, Peter Knight, was Gore's top Senate aide. Gore's Harvard pal Vic Gatto was MMT's chief of government sales.

According to an account published in the Ottawa *Citizen* by Paul McKay on Oct. 20, 1997, Vice President Gore, in his Earth Day speech, heaped praise on MMT, calling the firm "a success story, a shining example of American ingenuity, hard work, and business know-how, all being used to clean up our environment, and at the same time provide jobs and economic growth."

The day after Gore spoke, shares in Molten Metal began to soar, doubling in value in a short matter of months.

But hidden behind the Gore rhetoric was a sea of trouble. From its founding, MMT had received all of its funding from the Department of Energy—more than $33 million—to produce a commercially viable waste conversion system, using high-temperature metal to decompose waste. The experiments had never worked, beyond the laboratory scale, and the company had spent almost all of its most recent annual grant money in just three months.

By 1995, the Department of Energy informed the firm that its research funding would be greatly scaled back, and would soon be cut off altogether. Between December 1995 and September 1996, most of the company's officers, as well as director Maurice Strong, dumped millions of shares in the company—at peak market price of $30 per share. The sales grossed $15.3 million. On Oct. 20, 1996, a Sunday, after all the insiders had made their killing, MMT issued a press release, and informed brokers via a conference call, that government funds would be scaled back, and commercial ventures delayed. The next day, MMT stock plunged to $5 a share.

Maurice Strong discusses his pal Al Gore's Dark Age 'cloak of green'

by Scott Thompson

In an interview published in *EIR* last week, one of the high priests of evil, Martin Palmer, Prince Philip's "spiritual adviser on ecology," confirmed that U.S. Vice President Al Gore, Jr. has had a longstanding relationship with the British Royal Consort. Now, another consummate insider has come forward to speak with a Washington, D.C.-based journalist, providing details of his own relationship with Gore, in pursuit of some of the most ambitious one-world and "deep ecology" programs, programs that would spell doom for billions of people, should they ever be implemented.

Undersecretary General of the United Nations and Earth Council Chairman Maurice Strong has worked intimately with Al Gore for well over a decade. Strong was a co-founder with Prince Philip of the secretive 1001 Club, the main "piggybank" of the green-genocidalist World Wildlife Fund (WWF). The other 1001 Club initiator was former Nazi SS intelligence officer Prince Bernhard of the Netherlands. (For background on these institutions, see *EIR Special Report,* "The True Story Behind the Fall of the House of Windsor.")

Strong was vice president of the WWF during Prince Philip's just concluded decade-long tenure as its president, and he is a politician and businessman *extraordinaire*. Strong handpicked the entire Canadian membership of the 1001 Club, from its inception in 1967, and is featured in their internal memoranda as among the three most powerful figures, along with Prince Philip and the late Sir Peter Scott.

Among the 80 or so "initiates" to the 1001 Club from Canada, who are referred to as "Strong's Kindergarten," are:

Maj. Louis Mortimer Bloomfield, the late head of the Montreal-based British intelligence front company Permindex (Permanent Industrial Expositions), which was accused by the French secret services and New Orleans District Attorney Jim Garrison of financing the attempted assassinations of President Charles de Gaulle and the successful murder of President John F. Kennedy.

Conrad Black, the head of the Hollinger Corporation, the British-steered global media cartel behind the insurrection against President Clinton.

Peter Munk, the owner of Barrick Gold, the Canadian mining company involved with both former U.S. President George Bush and former Canadian Prime Minister Brian Mulroney, in a worldwide raw materials grab, on behalf of the "British-American-Canadian" (BAC) oligarchy.

In order to fully appreciate the following interview, we provide, first, a brief biographical sketch of Strong, principally as presented in Elaine Dewar's excellent book, *Cloak of Green* (Toronto: James Lorimer and Company, 1995). Strong was promoted, from a thread-bare existence during the Depression on the Canadian prairie, to become one of the leaders of the drive for globalized eco-fascism.

The Trust connection

Born in Oak Lake, Manitoba, in 1929, Strong never completed more than 11 years of schooling. Yet powerful interests found him to be the ideal candidate for rapid promotion to wealth and power. One reason is undoubtedly his sponsorship by a member of the American branch of his family, Anna Louise Strong, who is to all appearances a top-level member of what *EIR* has detailed as "The Trust," on behalf of both Mao Zedong's China and the Soviet Union.

Here is what Elaine Dewar writes about Anna Louise Strong:

"Born a generation ahead of him [Maurice Strong] were his distant cousins Tracy and Anna Louise Strong. The children of a Congregationalist missionary based in Friend, Nebraska, their lineage went all the way back to the men who helped endow Harvard and Yale. Christian activist Tracy Strong became a director of the YMCA's Prisoners' Aid Committee Alliance, based in Geneva. Anna Louise Strong, his sister, was a Marxist and a journalist and possibly a spy, although for whom it is difficult to be certain. In 1921, she got into the new Soviet Union as part of a Quaker aid committee and got to know members of the emerging Soviet hierarchy, including Trotsky; she wrote about the new Soviet Union for the *Nation* and for Hearst International. She became a member of the Comintern, later married the Soviet Union's wartime deputy minister of agriculture (a man who was purged later by Stalin). During the period between the two wars she traveled in China, corresponded and dined with Eleanor Roosevelt, wrote in praise of Franklin Delano Roosevelt's New Deal. She was treated with deep suspicion by the FBI, who thought she worked for Stalin's notorious spymaster Beria, but she also lectured at Stanford to U.S. intelligence personnel headed to China. In fact, she was flown to China by the U.S. Navy right after the war's end. She spent two years with Mao and Chou En-lai in the crucial period leading up to

the defeat of the Kuomintang. When she returned, she carried secret messages from Chou En-lai. She was arrested in 1949 during a trip to the U.S.S.R. as an American spy. After Mao was victorious in China, she was denied her U.S. passport, and her association with persons in the U.S. State Department was listed as part of the grounds for their dismissals. Nevertheless, she managed to visit a nephew working in Mexico working for the Rockefeller Foundation and visit Guatemala in 1954 [the date of the CIA's coup d'état against Jacobo Arbenz as an alleged Communist], writing in praise of President Arbenz. She returned to China during the Cultural Revolution and died there in 1970, a full-fledged Friend of the Revolution, her burial organized by Chou En-lai himself. In part because of his connections to Anna Louise Strong, the Chinese trusted Maurice Strong."

It was not just the "Cultural Revolutionists" of Mao's China who trusted Maurice Strong because of this connection, but, also, such powerful families in the U.S. establishment as the Rockefellers, who were his early promoters and lifelong friends.

The years in the wilderness

Strong's father was a railroad man, who was laid off during the Depression. As a result of the hardship, his mother had a nervous breakdown and died in a mental institution at age 56. Strong early on became a socialist, even though his family supported the Liberal Party Prime Minister Mackenzie King. After only 11 years, Strong left school and got a job with the Hudson's Bay Company, near Chesterfield Inlet.

Strong did not stay long with this Crown-chartered firm, but quickly teamed up with an American adventurer named "Wild Bill" Richardson, who, after serving in the Royal Canadian Air Force, had begun prospecting in the North. Through his wife, Mary (née McColl), Wild Bill had a tie with the family that founded the largest oil company in Canada, McColl-Frontenac. The company was controlled by its U.S. investor, Texaco, part of John D. Rockefeller's original oil trust monopoly. Wild Bill hired the 18-year-old Strong to be one of the "five men of the North" who would build his New Horizon Explorations Ltd. prospecting firm. Wild Bill also acted as a spy, stealing the mail of the National Council of Canadian-Soviet Friendship, which shared offices in the same building as NHE Ltd.'s Toronto headquarters.

Through Wild Bill, Strong was introduced to many of the future political leaders of Canada—e.g., Paul Martin, then Member of Parliament for Windsor—who would later help advance his career. Another important person whom Strong met at Wild Bill's home was Noah Monod, then treasurer of the United Nations, who invited Strong to New York, where he introduced him to David Rockefeller. This was the start of a lifelong friendship and business relationship. For the rest of his career, everywhere that Strong went, Rockefeller money was sure to follow.

Through Monod, Strong managed to arrange his first job at the newly formed UN, working in a minor capacity.

Two months after he joined the UN, Strong quit and went back to Winnipeg. After oil was struck in Leduc, he became an oil analyst in Calgary, where he met Jack Gallagher, a Standard Oil veteran, who had been hired by Dome Mines to build an oil and gas exploration company called Dome Explorations (Western) Ltd., which was controlled from New York through one Henrie Brunie, a close friend of John J. McCloy, a close ally of the Rockefeller family. Strong went to work as Gallagher's assistant.

In 1952, Strong sold his house, quit his job, and travelled with his new wife around the world, spending a great deal of time in Africa, where the Rockefeller brothers were trying to move in on the former French African colonies. In Nairobi, which was a center for this project, Strong got a job with CalTex, which hired him to explore for prospects in Eritrea, Zanzibar, Tanzania, Uganda, Mauritius, Madagascar, and Zaire/Congo. He stayed in Africa for a year before hopping a freighter back to Canada, arriving in Calgary in December 1954.

Back in Canada, Strong went back to work for Dome, as well as for the YMCA, where Tracy Strong was a leader at the Geneva headquarters. Strong also became involved in Canada's Liberal Party politics. During an oil glut, Strong quit Dome and formed his own company, MF Strong Management Empire Trust, which was run by McCloy's friend Brunie,

Another 'Get Clinton' operative embraces Gore

Another "Get Clinton" insurrectionist has publicly endorsed Al Gore for President. R. Emmett Tyrrell, the editor-in-chief of the Richard Mellon-Scaife bankrolled *The American Spectator,* the Hollinger Corp.-allied monthly that launched many of the sleaziest smear campaigns against the President and the administration, told an interviewer on CSPAN television on Jan. 22:

"I think one of the under-appreciated people in all this is, oddly enough, Al Gore. He must go home at night feeling rather bad, thinking the Democratic Party wouldn't welcome him as President of the United States. He certainly would be a much steadier hand at the helm today than Bill Clinton is, and the notion that there's going to be some sort of chaos if Al Gore steps in as President of the United States. . . . Was there chaos when Gerald Ford stepped in as President of the United States? I don't think so. So, Al, I'm for you and if you're President tomorrow, I'll rest easy with you at the helm."

with two representatives on its board from the Rockefellers' Standard Oil of New Jersey, and one from their former Texaco holding.

Making it big

Next, through the Canadian head of the YMCA, Harold Rea, Strong got appointed as the new president of the Power Corporation, which Elaine Dewar describes: "Power Corporation was the network nodal point for Canadian politicans and their arrangements. It had been put together in 1925, when Mackenzie King was prime minister, to control the ownership of power generation facilities across the country, specifically in Quebec, Manitoba, and British Columbia. Like a junior Octopus, it also held control blocks in many other oil and gas companies. . . . Power Corporation employed and still employs persons who organize the campaigns of those seeking public office."

As Strong described the advantages of being the president of Power Corporation to Dewar: "We controlled many companies, controlled political budgets. We influenced alot of appointments. . . . Politicians got to know you and you them."

Also, Strong could dole out patronage jobs. One person he hired was James D. Wolfensohn, a fresh, new Harvard MBA, to run the Australian-based subsidiary called Super-Power International. Wolfensohn went on to a lucrative career on Wall Street, and then created his own firm, James D. Wolfensohn Co., which is presided over by former Carter administration Federal Reserve Chairman Paul Volcker.

Strong's close friend, the Australian-born Wolfensohn, was knighted by Queen Elizabeth II, shortly before taking over the World Bank, where he has worked closely with Prince Philip's pagan Alliance of Religion and Conservation (ARC) "to change the culture of the World Bank," as Martin Palmer reported in last week's *EIR*.

Strong left his high-paying job with Power, to take over Canada's External Aid program, where he reported to the Minister of External Affairs, his old friend Paul Martin. In collusion with Martin, Strong set up two of the first combined public-private covert operations, Canadian International Development Agency (CIDA) and the International Development Research Centre (IDRC). An adjunct to the Canadian Foreign Ministry, IDRC was able to accept "charitable" donations from corporations and foundations. Chase Manhattan Bank and the Rockefeller Foundation, both at the time chaired by John J. McCloy, provided early largesse to the Strong unit, which spread environmentalist propaganda throughout the world, while also conducting a wide range of clandestine projects.

Strong confirmed to Dewar that he had employed the CIDA and IDRC to run political influence operations in Africa and other Third World countries.

In 1969, Strong got a call from the Swedish ambassador to the UN, whose country had pushed a resolution through to hold an international conference on the environment in Stockholm in 1972, asking Strong to take responsibility for this first-ever such conference. Canada's new Liberal Party Prime Minister, Pierre Trudeau, agreed to the appointment, and Strong went to New York, both as an Undersecretary General of the UN reporting to Secretary General U Thant, and as Secretary General of the Stockholm Conference.

He was made a trustee of the Rockefeller Foundation in 1971 (and serves still today as a board member), which gave a grant for running his Stockholm Conference office. He hired the British political intelligence operative Barbara Ward (Lady Jackson), who wrote much of the preparatory materials for the conference.

In parallel with former Rockefeller family protégé Sir Henry Kissinger, then President Nixon's National Security Adviser, Strong used his family ties with Anna Louise Strong to get Mao Zedong to send Beijing's first delegation to a UN event.

As Dewar reports: "At the Stockholm Conference opened in 1972, Strong warned urgently about the onset of global warming, the devastation of forests, the loss of biodiversity, the polluted oceans, and the population time bomb. . . . As I read this old speech, I realized it could almost be repeated at the Rio Summit."

One by-product of the Stockholm Conference was a new UN bureaucracy, the United Nations Environment Program (UNEP). In 1992, Strong served as Secretary General of the UN Conference on the Environment and Development (UNCED), which became known as the Rio Summit. Strong, who was later to be UNEP Secretary General, created the Earth Council out of that.

As Dewar writes: "The Rio Summit would take long steps towards a world in which nation states have withered away in favor of supranational and global institutions. . . . Advertised as the World's Greatest Summit, Rio was publicly described as a global negotiation to reconcile the need for environmental protection with the need for economic growth. The cognoscenti understood that there were other, deeper goals. These involved the shift of national regulatory powers to vast regional authorities; the opening of all remaining closed national economies to multinational interests; the strengthening of decision-making structures far above and far below the grasp of newly minted national democracies; and, above all, the integration of the Soviet and Chinese . . . into the global market system."

As the following interview makes clear, Strong knew that the Rio Summit was aimed to destroy the sovereign nation-state republic. And, he relied heavily on his pal, Al Gore, to convince the United States government to participate at the heads-of-state level. Also, at the 1997 Kyoto Summit, where Strong was the representative of the UN Secretary General, it was again Gore, together with the Vice President's long-time friend British Prime Minister Tony Blair, who pushed through a reduction of so-called "greenhouse gas emissions" for the ostensibly "industrialized na-

tions," at levels that would mean economic devastation worse than the Great Depression.

It is therefore not surprising that another hat that Maurice Strong has worn is that of Treasurer, now Fellow, of Lindesfarne, New York, whose founder, William Thompson, conceived it as a medieval village into which the remnants of humanity might be herded as a feudalist "concentration camp," once genocidal eco-facist policies of the sort advocated by Maurice Strong had taken hold. And, for good measure, Strong is the president of the World Economic Forum, the Davos, Switzerland annual summit of the world's private bankers', which will be keynoted this year by Vice President Al Gore.

Interview: Maurice Strong

UN Undersecretary General and Earth Council Chairman Maurice Strong gave this interview to Scott Thompson on Jan. 20.

Q: As you know, Vice President Al Gore is potentially President of the U.S. as of the year 2000 elections—if not earlier, through a Senate vote to convict on impeachment. I understand that you've had significant contact with Gore on questions of ecology. So I was wondering if you could say something about the details of your contacts, and then describe how you think a Gore administration might be better on these issues than the Clinton administration, which seems to have sort of shuffled it aside.
Strong: My own contact with Vice President Gore goes back to well before his Vice Presidency, particularly the time when he was so active in the Senate. And, as you know, he was in the Senate, really one of the most effective in the whole environmental field. He was very active in the Global Parliamentarians movement, and, in fact, was instrumental in helping to form the Association of Global Parliamentarians.

Q: Could you tell a little about that?
Strong: Well, I may not get the precise names straight, but there is a Global Parliamentarians organization, which includes leading members of Congresses and Parliaments around the world, which was formed specifically to spearhead the movement amongst legislators on behalf of environmental issues, both national issues and international treaties and conventions and agreements. And, Al was the original co-chairman of that, the driving force in getting it moving. . . .

Q: What were some of the specific issues that they took up?
Strong: Well, very early on, the ozone issue, which resulted in one of the first and most effective international agreements on an environmental issue. And the international convention on restricting trade in endangered species of wildlife. You know, ivory and all this stuff . . . to try to reduce at the source the incentive for the destruction by poaching and [other] destruction of wildlife. And, those are just some examples. They also were very active in respect of preparations for the Rio Summit.

I was the Secretary General, the one that actually ran it. The chairman was the President of the host country of Brazil. . . . Our staff was in charge of actual professional preparations. . . . The Rio Summit was the meeting of heads of government: That's why they called it the Earth Summit. It was the largest summit in history up to that point, I think probably the largest ever built. It was convened by the United Nations, and, in my role as Secretary General—I was the Undersecretary General of the United Nations—I was in charge of the Secretariat that did the substantive preparations for the conference.

Q: Can you tell me anything about Al Gore and the Earth Summit?
Strong: Yes, indeed. He was first of all very supportive of the movement within the United Nations to actually hold the conference. . . . The date of the actual conference was in June 1992. . . . But the conference was actually decided by the General Assembly, given a lengthy preparatory period, in 1969.

Gore was very active in the U.S. political movement to endorse the conference and to get it approved by the United Nations. And, subsequently, he was extremely active in helping to shape its agenda and helping to assure that it got the attention that it did.

Now, one of the things of interest at that stage was that it was then a Republican administration. George Bush was President. There was a real question as to whether the President would even attend the conference. And, of course, Al Gore, in his Senate role, was extremely active in bringing Bush in: number one, to have the President go; and, number two, to take a very forthcoming position on the issues. Bush, right up until almost the last minute, declined to commit himself to go. And, finally he did.

I can give you a little sidelight. His [Bush's] Chief of Staff at the time phoned me every day before he went down, when the conference was actually on, because I knew President Bush, and, so—apart from the official reports they were getting from the conference as to how it was going and what kind of treatment the President could expect when he got there. . . . It was always possible that he might cancel at any moment, and so they asked me, would Senator Gore be in the room when the President spoke. And, I said, "Well, look, I can't control that, that's your responsibility. He's a member

of your delegation. He's a member of your Congressional delegation, and we, as the Secretariat for the Congress, cannot control that." As if I was going to do anything to deny Al Gore's presence in the room! But, it was interesting that [Bush] was very concerned. . . . He wanted assurance that Gore wouldn't be there. And, I said I couldn't give such assurance. After all, the U.S. delegation has so many passes to be on the floor at the time of the speech. The U.S. always has big delegations, and it's always impossible for them all to be seated at once, so they have to decide themselves how they'll divide the seats. . . . And, in the course of it, they did not give Senator Gore a seat. And (I can admit this now), I quietly gave him a pass as a special guest of mine, so he was in the room anyway.

Q: Let me ask you. Did you have anything to do with the Kyoto summit, where Al Gore and Tony Blair were so strong on the question of greenhouse gases?

Strong: I was actually there as the representative of the Secretary General of the United Nations. So, I actually was there to greet Al Gore when he arrived, and I was on the stage when he spoke. . . . I knew Gore, of course, a lot better than I knew Blair. So, I had pretty much a close relationship. . . . You know I'm a businessman as well an environmentalist. And, many of my businesses are in the United States. And, so, I had a role as a trustee of the Democratic National Committee at one stage, in the U.S. So, I had, some, you know, political contact with him as well.

Q: Very interesting. What did you think of *Earth in the Balance?* . . . Now, I understand that Gore had a team, when he wrote this book in 1992. It was a team effort. Did you have a hand in that?

Strong: I was not a member of the team, but I was quite active in interaction with them. I would give Gore more credit for that. He started with input from his team, but he really put his own stamp on this. And, being a very experienced politician, he allowed his values—that is, environmental commitment—to override his sense of political self-interest, because he knew that staking out these positions would attract an awful lot of flak. So, it took a lot of political courage, but this is the real Al Gore shining through, in the sense that his commitment to the environment and to related issues, the fundamental issues that affect life on earth. . . . This is a deep-seated value commitment, and it transcends the political. He is a consummate politician, and since being the Vice President in the Clinton administration, he has had to be careful not to be seen as a one-issue Vice President. . . . And, in order to be effective, he has had to, of course, yield some of his strong convictions to the practical political process, because you had a House, a Senate, that had been unsympathetic and even hostile to environmental issues. But the real Al Gore, I am

sure, will re-emerge, because he hasn't gone away. He's only just had some of his commitments to some degree submerged in the political realities of this administration.

Q: Do you know Martin Palmer . . . ?
Strong: Not personally.

Q: He's the spiritual adviser on ecology to Prince Philip. He told me that there had been correspondence between Prince Philip and Al Gore since the 1986 Assisi Conference. I think you would know about that. . . .
Strong: That's right. They've been close. . . . On these issues, they are very much soulmates.

Q: Right, and apparently they met in 1990, when Prince Philip brought the Assisi process of religion and ecology to the United States. Could you tell me anything more about that relationship?
Strong: Well, it's one of mutual regard and respect. I would say it's as close as it could be with personalities of that kind. Charles is close. . . .

Q: You mean Philip?
Strong: They both live busy lives, but they really do share a major interest. Their ideas on the environment are so similar. . . . I actually meet both of them. [Gore] has got a good relationship with Charles as well as Philip. . . . As a matter of fact, in my view, he's much closer to Charles's views, than to Philip's views. I was actually Philip's vice president of the World Wildlife Fund, and, while he has given his substantial reputation, lending it to the World Wildlife Fund, his own view of environmental issues is very much narrower than that of Al Gore. Al sees it quite properly in the broader context of how you manage the economy, how you manage society generally. Whereas Prince Philip has seen it much more narrowly in traditional conservationist terms. . . .

Q: You were also . . . the treasurer of William Thompson's Lindesfarne model, which was a sustainable development village idea. Are you still in any way involved with this project?
Strong: Well, I think I am. I've never been able to get to their meetings in the last couple years, although I think they still list me as a Fellow, because I have a continuing interest. But, I haven't been able to participate—

Q: I understand Al Gore took an interest in that. Do you know anything about that?
Strong: I don't. I know he read some of William Thompson's stuff, and I think he knows some of the Lindesfarne Fellows, but I don't know him to have been actually active with Lindesfarne activities. Sympathetic with them, in contact with them. But, not active with them to my knowledge.

Q: And, what do you think of this project? Does it have any kind of viability in the world, in terms of a model for sustainable development?
Strong: Well, I think so. I mean we actually gave them land in Crestone, Colorado—

Q: Oh, someone at the Cathedral of St. John the Divine told me that that part had been dropped.
Strong: Well, no, what's happened is that it was, in fact, a very real impression of Lindesfarne. But, then they merged it with, gave it over to a Buddhist retreat center, which followed the same values. And, the community is thriving up there. . . . It's not called Lindesfarne, but, I believe they still have an association with Lindesfarne. In fact, Bakir Roshi [phonetic spelling], who runs it, is a Lindesfarne Fellow himself. The altitude there is over 7,500 feet, it got to the point where William Thompson couldn't even live there any longer, so he made that transition. But, the original Lindesfarne idea is very much alive there in that community.

Q: Who is Bakir Roshi?
Strong: Richard Baker, he's a Zen Buddhist monk.

Q: And, could you tell me a little more about this? When I raised with Martin Palmer the question of whether or not Al Gore was also close with Prince Charles, he simply said: "Well, there's a great gap between the offices of Prince Charles and of Prince Philip." And, he didn't say anything further. Could you tell me a little bit more about that relationship?
Strong: Well, I can't get into the personality aspects. I can, however, in terms of how I would assess their respective environmental issues or interests: Prince Philip's, as I mentioned, are far more traditionally conservationist and wildlife oriented. . . . Whereas Prince Charles has a much broader interest in environmental issues: everything from how cities are built, how buildings are built . . . how societies are run, and the social implications of the environment. The broader implications of the environment, which are very much more in line with Al Gore's interests, as you find in his book. . . .

Q: I understand you not only gave Sir James Wolfensohn his first job, but that you are an adviser to the World Bank—
Strong: To the president. To him as the president.

Q: And, Martin Palmer told me that Sir James is trying to change the culture of the World Bank. This is one reason why he got involved with Prince Philip's Alliance of Religion and Conservation at Lambeth Palace last February. Could you discuss that aspect?
Strong: He's one of my oldest friends, and I'm a very close friend and colleague. And, I know Jim has deep spiritual, ethical, and moral values. And, it's his role in the World Bank to try and bring the moral and ethical world into much more close interaction with the practical economic world—

Q: Would you have advised Sir James in changing the World

Bank from these sort of mega-projects, huge dams and so forth, toward something that's more sustainable, environmental, appropriate technology-oriented?

Strong: Well, you know, the good thing about Jim is that he had most of these convictions for many years. I worked with him way back at the Stockholm Conference in 1972. He was there. He was one of the bright young men. So, he's had a long interest in these issues. He didn't need me to advise him on the more fundamental things such as incorporating the people aspects, as he's done, the social aspects, the environmental aspects. He knew not just to rely just on the big mega-projects, but to bring in the NGOs, the little people, citizens, religious leaders, foundation leaders. Those things he already had in mind and on his agenda, when he came. If I was any help, it was more a matter of helping him to actually implement some of those things.

Q: One of the companies my researcher came across that had been involved with both financially and ethically was Molten Metal. . . . Now, Vice President Gore praised this as a breakthrough technology, and I believe Peter Knight, who was a lobbyist for Molten Metal, became the 1996 Clinton/Gore campaign manager, so I assume you know him?

Strong: Well, I don't really know him. I know about him, and I know of his role in the 1996 Clinton/Gore campaign. But, I can't recall that I ever met him, and, if I did, it would have been very superficial—

Q: I understand that some people may be in litigation with Molten Metal, and there were some claims that there was some sharp trading going on. What can you tell me about Molten Metal, as it involves you and the Vice President? How viable was this technology?

Strong: Well, from what I know and understood, and I believe the operations are proving it out now, the technology is an effective one. However, the problem with the company was that it takes sometimes more time and more money to develop certain technologies. And, sometimes they're not quite as economical as it would appear. And, so the company's problems were related more to the fact that they got ahead of themselves financially—

Q: You mean with the Vice President's support? Was he being iced out by the Department of Energy, because it seems like the Department of Energy cut off the research and development technology, that related to this—

Strong: Well, first of all, the first funding that Molten Metal got from the U.S. government was from a Republican administration, so, although much was made of the fact that they also got money from—I think more money eventually—from a Democratic administration, it came through the professional, rather than the political process.

Q: I see. So, the Vice President had nothing to say about how, "Look, I've just said that this is one of the technologies that must be developed to reprocess hazardous waste, and, to have that effect, you must give more money."

Strong: I don't have a deeper knowledge of the particulars, but I do understand that the Vice President based his statement on a briefing from officials of the Department of Energy, who had a genuine knowledge of it and a genuine interest in it. It had been those officials who had promoted it for funding. My understanding is that there was some form of investigation that made it clear that Vice President Gore had never had anything to do with the allocation of the funding. . . . Now, of course, who knows? People may have heard his speech, and then been influenced by that—

Q: I understand there was some influence of the speech, at least in terms of the stock market, but apparently he did not have the werewithal to effect the DOE, in terms of continuing the project.

Also, my researcher came across a reference in Peter Munk's book—I guess you know Peter Munk?

Strong: Yes, I know him.

Meet eco-fascist Al Gore

Al Gore, Jr.'s book *Earth in the Balance: Ecology and the Human Spirit* (published in 1992 by Houghton Mifflin Co. while Gore was a U.S. Senator), like Adolf Hitler's *Mein Kampf,* has within it the seeds of the next world war, insofar as it is anti-human, Malthusian mumbo-jumbo and pseudo-science which would condemn mankind to a nightmare of "scarce resources" and "biological holocaust." The Earth is like a living being, or a goddess, according to Gore, whose livable surface is its skin, its most important organ. He equates mankind's relationship to nature to rape, or the rampages of the Nazis across Europe. Modern industrial civilization is the equivalent of a dysfunctional family of drunks and drug addicts which abuses its own children, and the radical ecology movement is the modern-day resistance movement against the "real" fascism, that is, "production and consumption."

Gore's genocidal outlook is typified in the following quotes. For example, did you know:

- That the tragic "Irish Potato Famine" was caused—by the Irish!

"Archaic rules of land ownership helped to create a culture of poverty, which in turn resulted in early marriage and further population growth. Between 1779 and 1841 the population increased 172%, making Ireland, by Disraeli's estimate, the most densely populated area of Europe. The fateful decision to rely almost exclusively on a single food

Q: And, it said that Peter Munk had been frozen out of the United States, in terms of his Barrick Gold, by Interior Secretary Bruce Babbitt. Now, there's a reference in Peter Munk's book, that when he was being stonewalled by Babbitt, in terms of having the connection in the United States to open a gold field here, you helped put him in touch with Al Gore. Can you tell me anything about that?

Strong: No, I didn't actually put him in touch with Al Gore, because he already was in touch with Al Gore. I think through Vernon Jordan. . . . But, he knew that I knew Al Gore, and I might well have been happy to introduce the two, but I didn't actually need to do that, because he already had made contact.

Q: I wonder why he cited you in his book?

Strong: Well, I don't know. But I did send someone out to look at his mine. . . . You know, whether I thought I was doing a job, because I actually know something about the mining industry—I used to be in it. And, I felt they were doing, from what I could see, from what my expert could see, a very good job with that mine. . . . It was the one [mine] in the U.S. that I was looking at. . . . And, I never went to any of their other mines. The issue there was not so much an environmental issue, as an issue of title under the U.S. regulation or law, people who get mining claims have to pay only a very small royalty. And, the issue at that time with Babbitt, who's also a good friend, was that he used that as an example of a mine that was going to make a vast amount of money, and yet the U.S. government only got a small piece of it.

Q: I think the reserves were estimated at $10 billion—

Strong: Yes, well, Munk's assertion was that, well, yes, but that's been your law for years. We followed the same law. If you want to change the law, that's fine—

Q: But, otherwise, it was an environmentally qualitative operation?

Strong: Yes, I think so. That doesn't mean it was without flaws and had some challenges, but they spent a lot of money, and, I thought they were doing a good job. It was in that context that I made a positive remark at one stage about it. He may have relayed that to Al Gore, because I think he made a case to Al Gore, or somebody did on his behalf.

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crop, potatoes, for subsistence, set the stage for the horrible tragedy known as the Great Potato Famine."

- That the fourteenth-century "Black Death" spread of bubonic plague was due to "climate change," in Europe and China, not the economic collapse due to the failure of the oligarchical banking system of Europe.

"Just before the Black Death, poor weather and crop failures caused widespread malnutrition and increased susceptibility to disease. . . . One year earlier, as a result of the same global climate changes that produced constant rains in Europe, unusually heavy rainfall in China caused the repeated Yellow River floods."

- That the answer to the question, "What is your life worth?" is two trees, not three, if you know the right people!

"The Pacific Yew [tree] can be cut down and processed to produce a potent chemical, taxol, which offers some promise of curing certain forms of lung, breast, and ovarian cancer in patients who would quickly die. It seems an easy choice—sacrifice the tree for a human life—until one learns that three trees must be destroyed for each patient treated. . . . Suddenly, we must confront some tough questions. How important are the medical needs of future generations? Are those of us alive today entitled to cut down all those trees to extend the lives of a few of us, even if it means that this unique form of life will disappear forever, thus making it impossible to save human lives in the future?"

- That the pre-Christian, Mother Earth cults were more "environmentally friendly" than the Western monotheistic religions. Did you know how much we can learn by studying the history of Druid sex rituals with trees?

"The prevailing ideology of belief in prehistoric Europe and much of the world was based on the worship of a single earth goddess, who radiated harmony among all living things. . . .

"Its best documented tenet seems to have been a reverence for the sacredness of the earth—and a belief in the need for harmony among all living things; other aspects of the faith are less clear, and it is probable that many barbaric practices accompanied the more benign beliefs.

". . .It seems obvious that a better understanding of a religious heritage preceding our own by so many thousands of years could offer us new insights into the nature of human experience."

- That if you are a manufacturer, producer, or industrial worker, you are the moral equivalent of a drug addict.

"Industrial civilization's great engines of distraction still seduce us with a promise of fulfillment. Our new power to work our will upon the world can bring with it a sudden rush of exhilaration, not unlike the momentary 'rush' experienced by drug addicts when a drug injected into their bloodstream triggers changes in the chemistry of the brain. But that exhilaration is fleeting; it is not true fulfillment. And the metaphor of drug addiction applies in another way too. Over time, a drug user needs a progressively larger dose to produce an equivalent level of exhilaration; similarly, our civilization seems to require an ever increasing level of consumption."—*Lance Rosen*

EIR International

Chinese government sends a clear signal to Clinton

by Helga Zepp-LaRouche

Now and then in history, documents appear which, with hindsight, turn out to have been a turning point in the course of events. Apart from the question of whether we succeed in overcoming the current existential crisis of mankind with a just, new world economic order, or whether our civilization collapses into chaos and war, one thing is certain: The article with the title, "Ally with China, Not with London," published on Jan. 5 in the official Chinese newspaper *Reference News,* is one such document. The article says, "As Lyndon LaRouche recently pointed out, Washington must choose between London and China; there is no 'middle road,' " and that characterizes precisely the alternative that the United States now faces.

The global systemic financial crisis is entering its final phase, and the leading bankers in London and on Wall Street are reacting to the Brazil crisis, which has gone completely out of their control, with the same panic they evidenced last September, when the collapse of the largest hedge fund in the world, Long Term Capital Management (LTCM), threatened to cause a meltdown of the whole system: On the one hand, they want to pump unlimited liquidity into the system, but they also want to enforce austerity, on the model of Hitler's Economics Minister Hjalmar Schacht. The international financial oligarchy, however, is also pursuing a very definite military-strategic course.

The same forces who moved behind President Clinton's back to manipulate him (during his recent Mideast visit) into the attack against Iraq, are pursuing a policy which is entirely different from Clinton's also with respect to Russia and China. The members of the so-called Principals Committee are among these forces: Vice President Al Gore, Secretary of State Madeleine Albright, Defense Secretary William Cohen, and Joint Chiefs of Staff Chairman Gen. Henry Shelton.

While Clinton is genuinely convinced that peace in the 21st century will depend upon a strategic partnership between the United States and China, parts of the American establishment, as well as the Blair government in Britain and the Netanyahu government in Israel, believe that a unilateral Anglo-American imperialism must rule the world, and that Russia and China must be built up as the new "enemy image" in a new Cold War. In order to "sell" that policy with some credibility, these forces are pushing for a rapid collapse of the Primakov government in Russia, which is supposed to be replaced by a "Pinochet solution," i.e., a blood-thirsty dictator. The insane book by Harvard's Samuel Huntington serves as the script for this insane plan, the supposedly imminent "Clash of Civilizations."

The nuclear war threat

The previous strikes against Iraq, and the new attack on Iraq planned by Blair, Cohen, and Shelton, are supposed to represent the model for all future wars: a combination of air strikes and deployment of Special Forces. In view of the many crisis spots in the world, some of which involve the danger that nuclear weapons might be employed regionally, such as in the Middle East, and the fact that the Russian Armed Forces have been reduced to the nuclear component alone because of the economic crisis, it is clear how fast these regional conflicts could go out of control. Moreover, as the first Gulf War showed, which took a half-year to prepare, Western conventional forces are not in good condition. The first-use doctrine of NATO, for the possible use of nuclear weapons, could then, under acute crisis conditions, mean that the fuse for actual use of nuclear weapons could be very short.

U.S. National Security Adviser Sandy Berger threatened on Jan. 12 that the United States would impose sanctions on three Russian institutions, which were accused of having

given Iran nuclear and missile technology. On Jan. 13, State Department spokesman James Rubin threatened not to launch American satellites into space with Russian rockets, which is tantamount to a financial boycott against the Russian space program. As was to be expected, the Russian government responded by pointing out that the threat of sanctions would considerably disrupt the Russian-American relationship, and they denied the accusations.

If one takes account of the escalation of the various campaigns against China currently driven by the media in the U.S.A., the Republican Party, but also by Gore and Albright, it becomes clear that these are the same forces who are pushing the impeachment of President Clinton, and they are attempting at the same time to reverse Clinton's foreign policy initiatives, point for point.

Thus, if the article in *Reference News* expresses concern that it is the tendency in Washington to lean toward London in connection with the financial crisis, and against the Asian countries, and especially against Malaysia, and also that this way will lead to disaster, then this is all the more true for an alliance of Washington and London in military-strategic matters.

The signal from Beijing

Even if the recent attack on Iraq has considerably shaken Beijing's confidence in Clinton, for the Chinese government it is still a strategic priority to have a good relationship with the U.S.A. The Chinese government has done absolutely nothing in recent years which might have disrupted relations with Washington in any way.

If Beijing now expresses itself as the *Reference News* article suggests, and cites Lyndon LaRouche to the effect that Washington has to decide between London and China, then that is a political signal of the first order. Not only are the analyses and proposals of LaRouche well known and respected in the Chinese leadership; the article represents a clear invitation to President Clinton to work together with China on the solution for the world financial and economic crisis, along the lines of the proposals LaRouche has made.

In view of the terminal condition of the global financial crisis, which expresses itself in the escalating depression of the real economy worldwide and in the extremely precarious strategic situation, it is likely that President Clinton will not receive many such invitations as that contained in the article from China. If he wants to realize the vision of securing peace in the 21st century by contributing to a strategic partnership with China, then he has to take the Chinese advice now.

All the governments of Europe, and not least that of Germany, face the same decision. Will we let ourselves be drawn into economic and military confrontations with Russia, China, and the developing countries, on the side of London, or will we cooperate in the realization of the Eurasian Land-Bridge, the New Silk Road, and together with these nations bring about a new, just world economic order?

Documentation

'Ally with China, Not with London'

Here is the text of "Ally with China, Not with London—American Publication Discusses the Strategy of the U.S. Government in Dealing with the Financial Crisis," Can Kao Xiaoxi (Reference News), *Jan. 5. This authoritative Chinese publication carries summaries and reports on what is seen as the most important material covered in the foreign press. The title of the article evidently refers to* EIR:

That the Clinton administration is dangerously delaying resolving the world financial crisis, is no secret. "How to deal with the crisis" is the subject of heated discussion; however, it clearly appears that the President is counting on the new European grouping—the Social Democratic group led by Tony Blair—to be its partner in weathering the coming storm. The hope is to let Prime Minister Blair become active, calling together an urgent meeting of the G-7 countries; the consultations between Washington and London are becoming more and more frequent. It appears that Washington is leaning toward the British in opposing the measures taken by Asian countries against international financial speculators, and especially opposing the measures taken by Malaysia.

Besides this tendency, which will lead to disaster, there is fortunately another, opposite choice: The U.S. should form a strategic alliance with China to deal with the crisis. As Lyndon LaRouche recently pointed out, Washington must choose between London and China; there is no "middle road."

China is insisting on maintaining currency and exchange rate control, and she is relying on national credit to fund a large-scale program of basic infrastructure construction—epitomizing the approach which all nations should adopt. Although this approach of self-defense cannot replace the action of burying the present international financial system and replacing it with a new Bretton Woods agreement, nevertheless it is a first step in that direction. Besides, everyone knows that China is an important supporter of the capital control measures realized by Malaysia, which makes the international financial speculators anxious.

In the last week of October, the media mouthpieces of those speculator circles, the *Wall Street Journal* and *Financial Times,* launched a new attack against China. This attack had the obvious purpose of influencing the stance of the Clinton administration and intimidating some other countries.

To intimidate people, the *Wall Street Journal* on Oct. 23 published a lead editorial on the "China Model." The paper raised the following possibility: Some other countries might

adopt China as a model, because China, by maintaining capital controls and realizing an infrastructure development plan using national credit, was able to withstand the onslaught of the Asian financial crisis.

The editorial said, this approach must not be taken. Beijing will in the end go broke because of its state investment plan. "The lesson for the developing countries of Asia and other regions is, that the method of using capital controls and excessive financial stimulation, in order to avoid creative destruction, doesn't work."

Of course, "creative destruction" is the conscious ideology of radical free market businessmen, it has never benefitted the ordinary people. But it sweeps away the barriers to robbing and looting by the Wall Street speculators.

China has merely moved quickly to adopt an intelligent approach to its national economy—using national sovereignty to protect its population, and investing into the tangible economy.

The Clinton administration has established extremely positive contacts with the Chinese government, discussing the just-formed "relations of strategic partnership." Seen from the standpoint of London, this potential alliance is worrisome, to say the least. For this reason, London is making big efforts to change Clinton's attitude, to make sure he will never again support China's policy of national capital controls and a government plan for basic infrastructure construction.

The unavoidable financial crash will destabilize the smooth realization of London's designs, and with the help of the LaRouche movement, will wake up Clinton to reality.

But the sincere advice must be clear: Ally with China, not with London.

Russia's new ICBM signals dangerous strategic shift

by EIR Staff

The austerity measures imposed on Russia by the International Monetary Fund and free-market "reformers," have created a situation in which the danger of thermonuclear war is now greater than at any time since the collapse of communism in 1991.

Ten years ago, the Soviet Union had immense conventional forces, whose actual fighting power was perhaps overestimated, but they were enormous nevertheless. Following the disastrous collapse of the real economic potentials of the former Soviet Union over roughly ten years, the Russian Armed Forces are today but a shadow of their former strength. The Russian Army has shrunk radically, the matériel has rotted away for the most part, and the personnel are demoralized. What remains are some 10,000 nuclear weapons, in particular those of the strategic missile forces.

On Dec. 27, 1998—one week after the British-U.S. air attack on Iraq—something very unsettling happened in Russia. Defense Minister Marshal Igor Sergeyev announced the deployability of the newest Russian intercontinental missile, the Topol-M/SS-27. Sergeyev said: "This is a very important event, for even under the difficult financial conditions of the year 1998 we have succeeded in making the expenditures to finance this area of highest priority. . . . In order to deter those who might be tempted to solve their problems with Russia by means of armed force, we must intelligently carry out our reforms and in no case lose our nuclear potential." Sergeyev also emphasized that nuclear weapons could deter not only a nuclear attack, but also conventional aggression.

Behind these words exists a strategic program, about which there is a bitter debate in the political and military leadership of Russia. Sergeyev, who comes from the strategic missile forces, wants to carry out a "healthy shrinkage" of the Russian Armed Forces overall. He wants to take the nuclear branch of the Armed Forces away from the responsibility of the General Staff and establish a new command for the nuclear forces. This nuclear command would then assume an all-dominating position in the Russian military structures.

Sergeyev's Russian opponents correctly point out that Russia, with such a strategic policy, can only respond to crises with "all or nothing." Even in the case of limited threats, Russia would only have the option of making a counter-threat with nuclear strikes. If these threats had no effect, Russia would either have to give in or actually employ its nuclear weapons. That would mean that a new "Cuban missile crisis" is pre-programmed.

In response to Sergeyev's announcement, four generals resigned on Jan. 11. They are the commander of the early warning missile attack forces, Gen. Lt. Anatoli Sokolov, and his three deputies. Sokolov voiced his opinion that the Topol series of missile systems should not be produced and used in combat any longer, because they are "old-fashioned systems," and U.S. missile defense systems could easily bring them down. He added that it would have been wiser to develop reconaissance and information technologies, rather than spend large amounts of money on nuclear missiles, which are already plentiful in Russia.

Russia's defense posture

The significance of Russia's shifting to overwhelming reliance on its strategic nuclear arsenal, in view of the takedown of conventional forces under pressure from the economic crisis, has been under intense discussion within the country and among Russia-watchers since even before Strategic Missiles Corps officer Sergeyev became Defense Minister in 1997. In June 1997, for example, the late Gen. Lev Rokhlin

wrote in *Rabochaya Tribuna* about the "critical condition" of the Russian Federation's Armed Forces. "The country's mobilization readiness has been destroyed," Rokhlin said, pointing to failures in Chechnya, cessation of training exercises, and "disintegration" such as the failure to service basic equipment in the Air Force and the Navy. Rokhlin wrote that "the nuclear deterrent forces that we still have left, are the only thing shielding Russia from America's limitless diktat and its direct interference in our country's affairs of state. Given the huge U.S. superiority in conventional weapons and its very powerful fleets with mobile aircraft carrier groups, our strategic nuclear deterrent forces are the only thing deterring them."

Later in June 1997, a Russian Academy of Sciences military expert reported major opposition to Sergeyev's plan to restructure the Armed Forces into three branches, under separate commands: 1) the strategic nuclear force, subsuming the strategic missile corps, the air force, and anti-missile defenses; 2) air defense forces of a non-strategic nature; 3) all other forces, chiefly the Navy and the Ground Forces, as a general purpose force. Air Force Commander Gen. Pyotr Deinekin was cited as one of the opponents of Sergeyev's reorganization.

In August 1997, analyst Pavel Felgengauer, who often conveys views from within Russian military intelligence, wrote in *Segodnya* that the "announced reforms have meant in effect a reallocation of resources to maintain the strategic missile nuclear forces at the expense of other services." In March 1998, Felgengauer wrote in the English-language *Moscow Times,* that "Sergeyev's idea of military reform has resulted in all the real procurement money being pooled to buy new intercontinental strategic nuclear missiles. But basing all Russia's defenses on nuclear deterrence is absurd." He reported that "an increasing number of officers and generals, including those in active service and in high-ranking positions in the Defense Ministry, are openly saying—even to journalists—that [former Strategic Missile Corps commander] Sergeyev is not fit to command Russia's military. Russia's conventional fighting forces—army, airborne troops, air force and others—are being run down."

In 1997, when the Sergeyev force reorganization plan was circulated, one U.S. Army Russia specialist commented in an Internet discussion list, as follows: "Since tactical and strategic nuclear weapons will be separated, with the former going to regional [commanders] whose operational control from Moscow has been considerably reduced, it is not clear if a unified system of strategic planning for the use of nuclear weapons or control over them can be devised. . . . When one factors this disturbing possibility into the equation that already consists of a command and control system that is not what it should be or used to be, and a launch on warning doctrine, the results become positively alarming. But that is not all. Russia's current inability to deploy usable conventional forces necessarily leaves it with few alternatives. The most prominent one that is coming to the fore is the nuclear option.

"Since 1993 Moscow has advertised its readiness to launch even preemptive first-strikes against adversaries who are allied to nuclear powers, against conventional strikes on power plants, C3 targets, or nuclear installations. . . . [Then-Defense Council head] Baturin's reform plan demonstrates that even in ethnopolitical conflicts that get out of control, nuclear options remain distinctly possible. As in 1993, Russia, when confronting so-called local wars that expand, due to outside assistance, into large-scale conventional wars, reserves the right to use nuclear weapons as first strike and preemptive weapons. And in Baturin's draft, which is likely to become the new doctrinal guidance given Defense Minister Igor Sergeyev's mandate and predilections for emphasizing the nuclear forces, this allegedly limited strike serves to regain escalation dominance and force a return to the status quo."

What is the Topol-M?

The Topol-M is a single-warhead, road-mobile ICBM with a range of more than 6,000 miles. It is called the SS-27 by the United States and NATO, and succeeds the SS-25 (also called Topol in Russian, which means "poplar tree"), which went operational in the mid-1980s, being one of two ICBM systems the Soviet Union brought on line during the surge of offensive weapons buildup, after Soviet President Yuri Andropov rejected President Reagan's Strategic Defense Initiative in April 1983. The other was the rail-mobile SS-24. Both the SS-24 and the SS-25 are MIRVed (carrying multiple, independently targetted warheads). Among the combat features of the Topol-M/SS-27, as military experts have stressed, are a short boost phase and suppressed trajectory, designed to come in under anti-ballistic missile defenses.

According to an article by Igor Korotchenko in *Nezavisimaya Gazeta* of Dec. 29, 1998, work on the Topol-M began in February 1993, by Presidential decree. The first test flight was in December 1994. Two missiles were put on test combat status in December 1997. There were six test launches from Plesetsk, of which five were successful, one failed. In the Dec. 8, 1998 test, the warhead hit the target in Kamchatka with unprecedented accuracy, within a few dozen meters. There will be nine more test launches, even though the design and testing phase is mainly finished. The active-duty set of Topol-M missiles is deployed at the Tatishchevo base near the city of Saratov, on the Volga River.

Korotchenko continued, "The Russian military and political leadership intends to devote priority attention to the Topol-M program, which will be financed, regardless of the economic situation in the country." Topol-M was developed at the Moscow Heat Engineering Institute in versions for stationary basing in silos, or for ground-mobile launch vehicles. Korotchenko reported the system's launch weight, throw-weight, warhead, and so forth. He asserted, "It should be noted, that the Topol-M is capable of successfully overcom-

ing not only the existing, but also prospective ABM [anti-ballistic missile] systems of the United States of America."

The *Nezavisimaya* article named five officers responsible for the deployment of the first Topol-M ICBMs, from Commander-in-Chief of the Strategic Rocket Corps Gen. Col. Vladimir Yakovlev, down to commander of the 104th Rocket Regiment Col. Yuri Petrovsky—"and several other officers, who carried out their military and professional duty under the difficult circumstances of the work being only 50% financed, and delays of many months in the payment of monetary compensation." For this reason, the 104th Regiment received from Marshal Sergeyev the first-ever award pennant, "For Courage and Military Valor."

In conclusion, Korotchenko wrote that the Topol-Ms would be on active duty as of Dec. 30. "Although the flight computers of all ten ICBMs are set to zero, the process of entering their combat flight data to strike targets on the continental U.S.A., if the necessity arises, will take a little less than one minute."

First Deputy Prime Minister Yuri Maslyukov, formerly in charge of the Soviet defense industry, was quoted by Interfax on Dec. 30, 1998: "The start of rearming Russia's strategic rocket forces with Topol-Ms gives parliamentary deputies good reason to return to the ratification of START-2 without sacrificing national security. The current rearmament process restores a necessary dynamism to the process of work on START-2 ratification." Topol-M is designed as a "post-START-2" weapon, because START-2 bans MIRVing. Sergeyev was asked in a Dec. 29 interview with *Segodnya,* what his response would be if START-2 were not ratified. "Talk about our weakness is an overstatement," he replied, "If we need to, we may build a heavy missile"—the term often used to describe the large, silo-based, MIRVed SS-18, to which the SS-25 was a more flexible sequel.

Commentaries

Prof. John Erickson of the University of Edinburgh, Scotland, Jan. 4 discussion with *EIR:*

Professor Erickson described the fight between the Russian General Staff and Defense Minister Marshal Sergeyev. Referring to Sergeyev's announcement of the deployment of a regiment of Topol-M missiles, Erickson said that this was "not the real problem. The deeper issue is that there is a very big power struggle behind the scenes, between the General Staff and Sergeyev, over Sergeyev's insistence on setting up an independent nuclear command, under his deputy Yakovlev. The General Staff insists that the nuclear command *not* be split off.

"This power struggle has very considerable portents for the next six months," Erickson went on. "A separate nuclear command would create big problems, with independent strategic missiles, space systems, command and control, and so on. The General Staff argument is much more sensible. How can you fight local wars with an independent nuclear command? But Sergeyev is arguing, in effect, that flexible response is now out. As the General Staff argues, this puts the strategic situation on a short fuse, with very unpleasant implications. Just watch, if we hear in the next weeks, that nuclear weapons are the only guarantee of the integrity of Russia. Then we are in for some dangerous times."

Pavel Felgengauer, Russian military correspondent with *Segodnya,* Jan. 4 discussion with *EIR:*

General Sergeyev's insistence on primary reliance on nuclear weapons, to the detriment of upgrading or even maintaining Russian conventional forces, "absolutely" removes the Russian capacity for flexible response, and is a "very dangerous" trend in and outside Russia, said Felgengauer, who charged that Sergeyev was "running amok."

He said that the Topol-M is "Sergeyev's pet weapon. All resources for procurement are going into it." According to Felgengauer, the missile is specifically designed to counter a "national ABM system in the U.S. It has special features to penetrate an ABM's different layers: It has a shortened boosting period, a lower ballistic trajectory to avoid the ABM's space echelon, and dummy warheads, to baffle the last level of SDI."

U.S. prepares 'Contra' option against Iraq

by Joseph Brewda

The U.S. government is currently preparing a replay of its failed, and farcical, 1980s Contra policy toward Nicaragua, this time against Iraq, under the aegis of the Iraqi Liberation Act, which was enacted in Congress in September 1998 through the efforts of Senate Majority Leader Trent Lott (R-Miss.) and former Speaker of the House Newt Gingrich (R-Ga.). Under the act, the Clinton administration must designate seven Iraqi opposition groups by Jan. 30, to receive $97 million in military aid. By so doing, the bill locks the United States into a senseless military policy toward Iraq, even if President Clinton manages to withstand pressure from British Prime Minister Tony Blair, Israeli Prime Minister Benjamin Netanyahu, and the Gore machine within his own administration, to go to war against Iraq in late January.

Although the administration has not yet specified which of the discredited, corrupt, and incompetent opposition groups will be slated to receive the aid, administration sources have told the *Washington Post* that four of the groups will be the Iraqi National Council of London, led by former Jordanian banker Ahmed Chalabi; the Kurdish Democratic Party of Masoud Barzani and its rival, the Patriotic Union of Kurdistan of Jalal Talabani; and a comical group of constitutional monarchists led by Sharif Hussein, a claimant from the Hashemite monarchical family that was deposed in the 1950s. A group of former Iraqi military officers running the National Accord in Amman, Jordan, will most likely be chosen. Whether the Iranian-based Supreme Council of the Islamic Revolution in Iraq, headed by Mohammad Baqir al-Hakim (SCIRI), and which boasts a 10,000-man Saudi-financed army, will receive funding, is unclear.

The real objective of the bill

Washington analysts who have examined the bill laugh at its stupidity, and emphasize that its stated objective is not its actual one. For one thing, $97 million could never train, equip, and supply the kind of force needed to overthrow the Iraqi regime. In fact, that is not the bill's purpose.

Rather, these sources emphasize, the real intent of the act is to help convey the false perception that there is widespread powerful opposition to the current Iraqi regime within Iraq—which there is not—thereby providing a cover for U.S. commando forces to establish a puppet government in southern Iraq, and to build up the credibility of the already existent, de facto Kurdish puppet statelet in northern Iraq. In other words, these sources say, the bill should be classified under "Public Diplomacy," the Reagan administration's cynical category used for U.S. government media operations meant to deceive the U.S. public over the purpose and effect of U.S. actions.

To this end, the bill also provides for the establishment of Radio Free Iraq, to operate under the direction of former American Israeli Public Affairs Committee executive director Tom Dine, now head of Radio Free Europe/Radio Liberty.

Fragmenting Iraq

But that is the not worst feature of the thinking behind the bill. Much worse, is the fact that there are those in the administration who continue to hope to fragment Iraq along ethnic and religious lines, thereby also threatening all of Iraq's neighbors. Arming and supplying such Iraqi and Kurdish riff-raff, who are as hostile to each other as to the Iraqi regime, might not overthrow Saddam, but it would fuel the British-originated geopolitical policy to destabilize the entire region and destroy prospects for cooperation on building the Eurasian Land-Bridge. Fragmenting Iraq is contrary to the repeated, stated policy of the Clinton administration, but, on the other hand, it does conform to the stated policy of the British and Israeli governments which increasingly dominate the actions of the Clinton administration.

One proponent of such games is former CIA Mideast specialist Reuel Marc Gerecht, who, in the Jan. 16 *Washington Post,* called for the United States to play the "ethnic and religious card." According to Gerecht, U.S. policy should be based on the realization that Saddam is "completely dependent on the Sunni Arabs, who only make up 20% of Iraq's population." The United States, Gerecht says, should dispense with the idea of simply waiting for a "Sunni Arab military coup," and instead promote the Arab Shiites and Sunni Kurds.

Toward this end, in September, the United States brokered the so-called "Washington Accord" between the mutually hostile Iraqi Kurdish warlords Barzani and Talabani, who were promised aid in forming a Kurdish state in northern Iraq.

In a public relations stunt, the United States has also established a military academy in the U.S./British-protected Kurdish enclave in northern Iraq. According to the Dec. 20, 1998 *Washington Post,* "The academy, set up last year to train a brand new [Kurdish] army, is one of several signs that the areas of northern Iraq populated by ethnic Kurds are once again becoming a potential staging point for armed opposition to Baghdad." The article added that the new army "will absorb tens of thousands of Iraqi Kurdish warriors." However, behind the army stand some 5,000 Iraqi Kurdish commandos, "Peshmargas," whom the CIA relocated to Guam in 1996 after the Iraqi military retook the Kurdish city of Erbil, but who have since been infiltrated back into the county.

A profile of Iraqi opposition groups

The Iraqi opposition groups today consist of two categories: 1) on-the-ground militant groups in northern Iraq and in Iran, which have potentially large logistical and geographical advantages, and 2) London-based propaganda groups, which could be called "shops," or members in the "British zoo" of Third World political destabilization operations.

The first group includes the Iraqi Kurdish parties based in the U.S.-British-protected, UN-sustained provinces of Duhouk, Erbil, and Sulaimaniya, in northern Iraq. The control of the whole region has been reduced to two major armed political groups, the Kurdish Democratic Party of Kurdistan and the Patriotic Union of Kurdistan.

Northern Iraq

The **Kurdish Democratic Party (KDP),** under the leadership of Masoud Barzani, controls the border area with Turkey in the north, and the cities of Duhouk and Erbil. It is tribally based, with a well-organized history in guerrilla warfare dating from the early 1960s when the late Mullah Mustafa Barzani (a Moscow-trained officer) was fighting the Iraqi government to secure autonomy for the Kurdish region of Iraq.

Since 1991, the PDK has established limited but functional administrative organs financed by the income from taxes on petroleum product exports (smuggled to Turkey from Iraq with implicit agreement from the UN). This income (in 1994, some $70-100 million) is mainly used to recruit and arm jobless Kurdish youth (the economy in the region has collapsed). This income has been the object of a bloody war between the PDK and its rival Patriotic Union of Kurdistan (PUK) since 1994. The PDK can mobilize up to 30-40,000 men, equipped with light weapons and short- and medium-range artillery and missile launchers.

Over the past 40 years, the family of Mustafa Barzani has shifted its loyalty away from the Soviet Union, which armed him. He negotiated with Baghdad in the early 1970s, and gained limited autonomy in 1971. In 1975, during Henry Kissinger's White House reign, Mullah Barzani was double-crossed, with the Algeria Agreement between Iran and Iraq forcing him to abandon Kurdistan. He ended up in Israel, and later the United States, where he died in 1979. His son Masoud was supported by Iran and Syria during the Iran-Iraq War in 1980-88.

The PDK fought against the Iraqi Army after the Kuwait war, and negotiated with Saddam Hussein for a withdrawal of Iraqi Army forces from the northern provinces in 1991-92. Together with the other Kurdish groups, the PDK established a regional government and parliament in 1993, which collapsed in 1994 when fighting broke out with the PUK over oil tax revenues. The PDK then allied with Turkish government forces to eliminate the Turkish Kurdish group, the PKK.

Most significantly, in 1996, the PDK cooperated with the Iraqi Army to retake the city of Erbil from the PUK. This operation helped the Iraqi government bust up a major CIA operation in Erbil, resulting in the arrest and execution of hundreds of the CIA's Iraqi agents; thousands more fled to Guam with the help of the U.S. Air Force. The Iraqis confiscated massive amounts of records, and immediately handed the city over to PDK forces and withdrew from the city—a very strange settlement indeed. The CIA operation was coordinated with British intelligence and the London-based opposition group, the Iraqi National Congress (INC).

The PDK policy is autonomy for Kurdistan within a unified Iraq. It has continued its secret contacts with the Iraqi leadership, and is opposed to adventuristic U.S.-British operations aimed at the overthrow of Saddam Hussein, because it justifiably fears that the Kurds will be the first to be sacrificed in case of failure.

The **Patriotic Union of Kurdistan** is under the leadership of Jalal Talabani, who has been the arch-rival of Masoud Barzani and his father, Mullah Mustafa, since the early 1960s. The PUK controls the province of Sulaimaniya, bordering on Iran. It has no clear strategy, but apparently acts with the sole aim of continuing the destabilization of the region. The PUK, like the PDK, has also exchanged owners since the 1960s. It split from the PDK over opposition to negotiations between Barzani and Baghdad in the late 1960s and in 1970-71.

The PUK maintains a smaller armed force than does the PDK, and one which is less disciplined and less well armed. But it is alleged that the PUK can get weapons from Iran on short notice, to maintain the balance of power in the region against Turkish incursions. The PUK has the support of the European human- and ethnic-rights mafia, especially from Danielle Mitterrand, the widow of the late French President François Mitterrand.

The PDK and PUK, with the help of Washington and London, signed a peace agreement in Washington in September 1998. The agreement includes provisions for cooperation in establishing a regional government and a parliament through elections to be held in June 1999. The agreement also includes plans for unifying the armed forces of the two groups to form a Kurdish army.

Southern Iraq

The **Supreme Council of the Islamic Revolution in Iraq (SCIRI),** under the leadership of Mohammed Baqir Al-Hakim (a scholar in Imamite theology), is the only significant armed opposition group in southern Iraq. It is a Shia-based group with camps in Ahwaz in southwestern Iran. It has an officially estimated armed force of 15-20,000 men, called Badr Force, which was established during the Iraq-Iran War and fought as a division in the Iranian Armed Forces. Iran uses the SCIRI as a counterweight to the Iraq-based Iranian

terrorist group Mujahideeni Khalq, and when Iraqi-Iranian normalization negotiations were advancing during the last two years, there were reports that Al-Hakim might move to Syria or Lebanon. The Iranian government tightly controls SCIRI strategy and financing, and prevented the group from using its heavy weapons and transport facilities during the uprising against Saddam Hussein by Shia Muslims in southern Iraq following the Gulf War in March and April 1991.

Iran has announced that it rejected proposals from the United States and Britain to help overthrow the Iraqi regime during the bombing campaign of December 1998, because it does not trust Anglo-American geostrategic intentions. Therefore, the SCIRI has moved closer to Kuwait and Saudi Arabia. The Badr Force has reportedly been moved to Kuwait, where it is to participate in possible operations against the southern Iraqi city of Basra. The SCIRI claims that it is opposed to adventuristic operations to overthrow Saddam Hussein, but has demanded that the United States and Britain implement a wider plan to isolate and overthrow Saddam by declaring all of southern and western Iraq a disarmed zone, to be "protected" by the UN, as in the Kurdish region.

'British zoo' groups

The other groups, all based in London and tightly controlled by the British Foreign Office and Parliament, i.e., exist only as statistics and propaganda organs, include: The **Iraqi National Congress (INC),** the **National Accord Group, His-Bu Addawa,** and other groups that are mainly formed around personalities from the Iraqi past, such as Saad Salih Jabur, the son of a former minister in pre-1958, British-controlled royalist Iraq. Jabur was a mediator between a group of Iraqi Army officers and the Bush administration in 1992-93, during a military coup attempt that allegedly had help from the U.S. Air Force. The help never arrived, and the 30 officers were all executed.

Al-Sharif Hussein Bin Ali's **Constitutional Royalist** group. Bin Ali, a cousin of murdered King Faisal II, was the sole surviver of the republican revolution in 1958. He was two years old when his family fled, and he has spent all his life in London.

Then there is Mohammed Bahr-el Uloom, a Shia leader descended from a family of theology scholars, who were politically active in the cities of Najf and Karbala.

There is a long list of such personalities who are former members of the ruling Baath Party who fled Saddam Hussein's reign in the late 1960s and 1970s. They have no base of support in Iraq, and are almost unknown to the majority of Iraqis.

The INC is headed by Ahmed Al-Chalabi, who is wanted in Jordan for defrauding Al-Betra Bank in a financial swindle. He is the favorite of the Republicans in the U.S. Congress. Since the occupation of Kuwait by Iraq, the INC has been attempting to bring around it Iraqi dissidents in Europe to form a unified group, but it lacks a policy or strategic direction other than the slogan of overthrowing the Iraqi regime. The INC has been a provider of intelligence to British and American security agencies, and has run campaigns originating from the British Parliament, such as the campaign to indict Saddam Hussein for crimes against humanity, and to tighten the embargo against Iraq. It has been appealing to the United States and Britain to create a safe haven in southern Iraq, from which it could establish a provisional government as a first step to overthrow Saddam Hussein.

The **Iraqi National Accord,** a favorite of the U.S. State Department, is a relatively new group which includes Iraqi Army, intelligence, and diplomatic defectors. The best known among these is Muwaffaq Assamarai, a former Iraqi Army intelligence chief who defected in 1994. He is a provider of important intelligence and other state secret information, but his political-strategic thinking is nonexistent. Therefore, the group is headed by a group of former Iraqi diplomats and officials who have been educated and fostered in Britain, such as Ayad Allawi, a former Baath Party official and diplomat. Other members of the group have the advantage of knowing the internal mechanism of the Iraqi establishment, and have contacts within Iraq. They were the only Iraqi group granted permission to have a base in Amman, Jordan in 1996, when King Hussein shifted to a posture against the Iraqi leadership. The National Accord's strategy is to use its intelligence and military connections within Iraq to stage a military coup, assisted by massive bombing and air cover from Anglo-American air forces.

Economic integration in Central Asia: history and political geography

by Prof. Yang Shu

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When doing research on the issue of economic integration in Central Asia, special consideration has to be given to the characteristics of Central Asia countries established during the Soviet era. The five Soviet republics founded at that time were by no means sovereign countries able to decide their own political and economic future. Instead, their development, directed by the highly centralized Soviet political and economic system, was carried out with the aim of making them an integral part of the overall Soviet economic system. The starting point of their development, stressed the divisions and regional characteristics of the whole Soviet Union, not on making each country an independent entity within the Soviet economy.

Accordingly, in the 1920s, as the Soviet economy was recovering from war and civil war, the territory of the five Central Asian countries was divided into three regions: the East Kayak District, the West Kayak District, and the Central Asia District. The former two gradually joined to form the Kayak District. The Kayak District occupied the territory that is now the Kayak Allied Republic.

The Central Asia District consisted of the territories of the four allied countries: Tajikistan, Kyrgyzstan, Turkmenistan, and Uzbekistan.

Under the system of a highly planned economy, the GNP of the two economic regions went up significantly. However, the traditional economy, based on material production of agriculture, livestock, and minerals, underwent no obvious change.

For example, even though Uzbekistan used to be the foremost producer of cotton in the Soviet Union, the production of machinery for the harvesting and spinning of cotton, as well as cotton-processing factories, were mainly located in Russia. Similarly, even though Turkmenistan ranks first as a center for petroleum and natural gas, the centers for manufacturing drilling machinery and for processing petroleum and natural gas are in Russia. Also, while the production of various nonferrous metals occupies a pivotal position in Kazakstan, the necessary equipment for the exploration and exploitation of mines as well as for the processing of nonferrous metals are made in Russia.

Thus, one result of the Soviet period is that advanced manufacturing, marketing, and distribution functions were supplied more by other Soviet republics, while the economies of the Central Asian republics became more centered on the production of primary materials. This resulted in Central Asia's economic dependence on Russia and other former Soviet republics. Besides, in Central Asia, the contacts among industrial enterprises are weak, even though they are in the same industry. This made the two economic regions in Central Asia into economic peripheries of Russia and other developed regions. Within these two regions, the economic relationships among various republics are secondary, compared with relationships with Russia and other developed countries.

This development is obviously detrimental to today's process of economic integration in Central Asia. However, this lack of economic cooperation within the alliance of Central Asian countries cannot be considered as purely negative, since it had been beneficial to the economic development of the whole Soviet Union. The fact that, in the Soviet era, no independent economic system was created in Central Asia is doubtless a disadvantage in today's attempt at economic integration, but the highly centralized planned economy did in other ways create excellent conditions for economic integration.

The Soviet Union had the lowest percentage of private enterprises of all economies in the world. State-owned and collectivized businesses had been brought under the control of the highly planned management system. The commodity prices in the Soviet Union were basically unified. (There are slight differences in prices between separate districts, but this is only true for some products.) The tax rates were basically the same. Production costs were calculated according to the same rule.

The production process followed a unified technical standard, and the management of production and human resources were carried out in accordance with one set of regulations. All this removed basic obstacles to the circulation of products, the unification of the market, and the free flow of labor.

FIGURE 1

Central Asia: existing and newly constructed railways

It should also be pointed out, that the Soviet Union used to advocate and pursue the use of the Russian language throughout the whole country. Through years of hard work, the Russian language has become popular and occupies an important position particularly in the field of science and technology. This does give powerful cultural support to the effort to achieve the economic integration of Central Asia today. It can be said that the Soviet Union had played an important role in the integration of Central Asia's economy by preparing some of its basic conditions.

After Soviet disintegration

The disintegration of the Soviet Union changed the above-mentioned situation tremendously. The Soviet Union was a large political entity and simultaneously a functioning economic system. Its disintegration left a huge crack in the already-created, highly unified economic system. All the allied countries were severely hit economically, including Central Asia. Within the borders of the Commonwealth of Independent States, there is no allocation of products under a unified plan, the circulation of products has been adjusted to the market price, and many economic contacts that had existed for years were weakened or altogether abandoned. Along with its independence, each country set up its own economy, currency, tariffs, and its own financial system in order to safeguard its domestic market. The circulation of labor has been restricted and the circulation of capital has even been under rigorous control.

For an independent country, the adoption of these measures is undoubtedly essential, but, at the same time, it should be aware of their negative effect on the goal of economic integration. Any limits to the free circulation of merchandise, capital, and labor are obstacles to economic integration.

It has been a difficult task for the member countries in the Commonwealth of Independent States to find a balance between keeping the national economy independent, and speeding up the process of economic integration. In fact, the level of Central Asian economic integration today is remarkably lower than it was during the Soviet era. In the process of economic integration, it has been an important task to try to resume and enhance long-standing relationships from the Soviet era. These kinds of resumption and enhancement are not universal, but intended to be selective, step by step, and of a different content, between different countries.

The five Central Asian countries have had distinct plans and adopted different policies toward the Central Asian economic integration. This is very natural, and there are many reasons for this. One of the most important reasons is the unique geopolitical situation of each country. The following is a brief analysis of this aspect.

Characteristics of the five republics

As indicated above, the five countries in Central Asia are close neighbors, and they have been in close contact with each other. But there are many differences in respect to their geopolitical situation.

Kazakstan traverses two continents, Europe and Asia, with an area of 2.755 million square kilometers, and shares a boundary of about 6,000 kilometers with Russia. Its western-most region extends as far as the Russian hinterland and the valley of the Volga, and 34.8% of the Kazak population are Russian. This geographical environment has formed an inseparable historic relationship between Kazakstan and Russia. Kazakstan's relationship with Russia has been significantly stronger than its relationship with the other four Central Asian countries.

The most important issues Kazakstan has been facing since its economic recovery and the ensuing process of modernization, are the need for financing, technology, and an infrastructure that connects it with the outside world. In all these regards, Russia could provide assistance, but the role other countries in Central Asia could play are limited. For Kazakstan, strengthening its economic ties with Russia to a large degree, while at the same time joining the group of countries fostering the economic integration of Central Asia, will be its best option.

Kyrgyzstan is a mountainous country of extremely limited space, and its geographical environment is very closed. It has four neighboring countries: China, Tajikistan, Kazakstan, and Uzbekistan. The relationship between China and Kyrgyzstan will not be discussed in this article.

Historically, Kazakstan, Uzbekistan, and Kyrgyzstan have had a very close relationship in cultural and other respects. As they describe it, they are like the three branches of one tree or the three brothers of one family. Since their independence, the three countries have implemented a very high level of political, economic, and cultural cooperation, as compared to their level of cooperation with other countries. The "Treaty of Everlasting Friendship" signed by these three countries is a good example to illustrate this. Kazakstan is the thoroughfare for communication between Kyrgyzstan and Russia. Uzbekistan is Kyrgyzstan's western gateway to Iran, Turkey, and other countries. These are the basic conditions under which Kyrgyzstan has to set up its political and economic alliances.

The geopolitical situation of Tajikistan is the worst among the five Central Asian countries. As the result of civil war, Tajikistan has lost its role as the southern thoroughfare to Kyrgyzstan, and simultaneously caused a lot of problems for the countries in Central Asia. In addition, the situation in Afghanistan, with its extremely backward economic conditions and many years of chaos caused by war, has interrupted access to Tajikistan from the south. It also brought war and the influence of Islamic fundamentalism to Tajikistan. An extremely confined geopolitical situation creates particular pressure on Tajikistan to follow the road of economic integration. As long as this situation persists, economic recovery and development are unlikely to happen here. As long as the civil war continues, neighboring countries of the Commonwealth of Independent States will not be able to consider economic

cooperation with Tajikistan. These countries will also keep a wary eye on it in order to avoid bringing the spark of unrest upon themselves.

The geographical environment of Turkmenistan is the most superior among the countries in Central Asia. Going west to the Caspian Sea, it is easy to pass through Russia and the region of the Caspian Sea and to enter Turkey, the Black Sea, and Europe. Iran is Turkmenistan's largest continental neighbor, and communications, both on water and land, between the two countries is very convenient. Especially after the completion of the railway from Mashhad to Ashkhabad in 1996, trade and economic cooperation between them have become particularly close. Turkmenistan's main industries are the exploitation of petroleum and natural gas and the production of cotton. Both industries have a similar basis in Iran. At a time then the economic situation in Turkmenistan was at an all-time low and badly in need of support, the only country among its neighbors that provided true assistance and cooperation was Iran. As a consequence of these economic and political developments, Turkmenistan has clearly distanced itself from the other Central Asian countries.

However, it is hard to predict whether the cooperation between Turkmenistan and Iran is likely to surpass the degree of cooperation between the five Central Asian countries. After all, Iran is a country where politics and religion are closely intertwined, and Turkmenistan is not likely to suffer any slights.

Uzbekistan is surrounded by five countries. Besides Afghanistan, with its closed boundaries, its other neighbors are the other four Central Asia republics. Uzbekistan, therefore, has no immediate connection with the outside world. This, to a great extent, restricts Uzbekistan's external as well as international contacts. Uzbekistan's only way out of isolation lies in creating a close relationship with all its neighbors. Historically, Uzbekistan used to be Central Asia's center of culture, religion, economy, and politics. Since the disintegration of the Soviet Union, it has been an important policy for Uzbekistan to work on improving the political and economic situation in all Central Asia. Uzbekistan has the largest population of all the Central Asian countries, and the second largest GNP. It also possesses an excellent foundation in education and scientific research. The influence of Russian culture in Uzbekistan is limited in comparison to that in countries like Kazakstan and Kyrgyzstan, and its Russian population is relatively small.

All these factors show that Uzbekistan has no intention to establish close relationships with any surrounding country. Instead, its only option is to increase its cooperation with all countries in all fields of interest on the basis of cooperation with its neighbors.

As this brief analysis of the geopolitical aspects of Central Asia's economic situation illustrates, there is integration in separation, and separation in integration in Central Asia. In the process of economic integration, Turkmenistan has already shown a certain tendency to separate itself. The three countries, Kazakstan, Kyrgyzstan, and Uzbekistan, are already closely connected. Tajikistan, however, will only be in a position to consider economic integration after it has completely resolved its inner turmoil. But in the future, it will have to become a member of the group, since its confined environment does not provide any other options.

For several years, many measures have been adopted for the economic crisis, and they do not have the capability to adopt feasible and practical steps. Therefore, the series of treaties, agreements, and contracts signed by the countries in question are predominantly symbolic in nature. At present, there should be two key issues for the economic reform in Central Asia: 1) the privatization of industry, and 2) the implementation of structural reforms both in production and financial systems.

There are vast differences in the progress made by different countries. This will subsequently influence the process of economic integration. As long as the above-mentioned reforms are not basically completed, the economic integration in Central Asia will lack a solid foundation. The economic integration of Central Asia will not be implemented in a completely balanced way. Similar to the experiences of the European Union, some countries will cooperate faster and more easily than others, and the same will be true for different economic sectors. If Central Asia's economic integration is to follow the models used in Europe and America, it will take many years before it is completed.

Sudan puts new Constitution into effect with multi-party elections

by Lawrence Freeman

The following interview with Sudan's Ambassador to the United States Mahdi Ibrahim Mohamed, which reports on the progress by the government of Sudan in its long march to develop its political system, contains information that has been censored from all the other Western media. Since the takeover of power in 1989 by Gen. Omar Hassan al-Bashir, who is now the elected President, Sudan's leaders have courageously navigated through a difficult, if not hazardous course, to transform their political institutions and develop their economy. This has been accomplished despite a British-orchestrated "civil war" that has continued uninterrupted since 1983, and since 1989 has drained enormous resources from the government, which would have otherwise contributed to improving the well-being of the population.

The announcement of the formation of new political parties in Sudan in January, in preparation for new elections, is a remarkable achievement by the Sudanese people, and stands in stark contrast to the systematic destruction of so many of the nations of Africa. Despite the repeated efforts to overthrow the government of Sudan (see *EIR,* Jan. 15), including invasions by Eritrea and Ethiopia, the U.S. bombing of its pharmaceutical plant in north Khartoum, sanctions, and attempts to politically isolate the country, Sudan has not only persevered, but has progressively strengthened its sovereign existence as nation.

A brief review of the historical highlights of this process include:

1989: The revolutionary Command Council for National Salvation, under Lt. Gen. Omar al-Bashir, takes power.

1991: A federal system is introduced.

1996: In March, for the first time in Sudanese history, there is a direct, popular vote for President, as well as elections to Parliament. General al-Bashir is elected President with a 75% majority.

In April, a Political Charter outlining the principles for durable peace, is signed with the majority of rebel groups.

1997: In April, a final peace treaty is signed by all the major rebel factions except that of John Garang (the Sudanese People's Liberation Army).

1998: In February, at the conference of the National Congress, the formation of political parties is hotly debated.

In March, President al-Bashir sends the new Constitution to Speaker of the Parliament Dr. Hassan al Turabi, where it is debated and ratified.

In June, a national referendum on Sudan's new Constitution is passed by 96% of registered voters of the population.

1999: In January, new political parties are formed, as is a Constitutional Court.

The formation of new parties is an important break with the past, when parties were formed on religious, sectarian bases, and not on constitutional principles. Both the Umma Party of Sadiq el Mahdi, and the Democratic Unionist Party, represent the old tradition of Sudan's narrowly constituted parties.

Only those hard-core enemies of Sudan, and Africa, who are fanatically opposed to any African nation achieving real independence and rising to the level of a sovereign nation-state, will not rejoice at these latest promising developments.

Interview: Mahdi Ibrahim Mohamed

Mahdi Ibrahim Mohamed is Sudan's Ambassador to the United States. He was interviewed by Lawrence Freeman on Jan. 8 by telephone in Khartoum, where he was recalled after the U.S. air bombing of the Al-Shifa pharmaceutical plant in Khartoum in August 1998.

EIR: I understand that there have been some very exciting political developments in Sudan. Could you please fill our readers in on some of these developments?

Mahdi: The government of Sudan has been preparing for a number of years for a very serious transition, and many steps have been taken in this direction. The last one was the passing of the permanent Constitution, through wide deliberations undertaken by the elected National Assembly and by referendum, where more than 80% of the people supported the new Constitution.

And now, as a result of that, a law has been passed to build new parties in the country. And starting from the first week of the new year, any hundred people who are of the same mind can come together and register to build a new party, whether with an old name or a new name, it doesn't make a difference. The important thing is that it be within the Consti-

tution, and within the laws that have been promulgated, and that they believe in the democratic way of competition, and that they should have a program.

They should also not use violence to change the system of government that is already established in the Constitution. And as soon as their party is registered formally, then they can exercise their rights at all political levels.

Fortunately enough now, seven parties have started registering during this week. And we are expecting to see more parties coming to register.

This move is a very serious one on the part of the government, because for years it has been saying that it is destined to ultimately put power into the hands of the people of the country. We hope that our brothers inside Sudan, and also outside Sudan, particularly, should take this opportunity very seriously. And we hope that they will come back, and if they believe that they have public support, they can engage in establishing their parties, and practicing democracy within the law, within the Constitution, and within the system.

EIR: You mentioned to me earlier that a Constitutional Court has been established. What would be its function?
Mahdi: In order to facilitate for the people of Sudan generally, and for the parties in particular, we have established a Constitutional Court for the first time in our history. If there is any contest between parties, or between a party and the government, or between different institutions, then the Constitutional Court is going to plead that, and its verdict is final.

So, this is a new development, and a very serious one in our history. And, the Constitutional Court is a very strong instrument to enable any individual, or any party, to contest. If it has a real problem, it will be party to the judgment of that Constitutional Court.

For the first time also, we have established a system of registering, so that the registrars will handle the procedures of the new parties and will finalize their right to act as—what should I say?—practice, all their activities as political parties, within the law. And, we believe that this is a major development in our country.

Historically, our parties were not established within a legal framework, or within the Constitution. They were established as an outgrowth of traditional religious sects. They were not established on a program, or with the sense of accountability, or that they run their affairs in a democratic manner and that their leadership should be elected, and all of those principles were not observed, to a great degree, in our historical parties.

But now, for the first time, we are making all this within the law and within the Constitution. And we hope that this will be a new experience, and that Sudan will actually [grow from] this new experience and democracy will flourish. We have already established freedom of the press.

And all political detainees—there were not more than four before this law was passed, but anyway, we released the four, or around that number. So, there are no political detainees now in the Sudan, and we are witnessing this new mood. We hope that we will see a new experience of democracy in an African country like Sudan, which will be an example.

EIR: Does that mean that the Umma Party and the Democratic Unionist Party are also welcome to come back and form new parties, and get involved in the political process?
Mahdi: Yes, we have opened that for all of them, with one condition: that those who are still insisting on using force to overthrow the government, should abandon that, because they cannot have it both ways—to use force to overthrow the government, and at the same time, to accept to work as a political party. This cannot be meshed.

Whoever believes in the Constitution, and in the cornerstones, should abandon the use of force, and should engage in the political debates and the political competition through parties to take power—but not through the bullet.

So, it is open for them, with only one condition: that they abandon the policy of using force.

EIR: What does this do to those who say that Sudan's government is an Islamic dictatorship, has no democracy, and is run by the National Islamic Front? How do those critics now respond to this extraordinary development, where an African country has a multi-party system?
Mahdi: I think this is an opportunity for all those to review their positions, and to try to be more practical, and try to be more genuine and serious, by recognizing what is happening in the country. There is no way now to deny this major development that is taking shape in the country. And we hope that they will correct their mistakes, and recognize this development in Sudan, and will try to support the direction toward civil society, a democratic system of government, and the multi-party system of parties, and rule of law, and the constitutionality of the regime now.

And this is very interesting, because now, the 26 councils, which are like the parliaments of the different states, were dissolved, so that this gives an opportunity to the new parties to compete. They were dissolved from the beginning of the year in order to give the new parties an opportunity to participate in the elections for the 26 parliaments in the different states. One year later, the National Assembly will also be dissolved, so that the new parties will contribute and will compete for the new National Assembly in the coming elections one year from now.

And the next year after that, the Presidency will be open for candidature contest from all the parties, and the party of the government as well.

EIR: When will the elections take place for the 26 councils?
Mahdi: Maybe four months from now.

EIR: And then, in January 2000, the National Assembly will

be dissolved, and there will be elections for the National Assembly, and in the year 2001—

Mahdi: Yes. And one year after that, for the Presidency.

EIR: And therefore, we hope to see elections some time in the spring from this multi-party system, for the 26 states?

Mahdi: Yes.

EIR: I think that would be quite a development, when you contrast that to what is going on in other African countries, especially in Central Africa, where countries are being torn apart, and sovereignty is being destroyed. Here in Sudan you have a different direction being taken. It should be encouraging to the rest of Africa, and to the rest of the world.

Mahdi: I agree. I think one difference is, that Sudan has started to build a state from 1989, when there was a very serious and genuine movement going toward democracy. We are in a very serious transition. Just consider, step by step, the development of our country and our people. And so, we started building and moving into an elected parliament, and then, little by little, we were moving in this direction—liberalizing our economy, opening the Sudanese market for international investment, expanding universities and schools, and investing in oil; and now, in June this year, we're going to export our oil.

And this system, this government, was moving, step by step, toward economic liberalization and political democracy. And some, as you said, were skeptical about it. But little by little, all that program is now implemented and in place. Last year we were able to pass our permanent Constitution, and now we have started the multi-party system of government, with all the important institutions—like the Constitutional Court, and freedom for the parties, and freedom for the press, and the registration system that will help the parties to make the turnaround.

I think this is a very serious development. And we hope that those who are doubtful, those who are skeptics, will be genuine enough to open their hearts and minds to recognize this change, and to support and encourage all those who are under their advice, to try to come back into Sudan and be part of this process of democratization and economic liberalization.

EIR: When we were in Sudan in February 1998, we saw the signing of a major deal which involved several countries, including China, for development of your oil, and also for an oil pipeline. Could you give us some report on the progress of Sudan's endeavor to become oil-independent, and eventually an oil exporter, during the last 11 months?

Mahdi: Actually, China, Malaysia, Canada, and some British companies and German companies are already now engaged in the process of developing our oil, our pipeline, and our refinery. And by June 1999, the pipeline, which is Africa's longest pipeline, 1,610 kilometers, from the oil fields to Port Sudan on the Red Sea—our oil will be for the international market. And this is a very serious endeavor being undertaken by the government, and it is now about to be fruitful, for Sudan and to the world. And we are open. We invite Americans and Europeans and Asians as well, and Latin Americans—all of them are invited to invest more in Sudan, particularly in oil or in strategic minerals, or whatever. This country is extremely rich in natural resources, and our mind and heart are open, and our investment laws are being improved each year, to give the investors a better deal.

So, in June, we will see Sudanese oil coming to the international market.

EIR: Given United States policy toward Sudan, following the bombing of your pharmaceutical plant, would you like to say anything to the American people, in regard to what Sudan would like to see for future U.S.-Sudan relations?

Mahdi: Certainly we have been in a course of very serious engagement with the American government, because we want to establish normal relations with the U.S. government and with the American people. We don't see any real problems between our two countries or our two peoples. It was only the unfortunate incident that happened in August, when the American missiles landed in our modern pharmaceutical plant, under the guise that it is a chemical weapons plant. That was a very unfortunate incident, and was condemned from all sides, and by many countries of the world. And we hope that this obstacle will be removed.

And it is very easy to be removed. The U.S. administration knows very well that when they commit a mistake—we know that mistakes, and also errors of judgment or misinformation, are not of intent—but if the U.S. administration is serious and keen to improve relations between our two countries, I think it is not difficult to do that, on their side.

We hope that they will take this very seriously, because objectively, the development of Sudan—and the people of Sudan would like to have a normal, constructive relationship with the U.S. government and its people, and they would like to see an exchange of culture and trade, and whatever is beneficial to the peoples of the two countries. And we don't see any problems objectively between Sudan and the U.S. We just hope that the U.S., this administration, will not take somebody else's agenda from the neighboring countries, or from far away, to use against Sudan, because those are somebody else's agenda.

For so many years they have been speaking about democracy and the representation of other parties. Now we have seriously reached that stage, because we are going in that direction, according to our own program. That has been resolved now. And we hope that if this was a major grievance on the side of the U.S., that now this obstacle is removed.

So, little by little, every obstacle is removed, and there is no logical reason for the U.S. administration not to change its course toward the government of Sudan and its people.

Cambodia's Hun Sen exposes Khmer Rouge backers in the West

The successful formation of a coalition government in Cambodia, and the defection of two of the last three primary leaders of the Khmer Rouge, have finally brought peace to this war-weary nation. And yet, the Republican extremists in the U.S. Congress, led by Dana Rohrabacher (R-Calif.), with support from anti-Clinton elements in the Democratic Party, have continued their vendetta against Cambodia and its recently re-elected Prime Minister, Hun Sen, aimed at disrupting the growing unity of the Southeast Asian nations, and their resistance to the colonial-style dictates of the International Monetary Fund and the global speculators. Rohrabacher succeeded last October in sneaking a resolution (HR 533) through the Congress, when only a handful of members were on the floor, accusing Hun Sen of crimes against humanity and calling for an international trial. A similar resolution is tentatively set to be introduced by North Carolina's Jesse Helms in the Senate, in the midst of the coup d'état against our own President, who has consistently supported the peace process in Cambodia. Additionally, the lie is now being circulated that Hun Sen is preventing the Khmer Rouge defectors from being brought to justice, implying that he is protecting "old friends" and covering up his own crimes.

A most eloquent exposure of the hypocrisy and immorality of this campaign against Cambodia was issued by Prime Minister Hun Sen himself on Jan. 1, in the form of a Declaration. Typically, this Declaration, which reviews the role of these same anti-Cambodia forces in *supporting the genocidal Khmer Rouge* for the past two decades, has gone unreported in the Western press.

EIR here reproduces most of the Declaration. Minor editorial changes have been made for clarity.

The Prime Minister's Declaration

Declaration of Samdech Hun Sen, Prime Minister of the Royal Government of Cambodia and Commander-in-Chief of the Cambodian National Armed Forces, concerning the defection of Khieu Samphan and Nuon Chea.

Phnom Penh, Jan. 1, 1999

Over the past few days, following the defection of Khieu Samphan and Nuon Chea, former top leaders of the Khmer Rouge, to the fold of the nation, there have been various and mixed reactions: on the one side, joy and peace resulting from the fact that they have ceased to wage war against the Royal Government of Cambodia (R.G.C.); and, on the other, dissatisfaction over the impunity of action of Khmer Rouge leaders who have been responsible for the death of millions of Cambodians while they were in power from 1975 to 1979.

Faced with the implication in some of these reactions that I have changed my position concerning the problem of a potential trial of the Khmer Rouge leaders, I wish to clarify the situation as follows:

1. There has never been a time in which I spared any efforts to: eradicate Pol Pot's genocidal regime; prevent its return to power for a second time; demand a trial of specified leaders of the regime; demand the inclusion in the Paris Peace Agreement [of 1991] of a direct reference to the genocide of the regime; use win-win solutions for the pacification of the Khmer Rouge-controlled areas for the sake of peace throughout Cambodia—all of which have been fulfilled in the aim of dismantling the political and military organization of the Khmer Rouge. Now, one can say that this terrorist organization has been eradicated in a real sense, ending the threat of a possible return of the genocide. For the first time since World War II, peace prevails throughout the country, since the Khmer Rouge no longer exists.

2. It is unfortunate that some individuals have forgotten the past. In 1979, the People's Court of the then People's Republic of Cambodia, did put Pol Pot and Ieng Sary on trial. In my capacity as Foreign Minister, Deputy Prime Minister, and then Prime Minister, I, together with other leaders of the Cambodian People's Party (CPP), consistently proposed time and again to dismantle the political and military organization of the Khmer Rouge, and to bring them to trial. But, they instead were given the right to the seat at the United Nations, to represent millions of Cambodians who survived the killing fields, and the souls of the more than 2 million dead. In 1990-91, I recall with suffering that in the debates on the Paris Peace Agreement, I was attacked and accused of lacking the will to end the war, just for my suggestion to include in the Agreement the word "genocide." I was unfairly placed under pressure, and forced to sign the Agreement with the Khmer Rouge leaders, other Cambodian parties, and foreign signatories. At that time, Khieu Samphan, who is now the subject of a demand for a trial, and Son Sen, who is now dead, were granted the privileges of the Supreme National Council (SNC) of Cambodia. Was this, then, an artificial morality of the era of Cold War and ideological confrontation? Allow me to recall that it was in fact the ill fate of the Khmer Rouge to have decided to boycott the elections in 1993. If they had participated, whether or not they had won any seats in the Parliament, they would have become a legal political party in Cambodia. The army

and the administrative officials of the Khmer Rouge could have participated on an equal basis in the political life of the country, because the Paris Peace Agreement required an integration of former political parties involved in the conflict, both in the army and in the civil administration. If the situation had evolved in such a way, how many individuals of fake morality would there have been to demand the trial of the Khmer Rouge leaders, as they do now?

After the 1993 elections, the elected Royal Government of Cambodia tried its best to eradicate the Khmer Rouge by peaceful means, which included the amnesty granted to Ieng Sary, under the power of the court verdict of 1979, in exchange for peace and national reconciliation.

After the rebellion in Anlong Veng and the death of Pol Pot [in 1997], the war was not yet completely over. We have tried to encourage the rank and file of the Khmer Rouge to continue to defect. . . . At last, Khieu Samphan and Nuon Chea [have defected to the government]. . . .

A few years ago, the game of war and peace was played out noisily in Cambodia, in the United Nations, in the Paris Peace Conference, and in other forums of negotiation, without taking into consideration either the morality, or the legal process, or the conventions in force in regard to the prevention and condemnation of genocide.

Today, Hun Sen suffers another blow for his success in dismantling the military and political organization of Pol Pot, creating a complete peace, and mobilizing a movement of national reconciliation, while forgetting about the trial of the Khmer Rouge leaders. It is not that I have forgotten. But I have yet to say anything about it because I am now having to talk about peace before anything else, in accordance with the need of the nation and the people for peace.

It is quite ironical that it is not so hard for those people who are lacking a spirit of responsibility to be fake moralists or political opportunists. A Khmer saying goes: "I would not dare to scare the buffaloes away while they are eating rice in the paddy field, but I would do so once they walk away. I would not dare to catch the crocodile in the water, but I would do so once it is dead." While the Khmer Rouge was strong politically and militarily, and was a real threat, everyone bowed their heads to accept the Khmer Rouge, and refrained themselves from using even the word "genocide." When we mobilized our forces to fight the Khmer Rouge, we were condemned, and pressured to negotiate to bring the Khmer Rouge into the elections under the form of the National Solidarity Party of Khieu Samphan, in addition to providing amnesty to the Khmer Rouge leaders. But it is this same group of people who have now condemned us for receiving Khieu Samphan and Nuon Chea back into the fold of the nation, while the latter do not bring with them the organization of the Khmer Rouge at all, but wish to live as ordinary citizens. Precisely speaking, these groups of people are disappointed in facing the collapse of the Khmer Rouge organization, because they can no longer use them for political balance against the Government.

My position is that the trial of the Khmer Rouge is a *fait accompli,* and that the process should proceed. By a *fait accompli,* I mean that the verdict of the People's Court in 1979 is still valid, and recognized by the royal decree, which provided amnesty for Ieng Sary in 1996. For the process to proceed, I mean by a court that is to be set up at the recommendation of the national and foreign jurists who are actually doing the job. I am one of the people who support the investigation of the crimes of the Pol Pot genocide, and that it definitely be punished. But I am not acting as a plaintiff to accuse this or that person on behalf of the prosecutor seconded to the court. . . . As politicians, we should exercise our activities within the given limit. . . .

In my welcoming letter, as well as my letter to H.M. the King, to Samdech Krom Preah Norodom Ranariddh, and to Samdech Heng Samrin, I mention only about peace and national reconciliation, and did not mention anything about the court process. I have provided no guarantee to any particular person to be free of charges of the court. . . .

In connection with the amnesty and the arrest of Khieu Samphan and Nuon Chea, I wish to clarify this as follows:

a) There have been no court verdicts issued for either of them. This means that it is not at all necessary to propose an amnesty prior to their return.

b) There do not yet exist arrest warrants for either of them.

c) They both volunteered to return to the fold of the nation, and abandoned their fight against the R.G.C. They have not been arrested in battle, so they are not prisoners of war.

If we were to arrest them the R.G.C. would be acting cowardly and without discipline for the arrest of military officials who had surrendered from the fight and asked for a peaceful life. It would be seen as the morality of the strong against the weak. Otherwise, it would be a warning signal to other soldiers not to defect to the Government anymore, because we have not kept to our promise—a promise that we made without violating the power of the court, but with respect toward it.

A real victory of peace does not mean killing all the enemy, but to do everything possible so that the enemy stop fighting in a peaceful way. The real victory of the Government is not to hold all opponents as prisoners, but to find the best means for them to contribute to the national construction for the sake of alleviating poverty. The absence of the sound of fighting is not sufficient to constitute peace, but we must also make everyone free from fear.

As to morality and legality, they should not fluctuate in accordance with the political circumstances of the Khmer Rouge. The best chess player knows how to move a large number of pawns in support of each other from point to point to secure victory, but the morality of the best chess player should not vary, since it is the instinctive nature of the human being.

I sincerely hope that my clarification is sufficient for an understanding of the past, the present, and the future.

Alexandria Library to become new center of learning for the world

Dr. Mohsen Zahran is Director of the General Organization of the Alexandria Library, in Egypt. He was interviewed by Muriel Mirak-Weissbach and Jacques Cheminade in December.

EIR: What is the status of the work, and your expectations regarding the construction of the Bibliotheca Alexandrina?
Dr. Zahran: The building is 92% completed; actually, the building itself is 99.5% complete, but then there is the parking area, which is not yet ready. This is what makes the difference between 92 and 99.5%. The planetarium is finished; the structure of the science museum and the library is finished. As for the internal furnishings, the partitions, it varies from 50 to 70%. We started, at the beginning of this year [1998], finishing the partitions and the lower floors. The finishing starts from below, the greatest area, which is the amphitheater; it is about 20,000 square meters at the bottom, and goes to about 1,000 at the top. The higher you go, the less space you have to finish. According to the contract, the work should be done by the end of April 1999; it is a joint project between a British firm and an Egyptian firm, and it may be delayed a few months, also due to a lot of rain we had, which held up construction, and general bad weather, which even affected deliveries at the port. So, some of these things affected the schedule, causing a couple of months' delay, and we expect it to be ready by summer.

Phase one was the construction of the foundation, which started on May 15, 1995, and ended Dec. 31, 1996. Phase two, which took 15 months, went from Dec. 27, 1996, and should end by April 1999. According to a declaration of the Ministry of Education, the opening will take place in the last quarter of 1999. Like the French National Library, the Bibliothèque Nationale Française, it was opened by François Mitterrand before he left his office, and then was opened again by President [Jacques] Chirac, and the last portion, the research section, was opened last October, in 1998.

We do not want to open the library for the users right away; the opening of the finished building is one thing, then we have to train some of the staff, and train the users, too, because this will be an intelligent building, state of the art, connected with other libraries around the world.

The users have to be trained; this is not usually done. The user has to be trained to learn how to work with the system. For the first time in the world, this library will have an information system, state of the art, multi-lingual, multi-alphabet, more developed than the Bibliothèque Nationale Française system, which was designed in 1994. (In the information technology world, you understand what I mean, you are always a loser, because what you bought at the beginning of the year, a few months later, is obsolete! This will happen to us.) The library is near completion. They are putting in the finishings, painting, air conditioning, piping, putting up the systems.

EIR: The ancient library was a center of learning for the whole world, it was a place which drew great minds from everywhere. Are you planning to revive this aspect, by organizing international symposia, conferences here, for example, to draw scholars and researchers?
Dr. Zahran: As you can see in the model of the library, there is a conference center which Egypt has given to the library complex. You have the planetarium, the science museum on one side, and the library building. The library is not a "library," it is an advanced institution for research. It is not a traditional library, not the city library or a university library. It is not the national library. It is the Bibliotheca Alexandrina—if you know what the Bibliotheca Alexandrina was doing, you see. It has institutions, it has centers for scholars, it has places for people from the region, especially of the Middle East and Mediterranean region, to come together, to talk, to confer, to produce quality work, to give the world the excellence of knowledge, comparable to what the ancient library's scholars gave to the world then. Their giving is known to us, their luminaries are known to us, from Euclid, to Pythagoras, to Eratosthenes.

EIR: What about replicating the ancient works that were kept here? To what extent are you trying to replicate the collection that was here?
Dr. Zahran: We are trying to get copies of them. Anybody who has one of these copies, does not want to let go of it, because it is like having a museum piece. Imagine if you

owned the Nefertiti in Berlin, or the Rosetta Stone in London—but we will get copies. We got just recently from the Group of Friends of the Bibliotheca Alexandrina in Athens, a copy of Claudius Ptolemy's book on geography, in color—most beautiful. The idea is, to have copies of such books, documenting the knowledge of the ancient times, through copies which could be displayed in the library for the dimension of history. The historical aspect will also be represented in some mosaics and artifacts that were found on the site, from the Ptolemaic and Roman eras, they will be in the museum.

But we will not dwell on history for the sake of dwelling on history. We have insisted on the revival of the Bibliotheca Alexandrina—What does that mean? revival of one building? an edifice? or the revival of the idea of the excellence of learning? People of good will, of scholarship, will come and produce quality work here. We will publish their work, and we can meet, and confer and radiate this knowledge to other minds, and other centers around the world. So the library has become a kind of an information center, a place where traditional and electronic media will be available, either on line or in hand [books], for their work.

EIR: How are you thinking about the planetarium and science museum?
Dr. Zahran: The planetarium takes the idea from the ancient library; one of the areas in which the library gave knowledge to the world, was in astronomy. So, we want to maintain this continuity, continuity in the field of knowledge of astronomy, of the quality of work. The planetarium and the science museum are for this, but using the technologies available, showing people what is happening in the universe, whether natural or man-made, with all the experience in space that we have.

The science museum will educate the public, adults and the young together, about the various sciences, and the various achievements in the science world, even about themselves. They will learn about themselves, about the wonders of nature, what the human body is all about. Yes, they have studied this in school, but we will have models, showing how the human body works. It is a kind of learning about the marvels of Creation, within and without.

The issues of environment and ecology will be treated; the issues of nuclear fusion and fission, what they are, what they do, the pros and cons. These are issues to be brought to the mind of the public, because not many people know what fusion energy is, or what fission is, what the implications are. This is public knowledge, this is what we mean when we say that the library is a public research library, regional library, this is part of the public service, for the public. There will also be a service for the blind, which will make available the same information for the blind, which is made available to those who have the blessing of having eyesight. There will also be a business center, to help development of industry.

Other aspects will include, of course, the audiovisual library, the music library, the general references, an international school for information studies, to educate and to graduate people in the language of information technology.

EIR: Does this mean you will offer courses in this?
Dr. Zahran: Yes, because you see, we have a deficiency here in this field. If we have libraries throughout Egypt that we want to reach out to, we have to have specialists who can do so.

We are talking about hundreds of years, and I will not be around that long. But, the library is something that will develop itself according to the demands of tomorrow. Perhaps some components needed today may not be required tomorrow. The world is changing. What is fifty years in the length of time behind us? Magnificent new strides have been made in various fields, in fifty or a hundred years. So, the library has to be conversant with that and reflective of that, not only, but also leading this.

EIR: Are you considering also involving the users in experiments, like those conducted by Eratosthenes, between Aswan and Alexandria, to measure the Earth?
Dr. Zahran: Yes, even beyond the place [where those experiments were done]. We should think of it as a university, where people can study even from outside, where courses are offered from here in a kind of outreach. We want to make available the facilities, and also diplomas to others not here.

EIR: What is the relationship between Bibliotheca Alexandrina and the universities in Egypt?
Dr. Zahran: This is important, because the chairman of the library is the Minister of Higher Education, and he is also the chairman of the board of all universities, so the linkage is a must, there is no way you can work without it. Without it, we could not make available our resources to our neighbors.

EIR: In the case of the Bibliothèque Nationale Française, there was no attempt to expand the library to users, to the young students, for the benefit of the nation.
Dr. Zahran: The BNF has a different role. I have visited it several times. We have someone there who is an adviser, a supporter in France of the Bibliotheca Alexandrina. He is the director of the audiovisual center there. It is national; it is the Bibliothèque Nationale de *France,* the National Library of France. We also have a National Library in Egypt, which has its own role. This [Bibliotheca Alexandrina] is not a library—it is not any library, it is beyond any reference library that anybody can walk through and consult.

Its role is seen in its name, the Bibliotheca Alexandrina. It is like a house of knowledge that has to reach out. In the ancient library, as you know, scholars in Athens or Rome, did not consider themselves up to the standard until they came to

the Alexandrina, to be recognized by their peers; then, they would claim that they were experts in this line or that line.

EIR: The question that this raises for today is: Who are the peers? Who are the authorities who will establish such standards?

Dr. Zahran: This will grow with time. I always warn people, don't expect the baby to become a genius overnight, not to prejudge. The Bibliotheca Alexandrina will grow in time, we will have to give it time, to play the role of having peers, of having radiance, that takes time. We are talking about a span of time, 100, 200, 300 years, whatever it will be. The ancient library took that much time—it did not all of a sudden acquire its place in history in the first year, or ten, or hundred.

So, this is the role of the library, and this is the message we are going to give the generations that follow us, generations which will give the message to others, to follow and to build. Like a wall, you build your own course, course upon course, to build the edifice of human civilization.

EIR: We have recently published preliminary work on the great expeditions which took place under the aegis of the Alexandrina, at the time that Eratosthenes was the librarian and thereafter. I'm referring to the expedition eastward into Polynesia and further to the coast of the Americas, an expedition led by Captain Rata and Navigator Maui, who left inscriptions at various sites along the way. Among the inscriptions, there is one that actually writes out the proof of the experiment by Eratosthenes, which he elaborated to measure the circumference of the Earth. Another inscription, in Santiago de Chile, claims the land for the king of Egypt.

It is a fascinating story, because it shows that the knowledge existed, to allow them to attempt the circumnavigation of the globe, and to reach America—

Dr. Zahran: As Columbus did later—

EIR: Yes, but that that knowledge was lost, that's the point. The knowledge was lost in successive centuries, in the Roman period, and the destruction of the library in 48 B.C. was symbolic of that. That knowledge was lost, until it was revived in Italy during the Renaissance, when they revived that knowledge from here, from the Bibliotheca Alexandrina, particularly from the work of Eratosthenes. That means, 1,700 years were lost, in the sense that what could have been accomplished earlier was postponed for many centuries.

This example has become known only recently, in the 1970s, when the inscriptions were deciphered and recognized as an Egyptian dialect spoken by the navigators. Are you familiar with this? Is this in any way included in your plans? It would be a magnificent topic for exhibits, because it is one of the greatest events in human history.

Dr. Zahran: Yes, yes, indeed. Although I did not know all this in detail.

EIR: Featuring such a development, would certainly fire the imagination of young people as well, coming here.

Dr. Zahran: You said the message was there, was left 1,700 years before Colombus. But the message was there; 1,700 years did not erase the message. The message, in time, is kept, for others, of knowledge and vision, like yourselves, to talk about and bring to light. We want to leave a message here to coming generations, to carry on the pursuit of knowledge.

EIR: There's also the political question, of whether the political institutions in power recognize the importance of this kind of research, and of making it available to the general population, or, if they try to suppress it. This fight has gone on throughout history.

Dr. Zahran: Knowledge is never lost, to my knowledge. Knowledge is never truly lost. It might disappear, it can be eclipsed, for one reason or another, but it will never be lost.

EIR: There is also the case of great works of great minds, that have not been lost, but have simply never been published, or translated, or republished, so that they are effectively not available, and largely unknown. For example, massive amounts of material of Gottfried Leibniz are still unpublished in the archives; or the works of Johannes Kepler, some available only in Latin, which not everyone can read today; many works by Nicolaus of Cusa. Many crucial works which have determined the course of human history, have not been published, and could be made available today. Is it the intention of the Bibliotheca Alexandrina to make possible publication efforts of this type, where these rare works could be published, in modern languages?

Dr. Zahran: We will do that with our translation center, and we will have our own publishing unit, to publish works that other publishers might not take, for commercial reasons. That would be one of the duties of the library.

I hope you will spread the message to colleagues, others, abroad, because the library is for everyone. We would like to have people contribute to it, books, knowledge, and equipment. For instance, talking about the science museum, there could be help from the United States. So far, the United States has distanced itself from the project, there has been no support from institutions, the foundations, the NGOs [non-governmental organizations], which could send equipment. The government of France has supported the project, but NGOs and other foundations in France could do more. We have the planetarium finished, but the equipment is lacking, for showing films, as well as software. Germany has given the Telelift, a transport system, worth 250,000 marks [roughly $160,000]. By comparison, Norway has contributed $6 million worth.

We will, of course, go our own way, and continue, regardless. It does not depend on this or that.

International Intelligence

Hit attempt on Pakistan's Sharif traced to London

The bomb attack against Pakistan Prime Minister Nawaz Sharif on Jan. 3—which blew up a bridge over which he was to cross—has been linked by investigators to dissidents based in London, according to Indian press reports cited by the London *Observer*. A report by Pakistan's civilian security service says the attack was instigated by some members of the Mohajir Qaum Movement (MQM), whose leader Altaf Hussain has been in exile in Britain since 1992, said the *Observer*.

The report comes amid growing concern over the number of organizations with terrorist links that are using London as a base, say the Indian press. The Yemeni extremists who kidnapped, then killed, killed several British and Australian tourists, are alleged to have strong connections with a London-based Islamist extremist. Egypt, Saudi Arabia, and Algeria have accused London in the past of being a safe haven for Islamic extremists and for opposition members under arrest warrants or wanted by authorities in those countries, the Indian press add.

British Home Secretary Jack Straw has promised to use last year's anti-terrorist legislation to crack down on such groups.

Israel announces it will hold 'mock' nuclear tests

The Israeli Geophysical Institute announced that it will conduct "mock" underground nuclear blasts near the Dead Sea in April, according to the daily *Haaretz* on Jan. 13. It claims the tests will involve three charges of TNT, 500 kilograms, 2 tons, and 5 tons. The Geophysical Institute claims the test is part of a project on "improving monitoring of the application" of the Comprehensive Test Ban Treaty—which is strange since Israel is not a signatory to the treaty. It is not clear whether these "mock" nuclear tests will be observed by foreigners to verify whether they are truly "mock."

According to the same issue of *Haaretz,* Defense Minister Yitzhak Mordechai unveiled a warroom simulator for a "missile vs. missile war." Developed under the Defense Ministry's "Strategic Defense Project" and built by Tadiran Systems, the simulator is expected to deal with "existential" threats that Israel will face in the next five to ten years, said Mordechai. He also said that the Arrow anti-missile missile system is not a sufficient deterrent. He said that Israel must develop an offensive capability against enemy launchers.

India, France expand defense cooperation

Indian Defense Minister George Fernandes and three vice-chiefs of the Indian Armed Forces visited France from Jan. 11-14, in Fernandes's first trip abroad as defense chief. There, Fernandes made a point of praising France for being "very supportive of India's position in the nuclear field," unlike the other permanent members of the UN Security Council, all five of which are nuclear powers.

A joint statement issued on Jan. 14 by Fernandes and French Defense Minister Alain Richard announced that cooperation between the armed forces would be expanded to include joint exercises, training, and bilateral exchanges. They agreed that cooperation in defense was a "vital element" of overall bilateral relations, and that such cooperation should cover "strategic dialogue and defense research and production." It was reported that a second meeting of the newly created Indo-French High Committee on Defense Cooperation, the institutional hub of the new relationship, would be held in India later in 1999.

By contrast, U.S. Deputy Assistant Secretary of State Robert Einhorn dismissed India's express intent to adhere to the Comprehensive Test Ban Treaty (CTBT) on Jan. 12. Speaking to the seventh Carnegie International Non-Proliferation Conference in Washington, Einhorn, who is Clinton's key adviser on disarmament policy, said that Indian Prime Minister Atal Behari Vajpayee's pledge at the UN General Assembly was only an expression of intent to adhere to the treaty by autumn of this year, but does not constitute a commitment. Einhorn emphasized that the United States "had no other assurances from India on the CTBT." He dismissed Vajpayee's speech as merely "the authoritative articulation of the Indian position."

Jiang Zemin says social stability is paramount

Chinese President Jiang Zemin said that social stability is the paramount task for China in 1999, during a speech at a national conference on China's legal and political situation given in Beijing on Dec. 24. The Jan. 13 issue of *China Daily* reported Jiang as saying that if certain social and economic problems are not tackled without delay, the overall stability of the country could be threatened. He listed the economic situation of a number of state-owned industries, the growing army of laid-off workers, the dwindling incomes of farmers in some rural areas, and a rising crime rate in some areas, as key problems.

Jiang said that 1999 will be an important year, as the 50th anniversary of the founding of the People's Republic.

Today's world is by no means peaceful, Jiang warned, with worldwide power politics looming large. The trend toward economic globalization is a grave challenge to China, he said, in protecting itself in terms of economic security.

Jiang called for political and ideological education of the population, to "enhance their awareness and capability to fight against the infiltration by both domestic and foreign hostile forces. Any factors that could jeopardize our stability must be annihiliated in the early stages.

"This policy has been proved by our past experiences and is very important," Jiang Zemin said.

Sudan hosts OAU ministers meeting on refugees

Sudan hosted the ministerial level conference of the Organization of African Unity (OAU) on Dec. 13-15, to address the vast problem of refugees, returnees, and dis-

placed persons in Africa. Khartoum's decision to host the important meeting came "in light of Sudan's vast experiences on refugees as one of the first countries in Africa to receive and host large numbers of refugees since the early '60s," according to a press release from the government, recently received by *EIR*. It noted that there were currently "1.1 million refugees from some of its neighbors" inside Sudan, which "has a long history of hospitality toward any person who sought refuge in its territories."

The final declaration of the meeting, which was also attended by the UN High Commission for Refugees (UNHCR), expresses the gravest concern over the increase in displaced persons and refugees, and appeals to international bodies to "generously contribute" to alleviate the problem. It urges all member-states to guarantee the security of humanitarian personnel and to "request organizations and aid workers to abide by the national laws and regulations of the countries where they operate." Most importantly, conferees "urge Member States and all other actors, in consultation with the OAU and UNHCR, to separate armed elements from civilian refugee population to ensure the civilian and humanitarian character of refugee camps and settlements."

Peres asks for negotiated Palestinian state

Speaking before 20 members of the Palestinian legislature, former Israeli Prime Minister Shimon Peres (Labor) called for the Palestinians to forge an independent state through negotiations. "It is our deep hope that the Palestinians will gain independence. It's in our common interest to see a Palestinian state in place as a result of negotiations—a state that lives democratically and flourishes economically." He received a standing ovation. U.S. Rep. Thomas Lantos (D-Calif.) also made a plea for the Palestinians not to unilaterally declare a state on May 4. "My plea to my Palestinian friends is just a simple plea. Don't do anything on May 4 because all hell will break loose and your achievements will go down the drain."

Also present at Peres's speech were some board members of the Peres Center for Peace who were to attend a meeting in Tel Aviv of that organization's board. They include former Soviet President Mikhail Gorbachov, retired South African Archbishop Desmond Tutu, and former South African President F.W. de Klerk. Both Henry Kissinger and Egyptian Foreign Minister Amr Moussa were also on hand at the center's event, held in Tel Aviv.

Red Cross staff leave Sierra Leone war zone

According to a Jan. 15 report by the International Committee of the Red Cross (ICRC) to the UN, the fragile security situation in Sierra Leone has broken down since Jan. 8, wreaking unspeakable havoc on the civilian population.

Troops from the Armed Forces Revolutionary Council (AFRC) and Revolutionary United Front (RUF) in December began to move from the north towards Sierra Leone's capital, Freetown, in the west. In the first week of January, AFRC and RUF entered Freetown itself. Since then, there has heavy fighting in the capital, as the forces of the Economic Community Military Observer Group (Ecomog), which is supporting the democratically elected government of President Tejan Kabbak, has tried to drive the rebels out.

Upon request from the government, which no longer could guarantee their safety, the staff of ICRC left Sierra Leone on Jan. 13. ICRC reports that since Jan. 4, there has been incessant fire from both light and heavy weapons from the ground and from the air into Freetown. Many parts of the city have been pillaged and most civilians have been trapped in their homes by the fighting, unable to get to food and water, to assist the wounded, or to bury the dead lying in the streets. On Jan. 8, the Secretary General of the Organization of African Unity reiterated the OAU's support for President Tejan Kabbak and appealed "to the international community to give all assistance possible to the Sierra Leonean people."

Briefly

'EUROLAND' European Commission members are under investigation for corruption and misuse of EC funds for personal purposes. Those Commissioners are Edith Cresson (France), Martin Bangemann (Germany), and EC President Jacques Santer (Luxembourg). A censure vote in the European Parliament in Strasbourg failed on Jan. 14.

MOSHE ARENS, a member of the Likud and former Israeli Defense and Foreign Minister, announced on Jan. 12 that he will challenge Prime Minister Benjamin Netanyahu for the party nomination as Prime Minister candidate in May's elections. Likud primaries were scheduled for Jan. 25, but Netanyahu (perhaps in keeping with his habit of trying to cancel the Oslo Accords) is trying to have the primaries cancelled.

INDONESIA'S military was targetted again for destabilization, after five more soldiers were arrested in connection with the Jan. 9 murder of alleged separatist rebels who were in military custody in Aceh, according to Lilawangra Military Commander Col. Johnny Wahab. The soldiers had raided Kandang village looking for separatist leader Ahmad Kandang. Wahab said his troops had committed an evil and savage act. Britain's Amnesty International said that the killings were "one more grim reminder" of the unchecked power of the military in Indonesia.

ROYAL ULSTER Constabulary chief Ronnie Flanagan, who was knighted last year, charged on Jan. 15 that "dissident" Irish groups are planning terrorist outrages throughout Northern Ireland. The "dissidents" are British-manipulated groups with more radical rhetoric than the Sinn Fein and the regular Irish Republican Army.

MALAYSIANS celebrated the end of Ramadan with an "open house" at the residence of Prime Minister Mahathir bin Mohamad. Some 40,000 citizens lined up to express their support for Mahathir.

Clinton goes on attack against coup attempt

by Edward Spannaus

Between President Clinton's Jan. 19 State of the Union address, and the aggressive defense waged by his team in the Senate impeachment trial, the President's assailants lost significant momentum as the first phase of the Senate trial moved toward its conclusion. The fact that the President has refused to crawl and beg in front of his enemies has clearly inspired a significant portion of the U.S. population to rally around him, and to become even more angry and enraged at those who are trying to drive him out of office with a parliamentary coup d'état.

Nevertheless, despite the widely noted "swing of the pendulum" over the past week, there can be no complacency about the outcome. As *EIR* has said from the beginning, this is a foreign-conducted operation against the institution of the Presidency, and those attempting to carry out this coup d'état are not swayed by public opinion polls, and they will stop at nothing.

'100 years from tonight . . .'

The importance of the President's State of the Union address lay not in any of the particulars—many if not most of which the editors of *EIR* would disagree with—but first, in the fact of his insistence in delivering the speech in the face of many demands, including from his own party, that he cancel or postpone it. And more significantly, not only did the President aggressively give the speech, but he spoke confidently to both the nation's past, and to its posterity.

"Tonight, as I deliver the last State of the Union address of the 20th century," he continued, "no one anywhere in the world can doubt the enduring resolve and boundless capacity of the American people to work toward that 'more perfect union' of our founders' dreams." He noted the accomplishments of previous generations, and "the magnificent achievements of our forebears in this century."

After referencing "the daily press of events," and "the clash of controversy," the President confidently predicted: "A hundred years from tonight, an American President will stand in this place to report on the State of the Union. He or she will look back on a 21st century shaped in so many ways by the decisions we make here and now. So let it be said of us then that we were thinking not only of our time, but of their time; that we reached as high as our ideals; that we put aside our divisions and found a new hour of healing and hopefulness; that we joined together to serve and strengthen the land we love."

The President's theme was echoed in the closing argument presented on his behalf by former Senator Dale Bumpers of Arkansas, who served 24 years in the U.S. Senate. Bumpers said that he and President Clinton are longtime friends, but that Clinton is not the issue.

"But it is the weight of history on all of us," Bumpers said, explaining why he was back in the Senate to warn against removing the President. "These proceedings go right to the heart of our Constitution."

"Colleagues, this is easily the most important vote you will ever cast," Bumpers declared. "If you have difficulty because of an intense dislike of the President, and that's understandable, rise above it. He is not the issue. He will be gone. You won't. So don't leave a precedent from which we may never recover, and almost surely will regret."

On Jan. 19, the first day of the presentation of the President's case, White House counsel Charles Ruff differentiated the method of impeachment spelled out in the U.S. Constitution from the British parliamentary method. This was a point made strongly in the President's trial memorandum a week earlier (see *EIR*, Jan. 22, p. 60).

"When the Framers took from English practice the parliamentary weapon of impeachment, they recognized that the

form of the government they had created, with its finely tuned balance among the branches, was inconsistent with the parliamentary dominance inherent in the English model," Ruff stated. He said that the Framers had therefore chosen "to build a quasi-judicial impeachment process, one that had admittedly political overtones, but that carried with it the basic principles of due process embodied in the Constitution they had written." Ruff specifically cited the Sixth Amendment's guarantee of one's right to be informed of the nature and cause of the accusation against him—which the House has ignored in presenting the Articles of Impeachment. "There's not a court anywhere, from highest to lowest, that would hesitate, if they were confronted with an indictment written like these articles, to throw it out," Ruff declared.

Starr front and center

A preview of the White House's strategy regarding the issue of witnesses was given by Sen. Robert Torricelli (D-N.J.), during an appearance on CBS's "Face the Nation" on Sunday, Jan. 17. Torricelli put House and Senate Republicans on notice of what will happen if they insist on calling witnesses. "I can assure you, if I'm any reader of the tea leaves in this situation, front and center is going to be Kenneth Starr, and we will go through prosecutorial abuse, how he came by information, who he talked to, and we are going to put the system of justice on trial."

Indeed, as soon as Charles Ruff opened his presentation two days later, he took up the issue of Starr's intervention into the Paula Jones civil lawsuit. Ruff described how Jones's lawyers devoted most of their efforts to prying into the personal life of the President, not pursuing the merits of their case, and leaking information in violation of court orders for the purpose of embarrassing the President.

Ruff also described how Starr had met with Linda Tripp and given her immunity from Federal prosecution, and had promised to assist her in securing immunity from state prosecution for her illegal taping of telephone calls with Monica Lewinsky, and then how Tripp had then set up Lewinsky to be confronted by the FBI on Jan. 16, 1998, and then how Starr had permitted Tripp to meet with Paula Jones's lawyers the night before they took the President's deposition in the Paula Jones case.

On the second day of the President's presentations, Jan. 20, deputy White House counsel Cheryl Mills also took on the issue of the Paula Jones case, telling the Senate that the "publicly announced goal" of those running the suit was "to politically damage" President Clinton.

Mills also presented a devastating exposure of the hypocrisy of the House Managers in putting themselves forward as the champion of Paula Jones's "civil rights." Mills told the rapt Senate: "I do want to take a moment to address a theme that the House Managers sounded throughout their presentation last week: civil rights. They suggested that by not removing the President from office, the entire house of civil rights might well fall. While acknowledging that the President is a good advocate for civil rights, they suggested that they had grave concerns because of the President's conduct in the Paula Jones case."

After describing some of Clinton's own background, Mills continued:

"I'm not worried about the future of civil rights. I'm not worried because Ms. Jones had her day in court, and Judge Wright determined that all of the matters we are discussing here today were not material to her case, and ultimately decided that Ms. Jones, based on the facts and the law in that case, did not have a case against the President.

"I'm not worried because we've had imperfect leaders in the past and we'll have imperfect leaders in the future. But their imperfections did not roll back nor did they stop the march for civil rights and equal opportunity for all of our citizens. . . .

"I'm not worried about civil rights because this President's record on civil rights, on women's rights, on all of our rights is unimpeachable.

"I can assure you that your decision to follow the facts and the law and the Constitution, and acquit this President will not shake the foundation of the house of civil rights," Mills continued. "And with all due respect, the foundation of the house of civil rights was never at the core of the Jones case, it was never at the heart of the Jones case."

In his closing arguments on Jan. 21, former Senator Bumpers asked the question, "How did we come to be here?"

"We are here because of a five-year relentless, unending investigation of the President; $50 million, hundreds of FBI agents fanning across the nation examining in detail the microscopic lives of people," Bumpers said. "Maybe the most intense investigation, not only of a President, but of anybody, ever.

"I feel strongly about this because of my state and what we have endured. So you'll have to excuse me. But that investigation has also shown that the judicial system in this country can and does get out of kilter unless it's controlled, because there are innocent people, innocent people who have been financially and mentally bankrupt.

"I doubt that there are few people, maybe nobody in this body, who could withstand such scrutiny," Bumpers continued. "And in this case, those summoned were terrified, not because of their guilt, but because they felt guilt or innocence was not really relevant.

"But after all of those years and $50 million—of Whitewater, Travelgate, Filegate—you name it—nothing. Nothing! The President was found guilty of nothing, official or personal."

By the end of the week, House and Senate Republicans were struggling to regroup and to stem any defections from their camp. The next, desperate step of the die-hard impeachers is likely to be to attempt to introduce inflammatory, unverified statements and testimony from the Paula Jones case "Jane Does"—to attempt to hold back the tide which is now turning against them.

Is Kathleen Willey a Gore plant?

by Edward Spannaus

Kathleen Willey, the former White House volunteer and Virginia Democratic Party fundraiser who has publicly charged that she was groped by President Clinton in 1993, is the best-known and most celebrated of the "Jane Doe" witnesses who emerged in the Paula Jones case, and were then taken over by independent counsel Kenneth Starr. Now, a number of the House Managers are known to be pressing ahead to bring in Willey and other "Jane Does" as witnesses in an attempt to bolster their flagging impeachment case against the President.

The Willey case is an extremely suspect case in many respects—not the least of which is that Willey has closer and longer-standing ties to Vice President Al Gore than to Bill Clinton.

What turned Willey?

The most important question to be asked is, why did Kathleen Willey begin hurling false accusations at the President, after maintaining a seemingly friendly relationship with him for years? Up until early 1997, Willey had never claimed to anyone that the President had assaulted or groped her. In January 1997, she apparently placed an anonymous call to Paula Jones's lawyers, saying that something had happened to her similar to what had supposedly happened to Paula Jones. Jones's lawyers gave her name to Michael Isikoff of *Newsweek;* in March 1997, according to her former friend Julie Hiatt Steele, Willey called Steele and told her that Isikoff was coming over to see her, and that she should tell Isikoff that Willey had told her about an alleged incident with the President back in 1993—which Steele later said was a lie.

Willey was subpoenaed in the Paula Jones case, and gave a sworn deposition in January 1998 in which she testified about the alleged incident for the first time; she also said that she had told Clinton in 1993 that "we were having a financial crisis and my husband had asked me to sign a note for a large amount of money." But, when she had been questioned about the 1993 events during a 1995 deposition in another case, Willey testified that she had not had *any* conversations with anyone in Washington about her financial troubles. And in sworn answers to written interrogatories in 1995, Willey stated that she "did not talk with anyone at the White House about the money, the paper, or the threats."

Moreover, Willey maintained a friendly relationship with Bill Clinton, calling the White House and sending notes, long after the alleged incident—which she now claims left her feeling angry and betrayed. Two days after the alleged sexual advances, she phoned for Clinton and left a message, the note of which said: "Kathleen Willey—she called this morning and said you could call her any time." In September 1995, Willey invited Clinton to an engagement party for her daughter. Most of her handwritten notes, well into 1997, are signed: "Fondly, Kathleen."

There are two areas that bear scrutiny. One, is that of Willey's vulnerability; the second, is the previously unexamined channel of influence from Al Gore, who, as *EIR* has shown, is operating against the President.

Kathleen's late husband, Edward Willey, Jr., was a Richmond real estate and zoning lawyer, whose father had been a powerful figure in the Virginia Democratic Party and the State Senate for many years. In the late 1980s, Edward Willey, Jr. was under Federal and state investigation for suspicion of bribery and corruption in connection with local zoning matters. The Willeys also did not pay Federal taxes for a number of years.

As we showed in a previous article (*EIR,* Nov. 13, 1998), Kathleen Willey had an enormous legal and financial vulnerability after the husband's death, being held responsible for a $274,000 promissory note she had co-signed, and with Internal Revenue Service, Federal Bureau of Investigation, and other investigations apparently active at the time of her husband's death. She took steps to avoid paying the judgment, which created still more legal vulnerabilities for her.

The Gore connection

Willey's husband Edward was a longtime friend of Al Gore, and it was because of Gore that Edward and Kathleen Willey got involved in the 1992 Clinton-Gore campaign. According to published accounts, Gore used to stop in to see Ed Willey whenever he was in Richmond.

In early 1995, Kathleen Willey was seeking to obtain an appointment as the U.S. representative to the International Union for the Conservation of Nature, and in March 1995 she was named a member of the U.S. delegation to the UN Summit on Social Development in Copenhagen, a delegation headed by Al Gore.

Democratic party fundraiser Nathan Landow also figures prominently in the Willey case; Starr has also been investigating Landow for alleged attempts to influence Willey's testimony, but, notably, he was not indicted, while Julie Hiatt Steele was.

Landow was one of Gore's early supporters, and is still known around the White House as a Gore man, not a Clinton supporter, according to a March 17, 1998 *Boston Globe* article. Landow was Gore's finance chairman in the 1988 campaign. In 1992, Landow backed Paul Tsongas against Clinton for the Democratic nomination. In 1995, when Gore was making fundraising calls from the White House, Landow was one of those he called; Gore had $25,000 in hand from Landow within an hour.

Pollard is an enemy of Israel, too, not just of the United States

by Michele Steinberg

In early January, Israeli Gen. Ehud Barak, the Labor Party's candidate for Prime Minister in the May 17 elections, took the courageous step of refusing to sign a joint letter to President Clinton demanding the release from U.S. prison of confessed Israeli spy Jonathan Jay Pollard. Barak's move helps to blow a huge hole in the lie that Pollard, who was sentenced to life in prison in the United States for espionage, is some "Israeli war hero." Earlier, the Israeli Supreme Court refused to entertain a motion by Pollard's cheering section that Benjamin Netanyahu's government had "pledged" in a contract to withhold the release of any Palestinian prisoners, until Pollard is freed. Israelis are becoming far more aware, as the facts demonstrate, that Pollard is as much an enemy of Israel, as he is of the United States.

As the pressure mounted from the Netanyahu camp, after the Wye River accords in October, 58-60 U.S. Senators signed an appeal to President Clinton demanding that he reject any consideration of freeing or commuting the life sentence of Pollard, who had used his position as civilian specialist at the U.S. Naval Investigative Service's Anti-Terrorist Alert Center, to spy for Israel. Leading the names on that bipartisan letter were right-winger Richard Shelby of Alabama, the chairman of the Senate Intelligence Committee, and the committee's ranking Democrat, Bob Kerrey from Nebraska. Moreover, President Clinton had requested reports on the matter by Jan. 11 from his intelligence, defense, and law enforcement agencies. All but one came to the same conclusion as the Senators had. Noticeable, was the absence of the Justice Department, where Attorney General Janet Reno capitulated to the "Free Jay Pollard" campaign and agreed to meet with a delegation of the spy's advocates. The letter from the agencies to President Clinton made clear without qualification, that the damage Pollard had inflicted on the United States was massive and unprecedented, and, as some have noted, that its effects continue to be measurable.

Peace forces under attack in Israel

The intense scramble to free Pollard occurred at the same time that the political divisions in Israel began to heat up over the Netanyahu government's war threats against the Palestine territories and Lebanon, and its increasing threats of use nuclear retaliation against any enemy (Foreign Minister Ariel Sharon's crazies have named Iraq and Iran on occasion). On Jan. 13, the Israeli daily *Haaretz* reported that Israel is conducting mock nuclear tests at the Dead Sea.

As growing numbers of Israelis were turning against Netanyahu's antics to violently blow up the peace agreements, the Israeli offices of Stanley Greenberg, a U.S. media consultant advising General Barak's campaign, were broken into. Greenberg's home offices in Washington, D.C. were also burglarized, twice in one week, by operatives who took great care to defeat the alarm systems and motion detectors. All that was stolen were the computer disks and files involving international clients, including the Barak campaign. Some media have made the rather obvious, if shallow, comparison to the Watergate break-in, which set off Henry Kissinger's operation to bring down President Nixon. Netanyahu loyalists protest that the break-ins might be an attempt to discredit Likud.

Ongoing espionage rings

But there is a bigger picture of espionage and treason: Explosive new revelations in the *New Yorker* by veteran investigative journalist Seymour Hersh demonstrated that Pollard's Israeli handlers were using him to provide information that was of use only to the Soviets, and that he was backed up by a network of high-level moles run by Israeli intelligence, who have never been uncovered — and most likely, have never been de-activated. Hersh reports that a number of U.S. citizens, many involved in protecting U.S. national security through intelligence operations, asked him to write the true story of Pollard's espionage operations. These individuals feared that combined pressure from the Zionist mafia and the impeachment trial, would force President Clinton to capitulate to Netanyahu's blackmail.

Hersh's article confirms what *EIR* reported when Pollard was arrested in November 1985, and in our March 1, 1986 *Special Report,* "Moscow's Secret Weapon: Ariel Sharon and the Israeli Mafia." In the introduction, Lyndon H. LaRouche, Jr. wrote: "The two arrested Israeli spies, Jonathan Pollard, and his wife Anne (née Henderson) Pollard are merely third-level figures in a ring working under the sponsorship of Israeli bully-boy Ariel Sharon, and the direction of Sharon's wet-works specialist, Rafael 'Dirty Rafi' Eytan. The ring reaches high into the ranks of the Executive Branch of the U.S. government, into the Congress, and extends its wicked influence into the Federal courts. This is not merely an Israeli spy-ring; it is

a spy-ring operating under Israeli flag, but controlled by a network of Soviet agents, centered around the notorious Armand Hammer and the Bronfman family interests. Behind the ring, is the second generation of the Irgun apparatus of the late 1940s. The two Pollards are merely the proverbial tip of the iceberg." (The Irgun terrorists were devotees of Zionist ideologue Vladimir Jabotinsky, whom Israel's first Prime Minister, David Ben-Gurion, referred to as "Vladimir Hitler.")

Hersh's article shocked both U.S. political circles and the hard-core Zionist mafia, with his demonstration that Israel had passed U.S. secrets on to the Soviets. He reveals that, in December 1985, President Reagan's close friend, then-CIA director William Casey, "who was known for his close ties to the Israeli leadership, stunned one of his station chiefs by suddenly complaining about the Israelis . . . and urged increased monitoring of the Israelis." Quoting an active-duty official who had been close to Casey, Hersh writes: "Casey had added, 'For your information, the Israelis used Pollard to obtain our attack plan against the U.S.S.R.—all of it. The coordinates, the firing locations, the sequences. And for guess who? The Soviets.' Casey had then explained that the Israelis had traded Pollard's data for Soviet emigrés."

Hersh gives elaborated descriptions of the U.S. intelligence that Pollard stole, making crystal clear that his spying not only cost lives some 14 years ago, but that the damage may be continuing today: The detail and volume of documents that Pollard gleaned, included "one entire year's worth" of daily documents on naval signal information, "most important[ly], the nuclear-armed submarines of the Soviet Union on patrol in the Mediterranean."

According to Hersh, Pollard "told the Americans [who helped him work out his guilty plea, in expectation of a light sentence] that at one point in 1985, the Israelis had nagged him when he missed several days of work because of illness and had failed to deliver the [the Sixth Fleet Ocean Surveillance Information Facility] FOSIF reports for those days. One of his handlers, Joseph Yagur, had complained twice about the missed messages and had asked him to find a way to retrieve them." Pollard said that, from then on, he never missed a delivery of the FOSIF reports.

Pollard, says Hersh, came to be known as a "serial spy, the Ted Bundy of the intelligence world." Vital to U.S. defense, and to its NATO allies, writes Hersh, is "signal intelligence," or SIGINT, which monitors and deciphers coded signals. This crucial operation is "kept in order by an in-house manual which is classified 'top secret Umbra,' fills ten volumes, is constantly updated, and lists the physical parameters of every known signal. Pollard took it all." But this could not have been a one-man operation, according to one intelligence hand who spoke to Hersh; the Israelis gave Jay a "safehouse" full of high-speed copying equipment, he said. " 'Safehouses and special Xeroxes. . . ? This was not the first guy they recruited,' " writes Hersh. "During [Pollard's] year and half of spying, his Israeli handlers requested specific documents, which were only identified by top secret control numbers. After much internal assessment, the government's intelligence experts concluded that it was 'highly unlikely' . . . that any of the other American spies of that era would have had access to the specific control numbers. 'There is only one conclusion,' the expert told me. The Israelis 'got the numbers from somebody else in the government.' " (See "The Israeli Spy Network that Jonathan Pollard Left Behind," *EIR,* Nov. 6, 1998.)

Pollard stole and delivered documents that "would create a stack 6 feet wide, 6 feet long and 10 feet high," writes Hersh, and the information was so specific that his controllers would hand him a "wish list" that listed them according to their "top secret control numbers." But most interesting, the "wish list" was for information on submarine monitoring, especially in the Mediterranean, which was vital, not for Israel, but for the Soviet Union.

Pollard's controllers, under the leadership of Col. Aviem Sella, an Israeli Air Force officer who had commanded the 1981 bombing attack against the Iraqi Osirak nuclear reactor, were paying Pollard $25,000 per month, plus expense accounts for fancy hotels and restaurants. Hersh points out that the Israelis have never turned over to the Americans, the other officials who were indicted; never returned the stolen documents; never acknowledged getting documents; never disclosed what documents they had received; and never identified where the documents went afterwards.

The U.S. investigated Yagur, a member of Sella's team, and even named Yagur, by then in Israel, as an unindicted co-conspirator; but the Israeli government, then deeply involved with George Bush and Ollie North in the Executive Order 12333 covert operations of swapping guns for drugs for hostages in Central America, Afghanistan, and Iran, was allowed to turn down any requests to cooperate in the investigation of Pollard.

No wonder. Hersh reports that the Israelis were getting the Soviets to release Jewish emigrés to Israel, many of whom were top nuclear scientists, needed by Israel for its secret "doomsday" nuclear weapons program. That nuclear capability stands today as one of the greatest threats of nuclear global showdown.

Hersh's article wrung an hysterical response from Pollard's defenders. Lawyer Alan Dershowitz, who is on the three-man delegation meeting with Janet Reno to pressure the Attorney General to come over to the "free Pollard" side, bristled, "I have asked the Justice Deparment to commence a criminal investigation of all those that leaked classified information to Mr. Hersh. It's a crime to leak classified information to a journalist. They have done considerable damage to the national security of the United States." Another member of the delegation is Edgar Bronfman, whom *EIR* named in its 1986 *Special Report* as a principal controller of the Pollard network.

The Pollard stay-behind network is not a single "mole." To stop the treason, start investigating those who demand that Pollard be released.

New Hampshire labor leader: Al Gore should be impeached

William H. McCann, Jr. is a member of the Board of Directors of New Hampshire's Service Employees International Union (SEIU) statewide umbrella Local 1984 and president of Chapter 41 SEIU. He was also, until recently, a member of the New Hampshire House of Representatives (D-Dover). Representative McCann was interviewed on Jan. 18 by Marianna Wertz.

EIR: Lyndon LaRouche has called for the impeachment of Vice President Al Gore, on the constitutional grounds of bribery and treason, and because of his key role in the coup against President Bill Clinton. Gore is generally viewed negatively by organized labor, because of his pro-North American Free Trade Agreement (NAFTA) and extreme environmentalist policies. Would you join LaRouche in this call, and do you think organized labor should take a stand against Gore?

McCann: I think organized labor should take a stand, if we can develop more information to move forward with an impeachment. The concern I have is, I would not want to see two elected leaders—President and Vice President—in an impeachment process at the same time. I'd like to see closure on President Clinton's impeachment before going directly after the Vice President. If the charges can be substantiated, I think he should be impeached. But, I think, constitutionally and politically, we have to be very careful that we not have both our elected leaders on trial in one or the other body of the Legislative branch. I think that would create more of a problem at this time.

If Clinton can be acquitted in the next couple of weeks, then I think the wheels should be put in motion to immediately transform focus from the President, and look at the Vice President's actions. And, hopefully, the members of the House Judiciary Committee will look at this as quickly as they looked at the bogus information they had on the Monica Lewinsky affair.

EIR: Mr. LaRouche is insisting that the question of whether Gore has committed impeachable offenses should be investigated *now,* in order to stop the impeachment of President Clinton—to force the Congress and the population to understand that this is a coup d'état, not an impeachment trial.

McCann: I agree with what he's saying, if it could stop the Senate trial. But knowing what I've read on the process of impeachment, I don't think that it necessarily would stop the trial. Even if the House were to pick it up today in the Judiciary Committee, until they made a finding, I don't think the Senate would necessarily react to it. If one could stop the other, that would be fine, but I don't think it can happen. I would like to think it could.

But looking at what transpired in the House, and realizing that it's clearly politically driven by a lot of members there on a Protestant view, no matter what the people who are behind it have up their sleeves, a lot of those votes and a lot of those people, like Bob Barr [R-Ga.] and some of those people on the Judiciary Committee—they were going to vote to impeach Clinton no matter what. I don't think showing them that there was a larger conspiracy to put Clinton in this position would stop them from proceeding against Clinton. That's why I'm afraid of the dual impeachment. I would like to see the Clinton impeachment end, and then the evidence against Gore be weighed and the appropriate action taken.

EIR: I think LaRouche's view is, put this out to the population and create a massive popular mandate that the Gore evidence be investigated and that the Clinton impeachment be stopped.

McCann: I don't see any problem with that. If it had the effect of stopping the trial and then voting for acquittal this week, instead of three weeks from now, I think that would be great, because I think that's what ultimately should happen: that Clinton should be acquitted and that should be the end of it. Then, if the House indicts or impeaches Gore and sends that to the Senate—and that may take what you're talking about—but I don't want to see a dual impeachment going on.

EIR: You spoke on Jan. 4 at a press conference in opposition to the ongoing coup d'état against the Presidency and, with Sen. Tom Harkin [D-Iowa], called for the exoneration of Clinton and no censure vote. The national AFL-CIO has also opposed impeachment and is organizing to stop it, but, at the same time, they are condoning a censure vote as "crucial to a fair process." Can you comment?

McCann: I think organized labor, like a lot of people, has been misled or misguided by the media and other people, who are trying to find a middle ground so that they can feel comfortable with taking some measure to say that what the

I think that President Clinton needs to have the best people around him to deal with this world crisis. Mr. LaRouche has been correct; a lot of things he has said were going to happen, have happened. I think that the President should take advantage of his expertise.

President did in his personal life was wrong. I think that's where the mistake is made. The constitutional question before the Senate now is: Did what Bill Clinton did in the office of the President, did that rise to a high crime and misdemeanor? I don't believe it did. I don't think that the House was presented a fair case. I think we'll see the President's defense begin tomorrow, and I would urge that there be a straight vote on whether to remove him or not. If he's acquitted, that should be the end of it. I don't think that there should be a censure vote, but I understand a lot of people are feeling that there has to be some other condemnation.

If they stop and think, the condemnation has been the fact that he was impeached by the House of Representatives, even though it was purely a political vote, as can be seen by the party-line vote. He will go down in history as the first elected President to be impeached by the House of Representatives. I think that that is sufficient enough censure, and I think labor or other people who are looking at some way to decide some sort of punishment, are being misguided in this idea of censure. There's no provision in the Constitution for it, and I think that if there aren't sufficient votes to remove him from the Presidency, and I don't believe there are, then the impeachment in the House, political as it was, would be the censure, and he would have to live with that, just as Andrew Johnson had to live with impeachment back in the 1860s (and he was acquitted). Now, history looks back at this [Johnson's impeachment] as a political witch-hunt. I think 50 years from now people will look back and see that this is what happened to President Clinton.

EIR: You are a member of the Board of Directors of the largest union in New Hampshire, the SEIU, with approximately 9,000 members. What are the key issues confronting your membership as we go into the new Congress?

McCann: Like everybody else, we're looking at trying to make sure that Social Security is there for our workers who are getting ready to retire. There's a lot of concern for people in my age bracket—Baby-Boomers and just prior to Baby-Boomers—we're getting within ten years of retirement. We know our state retirement system is pretty sound, but there's a serious question as to Social Security, so that's one of the key issues.

Health care is another issue. Fortunately for us, as state workers, we negotiate our health care, it's paid for by the state. But our retirees are not negotiated for, so they have to rely on the will of the legislature in any given year. I think they would like to see some sort of health care provided through the Medicare system that's more comprehensive.

Those two issues, as well as worker safety, are issues that we are concerned about, along, obviously, with trade policy that the administration has talked about—the attempt last year at another "fast track" on NAFTA. Those are things we look at as being very important. From a local perspective, this year we're in negotiations with the state of New Hampshire for a new, two-year contract, so that's our central focus right at the moment. We want to maintain what we have, and try to provide some additional protection for safety issues. We have a lot of workers who work in health care areas, and we want to see more done to prevent injuries in those types of worksites. I think both the state and the Federal governments have to be involved in that. We're obviously watching Congress do nothing, while they sit there and watch this impeachment process. So, there is a concern there that not enough is being done.

EIR: AFL-CIO president John Sweeney identified the fight to unionize more Americans as today's civil rights movement. Today, as we celebrate Martin Luther King's birthday, how would you say this fight is going, and can you comment on its importance for all Americans?

McCann: I think it's vital that all Americans realize that the labor movement is responsible for a lot of the things they take for granted today, whether it's the 40-hour week, vacations, on-the-job safety—even though that is an ongoing issue, we wouldn't be as far along as we are today if it weren't for the work of the labor movement.

Like the civil rights movement, it's very easy to go forward for awhile and then say, "Well, we've done a good job," and kind of rest on our laurels. The problem is, we have to keep going forward, because the forces that we're working to try to get to recognize us—the big corporations, the big state governments, etc.—they're looking at, in the case of the corporations, the profits, and they look at employees as something that can be discarded. This is a change in attitude that we've seen over the last 30 years, so it's more important now that we work to unionize as many people as we can.

Here in New Hampshire, only about 11% of the workforce is unionized, which is somewhat pathetic. We are working

very diligently to attempt to organize other groups. The State Employees Association Local 1984 currently represents state workers, county and municipal workers, and private-sector workers. We have moved in that direction, mainly in the area of health care. I think this is important for everyone. The worker safety issues are reasons why people should join a union, because the union can help them.

I think it *is* like the civil rights movement. It's a hard, uphill fight. In the laws, at least in New Hampshire and, I know, at the national level, a lot of advantage is given to management, and they don't want labor organized. We have to try to overcome that. The way we do it, is to show the workers that they need our help in order to get basic rights on the job: worker safety, decent health care, and a living wage. These are the things that we have to keep pushing for.

EIR: The world economy is now careening toward a financial meltdown. You have called on Clinton to bring in Lyndon LaRouche as his economic adviser, to deal with this crisis. In light of last week's meltdown in Brazil, would you reiterate that call today?

McCann: I certainly would. I think that President Clinton needs to have the best people around him to deal with this world crisis. I think that, over the last several years, Mr. LaRouche has been correct; a lot of things he has said were going to happen, have happened. I think that the President should take advantage of his expertise.

I think he is, to some degree, listening now to Mr. LaRouche, but I think it would be better if Mr. LaRouche were actually inside and part of his economic adviser team. Because right now, I think that as long as Mr. LaRouche is kept outside of the White House, that other people who are closer can try to challenge the credibility of what Mr. LaRouche is saying.

I think, clearly, we need to be working toward the new monetary system, the New Bretton Woods, as Mr. LaRouche calls it. There would be a better chance of its happening if Mr. LaRouche were *inside* the White House, able to talk directly to the President, instead of going through intermediaries or having people who can try to challenge the credibility of the positions Mr. LaRouche takes.

It would be better for Bill Clinton, who is a very smart individual, to have the advantage to be able to sit down, one on one, with Mr. LaRouche, and discuss these ideas. The only way he can do that, is if Mr. LaRouche were his economic adviser. I think that should happen as soon as possible. It would make Bill Clinton a stronger President, because he's got to be in a position to be able to deal with what's happening in the world economy.

Fortunately, for us as a people, I think he can deal with these issues while still dealing with the impeachment, but as I said on Jan. 4, I'd like to see this impeachment over with, have a trial and acquit him, so that he can continue to do the job of working for us as American people.

Book Reviews

Labor leader exposes 'Silent Depression'

by Steven A. Carr

Plenty of Nothing: The Downsizing of the American Dream and the Case for Structural Keynesianism
by Thomas I. Palley
Princeton, N.J.: Princeton University Press, 1998
238 pages, hardbound, $27.95

It is refreshing to come across a book which has as its mission to bring about a national debate on America's "Silent Depression" and the human suffering that it has caused since the nation drifted off course beginning in the mid to late 1960s. America's "Forgotten Man," as Franklin Roosevelt called him, is desperate for exactly this dialogue on economic reality.

Thomas Palley, Assistant Director of Public Policy (Economics) at the AFL-CIO, has, like a responsible labor leader, compiled documentation that would be shocking to any faithful viewer of Tom Brokaw's nightly reporting of the Dow Jones march to new record levels (even if the march may have a few heart-stopping "market corrections"). Headlines may deal more with the latest sex scandal or UFO sightings, but the fact remains that, in terms of purchasing power, the minimum wage is lower now than when it was first enacted in 1955: Roughly 30% of American workers receive a wage today that would have been illegal in 1965. The purchasing power of welfare assistance disbursed under the Aid to Families with Dependent Children program has dropped 51% (adjusted for inflation) since 1970. Rules for unemployment insurance have been changed, such that today only 36% of the workforce qualify compared to 75% in 1975. More and more paychecks each week are required to maintain a family. Job security is at a record low, and stress levels are at an all-time high. Spending one's entire career at a single company is becoming increasingly rare.

Palley argues these and many other points with great passion, and loads of facts to back them up. Main Street has become a very mean street because of the policies and ideologies of laissez-faire, free trade, globalization, union-busting, throwaway jobs, the North American Free Trade Agreement,

the General Agreement on Tariffs and Trade, the World Trade Organization, and the attack against "Big Government." And, new policies are being spun out to rip even deeper into Franklin Roosevelt's New Deal and Bretton Woods ideals. Palley's reasoning is so convincing that even Rep. Henry Hyde (R-Ill.) might have to concede these points.

Problems in the underlying assumptions

So far, Palley makes his case quite well, but there are glaring problems with virtually all of his underlying assumptions, which in effect sabotage bringing about the needed national debate. At no point does he bring up the world financial crisis, the Asian crisis, or the problems with the derivatives market. The "Silent Depression" to which he refers is only for the underclass—as if American society had some British-style caste system. The entire book is written from the standpoint of a prosperous, healthy world. Indeed, he admits that he has this blind spot, when he writes that the greatest American economist is Irving Fisher. It was Fisher who, just before the October 1929 crash, was predicting that there was "no end in sight to economic prosperity!" (Mr. Palley, this reviewer would like to direct your attention to Lyndon LaRouche's nine forecasts.) It would seem that, like Fisher before him, Palley's main concern about the *Titanic* is not the iceberg directly ahead, but whether the guy working in the engine room has "flex time" for a less stressful lifestyle.

It is true that FDR got legislation passed to defend unions, increase wages, create minimum standards for safety, and so on. But, he may be even more famous for giving a mission orientation to the economy. With a nation-building approach, FDR would target the most forgotten people and the most forgotten areas (like Appalachia) for construction of projects epitomized by the Tennessee Valley Authority. FDR was committed to continue this approach after World War II, not only for America, but for the world.

It is interesting that, at the Bretton Woods Conference, there was a battle between the outlooks of John Maynard Keynes and FDR. Roosevelt was committed to ending colonialism once and for all, and to embark on a new century of development. Keynes, who led the British delegation to the conference, was the voice of imperialism's opposition to FDR's vision. The only real mission that Keynes ever accepted was to ensure that the British Empire's system of maintaining their colonial "wogs" in perpetual backwardness would never be challenged by FDR's projects for development. Given this, it would seem strange that Keynes would be a hero for a labor leader.

Palley loves to bring up FDR's New Deal domestic agenda, but he does so on the lowest level, and too many of FDR's boldest ideas get conveniently left out of the picture. Palley's book identifies the need for vision in economic planning, but he puts forward nothing that one could compare to the Marshall Plan. Instead of a New Silk Road or Eurasian Land-Bridge, or Mideast Oasis Plan to spur economic growth among nations acting as a "community of principle," Palley offers a magic formula of flexible exchange rates and capital controls. However, no civilization has ever been saved by accounting tricks.

Although Palley takes every opportunity to attack globalism, in reality he accepts many of the same assumptions. He never attacks global speculator George Soros, or the hedge funds that have done so much damage in Asia. Instead of defending sovereign nations from these parasites, Palley floats a trial balloon for sharing the profits of this financial warfare by giving a capital export license to every U.S. citizen, who could then turn around and sell his or her license to Soros—so that all of the residents of Sodom and Gomorrah could get a piece of the action.

Palley rejects both free trade and protectionism. He calls for common markets to be set up among countries that have similar levels of development. For example, he says, the United States and Mexico should never have free trade, because standards would fall to the level of Mexico and nobody would benefit. But, countries like the United States and Japan, which have in-depth economies, would both benefit from free trade. Palley doesn't take into consideration, however, that this would still be a national security risk. For example, rice is Japan's most basic food staple, and if Japanese rice farmers can't compete with Louisiana's rice farmers, should a nation be put at risk only to satisfy the gods of free trade?

Why not national banking?

There are other ideas which Palley puts forward, like a "family-friendly" Federal Reserve System, that may cause one to question if he really wants a serious change in economic direction. He admits that the Fed is illegal and serves Wall Street merely as a "bankers' club"; so, why not go back to a national banking system that has a mission to fulfill FDR's dream of nation-building? We can beat back the world economic crisis as FDR did. No sovereign nation has to beg a private bank for a loan. Countries can issue their own credit to serve their own interests. A harmony of interests among business, labor, minorities, and farmers, along the lines proposed by Henry Carey, can replace both class warfare within a nation, and end technological apartheid among nations.

Truth is still labor's most powerful weapon. And the truth is, that the "Silent Depression" is not someone's personal problem. AFL-CIO President John Sweeney says that the world financial system is in crisis. The world is dying for America's industrial, agricultural, and technological leadership—and for the New Bretton Woods system for which Lyndon LaRouche has repeatedly called. Downsizing the country into oblivion, or building a post-industrial scrap-heap of fast food chains and cheap-thrills entertainment, would be a crime against humanity. During the FDR period, the labor movement had a clear-cut mission to build the world back to safety, and people were proud to join in this mission. There is too much at stake not to mobilize to meet the new challenges.

National News

Eurasian Land-Bridge welcomed by U.S. daily

For the first time, a U.S. daily paper has covered Lyndon and Helga LaRouche's proposal for a Eurasian Land-Bridge: On Jan. 15, John Popham wrote an enthusiastic commentary in the *Chattanooga Times,* with a 41,000 circulation in a city that is no stranger to the railroad. Popham pointed to the time when America "was covered with a network of railroads, the United States was on its way to becoming a continental nation of unbelievable power. . . . Now we are faced with the overwhelming proposal that we begin linking the East and West of our planet with an Asian railroad land-bridge that would traverse the vast regions of China."

"The brilliant German-born economist Helga Zepp-LaRouche in recent weeks has spoken to four Chinese cities about the Eurasian Land-Bridge and what it can mean to the world economy. And she noted the visit of the Chinese President Jiang Zemin in [Novosibirsk] Russia where he delivered a speech to scientists that called for a 'strategic revolution' for both nations via the Eurasian Bridge."

Popham continued, "China has many challenges to overcome, such as lack of infrastructure, an urgent need to develop water and land resources, its huge population. . . . The bridge will be the pioneer of economic development on a vast scale. . . . From Northeast Asia to Central Asia to Southeast Asia, natural resources exploitation and economic development mostly depend on the Eurasian Bridge."

Slave labor in Marianas subject of lawsuits

Three lawsuits were filed against U.S. clothing manufacturers, retailers, and garment contractors located in the U.S. Commonwealth of the Northern Marianas Islands on Jan. 13, charging a "racketeering conspiracy" in the use of what amounts to indentured labor to produce garments labelled "Made in the U.S.A.," in violation of U.S. minimum wage and labor laws. Two class-action suits were filed in Federal courts in Los Angeles and Saipan on behalf of some 50,000 workers from China, the Philippines, Bangladesh, and Thailand who have been forced to live and work in squalid and unsafe conditions, for 12 hours a day, up to seven days a week, often "off the clock" for no pay. The third lawsuit, filed in California state court by four human rights and labor organizations, charges retailers with misleading advertising and trafficking in "hot goods" manufactured in violation of U.S. labor laws. Defendants named include The Gap, Tommy Hilfiger, May Company, Sears, and Wal-Mart.

Earlier legislation introduced by Rep. George Miller (D-Calif.) to extend Federal labor and immigration standards to the Marianas was blocked by Majority Whip Tom DeLay (R-Tex.), who points to the Commonwealth as a model of what growth blossoms without Federal government regulation. *EIR* has been told by a Capitol Hill source, who has researched the Marianas' abuses for a long time, that, in addition to labor abuses, the Marianas hosts a huge sex industry, including abuse of minors. One of DeLay's former staffers, Bill Jarrell, is now a lobbyist for the Marianas.

The garment factory owners, *EIR*'s source said, are mostly Asian firms that contract out to U.S. retailers. Workers are lured to the factories from all over Asia by being told they are going to get U.S. jobs. But, workers pay $3-8,000 for each "U.S. job," and whole villages raise money to send their youth to the Marianas. One of the ringleaders named by this source is Hong Kong businessman Willie Tan, who is very tight with Congressional Republican leaders.

Jeb Bush halts high-speed rail system in Florida

Stating that the funding for a 325-mile high-speed rail system was "not viable," Florida Gov. Jeb Bush has halted the $6.3 billion project. The rail system was to have connected Tampa, Orlando, and Miami, travelling at 125-200 miles per hour, in an area where the vast majority of traffic is now on the roads. State transportation planners indicated some years ago, that 14-lane highways would be needed to accommodate the expected growth over the next 20 years, if trains were not built.

The consortium that had been awarded the rail contract included France's Alsthom, Canada's Bombardier Inc., and Fluor Corp. Florida has already spent $22 million on the project, and had pledged $70 million per year for 40 years to repay tax-exempt bonds that were to have been issued. The state also sought $2 billion of Federal loans for the project. Bush said that in discussions with Florida Representatives, there were indications that support from Washington for the loan was "questionable at best," so he decided to halt state funding.

Black farmers win civil rights suit

On Jan. 5, the Clinton administration brought to a successful end a civil rights effort on behalf of the nation's black farmers. Agriculture Secretary Dan Glickman announced a settlement out of court, of a 1997 class-action lawsuit by thousands of black farmers, who sought $2.5 billion in compensation for decades of discrimination in lending and other practices by the Department of Agriculture (USDA). The settlement will give 3-5,000 farmers approximately $50,000 each, and cancel their debts to the USDA.

In an interview with the weekly LaRouche movement paper *New Federalist,* Heather Gray, a spokeswoman for the Federation of Southern Cooperatives/Land Assistance Fund, which represents some of the plaintiffs, credited Glickman and President Clinton with having "opened the doors" for this settlement. She pointed out that it was not until Clinton made Mike Espy head of the USDA that black farmers were allowed in the USDA office. Sam Taylor, Executive Director of the Black Farmers and Agriculturalists Association, representing other plaintiffs, told *New Federalist* that this is the largest civil rights settlement in history. He also said that his group would fight to free the USDA from whatever control the food and commodities cartels have over it.

Black farmers are losing their land today at a rate three times that of white farmers (which is severe already). In 1910, some 16 million acres were owned by black farmers. That has dwindled to 2.3 million. In 1950, there were 559,980 black farmers; in 1992, there were 18,816.

Editorial

The party's over

The hysteria among the world's bankers is as strong as ever, but there is little question but that their party is over. With the renewed outbreak of the "Brazil crisis," on top of the "Russia crisis," on top of the "Asia crisis," it should be clear to even the most simple-minded that the worldwide financial breakdown has entered a new, more disastrous phase, from which *no* part of the world, including the United States, will be exempt.

Playing his usual role as an echo of behind-the-scenes financial discussions, Japan's leading financial diplomat, Eisuke Sakakibara, told foreign journalists on Jan. 22: "I hope that in the next 10 to 20 years we could avoid both depressions and war, but there is a definite risk of world financial collapse. For that, reform of the international financial architecture is so important. I think the financial system we have today is inherently unstable. We need to set up a new system to stabilize financial markets." He added, "Otherwise the repetition of crisis after crisis . . . is going to result in a major meltdown of the world financial system."

Sakakibara's assessment had been floated from a different perspective a few days earlier, by columnist George Melloan in the *Wall Street Journal*. Melloan argued that the Brazil crisis was the result of the fact that President Bill Clinton's "new architecture" was never implemented, and that the same old International Monetary Fund (IMF) programs were applied instead.

Since the Thai "rescue" package of summer 1997, the IMF has committed an unprecedented $180 billion to such actions. In each case, the IMF demanded the imposition of punitively high interest rates to defend a currency valuation which the IMF knew would be wrecked by unimpeded international financial speculation. In each case, the IMF demanded severe budget cuts, slashing the living standards of the population and depressing the real economy. The end result of the measures, quite predictably, was merely to give foreign bank creditors $41.5 billion to allow the foreign banks and hedge funds to exit a collapsing Brazilian economy with minimal losses.

And the vulnerabilities of the bankrupt world financial system are greater than ever.

The question that looms is: How many more nations will be destroyed before their leaders understand that the party is over? How many more governments have to be thrown into chaos? How many more people have to die? How many more wars have to be triggered?

What must be recognized is that Lyndon LaRouche has been right, and has put the solution on the table. Let's take just one example: the eight-point program outlined in "What Each Among All Nations Must Do Now," which LaRouche issued on Sept. 27, 1998.

LaRouche's eight directives from that document represent the kind of actions that must be taken today. Let's review them step by step:

1. Every nation must recognize the immediate and unavoidable threat recognized by the crisis.

2. Every nation must assert the superiority of the principle of the sovereign nation-state republic.

3. Supranational agencies should be consigned to be powerless discussion venues, and no more.

4. Each nation must have sovereign power over its financial and economic affairs.

5. Each nation must carry out a bankruptcy reorganization which establishes defenses for physical production and general social welfare over other financial claims.

6. State-backed credit should replace international financial loans.

7. Financial leverage instruments, like derivatives, should be banned.

8. A new international community of principle should be based on recognizing the sovereignty of all nations, as governing international relations.

We remind you that this set of measures has been reproduced in nearly every major language worldwide: Chinese, Russian, Spanish, English, German, French, Italian, and many others. Every major world government has copies on file, if not under active consideration. Now that the party's over, isn't it time that intelligent citizens reminded their leaders to face reality, and get to work?

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- CORTLANDT/PEEKSKILL
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  Wednesdays—3 p.m.
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  2nd & 3rd Sun.—1:30 p.m.
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  1st & 2nd Fridays—4 p.m.
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- WATERTOWN—T/W Ch. 2
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