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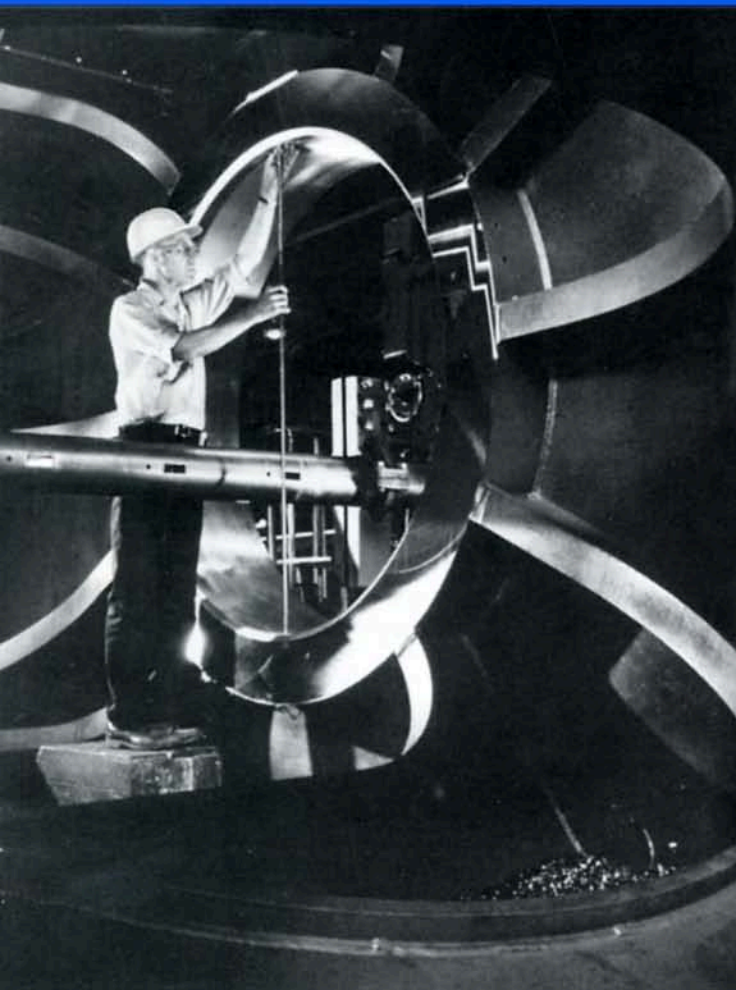
Executive Intelligence Review

May 14, 1999 Vol. 26 No. 20

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A step back from the precipice of total war
Balkan war could have been prevented
Winning the war for peace in Sudan

**Your economics IQ test:
What is real wealth?**



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From the Associate Editor

With President Clinton's push for a peaceful resolution of the Kosovo crisis, and his emphasis on a postwar reconstruction program for southeastern Europe, the British gameplan for continuing war in the Balkans has received an important setback. The President should be supported in this effort, since peace is by no means yet secured.

Much, much more will be required. In "The LaRouche Doctrine," which we published in our issue of April 16, Lyndon H. LaRouche, Jr. wrote that the world strategic situation will continue to deteriorate, unless two measures are placed foremost on the agenda for immediate action by President Clinton. First, is emergency action to establish a New Bretton Woods agreement, as LaRouche has defined the principled features of such a new system of strategic partnership among sovereign nation-states. Second, the United States, with at least one leading continental European strategic partner, must join with the "Survivors' Club" group of nations—China, Russia, India, et al.—to implement a just, new world economic order, to promote the development of the physical economy, the scientific and technological potential of the participating nations, as President Franklin D. Roosevelt would have wished.

In our special *Economics Feature* this week, LaRouche lays out the scientific parameters of what must be done to restore sanity to the economy. With reference to his schematic diagram for a "typical collapse function," familiar to regular readers of *EIR*, he addresses the question, "Why is my standard for measuring economic health, my so-called 'Triple Curve,' the only effective yardstick for measuring how well, or how badly Wall Street is performing today?"

Without the full LaRouche Doctrine, there is no way that economic reconstruction in the Balkans will occur. The economies of most of the world's nations have been taken over by the cancer of speculation and collapsing real production, and the British financial oligarchy is dictating economic policy. Under such circumstances, there is no chance for even the best-intentioned effort at reconstruction to succeed. And the only way for the LaRouche Doctrine to be implemented, is for LaRouche himself to be sitting in the "cat-bird's seat"—shaping U.S. economic policy on a day-to-day basis. Bringing that about, is the essential task at hand.

Susan Welsh

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Lord Renwick is a former British Ambassador to the United States, and is now with Fleming Bank in London.

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The economics 'I.Q.' test

by Lyndon H. LaRouche, Jr.

April 28, 1999

If anyone tells you that a rising Dow-Jones stock-market index proves that the U.S. economy is growing, your reply ought to be: "Oh, you mean that the cancer is growing. Tell me, Doctor: How is the patient doing?"

Given the present circumstances of the people of most of today's world, that is not a cruel thing to say. It is something which any intelligent and honest person would consider it necessary to say under the rapidly worsening real-economic conditions in the U.S.A. today. As a report included in this *EIR Special Feature* summarizes the fact:

During the coming six months, more U.S. citizens, especially the poor and the elderly, will die of the worsening economic sicknesses caused by current Federal Reserve Board Chairman Alan Greenspan and related *Wall Street Journal* policies, than of illnesses such as heart disease and cancer. Indeed, many of the preventable deaths from heart disease and cancer are the result of those financial and related budgetary policies.

That is simply an actuarial fact; it is not the kind of deliberately misleading index which so many foolish Americans quote so triumphantly from the large-circulation mass-media. The present trends in U.S.A. general welfare policies, especially those of Wall Street's carpetbagging HMO and related pilfering of health-care standards, are notable in this connection. No decent person would argue, that the present U.S. economy, which successfully increases the sickness and death rates of its people, especially among its elderly and poor, is a healthy economy.

The best way to understand what is happening to the stock markets, and to the personal financial accounts of many

among you, right now, is to compare the present trends in financial markets since Spring 1997 with the rise in prices, measured in Reichsmarks, during the first eight months of 1923 — up to the time of the Hitler's "beer-hall *Putsch*" which launched Adolf Hitler's growing influence in Germany's politics [Figures 1A-C]. Look at the way the personal financial savings of the German "middle class" were wiped out by the Weimar hyperinflation of 1923, and the way in which Federal

Reserve Chairman Alan Greenspan's even more lunatic hyperinflationary bubble is now threatening to wipe out much or

all of what you presently believe are your personal assets.

Ask yourself: Even after the world's experience with the results of that 1923 Weimar hyperinflation, why are so many politically influential and other Americans victims of the widespread superstition, that the health of an economy can be measured in prices of stocks and bonds? Why do most adult Americans today become suddenly either stupid or even plunge into episodes of wild-eyed babbling, when the subject turns to economics and economic policy? There are many contributing factors behind such behavior.

In this *Special Feature*, we shall consider a few typical factors, and then turn our attention to today's principal subject: How does a sane citizen determine whether an economy is actually growing, or not? Why is my standard for measuring economic health, my so-called "Triple Curve," the only effective yardstick for measuring how well, or how badly Wall Street is performing today?

1.0 The idea of the 'Triple Curve'

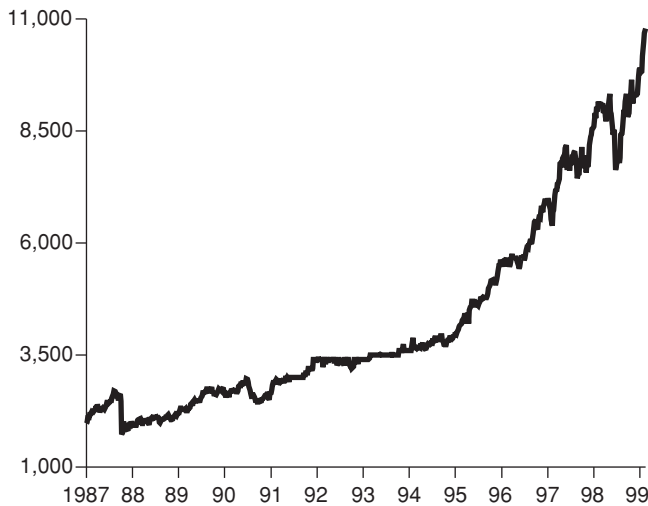
The simple fact of the existence of inflation, ought to be accepted as a warning, that the total price of commodities in a financial market, can grow, even rapidly, under the condi-

Feature

FIGURE 1A

Dow Jones Industrial

(Average weekly closings, 1987-99)

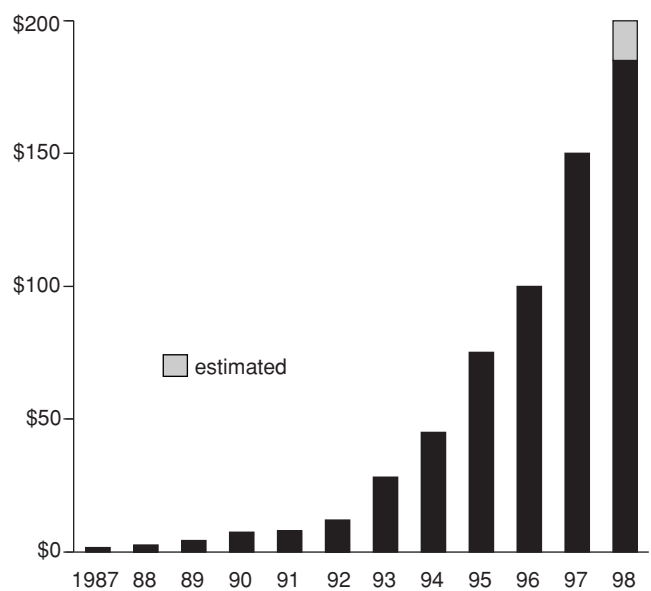


Source: Dow Jones.

FIGURE 1B

Global derivatives holdings

(notional principal value outstanding, trillions \$)



Source: EIR.

tion that the net physical output of the same economy is shrinking. Therefore, all sane adults *should* consider it a childish superstition, to suggest that the index of prices in financial markets, such as the typical Wall Street indexes, can be used as a measure of the performance of the real economy associated with those markets.

As I shall also show here, a related cautionary observation must be applied to terms such as “national income,” or in using other such simple-minded notions of monetary turnover as a measure of “economic growth.”

Similarly, the use of “financial futures” contracts, such as so-called “derivatives,” as a method of so-called “hedging against financial risk,” is a form of pure gambling, which no one should attempt to dignify with a term such as “investments.”

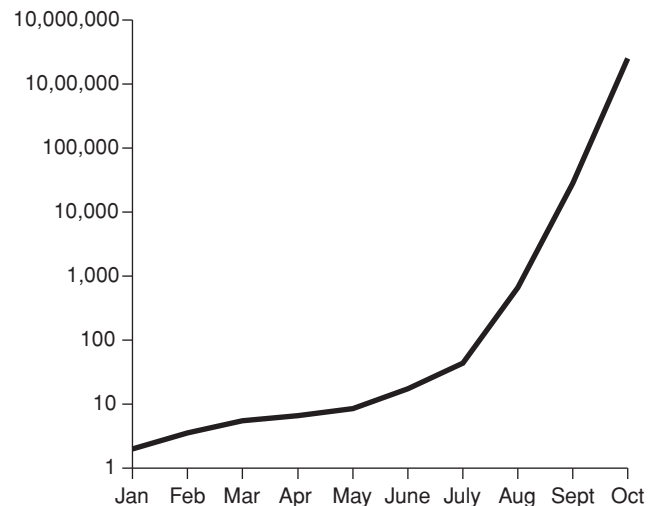
Since the Trilateral Commission’s U.S. Carter Administration, under whose direction the presently chronic Federal budgetary deficit was first generated by structural changes introduced into the U.S. economy, there has been an accelerating shift in the functional composition of so-called U.S. national income.¹ An ever-smaller portion of total nominal na-

1. Don’t quibble. Admittedly, the present downward trend in the net physical performance of the U.S. economy has remained irreversible since the 1971-1972 beginning of the presently continuing shift of the IMF into a “floating exchange-rate monetary system.” Admittedly, the 1971 collapse of the U.S. dollar was set into motion with the beginning of the shift to a post-industrial society, with policy-changes introduced during 1967-1968. However, the structural demolition of the U.S. economy began in earnest with the package of policies which the Trilateral Commission-created Carter Administration adopted from the New York Council on Foreign Relations’ (CFR’s) 1975-1976 *Project for the 1980s* (New York: Magraw-Hill, 1977), a report co-

FIGURE 1C

Hyperinflation in Weimar Germany, 1923

(trillions Reichsmarks outstanding)



Source: *Zahlen zur Geldentwertung in Deutschland 1914 bis 1923*.

supervised by Carter Secretary of State Cyrus Vance and Carter National Security Advisor Zbigniew Brzezinski. It was the structural reforms which Carter adopted from that report, which have been the continuing cause of the presently chronic Federal debt-crunch.

tional income (and of so-called Gross National Product) has represented actual output of produced goods and production-related services, while there has been an accelerated growth in purely parasitical, fictitious financial wealth. Today's fictitious wealth features prominently nominal income related to traffic in "junk bonds" and so-called "financial derivatives." Today, it is not the U.S. economy which has been growing; it is only the cancer which is growing, while it, the disease, sucks the life out of the patient.

Under the conditions which have prevailed increasingly, inside the U.S.A., since the shock-wave effects of the 1979-1982 implementation of former U.S. Federal Reserve Chairman Paul Volcker's Trilateralist monetary policies, the standards formerly used to measure U.S. Gross National Product (GNP) no longer work with even the approximate usefulness they continued to offer up until middle to late 1983. Most of what is shown as national income today, includes categories of purely nominal wealth which virtually did not exist prior to 1971, many of which were rightly considered illegal prior to radical changes in law introduced under Kemp-Roth and like-minded propositions. In short, most of this category of nominal income is purely fictitious: you would not try to feed your children with it, and you should have the decency not to wish to be seen wearing it in public.

The question is: Since neither financial market indexes, nor "Gross National Product" are any longer even approximately meaningful measures of performance of the national economy, what measurements should be used instead? This *Special Feature* defines and explains those needed measurements.

Any modern economy, including both the U.S. economy and what were called "states with socialist constitutions," such as the former Soviet Union, can be described in terms of the interrelationship among three variable magnitudes. These three magnitudes, which I refer to hereafter as aggregates, are: a) total money in circulation, for which the most useful estimate is what current U.S. practice names "M3"; b) financial aggregates: outstanding claims for present and future payment, both explicitly stated and otherwise implied; c) physical-economic aggregates: the physical-economic input and output of the economy considered as a functionally indivisible whole, even if some of that physical-economic aggregate is counted in money-prices, and some not.

To understand how a modern economy functions, we must measure the relative growth, or shrinkage of all three of these aggregates taken into account *simultaneously*. We must think of these three magnitudes as variables, in the sense mathematical physics defines variables. We must think of the interaction among the changes in these variables as defining a function. It is that function, so defined, which provides the only reasonably sane and accurate measure of the relative increase or worsening of the health of the economy considered as a whole.

The saying goes: "Keep your eye on the ball!" That means

that you should not allow yourself to be fooled by the fact that purchases and sales of much of the nation's physical-economic output are measured in money-prices. Just as in eating purchased food, it is not the money-price of that food which determines the effect of eating the food upon the person who eats. Never be fooled, as all too many ill-educated economists and members of Congress are, into assuming that the physical relations between production and consumption are determined by the relations among the prices paid for these physical products. Apples and nuts-and-bolts often have money-prices tagged to such objects; but, never assume, as most present-day economists do, that the mere price of nuts-and-bolts causes apples to grow.

Think of markets as nothing more than places where the property-titles to various real or purely fictitious objects are exchanged. The practical question, is how the flow of exchanges in such property-titles affects the way in which the physical economy functions. The relations between prices of property-titles and the physical-economic process are between entirely different processes. For example, in the language of the qualified mathematical physicist: Relations among money-prices are intrinsically *linear*; whereas, physical-economic processes are intrinsically *non-linear*.² The object of managing a financial and monetary system, is to force the financial system to behave in such an either explicitly or implicitly regulated way, as to force the flow of credit and purchasing power to be channeled in such a way as to encourage the physical economy to grow.

It is not how much fertilizer and seed one owns which caused agricultural growth; it must be put into the soil with a certain skill, otherwise nothing good will grow out of it. It is the physical way in which those materials are applied, by the farmers, to the process of production, which generates the useful output. The object is to ensure that the farmer knows what he is doing, and that that farmer is able to secure and apply the necessary components of physical production, in the right physical way, at the appropriate physical time.

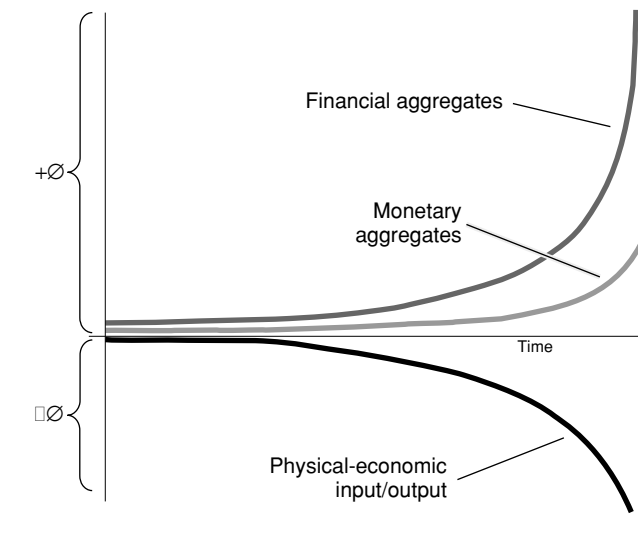
Thus, the economist, if he or she is competent, is occupied with two separate issues. He ought to be concerned, primarily, with the purely physical-economic side of the economic process, without considering money or money-prices. On the money side, he must be concerned to define *physically-economically appropriate* rules for regulating trade and other financial and monetary events. The object of this regulation is to foster, preferentially, those exchanges and investments which will position the physical goods required in the place where their presence tends to produce the best physical-economic result.

If the physical economy is nonetheless functioning well, no sane person would be frightened by a fall in prices of

2. I shall explain the absolutely decisive significance of this difference below.

FIGURE 2

A typical collapse function



financial investments.³ A sane economist worries about prices of financial paper, only when falls in financial markets, or, directly opposite, hyper-inflationary expansion of what might become known soon as Wall Street's "Davey Jones" index, *cause* human suffering or collapse in technologically progressive industrial employment. After all, money has no intrinsically real economic value: "It's only paper!"

The accompanying **Figure 2**, which I introduced to public use during the last quarter of 1995,⁴ is only one example of the kinds of patterns which the functional relations among the three aggregates may describe under varying conditions. The figure shown here, represents the pattern of functional changes which have occurred within both the U.S. and most of the world's economy, over the period from about 1966 to the present date.

The principal difference between the functional relations shown by this Figure, and that of the U.S. economy in happier times, is that 1966-1967 is approximately the date at which the net growth of the U.S.A.'s physical-economy "zeroed out," the point at which investment in expansion and improvement of physical production first fell below the amount needed to sustain *future* long-term physical-economic levels

3. If the U.S. were still a well-managed economy, which, admittedly, it has not been for more than a quarter-century, then, if General Motors is a profitable, well-managed firm, what conservative stockholder—"in for the long haul"—would be shaken by a drop in the price of the stock on secondary markets for financial paper? In saner times, serious investors bought into a medium- to long-term enterprise, or a long-term U.S. government bond; in a sane financial market, investors do not trade company stocks like baseball cards.

4. Lyndon H. LaRouche, Jr. (Dec. 2-3, 1995, conference address): "We Are at the End of an Epoch," *Executive Intelligence Review*, Jan. 1, 1996.

of increase of productivity per-capita and per-square-kilometer, at current or better rates.

Although the physical-economic output of the economy (including military expenditures) continued to expand throughout most of the decade, this growth of output was partly the result of "burning up" earlier accumulations of capital (i.e., "savings") invested in productivity and basic economic infrastructure. With the shifts in Federal economic policy during 1966-1967, the rate of net real economic growth per capita began to decline, a decline which came to the surface during the early through middle 1970s.

Thus, approximately the middle to late 1960s, the managers of the U.S. economy abandoned their moral responsibility to maintain, deep into the future, at least the same rate of net physical-economic growth reached under the Kennedy post-Eisenhower recovery of 1962-1963.⁵

In a few moments I shall begin to explain the factors on which my retrospective dating to 1966-1967 was based. First, I shall now describe how the Figure, shown again here, was constructed.

I focus your attention on the extreme left side of the Figure, where the horizontal and vertical, linear coordinates meet. That point corresponds to the point, 1966-1967, when some important changes in U.S. policy were introduced, including savage cut-backs from the Kennedy level of the aerospace "crash program," a program which, even to the present date, has continued to give the U.S. economy the most important factors of now vanishing, physical-economic growth of productivity since 1963.⁶

Let your eye follow the horizontal date-line across to the right side of the Figure. We reach the range designated as the 1997-1999 interval, the point an encounter with an economic shock-wave effect spins the world economy into the terminal phase of the present global financial bubble.

This is the region in which the top curve, representing financial aggregates, soars to present global levels, which some leading international bankers have put at \$300 trillions equivalent in unpayable financial obligations, while the physical output-levels per capita plummet steeply downward. This is the area, toward the right side of the Figure, where the financial curve zooms upward, almost vertically, while the physical-economic curve plunges more steeply downward.

This 1997-1999 interval, is an area of phase-change in the

5. The use of the future as a measure of the present, applies to successive generations of national economy, as this is typified by the role of the birth, nurture, and education of those children and adolescents, who will be the performing adults of the future. I shall deal, below, with some of the deeper practical implications of this notion of the "horizon" of the future, as the measure of the economy of the present. As I explain below, no sane economist would ever suggest that any real economy can be represented in the mathematical form of a "zero-sum game."

6. Marsha Freeman, "Space Program Paid for Itself Many Times Over" (which included reference to a 1976 Chase Econometrics study), *Executive Intelligence Review*, Feb. 23, 1996.

U.S.A. and world economies, the phase in which, as during mid-October 1998, G-7 central bankers, such as Federal Reserve Chairman Alan Greenspan, went baloony, and unleashed history's greatest, most insane global hyperinflationary monetary-financial bubble.

The relationship between the three curves shown on the chart, is defined in the following way.

Notice that the three curves overlap at the beginning, back in 1966-1967. Why do I use a scale at which this coincidence of the three curves appears in the chart in this way?

The problem here, is that to understand the current world economy as a process, we must compare "the prices of apples with the price-tags attached to nuts and bolts." As I stressed a few minutes ago, on the one side, we have physical-economic magnitudes, which can not be measured in money; on the other side we have financial magnitudes, such as the prices currently assigned to physical-economic magnitudes. The physical-economic magnitudes themselves are *often, but not always* measured by markets in current money-prices. To deal with this challenge of comparing apples with price-stickers, we are obliged to introduce certain kinds of indexing. Thus, by aid of indexing, we compare a "basket" of non-monetary values, physical values, with the market-price tagged onto the contents of that "basket."

Most professional economists do this; the problem which most economists have yet to master, is how to do it in the right way.⁷ Nonetheless, as most of those economists do, we construct our chart by adopting a price-index, setting the actual relations among the three aggregates—the nominal, tagged price of physical-economic aggregate, the price of monetary aggregate, and the price of financial aggregate—at a common relative value of "100" for the point 1966-1967. We then compare each of the magnitudes, separately, during each subsequent year, with the magnitude as measured at the index-year.

If we "average" the cumulative effect of trends over five to ten year intervals (so-called "running averages"), during the course of 1966-1999, the result converges upon the form shown by Figure 2. The Figure echoes the statistical fact, that there has been an accelerating relative increase of financial aggregates, a more slowly accelerating rate of increase of monetary aggregates, and a long-term rate of decline of physical-economic output per-capita and per-square-kilometer of about 2%, or more, per annum (net), until a sudden acceleration of the rate of decline since 1987-1992 (When James Carville emitted his celebrated comment on the 1992 election-campaign: "It's the economy, stupid!").

The evidence is clear. Why it has worked out that way, is not generally understood among politicians and economists, as among most citizens. That is the problem we are exposing here.

7. In the appropriate place below, I elaborate some of the deeper implications of indexing of "baskets of commodities."

Most economists with a decent university education in mathematics, should be able to describe the way in which the recently cancerous growth of monetary and financial aggregates has occurred; even a college graduate's level of education in mathematics should be sufficient for that purpose. It is the physical-economic process—my professional speciality—which represents the critically challenging proposition, the part of the whole process which today's university economics departments, and elected members of the U.S. Congress, fail, more or less miserably, to grasp. What nearly all present economists fail to grasp, is the physical-economic realities which underlie the statistics on the surface.

Here, we shall begin our outline of the interrelations among physical-economic and monetary aggregates by examining the crucial difference between two notions of financial profit: financial profit as it appears in healthy economies, and a cancer-like caricature of normal financial profit, a "bubble economy" such as that of the U.S.A. today.

1.1 Ordinary financial profit

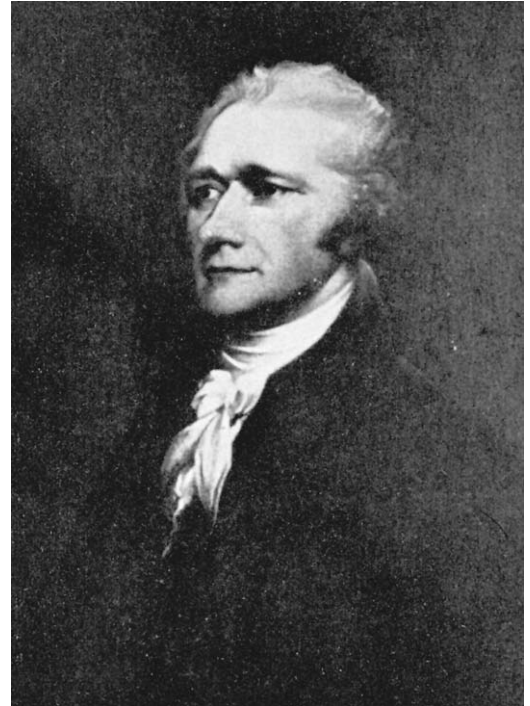
The common-sense definition of financial profit, is something "skimmed off the top" of current output. If this amount "skimmed off the top," leaves enough of the total income behind, to keep the physical-economic costs of the real economy fully funded, we may consider the "skim" as corresponding, more or less, to ordinary financial profit.

However, the U.S. economy as a whole has not generated a net ordinary financial profit during the past twenty-five years, or slightly longer. If we take into account long-term operating costs of the real economy, such as maintaining improvements in basic economic infrastructure, and the costs of supporting a population with the same, or better demographic characteristics than when John F. Kennedy was President, and if we take into account what the U.S.A. economy's Wall Street bankers have literally stolen from parts of the world such as Central and South America, the U.S. economy as a whole has not actually *earned* a net ordinary financial profit since the "floating exchange-rate monetary system" was introduced, in 1971-1972, certainly not since Jimmy Carter was elected President. We have been living, more and more, off either looting of other countries, or from using up past savings, such as former U.S. improvements in basic economic infrastructure, since more than thirty years ago.

That is a very bad habit for any economy to acquire. It is a habit which most of our presently living citizens, unfortunately, have grown accustomed to, during more than thirty years. Without fear of exaggerating, we may say that most Americans living today, have never known the habits of a healthy form of national economy during the entirety of their adult lives. One should not be surprised that a majority of adult Americans under fifty years of age, simply don't know any better than to do the foolish things most of them have been doing during the recent decades. They never learned those habits of a sane economic life which most of us of older



Former Federal Reserve Chairman Paul Volcker (left) and his Trilateralist monetary policies accelerated U.S. economic decline. U.S. Treasury Secretary Alexander Hamilton (right): “Whenever we, as a nation, follow the principles associated with our original Federal Constitution, the authority to create currency is a natural-law monopoly of our Federal government, a Federal action taken by consent of the U.S. Congress: that is the way it should be, once again, today,” writes LaRouche.



generations more or less took for granted, especially after the painful experience of the 1930s Depression.

In other words, today’s financial profit is coming out of the physical-economic flesh and bone upon which the economy depends to continue to survive. As a result of this pattern, as Figure 2 reflects this, the per-capita and per-square-kilometer real output of the U.S. economy has been shrinking at a constant or accelerating rate, during more than a quarter-century. Yet, during the same period, the money-supply has grown impressively, and the financial aggregate has skyrocketed. Why are financial profits on Wall Street continuing to zoom?

That brings us to the matter of the bubble economy—otherwise known as an economy which we might presume is under the control of bubble-minded critters such as Federal Reserve Chairman Alan Greenspan.

Go back to the days a much saner U.S. was under the economic leadership of U.S. Treasury Secretary Alexander Hamilton. *Whenever we, as a nation, follow the principles associated with our original Federal Constitution, the authority to create currency is a natural-law monopoly of our Federal government, a Federal action taken by consent of the U.S. Congress: that is the way it should be, once again, today.*

In addition to this currency, it is permissible, and useful to generate additional monetary aggregate, not as currency, but as credit, issued through banks in much the way Germany’s post-World War II *Kreditanstalt für Wiederaufbau* functioned, generating the most successful economic reconstruction program of the post-war decades, the so-called “German economic miracle.”

That is, if the real economy is expanding, we need not

limit credit-expansion to direct use of national currency emission plus deposited savings; we may also turn the real growth—if it is real growth, not Wall Street’s all-too-typical financial hot air—of enterprises into an added source of *thus-secured* bank credit, issued for those kinds of loans which will foster high rates of gains in output and in per-capita productivity. That is what the *Kreditanstalt für Wiederaufbau* did, which is what the post-war economic reconstruction of Germany was, in contrast to the relatively pitiful performance of the more heavily U.S.-subsidized British and French economies during the same period.

Thus, contrary to mental cripples such as the wild-eyed followers of Professor Milton Friedman, increase of the money-supply is not naturally inflationary. It all depends how the credit flows. If the combination of expanded currency and credit flows into increase of the productivity of the physical-economy, per capita and per square kilometer, the credit expansion must continue or even be expanded in rate. In that case, the result will tend to be deflationary, not inflationary. Better quality of products and increased productivity are inherently deflationary, in the real-economy sense of deflationary. Credit-expansion is inflationary, when the result is the increase of rates of financial turnover exceeding the rate of combined real physical-economic output.⁸

8. Provided that the increases in capital-intensity of productive investment represent investment in scientific and technological progress, useful basic economic infrastructure, or investments in social infrastructure of future economic growth, such as an improved, expanded educational program, or social-welfare system, the diversion of physical-economic output into these investments is countable as part of the current net output.

However, there is another way to generate financial profit: the sick way. This means the kind of profit earned by a gambling house, the Seventeenth-Century Tulip bubble, the early Eighteenth-Century John Law-style financial bubbles, or today's greatest of all bubbles, history's most lunatic bubble of them all, the Alan Greenspan bubble. Most of the growth of total U.S. financial aggregate since approximately the time of the bubbleheaded Garn-St Germain and Kemp-Roth legislation, represents a purely fictitious form of wealth, a John Law-style "bubble economy."

Garn-St Germain, piled on top of the lunatic deregulation binge launched by the Trilateral Carter Administration, destroyed much of the essential structure of regulation upon which the post-Hoover U.S. recovery from Andrew Mellon's Great Depression depended. Carter's Federal Reserve Chair-

man, Paul Volcker, bankrupted the savings and loan banks (among other things), and Garn-St Germain set up the previously illegal way in which "junk bond" and similar Wall Street forms of piracy, looted the hulks of the ruined savings-and-loan industry.

Kemp-Roth proves how stubborn, opportunistically minded dunderheads such as Polyconic's Jude Wanniski, a key figure of the Jack Kemp roster, can become. In earlier, saner times, the U.S. government created highly successful tax-incentives for productive investments in capital improvements, such as the Kennedy era's investment-tax-credit program. Kemp-Roth did the direct opposite, drawing the money out of investment in productive capital, and pouring it into what became the gigantic financial cancer of today, that super-leveraged, \$300 trillions-scale financial bubble which has

'Greenspan vectors' worse than disease

For decades, the leading causes of death in the United States (and other industrialized nations) were, in order, heart disease and cancer. As of 1996, the two combined accounted for 1.275 million deaths annually in the 267 million population, out of a total death toll that year of 2.322 million. There were 733,800 deaths from heart disease, and 544,300 deaths from malignant neoplasms of all types.

However, the continuing the economic policies of the Alan Greenspan-*Wall Street Journal* approach, is creating conditions for increasing illness and death rates of all kinds, at such a pace as to *exceed* the current annual toll of heart disease and cancer.

The increasing morbidity and mortality numbers occur across a range of many differing diseases, locations, and sub-groupings in the population, but the patterns all show how the "Greenspan vectors" of worsening economic conditions are directly the cause, and the vital statistics prove it.

Spreading poverty

First, consider generally the health implications of increasing impoverishment and lack of medical care for millions of Americans. Even by the official—that is, understated—categorization of who lives in poverty, 13.3%, or 35.8 million Americans, do as of 1997. This figure was about 12% in 1975, and it has worsened steadily. Of all American children under the age of six, an estimated 23%, or 5.5 million, live in poverty.

Along with this, the number and percentage of Americans lacking any health insurance is rising. About one-half of the full-time working poor and nearly one-third of all poor people were uninsured in 1997. That year, an estimated 43.4 million Americans, or 16.1% overall, had no health insurance coverage. This category has increased each year since 1987, when 12.9% of Americans, or 31 million, were not covered. Those most likely to lack coverage are young adults between the ages of 18 and 24, Hispanic-Americans (35% uninsured), the less educated, part-time workers, and the foreign-born.

Look at Texas, the gateway to the North American Free Trade Agreement-generated *maquiladoras*. Of all young people up to age 18, some 27%, or 1.502 million, are poor, and almost all of these lack any medical coverage.

Managed care kills

Then, consider the "Greenspan vector" effect on those officially covered by health insurance. Most Americans now are under "managed care" or health maintenance organization (HMO) programs, directly or indirectly, and are facing *denied* or *delayed* medical treatment, to the point of increased incidence of illness and deaths among whole categories of people—the disabled, elderly, mental health patients, dialysis cases, and so on.

This trend is even more pronounced, as many HMOs go bankrupt (having lived out the lifespan of the mode of financial gouging they could maintain—limiting care, underpaying care-providers, and charging higher premiums, in order to pay high private profits). There are widespread situations like that of New Jersey's HIP program, which went bankrupt in 1998, leaving its 200,000 clients scrambling to buy their own drugs, and provide treatment, including everything from chemotherapy to hospital linens.

brought the world to the brink of a worldwide financial meltdown.

The purpose of a well-defined investment-tax-credit policy, is to draw spending away from wasteful, or marginally beneficial disbursements of corporate and related funds, into channelling capital funds into areas of physical-economic investment which contribute to the highest rates of gains in per-capita productivity of labor. Such programs will increase tomorrow's gross tax revenues of the nation through growth, even though the means used to foster this growth is reduction of the benefitted taxpayer's obligation today.

Kemp-Roth, with its silly "Laffer Curve," did the opposite. It cut the tax-rates on financial capital gains, thus reducing Federal tax revenues (thus inflating the Federal debt to levels way beyond those achieved by the Carter Administra-

tion's deregulation binge), while also drawing capital away from the very kinds of investments, which the former investment-tax-credit programs had so successfully fostered. A smart tax policy hits wasteful luxury, and other forms of sin, with high rates, in order to foster rewards of lower rates for the more creative and prudent investors.

What, then, is the difference between what I have described here as "ordinary financial profit" and purely fictitious gains such as those tied up in the \$300 trillions-sized global financial bubble of today? How do we define this difference in functional terms?

1.2 The bubble economy

Joe contracts with loan-shark Bill, to pay Bill \$100 a week in perpetuity. For what amount can Bill sell that contract

Social breakdown, disease break-out

Consider the illness and death rate situation by certain specific diseases, locations, and groupings. Look at a few basic, vital statistics of the United States as of the mid-1990s.

For young black men (age 15 to 24), the death rates (deaths per 100,000 of the total population within the group) are the following: 157.6 for "homicide and legal interventions," 20.6 for suicide, 6.8 for heart disease, and 5.4 for cancers.

For infant mortality (deaths per 1,000 live births of the specified group or location) the rate of death in, for example, Washington, D.C., is 19.6, in contrast to around 5 deaths per 1,000 in 1995 in Germany, France, Scandinavia, Australia, and many other countries.

Tuberculosis rates are rising, in particular for the homeless, including the incidence of "primary TB," i.e., newly acquired, not merely reactivated TB.

For Hispanic U.S. children, rates of morbidity are running needlessly high for whooping cough (pertussis), measles, and other preventable childhood diseases, as the Hispanic population has the highest percentage (37%) of families uncovered by any health insurance. In Denver, California, Texas, and similar locations, a major public health threat of contagions is now present.

In California, 1.7 million children go without health insurance. In some areas of Los Angeles, only 30% of pre-school youngsters have been immunized. In Orange County, California, 37,000 youngsters have no immunization at all. The families are in fear that seeking health care will jeopardize their immigration status. In one *colonia* in El Paso, Texas, 25% of all children under age seven had hepatitis A.

Specifically, the 1996 Welfare Reform Act contravened the standing 1960s Medicaid law (health care for

the poor), and ordered legal immigrants to wait five years before being eligible. Whole epidemics and permanent disabilities are now traceable to this law and way of thinking.

Add to this short list, the prevalence of HIV, hepatitis C, and other public health threats, and the menace of continuing Greenspan-Wall Street Journal economics is clear. — *Marcia Merry Baker*

TABLE 1
Official poverty in the United States, 1975-97

	Population (millions)	Number in poverty (millions)	Percent of total population
1975	210.9	25.9	12.3
1980	225.0	29.3	13.0
1985	236.6	33.1	14.0
1990	248.6	33.6	13.5
1995	263.7	36.4	13.8
1997	267.5	35.8	13.3

Source: U.S. Department of Commerce, Bureau of the Census

TABLE 2
Americans without health insurance, 1987-97

	Americans without insurance (millions)	Percent of total population
1987	31.026	12.9
1990	34.719	13.9
1993	39.713	15.3
1995	40.582	15.4
1996	41.716	15.6
1997	43.448	16.1

Source: U.S. Department of Commerce, Bureau of the Census

on some Wall Street or like-minded market? Allowing for expenses which Bill incurs, such as sending thugs to beat up Joe occasionally, how much is Bill “netting” out of the \$5,200 a year?

Someone asks, “How much did Bill pay to Joe to create Joe’s debt to Bill?” The question is irrelevant. Assume he paid him nothing, but either broke Joe’s arm, or threatened Joe’s children at the schoolyard: typical of the spirit of the tricks Wall Street has played upon the nations of Central and South America, or George Soros has played in Southeast Asia,

What has happened since mid-October 1998, is that Greenspan’s “Fed,” has been engaged in a greater rate of such hyperinflationary pump-priming than even that seen in the late phases of the 1923 Weimar hyperinflation. This bubble is either going to be shut down, or it is going to blow, globally, and soon.

for example. Whether Bill paid anything, or nothing, to Joe for the contract, is virtually irrelevant to assessment of the market-value of the contract on the relevant Wall Street market. Meyer Lansky’s mobsters called it “vigorish;” Wall Street calls it “financial leverage.”

If the going rate for discounting such vigorish contracts were based on currently demanded yield of 20% per year, then Joe’s contract to pay Bill would seek a market-price “worth” five times the expected perpetual annual income to be paid to the holder of the contract: as much as \$26,000. In short, the “price-earnings” ratio at work. That would represent an amount approaching \$26,000 of nominal financial capital, generated out of the “hot air” expansion of the indicated \$5,200 annual yield.

The same “price-earnings ratio” magic applies to the case of gambling debts, or, the same thing, those exotic futures contracts called “financial derivatives.” You don’t believe it? Study the Black-Scholes formula which was used by the investors in Long Term Capital Management (LTCM) to dig an estimated \$3 trillions hole in the accounts of the bankers investing in LTCM. The same magic applies to the case of the purely fictitious capital assets associated with the “junk bond” swindle. Virtually the entirety of the recent rise of the Dow-Jones index, especially since mid-October 1998, has been purely fictitious financial-capital gains, obtained as the result of exactly this sort of “price-earnings ratio” swindle.

In the case of the current Dow-Jones stock-market swindle, there are three driving factors generating that so-called “economic recovery” — “recovery” in the sense of the day the man on LSD sees “the dead rise to walk again.” The first, and most important, is pure and simple insanity, sometimes also called “irrational exuberance” or “mass hysteria.” The second factor is hyperinflationary monetary pumping-up of the financial bubble by culpable agencies such as Alan Greenspan’s Federal Reserve System. The third is the counting of purely fictitious financial capital gains — so-called “book-keeping profits” on today’s market-index upswing — as an income-flow.

In the wild orgy of today’s “economic boom on Wall Street,” a huge mass of purely fictitious income-flows — “indexed bookkeeping profits on trading” — is capitalized in the same general way Joe’s hypothetical contract is parlayed from a \$5,200 annual payments item, into a \$26,000 fictitious capitalization. However, for this scheme to be kept in play, an additional factor must be supplied: a highly-leveraged flow of central-banking and related monetary aggregate into the market.

Now, see how that so-called “Wall Street boom” is linked to the real economy.

Take the simplest case. In the case of the Federal Reserve System, the leveraged flow of increased monetary aggregate is generated in two principal ways. One aspect of this is the straight printing of Federal Reserve Notes, the so-called “Keynesian multiplier” mechanism. The other aspect is the relationship of that mechanism, to the discounting of financial paper through the “Fed’s” power to issue currency obligations against discounted financial assets deposited into the “Fed’s” system. The discounting of virtual “toilet paper” in the system, expands the flow of apparent monetary aggregate (combined real and fictitious) on an enormous scale.

The ability of the “Fed” system to generate such swindles, is rooted in the functions of the “discount window.”

The principle involved is the same as we witness in those parts of the world where poor farmers balance the family household budget by selling adolescent, or even pre-adolescent daughters into organized prostitution rings. If the farm is losing money, keep the farm afloat by selling daughters into sex-slavery. If the corporate enterprise is either operating at a loss, or lacking in income-margins needed to maintain its competitive position, they have available, through the “Fed” discount window’s mechanisms, the same kind of help the farmer might secure by selling his daughter into sex-slavery. Loot the company, its employees, its pension plan, the quality of its product — or anything which comes to mind in a kindred spirit of enterprise, all to generate an increased margin of real or fictitious, discountable income-stream.

As I shall explain in a section of this report, below, that is what the U.S. has done to itself since approximately 1966-1967, and that most visibly since 1971-1972. It is the use of the financial mechanisms associated with this use of the

discounting principle, to generate larger nominal income-streams than the physical-economy can tolerate, which has collapsed the per-capita and per-square-kilometer physical-economic output of the U.S. economy.

This looting of the physical-economic base, in order to puff up the financial structures, is the functional mechanism which links the collapse of the real economy of the U.S.A., to the hyperinflationary boom in the soon-doomed Wall Street bubble.

What has happened since mid-October 1998, is that Greenspan's "Fed," has been engaged in a greater rate of such hyperinflationary pump-priming than even that seen in the late phases of the 1923 Weimar hyperinflation. This bubble is either going to be shut down, or it is going to blow, globally, and soon.

The kinds of behavioral extremes to which I have referred in this illustration of the point, are peculiar to the terminal phase of the present world monetary system. Nonetheless, these have been the growing characteristic of the IMF system as a whole since the successive 1971-1972 and 1975 phases of the introduction of a global "floating exchange-rate" monetary system. The documentation of the purely fraudulent nature of all alleged sovereign debt, which Wall Street et al. have imposed upon the nations of Central and South America, as shown in the *EIR* study prepared and issued by Dennis Small et al., is the "classic" demonstration of the global swindle which the IMF monetary system represents from 1971-1972 to the present day. The same debt-swindle run against the leading nations of Central and South America, from the mid-1970s to the present, is the model for the swindle which the same IMF conducted against the states of the former Soviet Union and eastern Europe from the close of 1989 to the present. It is the same swindle which former Speaker of the House Newt Gingrich led against President Clinton's U.S. Federal budgets during most of the period 1995-1998.

Another example of the same kind of swindle, is the way in which the London petroleum marketing cartel deployed its asset, then U.S. Secretary of State Henry A. Kissinger, to arrange what became the "petro-dollar" hoax of the middle through late 1970s, the version of the swindle negotiated on behalf of the IMF system at the 1975 Rambouillet monetary summit. The "petro-dollar" swindle presaged the "junk bond" swindles of the 1982-1988 interval, which presaged the "financial derivatives" swindle of the 1990s, which presaged Alan "I am the Emperor Nero" Greenspan's version of the burning of Rome, the hyperinflationary bubble which Greenspan launched as part of his effort to bail out bankers deeply invested in busted hedge funds.

To summarize what we have considered thus far, look at Figure 2 again. The top curve reflects the growing per-capita ratio of chiefly fictitious financial aggregate required to keep the 1996-1999 version of the present financial system afloat. The lowest curve, reflects the effects of looting of the per-capita physical economic base, to generate fictitious income-

streams used to inflate the financial-aggregates bubble. The growth of monetary aggregates reflects the functional relationship between the other two curves.

This brings us to the heart of the matter, the matter of physical-economic aggregates.

2.0 Real economy: man's mastery of nature

Mankind is the only species whose individual member is capable of willfully increasing the potential relative population-density of his species as a whole. This specific distinction is typically expressed by an individual mind's discovery of a validatable universal physical principle.

The science of physical economy, one of the branches of physical science founded by Gottfried Leibniz, focusses upon those changes in the axioms of human behavior through which mankind's power over nature, per capita and per square kilometer, is increased.

Mankind's functional relationship to the universe, is expressed for sense-perception in two general ways. It is expressed both in the improvements in increased life-expectancy, size of population, and other demographic characteristics of populations, and that population's increased physical power over the universe, in per-capita and per-square-kilometer terms. These perceptible forms of improvements in the human condition, are benefits acquired both through relevant changes in human behavior, as scientific and technological progress expresses this, and by alterations of nature in ways which are relevant to, and indispensable for the realization of the potential benefits implied in scientific and technological progress. Consider the physical-economic expression of those changes in human behavior first, and then the changes in the environment needed to sustain life at the higher demographic level scientific and technological progress imply.

The changes in human behavior (e.g., culture) are of principally three forms.

1. Validated discoveries of universal physical principle.
2. Validated discovery of technologies derived from the application of universal principles.
3. Validated discoveries of principles of Classical artistic composition and related matters of statecraft, through which the cognitive powers of individual members of society are mobilized for the successful implementation of such physical principles and technologies.

For our purposes here, I provide the following summary of the implications of what has just been said.

The primary task which the lessons of physical economy demand of society, is the protection and the cultivation of the developed cognitive powers of each individual personality. That is to say, the task of society is not only to foster the productive activity upon which the society's existence depends, but to develop the individual's cognitive and related powers in such a way that high levels of productivity are maintained, and that further progress in this direction is ensured. Thus, on these accounts, and with that qualification, educational policies become the central determinant of the success or failure of an economy. It is from this vantage-point, that the curve of physical-economic aggregates is best understood.

2.1 The function of education

In general, the well-advised society places the greatest emphasis upon three aspects of the development of the mind of the individual. First, the quality of nurture of the pre-school-age child. Second, education and related research as such. Third, the cultural standard of relations among persons generally in the society.

In these three phases of the development of the individual mind, the central obligation of society is to foster a well-founded self-image of the individual person, as someone of a quality absolutely apart from and above the level of any other living species. This is effectively achieved through such means as the child's delight in effecting a validatable discovery of universal principle, or discoveries akin to that, through what the child is able to recognize as the creative character of the cognitive potentials of that child's mind.

This is the standpoint, for example, of the tradition of what is known as Christian humanist education. Examples of this tradition include the work of the Brothers of the Common Life, the echoes of that in the work of the Oratorians of France and Italy, and the Schiller-Humboldt Classical Humanist education program which Prussian Reformer Wilhelm von Humboldt established in Germany. Similar approaches are found in the work of the Winthrops and Mathers in the Massachusetts Bay Colony, and in the best like-minded currents of education in the pre-John Dewey U.S.A.

The object of a Classical Humanist or kindred form of educational policy, is the production of what might be termed "the cultivated mind." Look at this now from the vantage-point of physical science.

All of our knowledge of our effectively willful relations to the physical universe, rests upon an aggregation of validated universal physical principles. These principles occurred originally in the form of creative cognitive acts by individual minds. In many cases, although not in all, the names of those discoverers are known to pupils and others, as the personal name attached to the discovered principle in question. The proper object of education, is to create the circumstances, as in the classroom, in which the student replicates the actual original act of discovery.

In other words, a poor kind of school teaches a pupil to learn the name of the principle together with explanations and illustrations of its application. That latter kind of education, called "learning," tends to deaden the cognitive powers of the pupil's mind. Only by exception, could pupils abused by such mere "how to" learning, manifest later the qualities of a truly cultivated mind.

By "cultivated mind," we should agree to signify a mind which has been shaped by the process of accumulating a store of experiences of original cognitive generation of validated universal physical principles. Our job is to provide the environment, the teachers, and the opportunities, by aid of which each child and adolescent may reach adulthood with a good approximation of the qualities of a cultivated mind.

On the professional level of physical and related science, the graduate should have reenacted the original discovery of most of the known leading validated discoveries of universal physical principle, accomplished by mankind up to the present time. This is no small matter; existing scientific knowledge of principle is best represented by a Riemannian manifold of the kind Riemann himself defines in his celebrated 1854 habilitation dissertation. That graduate should have also demonstrated such mastery of principles to the extent of original work of discovery. That is the rule-of-thumb definition of a "cultivated scientific mind."

A society which has educated its young by such a cognitive standard, produces the kind of labor-force of which it might be said, "They can do anything." Instead of merely learning "how to" do this or that, they know how to solve problems lying within, or even slightly beyond the reach of the validated universal principles, whose original discovery they have reexperienced.

Such an educational policy costs. It is a major element of governmental and related budgetary outlays. Nonetheless, whatever a quality education costs—unlike that being provided currently—in the final analysis, it represents one of the most essential costs of doing business. Since about 1963, there has been a cumulatively catastrophic decline in the competence of teachers, the general quality of education, and the competence for life of the graduates of our public schools and universities.

In Germany, for example, the "Brandt Reforms" destruction of the Humboldt policy for education, has produced a young German school-leaver who is almost of a lower mental class than the members of the same family who completed their *Abitur* (secondary-school diploma), under the impact of the Humboldt legacy. One might justly suspect, that those malignant souls who influenced this disastrous reform in Germany, both from the U.S.A. and through the 1963 Paris OECD proposal, were motivated by hatred of Germany and Germans. Generally, in Europe and the U.S.A., there has been a catastrophic collapse in the cognitive skills and related qualities of potential productivity of the labor-force.

The same principle applies to education in Classical artis-

tic composition and related aspects of statecraft. I have indicated this aspect of the matter in my *The Road to Recovery* and other published locations.

2.2 Infrastructure

When the English-speaking colonists reached Massachusetts, Virginia, Pennsylvania, and elsewhere, they found a virtual economic desert, a wilderness. Out of that wilderness, they hewed fertile farms, towns, roadways, canals, and later railroads. From an earlier time, the case of Charlemagne should remind us, that the rise of Europe from the barbarism left in the wake of the Roman Empire's collapse into a new dark age, was based largely on the same kind of attention to investment in public infrastructure. In the seemingly miraculous doubling of the prosperity of France under King Louis XI, similar kinds of measures are outstanding.

Such development of the population's land-area constitutes what our senses present to us as the basic physical infrastructure of the society. However, we should readily recognize that education as defined above, and also expressions of Classical artistic composition, are also part of the basic economic infrastructure, even though the cognitive processes which are the subject of education are not sense-perceptible phenomena in and of themselves. The development of the mind and of the perceptible nature of the nation, constitutes its basic economic infrastructure.

There is a relatively clear difference between society's expenditures to maintain and improve basic economic infrastructure, on the one hand, and for investment in production of goods on the other. The preconditions for the generally successful forms of investment in production of goods, for example, depend upon the ability to situate that production within a suitably prepared environment. That environment is the basic economic infrastructure required.

Thus, in our form of economy, as established under our original Federal Constitution, there is a division between private enterprise, and the obligation of government to provide for development of all of the population and all of the land-area, through generalized education and other forms of basic economic infrastructure. The state's development of roads, waterways, railroads, and other basic economic infrastructure either provided or regulated by government, is thus contrasted with private investment in a particular farm, manufacturing facility, and so on. It is a matter of "property," so to speak. The government is responsible for the *general welfare*, the development and protection of the quality of all of the people and all of the land-area. The authority of private investment is limited to the domain which it owns, although what may be done within that domain is limited to actions not in conflict with the general welfare.

The maintenance and improvement of matters of basic economic infrastructure, is just as much an essential capital investment as the maintenance and improvement of a farm, or an investment in a manufacturing facility. Thus, the mainte-

nance and improvement of basic economic infrastructure at the level necessary to maintain progress, is a non-divestible cost of everything produced by that society as a whole. Under the fundamental law of the U.S. Constitution, the full maintenance and improvement of the general welfare is a non-divestible obligation, an obligation which no positive law can rightly revoke in whole or part.

One of the crucial factors which define 1971-1972 as a downward turning-point for the U.S. economy as a whole, is the fact, that combined cuts in effective wage-rates, as instituted under President Nixon's "Phase I" and "Phase II" programs, and a persisting non-maintenance of pre-existing public and related investments in basic economic infrastructure, were the sectors of the total economy in which the greatest portion of the shrinkage of the real economy was concentrated. This ruinous trend was accelerated under the Trilateral Carter Administration's savage programs of deregulation and looting of the farm sector.

Take the case of transportation.

The cheapest form of transportation, per ton, is waterborne transport.

The most efficient modes of transportation are railways and magnetic-levitation systems—provided those mass-transit systems are not mismanaged. Relatively more costly, and less efficient, are highway vehicles. From the standpoint of the population in general, and also employers and their employees, one of the most important sources of economic waste is the time lost in commuting, and increased costs incurred by the society to support systems of commuting more than short times and relatively short distances. The design of cities and of mass-transit systems in ways which counter the directly and indirectly incurred social and other costs of commuting, ought to be recognized as one of the leading imperatives of policies of government at the Federal, state, and local levels.

The end of net railway expansion, which was reached during the mid-1920s, was a key symptom and factor in the long-range decline in the U.S. economy, the decline leading into the 1930s Great Depression, and the post-war decline in the functional quality of our nation's urban development. During World War II, we wisely revived the national rail system (otherwise we might have lost the war), but we proceeded to destroy that system during the 1950s and beyond. The destruction came partly through mismanagement and obsolescence of various forms, and largely through Wall Street's looting of great systems such as the New York Central and Pennsylvania systems.

Take the case of the transport of freight from the metropolitan New York region to Chicago, the two great Atlantic-oriented hubs of our nation's waterborne and land-based transport of freight. It is far cheaper to ship long-haul goods overnight from New York to Chicago by rail systems, than the inherently less efficient and more costly truck transport. However, back in the 1950s, obsolescent practices in freight handling within the truck-rail local-long-distance interface,



Left: President John Kennedy and John Glenn at Cape Canaveral, 1962. Right: President Dwight Eisenhower (right) with Queen Elizabeth and Prince Philip. “The Eisenhower government never brought useful programs to the threshold-level at which durable net economic growth-rates were reached. President Kennedy’s escalation of the pre-existing U.S. space-mission program, to the level of the specified commitment to the manned Moon landing, is an example of the difference in performance between the Eisenhower and Kennedy administrations,” writes LaRouche.

caused the more costly truck transport to be preferred over rail. The remedy for the problem was obvious: a well-planned merger of the Pennsylvania and New York Central systems would have proffered a solution, but the Wall Street crowd vetoed the merger at that time, thus condemning both railroads to the looting, ruin, and government interventions, which inevitably ensued from failure to clean out the obsolescent practices. It was not the railways which failed; it was the ownership of the railways which ruined the railroads.

Admittedly, there was another factor in this: a factor once referred to as the national defense highway system: the illegitimate father, so to speak, of our present system of so-called “superhighways.” For our purposes here, two points on this matter are sufficient.

The notion of establishing a national defense highway system, was introduced as a response to the vulnerability of national railway systems to attack by long-range bombers. The national defense highway system was intended to provide both a supplement and an alternative to the railway system, on which the logistics of the U.S. World War II mobilization had depended so much. The relevant financial high-binders soon came up with another idea: instead of a restricted access

national defense highway system, a system which would open up rural areas for suburban residential and shopping-center complexes.

This orgy of real-estate speculation complemented the so-called Eisenhower consumer-credit, “Baby Boomer” bubble of the 1954-1957 interval, the financial bubble which collapsed in the 1957-1958 recession and the ensuing economic doldrums of 1959-1960.⁹

Many myths were concocted in the effort to debunk President Kennedy’s 1960 electoral victory over Vice-President

9. The February-March 1957 outbreak of the 1957-1958 recession began as I had forecast some months earlier. That forecast was based upon a study of the post-1954 consumer-credit bubble, a study centered upon the John Law-like frenzy in automobile production and marketing over the course of the 1954-1956 interval. By 1956, many dealers in leading brands were losing money on new car sales, but were deluded by the industry’s dealership accounting methods, into believing the losses were being incurred on account of the used-car market. The automobile manufacturers considered it in their interest to brainwash the dealers into thinking that the new-car sales were the money-makers. When new-car financing reached the level of thirty-six months, including a giant “balloon note” in the last scheduled payment, the evidence was that this bubble was about to blow. A similar state of affairs prevailed in other categories of consumer-sales financing.

Richard Nixon. There were, admittedly, numerous good programs launched under President Eisenhower. The fault in those good programs of the Eisenhower period, such as the post-Sputnik revival of the previously mothballed space program, was that the Eisenhower government—sometimes called the “Eisenhowever government”—never brought useful programs to the threshold-level at which durable net economic growth-rates were reached. President Kennedy’s escalation of the pre-existing U.S. space-mission program, to the level of the specified commitment to the manned Moon landing, is an example of the difference in performance between the Eisenhower and Kennedy administrations.

To understand the roots of this difference in economic policies between the Eisenhower and Kennedy administrations, a glance at the personal history of Dwight Eisenhower is helpful.

Eisenhower’s road toward high military rank was early defined by his posting as an aide to General Douglas MacArthur, an Eisenhower later wryly described by MacArthur as “the best clerk I ever had.” In the course of things, Eisenhower’s career veered to links with Winston Churchill—funder Bernard Baruch’s Wall Street. When the time came to induce Winston Churchill et al., to submit to the indignity of having a U.S. military commander of allied forces for the war in Europe, Eisenhower was designated as acceptable to London. From that point on, to the end of his Presidency, Dwight Eisenhower was the kind of U.S. patriot whose role was to manage the difficult U.S. partnership with the always nasty British—during World War II in Europe, in the early days of NATO, and as President.¹⁰

The difference was, that John F. Kennedy’s tendency was to model his administration upon the legacy of President Franklin Roosevelt. As Kennedy matured in office, the echoes of the patriotic legacy of Franklin Roosevelt became clearer, the youthful Romantic edges relatively more moderated. In that sense and degree, the differences between Kennedy and Eisenhower, echoed the differences between the American traditionalism of Franklin Roosevelt, and the “we must learn to work with the difficult British” vacillations of an Eisenhower.

There were signs that Kennedy was leaning more toward

10. To give a precise indication of the problems faced by Eisenhower as commander of allied forces in Europe, take the case of the wretched British Field Marshall Montgomery. Years later, I asked Professor Friedrich Freiherr von der Heydte, “Would you agree, that Montgomery was the worst commander of any nation during World War II?” The Professor chuckled: “You can’t say anything bad about Montgomery to me; he saved my life. I was commanding Rommel’s rearguard; if Montgomery had ever flanked me, I was dead. . . .” From El Alamein to Market Garden, Montgomery used his position within the allied command to delay allied victory by at least six months, if not significantly more. As Britain’s John Wheeler-Bennett emphasized, after the war: the British did not wish to win the war too soon. Thus, British intelligence betrayed the plotters against Hitler to the Gestapo. Thus, Eisenhower was obliged by his British partners to put up with the wretched Montgomery.

the statesmanship of Franklin Roosevelt, General Douglas MacArthur, President Charles de Gaulle, and Chancellor Konrad Adenauer, than what we have seen as a trend in U.S. policy-shaping since. Viewing matters from that standpoint, helps to make clearer the causes for the difference in quality of economic and related leadership, between the fumbling economic policies of the Eisenhower administration, and the bolder thrusts of the Kennedy administration.

The Eisenhower administration sometimes put its shoulder behind some good efforts, but those efforts were never bold enough to make London and its Wall Street minions seriously unhappy. Neither cold, nor hot, but lukewarm: the 1957-1958 recession is typical of the result of the Eisenhower administration’s compromises with reality.

Three features of the 1961-1966 interval are outstanding examples of what had been good in the Kennedy policies, and what had turned sour beginning the 1966-1967 period of the war in Indo-China:

1. The Kennedy “crash program” for a manned Moon landing. For every penny spent on that program, the U.S. economy gained a spill-over of more than ten cents in benefit. This was the largest single stimulant for the real economy since that program was launched.
2. The improved investment tax-credit program, the complement to the aerospace “crash program” in boosting the real economy.
3. The continued expansion of investment in maintenance and improvement of basic economic infrastructure, a program which was cut back to effect a continuing net contraction of U.S. infrastructure from about 1971 to the present.

Today, those beauties of the past are gone. Our nation’s basic economic infrastructure is in a general state of rot. The very name of “general welfare,” the pillar of our constitutional law, has been treated as if it were a “dirty word.” Education is, for the greater part, worse than a bad joke; an assay of popular entertainment, exposes the nation as afflicted with a type of ruinous cultural decay best suited to Sodom and Gomorrah, or some other culture which has lost the moral fitness to survive. Investment tax-credit incentives for growth have been thrown aside, replaced by the lunatic philosophy of Kemp-Roth and Garn-St Germain. Real science, the banner of every economic triumph of our nation’s past, has been turned into another “dirty word.”

2.3 Industry and agriculture

The pillar of modern industry was defined by Gottfried Leibniz’s study of the principles of heat-powered machinery. Thus, the first operating steam-engine, used to power a river-boat, was developed in collaboration with Leibniz, in Ger-

many, at the beginning of the Eighteenth Century. Leibniz's principles were expressed later by the work of France's Lazare Carnot, in defining the principles of machine-tool design used to ensure France's victory over invading armies, during 1792-1794. Modern industrial society was defined by the U.S. program of 1861-1876, a model based upon the principles of Carnot, which was exported during and after 1876, to Germany, Japan, Russia, and other countries.

Carnot's discovery of the elementary principles of ma-

For more than ninety percent of our U.S. population, the conditions of life, and levels of productivity become worse, and yet, many of the people having these sense-perceptions, speak of the "growth of the U.S. economy." Such people are like the shopper who says, "I don't worry about the farmer; I get my milk from the supermarket."

chine-tool design was based upon Leibniz's conception of the geometry of position. The fuller appreciation of these principles lies within the bounds of the successive development of what are known as hypergeometries, as by Carl Gauss and Bernhard Riemann. It is the application of a thus-refined conception of machine-tool design, as applied to the design of unique proof-of-principle experiments, which made modern industry, and also agriculture, possible. It is on this basis, and only this basis, that the principles of modern industrial society can be understood with reasonable efficiency.

The application of any validated discovery of universal physical principle, results in the production of new technologies, presented as by-products of sundry sorts of applications of those universal principles. What we see in any successful modern machine-tool design, is a multiply-connected assembly of such technologies. What one should recognize in any industrial or related productive process as a whole, is precisely the same thing. Thus, in this way, the general theory of production is to be viewed as a generalized application of the principles of Riemannian manifolds. From this standpoint, it is possible to make sense of the economic issues posed in defining necessary costs and expenses of the productive process.

Focussing upon industry and agriculture, there are two opposing trends at work in a healthy form of modern economy. On the one side, there are increasing costs associated with the increasing (physical-economic) capital-intensity, energy density, energy-flux density, and energy-coherence of the pro-

ductive process. This is a factor of increasing cost. However, increases in productivity obtained in this way reduce the per-capita combined costs of production, relative even to an associated rising capital-intensity and energy-intensity.

The imperative of increasing capital- and energy-intensities is underscored by regard to the factor of technological attrition. As we deplete what had been the cheapest and more readily available resources, even the need to keep per-capita physical-economic costs from rising, compels us to make what had been poorer resources, cheaper than richer resources earlier. We must either continue scientific and technological progress, or be plunged into ruin for failing to do so. There are additional considerations, but this is sufficient to make the point.

The same considerations show us why the machine-tool sector of the division of labor, is the driving force, the determinant of the economic success or failure of economies. This is demonstrated today, by the fact, that without a healthy German economy, there can be no healthy European economy at large. In turn, there can be no healthy German economy, unless that economy is dominated by export-oriented machine-tool production. On the other side of the scale, it would be enormously difficult to meet the challenge of economic justice for the vast populations and areas of Asia, without a massive, greatly expanded flow of the most modern machine-tool design, from the U.S.A., a Germany-centered European economy, Japan, and the machine-tool potential of the former Soviet scientific military-industrial complex.

The structure of industry (and, also modern agriculture) is therefore highly capital-intensive, and increasingly so. For the same reason, a successful modern economy is increasingly science-and-technology intensive, requiring corresponding educational and cultural standards for the populations at large.

Comparing the changes in these elements which have been induced during the recent quarter-century (and longer), we are confronted with shocking evidence of the degree we have destroyed our economy over this past period to date.

2.4 What is cost?

The true cost of production is whatever combination of ingredients is required to enable a population to sustain a specific rate of increase of the rate of growth of output, as growth is measured in terms of those ingredients.

I shall supply here some rough indications of the way in which physical-economic and money-priced aggregates are to be compared for such purposes as constructing a set of curves such as those shown in Figure 2.

This means that reliance upon "constant dollar" estimates of income and cost is irresponsible practice. It is the physical relationship between the physical-economic market-baskets representing costs, which must be compared with physical-economic productivity per capita and per square kilometer, not monetary prices, nor adjusted monetary prices. Furthermore, although the infrastructure built up twenty or more

years ago is an integral part of the functional costs incurred by today's production-output, the cost of actual replacing depleted infrastructure is usually not counted at all, or is estimated in historical accounting prices, not current prices of production.

There is, in short, no competent deductive determination of the relationship between prices of items in market-baskets of costs and expenses, and output in current or adjusted prices.

Rather, the functional value of per-capita baskets of physical-economic inputs is measured in terms of relative rates of increase of the physical-economic rate of profit represented by current output. In the first approximation, the measure of the value of inputs is the rate of increase of output over input, realized through the modes of production and consumption in use. More precisely, it is the rate of increase or decrease of that rate of profit, which is closest to an exact measure of physical-economic values.

The only meaningful determination of that rate of profit, is in both per-capita and per-square-kilometer terms. Assign all of the elements of physical-economic cost (input), including physical-capital factors, as cost of labor. Deduct the imputable replacement-costs of all of those elements of input, in prices, from total physical-economic output, combined, in current money prices.

Take an example. Since the 1946-1966 interval, the number of jobs which the average member of the family household must have, to meet the same standard of living as five or ten years earlier, has risen. In the post-1966 period, the birth-rate for most classes of households has declined. (In some parts of the world, such as Germany, catastrophically.) Add to the number of working-hours in the week so represented, the added commuting time involved. Compare the physical standard of household life, in physical-economic, not monetary terms, to earlier periods. For most of the U.S. population, the conditions of life have become steadily worse, especially since the 1987 Wall Street stock-market crash.

Look to the future: look to the children and adolescent members of those households. Look at education. For the population in general, there are virtually no competent teachers, no competent educational programs, and no decent textbooks in the public schools today. Former classrooms are being replaced by what used to be called the "blab schools" of the poorest areas of Kentucky and Tennessee, at the beginning of this passing century. The lack of time for family nurture in households, aggravates the epidemic of illiteracy among not only public-school leavers, but also university graduates.

Look at the effects of the growing functional illiteracy within the population, upon the ability of the U.S. economy to produce. Look how far behind other nations the U.S.A. has been falling on these and related accounts.

Look to the effect of Wall Street's looting of health-care, through HMOs and kindred arrangements, and the effects of this on the families of the most targetted infirm and elderly

strata of the population. Look at mortality and illness rates among infants and young children. Look at the rampaging resurgence of epidemic disease once formerly brought to near the vanishing point.

Look at the family farms which used to feed us. Look at the towns where former productive industries have long vanished under the impact of Carter's deregulation of transportation, and other disastrous structural reforms.

All of these and related physical-economic considerations, touch evidence plainly within the reach of our sense-perceptions. For more than ninety percent of our U.S. population, the conditions of life, and levels of productivity become worse, and yet, many of the people having these sense-perceptions, speak of the "growth of the U.S. economy." Such people are like the shopper who says, "I don't worry about the farmer; I get my milk from the supermarket." They have literally left their senses behind. For them, the important thing is money.

One is thus reminded of those Germans of the early 1920s, the so-called "middle class," people who owned no workshop, no farm, or other means of producing real wealth, but who had entrusted their wealth to bank savings and financial investments. Then, the 1923 Weimar hyperinflation wiped out their savings and their financial investments. Speaking of today's terrible U.S. public schools, one might say, as was said in times past, that those who do not study history, obviously will learn nothing from it.

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- that Washington and Franklin championed Big Government?
- that the Founding Fathers promoted partnership between private industry and central government?

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Clinton administration opens debate on hedge fund controls

by William Engdahl

Almost two years to the day after George Soros, Julian Robertson, and Louis Bacon—the three most aggressive hedge-fund managers in the world—launched their attack on the Thai currency, the baht, and set into motion a chain-reaction collapse of global dimensions, the Clinton administration unveiled a set of proposals to hem in such speculative unregulated funds.

On April 29, U.S. Treasury Secretary Robert Rubin presented to Congress and the public the report of the President's Working Group on Financial Markets, titled "Hedge Funds, Leverage, and the Lessons of Long-Term Capital Management" (LTCM). The working group consists of Rubin, Federal Reserve Chairman Alan Greenspan, Securities and Exchange Commission head Arthur Levitt, and Commodity Futures Trading Commission head Brooksley Born.

Notable about the proposals, which the administration will submit to Congress as proposed law, is the very fact of its intention to curb one of the most dangerous areas of unregulated global capital markets: the ability of offshore hedge and other investment funds, operating with off-balance-sheet secret credit lines from large international banks or investment banks, to pool billions of dollars, leverage the risk sometimes by as much as 100 times the original (as in the case of the collapsed LTCM hedge fund), and unleash speculative attacks which destroy entire national economies within days.

The 'Basel Loophole'

Since 1988, large international banks of the Organization for Economic Cooperation and Development (OECD) countries, have been bound by the so-called Basel Accords on Capital Adequacy, which were agreed upon by the central banks of the Basel-based Bank for International Settlements. Then, for the first time, international banks had to agree on a common minimum capital base or reserve set-aside, comprising 8% of the bank's total traditional loans outstanding. That meant, for example, if Citicorp loaned \$100,000 to a small business customer to purchase new equipment, the bank had to set aside 8%, or an \$8,000 reserve. If a bank's total "BIS ratio" fell below 8%, it was in danger of being banned from international lending, as has occurred with some Japanese banks.

The new Basel rules, which took effect only in 1992,

were aimed at reining in some of the most highly leveraged, unsecured lending of the speculative bubble years of the late 1980s, especially by Japanese banks. However, when the rules were first debated, back in 1987-88, central bankers left in what has come to be known as the "Basel Loophole." In 1987, financial derivatives—interest rate swaps, stock index derivatives, and such—were in their infancy. Most European banks, as well as those of Japan, had little knowledge of their dangers, or their potentials for huge gains—or losses. As a result, no risk set-aside was required for certain off-balance-sheet lending by a bank to finance derivatives positions of hedge funds or similar clients. Moreover, the credits could be effectively hidden from regulators, or buried in a catch-all declaration of liabilities.

The threat of one hedge fund, Long Term Capital Management of Greenwich, Connecticut, to trigger a meltdown of the global financial system last September, forced an unprecedented direct intervention by the Federal Reserve to "persuade" a group by 14 creditor banks to step in with \$3.5 billion in new cash, to prevent liquidation of LTCM's estimated \$1 trillion in derivatives positions in every major world market. Until a Sept. 23 meeting at the New York Federal Reserve, chaired by New York Fed president William McDonough, none of the LTCM's 14 creditors was aware of the other 13 banks' degree of lending. It was all "off-balance-sheet."

Important first steps

The latest administration report is an attempt by U.S. regulators to try to prevent future LTCM debacles. As such, it is a mix of compromise, combined with a few important first steps.

The most notable omission is that the report proposed no direct regulation of hedge funds. According to an article in the April 29 *Washington Post* by Kathleen Day, "Treasury officials favored regulating hedge funds, but Levitt and Greenspan were staunchly opposed and succeeded in steering the group to a less radical approach."

Despite this omission, which Rubin made clear could be changed should the other measures prove inadequate, the proposals take several significant steps. First, the SEC would issue new rules requiring any publicly traded company to reveal any significant lending exposure to hedge funds. Bank and financial securities regulators would demand new reserve

provisions against losses at banks and Wall Street firms lending to hedge funds. This is an attempt to close the "Basel Loophole," of secret bank loans to hedge funds disguised as "margin accounts."

The proposed legislation would also require hedge funds to file financial information every quarter to indicate its degree of gross risk, although this does not include specifics on the fund's trading positions. As well, Congress should pass a proposed law on contract "netting," settling a contested gray area of ultimate derivatives exposure, in the event that one party to a contract fails. Further, bank secrecy havens offshore—such as the Netherlands Antilles where Soros, Robertson, and Bacon all base their funds, or the Cayman Islands, where LTCM hid from regulators—would be pressured to require more compliance with international regulation standards in supervising resident hedge funds.

The proposals have been applauded by one of the loudest critics of unregulated hedge funds, U.S. mutual fund managers. Unlike hedge funds, mutual funds are "onshore" and subject to Federal regulations. Generally, they are banned from building derivatives positions. John Brennan, chairman of Investment Company Institute, the mutual fund association, called the proposals "great news." "I didn't think the recommendations would be as concrete," he said.

Not everyone is happy with the failure of the report to propose active regulation of hedge funds, however. At a May

3 financial conference in Manila, Hong Kong Monetary Authority head Joseph Yam called for "greater monitoring and perhaps even regulation of highly leveraged investors." Yam told the Hong Kong-based *South China Morning Post* that "hedge funds manipulated Hong Kong's stock exchange and banking system" last year when devaluation threatened to spread the Asia crisis to Hong Kong and China. "You can detect a certain back-peddling on the part of the larger markets on the need to do anything," he said.

Japanese Finance Minister Kiichi Miyazawa, speaking at the same Manila conference, noted that government authorities in several Western nations "feel that hedge funds have to do very much with the occurrence" of the 1997-98 "Asia crisis." "So we are now thinking about what hedge funds can do in the future," he said.

One good place to begin might be to put the international spotlight on the one government in the world which exercises ultimate legal jurisdiction over most offshore bank secrecy havens where hedge funds are based—Tony Blair's Britain. From the Channel Islands to Gibraltar, to the Cayman Islands, to the Bahamas, the British are the undisputed kings of offshore havens, used by everyone from Colombian drug lords to hedge funds to escape government scrutiny. That loophole in the global financial architecture would indeed be worth closing. It would also put the United States in a state of de facto war with Great Britain, once more in its history.

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Italians promote Balkan reconstruction

by Claudio Celani

Of the European Union nations, Italy is the front-line state in the Yugoslav war. Italy is also the most heavily engaged in providing humanitarian aid to the Kosovo refugees in Albania. The Italian Army has built camps that provide beds, food, and hospital treatment for 25,000 refugees—a major effort, but only a small percentage of refugees coming out of Kosovo. Daily, boats loaded with Kosovars land on Italian shores, straining the already overcrowded facilities in the port cities of Bari and Brindisi. The sense that aid is not enough, and that the economic reconstruction of the whole region is urgent, is therefore felt by Italians more directly than others.

A debate on reconstruction policy for the Balkans has developed among Italian economists and politicians, echoing elements of the “LaRouche Doctrine” (see *EIR*, April 16, 1999).

A new Marshall Plan must be implemented after the war, said Prof. Domenico Siniscalco, chairman of the Enrico Mattei Foundation, in an article in the business daily *Il Sole-24 Ore* on April 11. Furthermore, “if it is announced in time, and in a credible way, the plan itself could contribute to solving the conflict, by removing differences and indicating to everybody the economic dividends of peace.” Professor Siniscalco specified that a “plan of intervention” must “realistically give up the ideology of supranational monetary institutions.”

Siniscalco’s proposal was immediately endorsed by Vice Minister for Foreign Affairs Umberto Ranieri, who wrote a commentary in the same newspaper on April 13. He stressed that a new Marshall Plan for the Balkans must allow a new class to emerge in the Balkans, a stratum “able to respond to the offer of a long-term economic cooperation.” Ranieri rejected the idea of “bringing those countries quickly into the European Union”—i.e., a neo-liberal recipe. “What we need,” he wrote, “is a perspective of integration and civil and economic reconstruction, aimed, in a particular way, toward some of the former Yugoslavian countries. A perspective that Europe was not able to propose at the beginning of the ’90s, when the drama exploded.”

The director of the European Bank for Reconstruction and Development, Mario Sarcinelli, also supported the idea of a new Marshall Plan, which must be based on “a common plan for reconstruction and development” between “winner and loser.”

How that common plan would look, was suggested by Prof. Mario Deaglio of Turin University, a regular columnist in the daily *La Stampa*. Deaglio wrote on April 16 that there must exist a master plan for infrastructure which aimed to enhance two main elements: “the Danube water system” and the “production and distribution of energy.” He wrote that the postwar perspective for the Balkans must be discussed not “along the lines of a Congress of Vienna,” but instead “mainly in economic terms, as the Allies did during the Second World War, when they organized the conference at Bretton Woods that designed an international monetary system that created the lengthy economic miracle of the ’50s and ’60s throughout the Atlantic area.”

Professor Deaglio explained his views more fully in a telephone interview with *EIR* on April 24. He is thinking on two levels, one concerning the proposal for Balkan reconstruction, and the other involving a proposal for reforming the world economy. On the Balkans, he said, a working model is the postwar European Coal and Steel Community—a multinational body in which all governments participated, including wartime enemies. He reiterated the two priorities concerning multinational infrastructure: water transportation and electricity. As for the financing, he proposes that Europe provide it: “Europe now has a currency and a currency can issue credit.” Deaglio thinks that the best solution is a new institution to issue “fiat” credit. In this way, the strictures of the European Stability Pact and of the Maastricht Treaty that created the euro would be outflanked, he said.

Of course, to situate a Balkan Marshall Plan in the context of a larger Eurasian Land-Bridge project would be ideal, Deaglio said, “but in the meantime, we can start to build a piece of the bridge.”

The new world financial order

As regards the world economy, Deaglio thinks that a group of major countries (the G-8 plus eight more) should form a combine to decide a new world financial order. We need “an IMF of a new kind,” he said, suggesting that a “Tobin tax” on financial speculation be introduced to fund the new institution and to deflate the financial bubble.

“Yes, I am concerned with the speculative bubble,” Deaglio said. “Especially small countries are impotent in the face of external forces they cannot control. We need a mechanism that reduces instabilities. Even if this means less freedom for the markets, what you lose in freedom, you gain in stability.

“A Tobin tax could deflate the bubble, restoring the system to normality. Under a ‘normal’ regime, one should not need capital controls, but if countries feel threatened, or run into an emergency, they should be free to do it, as Malaysia did.”

A major feature of the new financial order, Deaglio said, must be a guarantee of fair prices for raw materials. The collapse of raw materials prices, he said, is having a depressing effect on the overall economy.

Central Banker ‘Chico’ Lopes falls in Brazil; will others follow?

by Lorenzo Carrasco and Gretchen Small

The refusal of former Brazilian Central Bank president Francisco “Chico” Lopes to testify before the Parliamentary Commission of Inquiry of the Federal Senate, which is investigating crimes against the national financial system, was a desperate measure of self-defense. This Harvard-trained blueblood banker evidently has no interest in going to jail for committing fraud and illegal trafficking with insider information, during the few weeks he was head of the Central Bank in January of this year.

It is widely reported that Lopes refused to testify on the advice of his lawyers, who believe that he stands a better chance of “resolving” his case in the criminal courts, rather than in the political court, i.e., Congress.

Although Lopes was hauled off to jail while the television cameras whirred, he was released on \$175 bond five hours later. He flew home from Brasilia to Rio de Janeiro, to find that the Parliamentary Commission of Inquiry has frozen his personal assets and ordered an investigation into his telephone and banking records.

But, Lopes’s personal problems are small, compared to the hot political situation his legal maneuver has created for the government, which had hoped to contain the Parliamentary Commission of Inquiry’s investigation by sacrificing Lopes. Senators are now livid, and the investigation is expected to widen. Leading Senators are demanding that Treasury Minister Pedro Malan and current Central Bank president Arminio Fraga, a protégé of George Soros—the speculator who has destroyed nations’ currencies and economies, an advocate of drug legalization, and who manages some of Queen Elizabeth’s vast wealth—be called to testify. Already, President Fernando Henrique Cardoso is trying to put distance between himself and Lopes, insisting that he named Lopes to head the Central Bank in January, only for lack of a better choice.

Another debt crisis coming

The backdrop to the Lopes scandal is the extremely volatile economic situation in Brazil overall, characterized by a variety of hyperinflationary “solutions” with which the Cardoso government is trying to paper over the its own bankruptcy and that of the country’s financial system:

First, the Cardoso government is moving to take on a huge chunk of private sector foreign debt. In late April, the president of the Bank for National Economic and Social Development announced that the government will guarantee the “best” foreign debt of the private sector corporations, by setting up a special agency which will issue new, 10-year government-backed paper, which foreign creditors will receive in exchange for certain private-sector debts. The new agency will be based in the Cayman Islands, specifically so that taxes will not have to be paid on the new paper, and it will be administered by Citibank. Some \$22.5 billion in private debt, from 90 companies, is estimated to be eligible under this program.

On April 25, Central Banker Fraga held a “long conversation” in Washington with U.S. Federal Reserve Board Chairman Alan Greenspan, in the context of the International Monetary Fund meeting there. In their meeting, Fraga reported, he discussed his plans to continue to deregulate Brazilian financial markets, so as to further Brazil’s integration into the international capital markets.

While giving few details about his plan, Fraga emphasized that he wants to open Brazil further to foreign interests, lift restrictions on financial operations, and eliminate compulsory channeling of credit (for example, to industry or agriculture).

Compounding the financial policy debacle, the government set a super-high interest rate of 11.88% on \$2 billion worth of new five-year bonds it sold in the international markets in late April. This is one of the highest rates ever agreed to by a developing country for a bond issue, and it will rapidly inflate the already-bloated speculative bubble that dominates Brazil’s financial system to even more dangerous levels.

The Lopes scandal spreads

Brazil’s underlying problem is not a matter of perception, but of very real, generalized insolvency of its financial system. Nevertheless, the Lopes scandal hasn’t exactly helped the Brazilian government’s effort to put a brave public relations face on the looming crisis.

Lopes’s evasion tactics notwithstanding, his refusal to tell the truth before the Senate Committee incriminates him de

facto in the scandalous conduct of the Central Bank on the dollar futures market, especially during the period that preceded the violent devaluation of the peso in January of this year, when 55% of the total foreign exchange positions on Brazil's Commodities and Futures Market were held by the Central Bank, and both President Cardoso and Treasury Secretary Malan knew all about this. The devaluation on Jan. 13 left the Central Bank owing around \$8 billion on futures contracts it had purchased, and gave huge profits to the privileged banks and individuals.

The scandal exploded when it came to light that two banking institutions, Marka and FonteCidam, received subsidized dollars from the Central Bank — i.e., at an exchange rate substantially *lower* than the going market rate — to cover their losses on the dollar futures market. It turns out that it was Luiz Bragança, brother of Sergio Luis Bragança, friend and business partner of “Chico” Lopes, who travelled to Brasilia, together with the owner of Marka Bank, Salvatore Cacciola, to ask for financial help from the Central Bank.

The April 25 issue of the magazine *Epoca*, reports that the brothers Sergio and Luiz Bragança were in turn the conduits for the sale of privileged insider information regarding the upcoming devaluation to various banks, including Marka, FonteCidam, Pactual, and Boavista, information which was supposedly paid for through deposits in a Bahamas account.

But this is just the tip of the iceberg—even though it already adds up to about \$1 billion in shady dealings. In fact, the total devaluation-related losses of the Central Bank on the dollar futures market was about 7.5 billion reals (Brazil's currency, or some \$4 billion at today's currency exchange rate)—although some analysts report that the losses could run as high as 11.4 billion reals. It appears that the Central Bank held the lion's share of all dollar future contracts negotiated on the Brazilian exchange, and that it kept taking such positions even *after* they had decided to devalue—which, of course, provided astronomical profits to privileged banks and individuals who slyly bet for a devaluation of the real.

Among other things, this means that the Central Bank is technically bankrupt, with assets of 3.2 billion reals, and losses of up to four times that amount.

The private banks, however, made out like bandits. Banks such as Garantia, Unibanco, J.P. Morgan, Chase, Itau, and Bank of Boston abruptly changed their market positions on the eve of the devaluation, leading most Brazilians to suspect that the illegal trafficking in insider information was widespread. In addition, 43.5% of the income of foreign banks comes from high-interest government bonds; back in 1994, before Cardoso's nefarious Real Plan was launched, only 4% of their profits came from such instruments.

A look at the ‘gang’

The distinctive characteristic of the Fernando Henrique Cardoso government has been that, behind the image of the honest and immaculate intellectual (he is a French-trained

sociologist), lurk some really huge financial scandals. First, there was the bank bailout program (Proer), through which the banks *Economico* and *Nacional* were rescued, and along with them the Calmon de Sa and Magalhaes Pinto families, whose heir apparent is the President's daughter-in-law.

The government's behavior was no different in the privatization of Telebras, when then-Communications Minister and former banker Luiz Carlos Mendonça de Barros, and president of the National Bank for Economic and Social Development Andres Lara Resende, were caught transmitting privileged information to the Banco Oportunidade, winner of one of the Telebras privatization auctions.

One of the directors at Banco Oportunidade since that time is Persio Arida, former president of the Central Bank, former president of the Bank for National Economic and Social Development, and, above all, a personal friend of Resende and Mendonça de Barros.

The same story repeated itself in the relationship between the Cardoso government and Arminio Fraga, who before taking his current post as president of the Central Bank, was the right-hand man of Soros and, as such, maintained an intimate relationship with the President of the Republic and his economic team. That relationship, of course, gave him first-hand knowledge of the directions of Brazilian monetary policy, always a source of enormous profits.

The greatest scandal

But the greatest scandal of all is the fact that, as a consequence of the repeated government bailouts of the banks, the liquid public debt has already surpassed the half-trillion real mark, a leap of more than 100 billion reals from what it was in December 1998.

This has not gone unnoticed in Brazil. According to the Association of Military Reservists of the state of Paraná, Cardoso and his entire economic team “could be indicted for crimes against the national financial system, under law number 7,492 passed on June 16, 1986, whose Article 4 establishes penalties for the crime of ‘reckless administration of the nation's assets,’ and Article 23, which refers to ‘omitting or delaying official actions by public servants . . . that are necessary for regulating the functioning of the national financial system.’ Both of these are precise characterizations of the macro-economic decisions taken by the responsible monetary authorities (Pedro Malan, Gustavo Franco, Francisco Lopes, Arminio Fraga, etc.) which, over less than four years, led to an imprudent increase in our internal debt of 400 billion reals and an increase of nearly 200 billion reals in our foreign debt, in addition to the frivolous expenditure of more than 103 billion reals, in an irrational attempt to shore up the real's value against the dollar.”

In the face of this scandal, the government's attempt to turn the Marka and FonteCidam banks, and “Chico” Lopes himself, into scapegoats for the whole putrid financial structure, is ridiculous.

Argentine agriculture is going up in flames

by Gerardo Terán Canal and Gonzalo Huertas

Argentina's agricultural producers conducted a three-day strike on April 19-21, called by the Argentine Rural Society, the Argentine Agrarian Federation, the Argentine Rural Federations, and the Agricultural Intercooperative Federation, to protest the economic policies implemented by Economics Minister Roque Fernández, on the demand of the International Monetary Fund (IMF).

The strike had 100% participation across the nation, "something which has not been seen in 52 years," according to one of the older producers. One of the most striking events occurred at Liniers Market, the country's most important cattle auction, where 20% of Argentine cattle is sold. On April 19, only 527 head of cattle were brought in, as compared to the usual Monday auctions of approximately 10,000 head. By Wednesday, the day that the strike action was concluded, not a single animal was brought in.

Despite the fact that the leadership had not organized protests beyond the strike itself, producers carried out actions against the economic model during the three days, including highway blockades around the country and tractorcades. In Santa Fé, during the burning of a 1950s harvester, one producer said, "Watch closely. Just as that harvester is burning, so will the entire productive sector of the country soon be enveloped in flames."

In the province of La Pampa, merchants shut their doors, while in the provinces of Chaco and Santa Cruz, they not only closed their doors but also conducted a blackout. In the province of Corrientes, veterinarians joined the strike.

The strike was also backed by the Rural Federation of Uruguay. In mid-April, Uruguayan producers conducted a tractorcade in Montevideo, in which 15,000 growers participated to protest the free-trade economic policy of Uruguayan President Julio María Sanguinetti.

According to agricultural leaders, support for the Argentine strike was total. Argentine Agrarian Federation president Rene Bonetto insisted that "the strike began on a massive scale, and ended still more massive." Argentine Rural Federations president Marcelo Muniagurria added that "this strike was a plebiscite by the countryside on [the government's] economic policies."

The party is over

Since the Convertibility Plan was launched in 1991, all of Argentina's agricultural producers—as did the industrialists—blindly supported the free-trade model, ignoring the warnings that *EIR* repeatedly issued to the agriculture leaders, that the "model" would only favor the food cartels and the international banks.

Confident that the "stability" achieved through the Convertibility Plan would allow them to garner substantial profits, the agricultural sector indebted itself on a grand scale to increase its productivity and to acquire modern capital goods (tractors, harvesters, etc.), as well as state-of-the-art agrochemicals, and to make major investments in irrigation. According to a report by the Ministry of Agriculture, this yielded a 35% to 80% increase in agricultural productivity for the 1997-98 season, as compared to that of 1991-92. In addition, the area under cultivation grew from 12% to 68% during that same period, depending on the crop (see **Table 1**).

This increase in productivity and land under cultivation, in turn, meant a 76% increase in exports of Argentina's primary products from 1991 to 1996. Currently, 60% of Argentina's total exports come from the countryside, which employs one-fourth of the labor force, or 1 million people, 340,000 of whom are producers.

But the magnificent profits evaporated before they ever reached the producers' pockets. Former Agriculture Minister Marcelo Regunaga told the magazine *Noticias* that, especially since 1996, the government "raised the tax on diesel fuel, lowered reimbursements, imposed tariffs on imports of capital goods, did not return the value-added tax to the exporters, increased the tax on profits, and raised interest rates. [But] the worst is the focus of the economy. This team thinks that the only things to resolve are tax and financial problems."

With the Convertibility Plan, the government eliminated the National Grain Council and the National Meat Council, which exercised control over prices and protected national producers. The result was that the countryside has been left to the mercy of the food cartels, which imposed prices based more on their financial gambling needs than on agricultural

TABLE 1

Argentine increase in agricultural productivity, 1991-92 vs. 1997-98

(% increase)

Crop	Area planted	Amount harvested
Wheat	25%	50%
Corn	40%	81%
Soy	12%	36%
Rice	68%	38%

Source: Argentine Ministry of Agriculture, Cattle, Fishing, and Food Production.

production. To this can be added the serious crises of South-east Asia and neighboring Brazil, which had been the new markets for Argentina's growing agricultural exports.

On April 22, the magazine *Trespuntos* wrote that, because of the fall of international prices, agriculture this year would only receive "fresh revenues" of some \$7.5 billion, \$4.5 billion less than it took in after the so-called "Tequila Effect," the financial fallout from the Mexican debt crisis of 1994-95.

Domestically, the government reduced the taxes on food imports from 39% to 10%, on average, during 1989-95, and authorized the supermarkets to set their own price policy. All of this forced producers to sell at bargain prices in order to stay in the domestic market at all. As one grower from Santa Fé province said to *La Nación*: "I was born in the countryside, and never saw a situation like this. The yields of the countryside are not bad, but the accounts are in the red. In this area, wheat, soy, sorghum, and beans are produced. But for some time now, it has been very difficult to sell the crops, even with prices falling to half."

The agricultural debt

As a result of the government's high interest rates and financial policy, the agricultural sector's debt is currently \$10 billion, of which \$7 billion is uncollectible. That is why between 11 and 12 million hectares have been mortgaged, as

have farm machinery and even the personal assets of the growers. *Noticias* wrote on April 24 that, "of a total of 300,000 agricultural producers, 180,000 are heavily indebted, and the rest are living in a subsistence economy."

To meet its obligations to the IMF, the government has maintained an unsustainable tax pressure on the agricultural sector. A producer has to pay 13% to 42% on his assets; taxes on profits are 6-35%; and so on. And, the government has also invented a tax on interest paid for credit.

Further, as an indirect tax, a producer must pay 12¢ for every liter of diesel fuel. A recent study by the Argentine Rural Federations indicated that cultivating one hectare of soy/corn consumes 20 to 35 liters of diesel, which translates into \$2.40 to \$4.20 per acre—just for the tax on fuel.

As a result of privatizations since 1991, growers began to pay tolls on the highways. For example, an Argentine Rural Federations study estimates that a grower with 200 hectares, who has to get his 70 hundredweight (cwt) (3,556.14 kilograms) of corn to the export complex at Rosario, must pay \$25 per truck to go through a single toll. So, that grower has to pay approximately \$1,200 to get his 70 cwt of corn to market. Add to this the costs generated by privatization of public services, whose rates include up to 42% in taxes, which the government apparently uses to pay the foreign debt.

Soros and Co. lie in wait

During 1992-97, while rural establishments declined in number by as much as 30%, the government's policy left open the doors for speculators and financial sharks to buy up vast chunks of the best lands in Argentina. According to unofficial reports, narco-speculator George Soros already has something on the order of 800,000 hectares of prime Argentine land.

In one of the documents issued by the agriculture federations in March, it is stated that the situation, "aggravated by the international picture and by the Brazil crisis, shows the economic team to be either very impotent in the face of these facts, or suffering from an alarming ignorance of the agricultural sector and the limitations imposed by the weather, the prices, and the availability of financing, on development of its activity. This is the only way to explain the recurring threat by government officials, that farmers should either sell off their landholdings or invest in other economic areas, if they don't want their accounts in rural enterprises to be shut down."

Despite the significance of the strike, as of this writing the Argentine government has shown no sign of changing its economic direction, which has driven the agricultural sector—which in another time would have been the basis for Argentina to become the ninth industrial power in the world—to the brink of extinction.

Some of the slogans used by the producers during their strike eloquently state the lesson to be learned: "If the countryside dies, the city doesn't eat," and "The country can save itself with agriculture; without it, the country perishes."

So, You Wish To Learn All About Economics?

by Lyndon H. LaRouche, Jr.

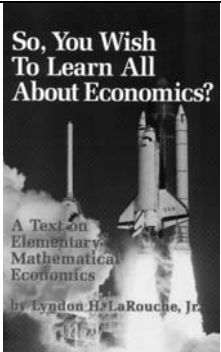
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Unions are being decimated

And they have the leadership of the Australian Labor Party and the Australian Council of Trade Unions to thank for it.

Over the last several years, the nation's once-proud trade unions have suffered a savage assault. In 1997-98 alone, one-quarter of the top 20 unions each lost more than 10,000 members—huge numbers by Australian standards, where, even after a series of amalgamations beginning in the 1980s, most of the biggest unions total no more than 100,000 members.

In part, this carnage was wrought by the “usual suspects”: by a fanatically anti-labor government dominated by the free-trade Mont Pelerin Society, which came to power under Liberal Prime Minister John Howard in March 1996, and by the world's largest raw materials company, the British Crown-controlled Rio Tinto, which helped elect that government. Rio Tinto secretly authored most of the legislative and other assaults by the government, including the notorious Workplace Relations Act in 1997, which all but outlawed the right to strike, and which the International Labor Organization denounced as a violation of civilized society.

However, the groundwork for all this was laid in the 1980s by the trade unions' own party, the Australian Labor Party (ALP), in conjunction with a handful of top figures in the umbrella union body, the Australian Council of Trade Unions (ACTU). And now, things are poised to get worse, as the ALP prepares to formally adopt the “Third Way” anti-labor policies of Her Majesty's Privy Councillor, British Prime Minister Tony Blair.

In 1983, the ALP took power under Prime Minister Bob Hawke. Together with Treasurer Paul Keating, Hawke floated the Australian dollar,

deregulated the financial system, dropped tariffs, privatized state-sector industries, sold off the national bank, and, in general, utterly ripped up the protectionist, national banking policies cherished by the ALP since its founding.

Though a former ACTU president, Hawke was always close to the “big end of town”—the heads of major corporations, such as trucking magnate Sir Peter Abeles; Zionist leader Isi Leibler; and media multi-billionaire Kerry Packer. Meanwhile, Hawke protégé Bill Kelty replaced him as ACTU boss, and, like Hawke, functioned as a puppet for the multinationals, even being appointed to the board of the country's central bank, the Reserve Bank. Trade union membership plummeted from 45% of the workforce in 1986, to 28% at present (and only 21% in the private sector).

While Hawke and Kelty pretended to be pro-labor, Keating, who replaced Hawke as Prime Minister in 1991, was a bit more candid. As Keating once told his good friend Lord Alistair McAlpine, the treasurer of Margaret Thatcher's Conservative Party for 15 years, “I am going to tear the trade unions apart, tear them up.”

Since leaving office, Hawke, now a millionaire “corporate consultant,” has also been more forthright about his sympathies. Asked by ABC Radio on July 16, 1997 what he thought about labor's resistance to Howard's industrial relations “reforms” which were decimating the unions, Hawke counselled labor to accept the changes: “I think it's bloody stupid if the unions and the ALP say March 1996 [when the Liberal/National Coalition won

control of government] didn't happen.” As for bankers' boy Kelty, he told the Melbourne *Age* newspaper on Nov. 28, 1998 that he had *purposefully* gutted the once-mighty ACTU. “Of course the ACTU has less power and authority than it had. Of course it does. But who argued for that? Which organization argued most strongly to have less influence? Us.”

In March 1996, the nation rebelled against the devastation wrought by the Hawke-Keating free trade policies, by voting in Howard and his Liberal Party/National Party coalition. Stung by a huge electoral defeat, and by union threats to disaffiliate from the ALP, ALP parliamentary leader Kim Beazley, a former cabinet minister in the Hawke-Keating era, took a step back from the worst of their free trade policies. Now, however, Beazley's ALP is about to renew its anti-union crusade under the rubric of “Modern Labor,” the downunder version of Blair's savage anti-union policies.

Shortly after the 1996 electoral defeat, Beazley called for a sweeping, three-year review of all the ALP's policies, “top to bottom.” Although Beazley has claimed he is not pushing Blair's “Third Way,” but merely what he calls “Modern Labor,” the two figures whose ideas he has helped push to the fore as part of a policy debate within the ALP, shadow Finance Minister Lindsay Tanner and Member of Parliament Mark Latham, are raving Blair clones who have each written books trumpeting the “end of the Industrial Age,” the necessity for the ALP to embrace the “globalist information society,” and the need to overhaul the party's structures to reflect this New Age. Or, as New South Wales Premier Bob Carr (Labor) recently put it, “We've got to get rid of the old culture of the Labor Party,” foreshadowing a Blair-style purge of the unions' traditional dominance of the ALP.

Business Briefs

Italy

Leaders react to threat to industrial system

The Milan daily *Il Giornale* on April 17 mooted that an "anti-foreigner alliance" has been formed between Mediobanca head Enrico Cuccia and Italian Prime Minister Massimo D'Alema. The week before, the two met at the house of businessman Alfio Marchini, and reportedly discussed the slew of attempted financial takeovers in Italy, in which Banca di Roma, Comit (Banca Commerciale Italiana), and Telecom Italia are in danger of being brought under foreign control.

Cuccia reportedly told D'Alema that the break-up of Mediobanca's financial power would have serious consequences for the Italian industrial system, and would allow the creation of bridgeheads "against Italy's productive system, both public and private."

Il Giornale suggested that the Prime Minister and the head of Mediobanca both want to stop the "economic colonization of our country," and that they share "a growing hostility toward [Carlo Azeglio] Ciampi, [Mario] Draghi, and Co.," who are otherwise known as the "Britannia boys," because of their role in a meeting in 1992 on board Queen Elizabeth's yacht, which planned out an attack on the Italian economy.

Infrastructure

Trans-Asian Railway to close the gaps

The International Union of Railways (IUC) Trans-Asia committee chairman V.K. Agrawal said that a sea-link from Singapore to Bangladesh or India must be used until the "huge gaps" in the rail network inside Myanmar can be closed, in an interview with the April 26 *Business Standard* of India. In a recent meeting, the committee estimated that 800 kilometers of rail links are needed in Myanmar, and concluded that it will take a long time for these links to be built. In Iran, about 500 km of rail line between Zahedan and Kerman is under construction and is expected to be completed in about a

year's time.

"We realized that the missing rail links in Myanmar are huge and it will take a long time to build them. Till this happens, containers will be brought from Singapore to a port in Bangladesh or India by small ships and then carried on rails to Europe," Agrawal said. "Once built, the route will save transportation time between Singapore and Europe by two weeks. An action plan is being drawn up by the member countries of IUC. But a final decision remains to be taken on a number of issues like cross-border formalities."

Currently, ships carrying containers from Singapore have to cross the Indian Ocean and the Arabian Sea, and transit the Suez Canal before reaching Europe.

The IUC is expected to choose either Chittagong in Bangladesh or the Indian port of Haldia, near Calcutta, as the receiving point for containers from Singapore. The goods would then move through India, Pakistan, and Iran, and enter Europe through Turkey. Another rail line from Iran will take some of the containers to members of the Commonwealth of Independent States. The project is expected to boost trade among Asian and European countries along the rail route.

"Each member country of the IUC will develop the missing links and the necessary infrastructure for its portion of the route at its own cost. The economic potential of the project is so huge that they all have agreed to do so," Agrawal said.

Nuclear Energy

Russia and China to develop fast reactor

The Russian government has approved a proposal from the Atomic Energy Ministry for the Russian TVEL nuclear industry group to negotiate a contract with China on designing the active section of an experimental fast breeder reactor. Interfax reported on April 21.

The two nations will also discuss delivering to China enriched nuclear fuel (up to 64.4% of the uranium-235 isotope) in the form of heat-generating and regulating elements. The contract will be signed if China

observes all Russian regulations on the export and import of nuclear materials and equipment, and if the ministry and TVEL agree on the surrender of federally owned nuclear materials to TVEL. Russia's Atomic Energy Ministry is to monitor how the contract is carried out. TVEL, set up in 1996, is a 100% federally owned group.

Meanwhile, construction of the Lianyungang nuclear power plant, the largest Chinese-Russian joint venture, should officially begin in October as planned, Xinhua reported on April 20. Four 1-million-kilowatt generators will be installed, and there is space for two additional generators in the future. During the first-stage construction, two Russian-built pressurized water reactors will be installed. The two generators will be completed and commissioned in 2004 and 2005, respectively, providing 13 billion kwh of electricity a year.

Economic Policy

Malaysia's Mahathir to release new book

A book by Malaysia Prime Minister Dr. Mahathir bin Mohamad, *A New Deal for Asia*, which outlines the need for global financial reform, will be released in early May, Bernama reported on April 30. In the book, Mahathir says that Asia must rebuild its economy on more solid foundations than before, and that it will not succeed, and may face a recurrence of its earlier crisis, if the entire world does not learn that the speculative onslaught that hit Asia must be rooted out of the global financial system. "Must the Dow Jones crash with all the pain and anger this entails before the world will wake up?" he asks. "We all share a common fate, and . . . there must now be a willingness to challenge some of the most fundamental tenets of global capitalism."

The damage wrought by the crisis triggered strong emotions, including some anti-Western sentiment, but it is not wrong for Asians to fear a new form of economic colonialism, because they have seen foreign investors snapping up assets at bargain prices. "If globalization and open markets are to contribute to true growth and enrichment of people, there must be certain regu-

WORLD GRAIN output in 1999 will be below "expected consumption," and about 1.5% below 1998 overall, with wheat and coarse grains output down 3% and 2%, respectively, the UN Food and Agriculture Organization warns in its April newsletter. "Global cereal reserves will have to be drawn down" in 1999, the FAO forecasts. Such estimates are already way below true dietary needs.

OFFICIALS of China's Xinjiang region and Russia's Altai frontier region met on April 7 to negotiate economic, trade, scientific, and technical cooperation. Xinhua reported. Xinjiang's regional chairman Abdulahat Abdurixit called for wide-ranging exchange and cooperation to promote common development.

INDONESIAN Minister for Social Affairs Yustika Sjarifudin Baharsjah told parliamentary Commission VIII that, in Jakarta alone, the number of unattended children has risen from 3,000 before the financial meltdown to around 16,000. Nationwide, she reported that there are 50,000 street children. *EIR* has received reports of a similar nature from Manila and Bangkok.

AUSTRALIA'S largest industrial conglomerate, BHP, built on mining and steel, plans to cut R&D spending (and its 400-person research staff employed in Australia and the United States) by half. BHP's R&D effort is the single largest of any Australian firm, and it also provides sizable support for external R&D activities, such as scholarships.

COAL EXPORTS from the United States to Europe are falling and may never recover. Exports in 1996 were 79 million tons, and they are expected to be 58 million tons this year, the May 2 *Washington Post* reported. The decline started with the Asian financial crisis, and was exacerbated by factors ranging from Australian overcapacity and the end of apartheid in South Africa, to chaos in ocean shipping and steel dumping in eastern Europe.

lating mechanisms or laws for everyone to observe. Without these, the strong and the corrupt will rule and dominate, and the sheer lust for money will be allowed to set the global economic agenda. . . . Now is not the time for recriminations, but to re-examine the way our global economic system functions. Yet I do not see this discussion in major Western media," Dr. Mahathir says.

"Nobody seems to question the rights of currency traders or stockbrokers to play with the fate of entire nations in their pursuit of great profits. Nobody seriously asks why currency transactions should not be taxed or regulated like conventional trade is," he says. "How can Western powers preach democracy and demand more transparency of Asian nations when their own brand of global capitalism is kept secretive and unquestioned?"

Finance

Chinese scholars urge new financial order

Chinese scholars meeting in Shanghai, China's biggest industrial city and financial center, said that the world financial order has suffered from an increasingly severe crisis centered on mushrooming malpractices, and called for rebuilding the world's financial order, Xinhua reported on April 23.

Developing countries have the right to supervise the international financial sector, which should be opened on a step-by-step basis, they said. Although financial liberalization and commercialization since the 1980s have helped improve the efficiency of the international financial market, the lack of safety mechanisms and risk management, and the weakness of the international financial legal system, have sparked rampant speculation and bubbles around the world, they stated. The situation has harmed economic development, financial order, and the living standards of people in many countries.

They proposed strict controls on the flow of short-term international capital, and emphasized that global transfers of capital with a term of one year or less should be prevented. They also called for improving monitoring of the system.

Participants stressed the financial sovereignty of all countries, noting that developing countries efforts to liberalize gradually should be respected. They also called on the international community to support the restrictive measures taken by sovereign countries against international capital to protect the stability of their financial sector.

Thailand

State sector workers say, stop privatization

On April 28, the last day of the International Monetary Fund's annual spring meetings, the myth of the "Thai miracle" blew up in the IMF's face. Some 4,000 members of the State Enterprise Workers Relations Confederation staged a rally in Bangkok, protesting bills in Parliament calling for privatization of state sector firms, including the state electrical authority, EGAT. "IMF Go to Hell — No Sale Thailand," read one of their banners, photographed for the front page of the next day's *Bangkok Post*.

The union is calling for a public hearing on the legislation and a full accounting of the consequences of privatization, with the plan to be suspended until these issues are addressed; otherwise, it says, the government should dissolve Parliament and let the bills lapse. The union secretary general said that in other countries, public utility rates have risen 200-600% under privatization. Privatizing EGAT, he said, would lead to 150,000 layoffs, more than 50% of current staff.

The union started its protest paying tribute to King Rama V, who introduced public utilities a century ago.

On April 29, union leaders met with the Communication Minister, who said that the government has promised that privatization of state sector firms will not lead to layoffs, and that the cost of basic services will not increase. The sticking points were over workers' concerns about "the loss of Thailand's economic sovereignty," Agence France Presse reported, and that the proceeds from privatization will go to pay off the debts incurred by the government's early attempt to bail out bankrupt banks, which were later shut down.

A step back from the precipice of total war

by Rainer Apel

During the six weeks since the beginning of the air war against Serbia, the world was at the brink of a major international conflict, possibly even a new world war. Now, with President Clinton's May 6 visit to Bonn and the simultaneous conference of the foreign ministers of the Group of Eight there in Bonn, a degree of reason for hope exists that the threatening catastrophe can be averted.

Two points which crystallized out of the diplomacy of the past week, deserve special emphasis: first, the repeated insistence of the U.S. President that all efforts must be made to obtain a solution to the Kosovo conflict together with Russia; and, second, the decision of the eight foreign ministers of Canada, France, Germany, Italy, Japan, Russia, the United Kingdom, and the United States, to also inform the government of China in detail about the results of their consultations in Bonn. Taken together, these diplomatic steps serve to reestablish, to a certain extent, the strategic ties among the United States, Russia, and China, which had been all but destroyed by the British-controlled confrontationists with the (intended) failure of the Rambouillet negotiations, and the initiation of the air war. But peace can only be secured and shaped once the guns are indeed silenced.

To recapitulate the most important stages of the recent diplomacy:

On May 4, President Clinton, at a press conference in Washington together with his guest from Japan, Prime Minister Keizo Obuchi, said that he did not want a total victory over Serbia, and that he was instead looking for an agreed-upon political solution, in which Russia and the United Nations would play a role, but also Ukraine and "perhaps others who come from the Orthodox tradition, who have close ties to the Serbs." He said that his trip to Europe, which began on May 4, was in pursuit of this goal. While en route to Brussels, Clinton gave NBC anchor Tom Brokaw an exclusive inter-

view, in which he said that he felt encouraged by the Russian initiatives, and hoped that a political solution could be found on this basis. Clinton said that he wanted a safe return of the Kosovar Albanians to their homes, and that the solution for Kosovo must avoid the 1991-95 disaster in Bosnia. It is a good thing, Clinton emphasized, that the Russian government is working "aggressively," with great energy, toward a peaceful solution, and that it is also desirable that the Russians play a role in the future international peace force for Kosovo.

Clinton let no doubt arise, that NATO would continue the air war until a solid diplomatic solution had been found, and that was the subject of his discussions at NATO headquarters in Brussels, where his European trip began. Yet, one or another of the military people, with whom Clinton discussed the situation, could not have failed to sketch out the risks involved in continuing the military operation, which was ill-conceived from the outset. Gen. Klaus Naumann, the German chairman of NATO's Military Committee, who is just now retiring from that post, is likely to have repeated in his discussion with Clinton, the critical remarks he made at a press conference on May 4, on the blunders of the Balkan air war. At that press conference, freed from the gag rule of his official position, Naumann spoke with a clarity which is conspicuously absent from remarks by German politicians. He said that the Alliance had failed to achieve essential goals of its operation. In particular, it was unable to prevent hundreds of thousands of Albanians from being driven out of Kosovo, and the Alliance will continue to fail at that task by employing military means alone. A political solution has to be found, he admonished.

During the second phase of Clinton's European trip, in his discussions in Germany, the contours of the political situation began to take shape. The U.S. President used his two brief visits to the Spangdahlem and Ramstein air bases to support the morale of the U.S. troops stationed there. But he also sent

an important signal to Moscow to dispel fears: It is not the aim of the United States to conquer and occupy territory, Clinton said, but rather to achieve a peace which encompasses all of Europe. That remark set the theme which characterized the second day of Clinton's visit to Germany. First of all, there was a May 6 press conference at the military airport in Frankfurt, where the President showed confidence that a major step forward toward a political solution for peace in Kosovo would be achieved that same day. Much depended on the Russian attitude, Clinton said, and if the hoped-for breakthrough were not achieved that very day, then it would come very soon: of that he was sure. Clinton's remarks referred to the conference of the foreign ministers of the G-8, which was just beginning in Bonn. In discussion with the media, Clinton said that he believes in a solution which would make a ground war against Serbia unnecessary, because there was hope that Belgrade would make concessions in time.

The surprising release of the political leader of the Kosovo Albanians, Ibrahim Rugova, and Serbian President Slobodan Milosevic's release of the three captured American soldiers a few days earlier, were a signal in that direction, Clinton said. In these media discussions in Frankfurt, Clinton repeated that he was working for a solution together with Russia and the United Nations.

The Bonn declaration of the eight foreign ministers (see box), which not only emphasizes the role of the United Nations and the UN Security Council, but also, under Point 4, explicitly includes China in the efforts for a peace solution, is a step in the same direction. One week following the Bonn meeting of the G-8 foreign ministers, German Chancellor Gerhard Schröder will embark on a visit to China, which can become a crucial step in international diplomacy.

Only reconstruction will secure peace

Nevertheless: Non-war is still not a reliable and secured peace. What is still missing, is a signal that the desired peace will be backed up *economically*. On this point, the nations involved in Balkan diplomacy have provided only vague hints, at best. The remarks which Clinton made in his April 15 speech in San Francisco on a new, comprehensive program for reconstruction for all of southeast Europe (see *EIR*'s April 30 issue), are among the most positive to be heard from official channels to date. That, however, is not sufficient, because the International Monetary Fund is still always counted as a stowaway in the sort of "New Marshall Plans" which a number of governments, including the Germans, have envisioned as the crucial element in the future of the Balkans.

There is no need to start at square-one to look for how to provide a sustainable economic foundation for peace. It is appropriate to refer to the discussions and results of the recent conference in Bonn, where Lyndon LaRouche, Helga Zepp-LaRouche, and representatives of Russia, China, India, and Germany addressed this issue (see *EIR*'s May 7 issue). In the same vein, there was the well-attended *EIR* seminar on May

5 in Washington, which may serve the governments as a point of reference for their deliberations in this regard.

Following Clinton's trip to Europe, there is, at any rate, hope for better conditions for an intensive international dialogue on an honest foundation. This is a grand step forward compared to the situation in which the world found itself on the first day of the air war against Serbia back on March 24.

The Group of 8 communiqué on Kosovo

The following "General Principles of the Political Solution" was adopted by the foreign ministers of the Group of Eight nations at their meeting in Petersberg, Germany, on May 6, 1999:

1. The G-8 Foreign Ministers adopted the following general principles on the political solution to the Kosovo crisis:

- Immediate and verifiable end of violence and repression in Kosovo;
- Withdrawal from Kosovo of military, police and paramilitary forces;
- Deployment in Kosovo of effective international civil and security presences, endorsed and adopted by the United Nations, capable of guaranteeing the achievement of the common objectives;
- Establishment of an interim administration for Kosovo to be decided by the Security Council of the United Nations to ensure conditions for a peaceful and normal life for all inhabitants in Kosovo;
- The safe and free return of all refugees and displaced persons and unimpeded access to Kosovo by humanitarian aid organizations;
- A political process toward the establishment of an interim political framework agreement providing for a substantial self-government for Kosovo, taking full account of the Rambouillet accords and the principles of sovereignty and territorial integrity of the Federal Republic of Yugoslavia and the other countries of the region, and the demilitarization of the UCK [Kosovo Liberation Army];
- Comprehensive approach to the economic development and stabilization of the crisis region.

2. In order to implement these principles the G-8 Foreign Ministers instructed their Political Directors to prepare elements of a United Nations Security Council resolution.

3. The Political Directors will draw up a roadmap on further concrete steps toward a political solution to the Kosovo crisis.

4. The G-8 Presidency will inform the Chinese government of the results of today's meeting.

5. Foreign Ministers will reconvene in due time to review the progress which has been achieved up to that point.

Peace through development for the Balkans

The following declaration was issued on April 28, and is being circulated for signatures internationally by the Schiller Institute.

The obvious fallacy in current NATO policy respecting the Balkans is, that the mere fact, that one professes to be acting on behalf of a moral concern, does not mean that the action may not produce results directly contrary to that professed motive.

Such were the considerations in definitions of justified and unjustified warfare. War is not morally justified, no matter what the professed moral pretext, unless that war is necessary as the only alternative, and unless the means applied are likely to succeed in removing the cause for which a war is fought.

The present situation in the Balkans affirms the wisdom of the aforementioned considerations, because so far the military campaign has not been successful, but rather has caused a deterioration of the global security situation, and led the Kosovar Albanians into catastrophe.

We, the signers state that:

1. there is no durable or permanent and just solution of the crisis without reaching a strategic consensus among leading NATO states and leading nations like Russia and China;
2. no single regional crisis can be observed or treated separately from the global financial crisis and its consequences;
3. only by reaffirming the concept based on the development of the real economy, can we have a solution for Kosova, the Balkan region, and southeastern Europe;
4. we greet and support the initiative for the regional development plan presented by U.S. President Clinton.

Therefore, we demand:

1. to reach an urgent diplomatic solution for Kosovo, using UN Secretary General Kofi Annan's plan as a basis, to be conducted through the UN Security Council, and with the full consent of Russia, China, India, and other key nations;
2. to work out a "Marshall Plan" for the region, using the already-existing materials on postwar reconstruction plans for Bosnia-Herzegovina and the region as an integral part of the overall Eurasian development program;

3. an approach to reform the world monetary and financial system by creating an architecture of the "New Bretton Woods" without delay (i.e., fixed exchange rates, protection of national economies, and sovereign credit generation for economic development);
4. an urgent and sharp break with the International Monetary Fund and World Bank practice of imposing austerity measures and unacceptable financial conditionalities on sovereign nations;
5. debt moratoria for the economies of the region, which have been ruined by war and enforced shock therapy;
6. use of the model of the Kreditanstalt für Wiederaufbau during the post-World War II period reconstruction of Germany;
7. joining the initiative for launching the project of the Eurasian Land-Bridge as a spine of Eurasian development in cooperation with all interested nations;
8. inclusion of all Balkan and southeastern European states into the Land-Bridge project.

This would include exemplary projects such as:

Full rehabilitation of the Danube waterway as the most important European waterway. Development and expansion of the rail line connecting Munich, Vienna, Budapest, Nis, Sofia, Plowdiw, and Istanbul as the southern corridor of the new Eurasian Continental Land-Bridge. Expansion of water systems (canals, etc.) of rivers such as Drava and Sava; linkage of the Danube to the Morava and Vardar rivers, thereby establishing navigable waterways through Serbia, Macedonia, and Greece to the Aegean Sea. These waterways would also serve as infrastructure corridors for the development of industry.

Development of four main regional corridors of rail/road and water connections, such as:

Salzburg to Villach, Ljubljana, Zagreb, Belgrade, Nis, Skopje, Thessaloniki, Athens;

Linz to Graz, Maribor, Zagreb, Karlovac, Split, Ploce, Dubrovnik, Durres, Athens;

Budapest to Pecs, Osijek, Tuzla, Sarajevo, Mostar, Ploce;

Vienna, Gyor, Szombatheley, Nagykanizsa, Maribor, Ljubljana, Monfalcone, Mestre, Milan.

The development of modern agriculture in the whole region as another major priority.

Signed:

Faris Nanic, Secretary General of the Party of Democratic Action (SDA) of Bosnia in Croatia;
Chief of Staff of President Alija Izetbegovic of Bosnia-Herzegovina in 1996

Helga Zepp-LaRouche, President of the Schiller Institute

British Lords launch assault on nation-state

by Cynthia R. Rush

In mid-April, Britain's Scotland Yard rearrested Chilean Gen. Augusto Pinochet, on a new warrant reflecting the Blair government's decision to let stand the request by Spanish magistrate Baltasar Garzón that the former dictator be extradited to Madrid and prosecuted on charges of torture and murder. Pinochet was first arrested last October on the basis of Garzón's original warrant, and he has been held under house arrest in London since then.

On March 24, Britain's Law Lords trampled the principle of sovereign immunity, ruling that Pinochet could be held responsible for human rights crimes committed while head of state, and tried in a foreign court. They only stipulated that the time frame be limited to crimes committed after 1988. This left intact only two or three charges against the Chilean, leading to speculation that Home Secretary Jack Straw might reject Garzón's original request and let Pinochet return to Chile. Instead, on April 14, Straw reaffirmed it.

Pinochet's supporters were dumbfounded that Britain, which the 82-year-old general had so loyally served, would take such action. They wouldn't have been surprised, had they grasped that the Pinochet case is a critical element in the global assault on sovereign nation-states, directed by the British-American-Commonwealth (BAC) apparatus behind NATO's bombing of Yugoslavia. As the world financial system crumbles, the BAC is using the "humanitarian" and "human rights" crises it helped create, to wage war against nations. Ibero-America's armed forces are one of its many targets.

That the Pinochet case is part of the BAC's larger strategy has been manically proclaimed by globalists of various stripes. One is Reed Brody of Human Rights Watch, the George Soros-financed non-governmental organization which is a longtime fixture in the BAC's stable of nation-wrecking organizations. In an interview with Argentina's *Clarín* on April 16, Brody hailed Straw's decision as a "definitive victory," and pontificated that "it would have been very contradictory if, at the same time that Blair was directing the world's attention to stopping the crimes of *lèse humanité* in Kosovo, Pinochet had been allowed to go free."

Jimmy Carter's National Security Adviser Zbigniew Brzezinski was even more explicit, on public television's Charlie Rose talk show on March 25. Brzezinski emphasized

that *together*, NATO's bombing of Yugoslavia and the Law Lords ruling on Pinochet "signal something very important, namely, the emergence of what might be called 'a global code of conduct,' a global sense of responsibility, a global awareness of what is tolerable and what is not."

A 'global jail'?

Since the Law Lords' ruling, globalization advocates have gone into a full attack on Ibero-America's armed forces. Paraguayan lawyer Martín Almada, one of Garzón's witnesses against Pinochet, demanded in late March that former Paraguayan dictator Gen. Alfredo Stroessner, resident in Brazil since his 1993 overthrow, be extradited to Madrid for prosecution along with Pinochet. Another Garzón collaborator in Madrid, Argentine human rights lawyer Carlos Slepoy, told *Clarín* that there is evidence to prove "not only the responsibility of Pinochet and Stroessner, but also of those who ran the Southern Cone dictatorships, such as [Argentine] Jorge Videla, subsequent members of Argentina's military juntas, and [former Bolivian junta leader] Hugo Bánzer." Jack Straw's decision "lays down the principle of universal jurisdiction in the prosecution of human rights crimes."

American historian Joseph Tulchin, an anti-military activist linked to the BAC's Inter-American Dialogue (IAD), elaborated on this point in an article titled "A Global Jail," in *Clarín* on April 4. The cases against Pinochet and Paraguay's anti-globalist Gen. Lino Oviedo are important steps toward a new "international regime," he said, in which nations will submit to international treaties defining "specific codes of conduct."

How is this to be enforced? Tulchin cites the case of Paraguay, where BAC allies recently acted in the name of "democracy" to oust democratically elected President Raúl Cubas because of his ties to Oviedo and the nationalist military. He hints that "if evidence surfaces" of Oviedo's alleged involvement in the March 23 assassination of Vice President Luis María Argaña, "supranational mechanisms could be fabricated to deal with such an attack on the rule of law." Oviedo fled Paraguay and has been granted asylum in Argentina.

As NATO's bombing campaign against Yugoslavia continues, Ibero-Americans are increasingly realizing that their nations are vulnerable to the same BAC treatment meted out to the Balkans. One reflection of this was the April 29 statement by Peru's Foreign Ministry, calling for a halt to NATO's bombing campaign and involvement of the UN Security Council to bring about a diplomatic solution. Less diplomatic were the remarks of well-known Peruvian journalist Patricio Ricketts, at a roundtable discussion at the Russian-Peruvian Friendship Society on April 23. Ricketts warned that for Ibero-America, the "new NATO" would be what the IAD calls "the new OAS" (Organization of American States), that is, an instrument for supranational intervention into any country which defies London's "democratic stability," and the genocidal neo-liberal economic dictates which go with it.

The strains of war, and of depression

The government's flight-forward will have a rough landing, if the administration can stay in power.

Among the NATO officials that President Bill Clinton met in Brussels on May 5, the first day of his two-day visit to Europe, was Klaus Naumann, the outgoing chairman of the alliance's Military Committee. It is not known what he told Clinton, but Naumann gave his assessment of the six weeks of air war on Yugoslavia to the media on May 4: NATO had missed many, if not most of its objectives, he said. It had underestimated the resistance of the Serbian regime, and it had failed to prevent the mass expulsion of close to 1 million Kosovar Albanians by the Serbs. Naumann said that NATO would continue its air war until conditions for a peace settlement were reached, and added that there was a consensus in NATO that no ground forces would be deployed before a cease-fire. How long the air war would last, Naumann would not speculate, but he said that it would be unable to prevent more Kosovar expulsions from taking place.

Naumann's remarks have been the most prominent to date among leading German officials, but such remarks can be expected from others in the coming days. The "red-green" government, however, is suppressing public discussion about the air war. Most telling about the state of mind of Chancellor Gerhard Schröder was a meeting in Bonn on May 3 of the national presidium of the Social Democratic Party (SPD), of which Schröder had been elected chairman on April 12. There, several party members, among them state section chairmen, leveled charges against Schröder and his cabinet on several counts: their lack of commitment to gather information

from NATO, and to pass available information on to bodies outside the cabinet; lack of commitment to tell the other leaders of the NATO governments about the existence of strong criticism of the air war inside Germany; and lack of commitment to insist on an increased German say in NATO on the operational side of the air war. It should at least be possible, critics told Schröder, that Germany insist that NATO focus strictly on military targets, instead of bombing all Serbian infrastructure, including civilian targets.

When the latter issue was raised, Schröder exploded, telling his critics that because Germany is not playing a leading role in the air war, it should not be too deeply involved in the details of military operations. In any case, he said, as long as he was Chancellor, he would not allow doubts to be cast on Western alliance policy.

But, how long will he be Chancellor? Despite all the internal criticism, the Social Democrats are not expected to cause real trouble for the government. But, there is the SPD's minor coalition partner, the Greens, where anti-war currents dominate 50% or more of party membership. Back during the second week of the NATO air war, when the war's critics were already gaining ground, the Green party executive, in an attempt to calm the waters, proposed a special party convention on the Balkans, for May 13 (by which time, they hoped, the air war would be over). With no end of the air war in sight, that convention may see a majority of the Greens voting against their own ministers in the Schröder cabinet. Then, will the government

fall, or will it backtrack from its pro-NATO position to stay in power?

If one takes the most recent statements by Schröder, Defense Minister Rudolph Scharping (SPD), and Foreign Minister Joschka Fischer (Greens) at face value, they will try to muddle through. Party strategists in the SPD and the Greens point out that the government is not seriously challenged, although opinion polls show a dramatic loss of popularity. If there were national elections now, this government would be voted out, and the Christian Democrat/Free Democrat opposition voted back in, by a margin of 7% or more. But, there is only one regional election, on June 6, in the city-state of Bremen, and the elections for European Parliament on June 13. The government pretends to be "confident" that it will not be challenged before a round of regional elections in September and October, by when, it hopes, the Balkans conflict will be over. But, it may fall over another issue.

The war is only one among several issues generating opposition to the government. The "tax reform" that went into effect on April 1, notably the ecology and gasoline tax, as well as cuts in tax rebates, for example, in the area of the popular part-time jobs below an income of 630 deutschemarks per month, have caused the popularity rating of Schröder to fall from 47% to 39% during April. Despite the outrage over taxes, on May 4, Finance Minister Hans Eichel announced more budget cuts "without any taboos," which implies cuts in the social and welfare departments.

The government will find it much more difficult to make the mounting social unrest disappear, than NATO Serbia's infrastructure. And, many Social Democrats may find it easier to bring down the government over economic and social issues, than over the war.

International Intelligence

LaRouche associate takes Santo Domingo by storm

Carlos Cota Meza, a leader of the Ibero-American Solidarity Movement (MSIA) in Mexico, has received widespread coverage during his week-long tour in Santo Domingo. The daily newspaper *Hoy* on May 3 interviewed Cota, describing the MSIA as “a movement inspired by the American economist Lyndon LaRouche, who argues that Latin America meets the condition to become an economic power.” After summarizing LaRouche’s Eurasian Land-Bridge and New Bretton Woods proposals, *Hoy* continued: “According to Cota Meza, Latin American rulers are more afraid of protectionism than of NATO’s bombs. The most pathetic case is that of Hugo Chávez, the Venezuelan President, who assumed power with the overwhelming support of the people, but who is now preparing to destroy the Constitution so as not to confront the IMF [International Monetary Fund]. ‘Chavez wants to create a new Constitution to accommodate to globalization and to apply free trade,’ said Cota.”

The afternoon daily *La Nación* also published a lengthy article/interview on May 3. On April 30, Cota gave a live interview with television host Julio Hazim, while a Catholic network broadcast a pre-recorded interview, the same day.

Iran, Saudi Arabia in security talks

Relations between Saudi Arabia and Iran, which have been improving steadily, will be further consolidated by a visit of Iranian President Seyyed Mohammad Khatami to Riyadh in early May. Saudi Defense Minister Prince Sultan ibn Abdel Aziz has just been in Tehran, and met Defense Minister Ali Shamkhani, Khatami, and the Supreme Leader of the Revolution Ayatollah Khamenei. Minister Ali Shamkhani, had floated the idea of a joint defense agreement.

Khatami was quoted by the newspaper *Ettela’at* saying: “The security of Saudi Arabia and other countries in the region is our security. We don’t need foreign forces for that.” Khatami continued, “Cooperation be-

tween our two nations could create security and stability,” and an alliance between them “could make our enemies fearful and put them in disarray.” Khatami was quoted by Iranian radio saying, “Relations between Tehran and Riyadh are not only in the interest of our two nations, but also in the interests of the region and all the world.”

Prince Sultan’s response was cautious, stressing, “The question of military cooperation is not easy between two countries whose relations were cut for years.” Sultan added that cooperation “should start with economic, social, and cultural cooperation.”

London’s Abu Hamza sent terrorist to Yemen

Three Scotland Yard officers were in Yemen in April to investigate claims that London-based Ansarul-Sharia leader Abu Hamza Al-Misri had trained eight British Muslims in London and sent them to Yemen to commit terrorist acts against British and American interests. One of the eight defendants admitted that he was sent by Abu Hamza, whence they contacted Abu Hassan Al-Mihdhar, the leader of the Yemeni Jihad group, who is being tried for kidnapping and killing one Australian and two British tourists in Yemen in December 1998.

Abu Hamza may face trial in Britain. In January, Yemeni President Ali Abdallah Al-Saleh sent a letter to Prime Minister Tony Blair demanding Abu Hamza’s extradition. He was arrested in March, but was released after a few days for lack of evidence. He is a British citizen and, like all “Islamic” terrorists that Britain trained 20 years ago as “Afghan freedom fighters,” he is disposable.

Civilian casualties growing in Iraq

Anglo-American bombings against Iraq are continuing in May, and civilian casualties continue to climb. According to the Iraqi Armed Forces, all seven members of a family in Baashiqqa, near Mosul, in the northern, Kurdish area of Iraq, were killed during air raids on April 30. On May 3, the Iraqi News Agency reported 2 dead and 12 injured after attacks in the Ninevah (Mosul) province. It

also said that during the last week of April, a cluster bomb exploded in the Rumana area in western Iraq, killing a teenage shepherd and wounding two others. The same week, the News Agency reported that cluster bombs killed two citizens in Nasirya. The U.S.-Britain alliance claims it is bombing anti-aircraft batteries in the “no-fly zones” as a matter of “self-defense.”

Iraqi Deputy Prime Minister Tariq Aziz addressed a conference on the effects of the sanctions on May 1. He told the political leaders from Europe, Asia, Africa, and Ibero-America: “All peace-loving and just forces rejecting aggression and hegemony who believe in the essence of the UN Charter are needed to . . . counter misleading means adopted by America to cover up its aggression.”

U.S.-Japan-Australia alliance concerns India

A “new strategic order” is developing in Asia that could have a far greater bearing on Indian security than the NATO bombing of Serbia, *The Hindu* of India wrote in a commentary on May 2. The U.S. military cooperation with Japan and Australia is key to this “new strategic order,” *The Hindu* said. At the end of April, the Japanese Diet (parliament) approved the revised guidelines for defense cooperation with the United States, which “brings the Japanese Self-Defense Forces closer to military action in support of U.S. political objectives, and allows them to operate outside Japan,” *The Hindu* said. “This marks a profound change in Japan’s security policy from the essence of the peace constitution it adopted after World War II.

“If Japan remains the ‘northern anchor’ of the U.S. military presence in Asia, Australia has emerged as the ‘southern anchor.’” *The Hindu* said. Since an agreement in 1996, Australia has expanded its military commitments. Australia and the United States have, for the past three years, conducted combined military exercises, and the two countries “have covered the full range of operational and tactical cooperation” in all three services. China, *The Hindu* noted, has opposed the expansion of U.S. military alliances in Asia, especially the new U.S.-Japan defense guidelines.

Winning the war for peace in Sudan

by Muriel Mirak-Weissbach

On May 2, in Doha, the capital of Qatar, Sudanese President Gen. Omar al Bashir and Eritrean President Isaias Afwerki signed an agreement to end the state of hostilities between the two countries. At the same time, in Geneva, Dr. Hassan al Turabi, President of the Sudanese Parliament, met with Sadiq al Mahdi, leader of the opposition Umma party, and reportedly discussed the process whereby opposition figures and groups are returning to Sudan. The two developments mark an important step forward in the process of national reconciliation, which the government of Sudan has been pursuing relentlessly over the past several years. It also signifies a potentially fatal setback to the British intelligence establishment which has been steering the Sudanese opposition and insurgency, in their attempt to overthrow the Khartoum government and split the country.

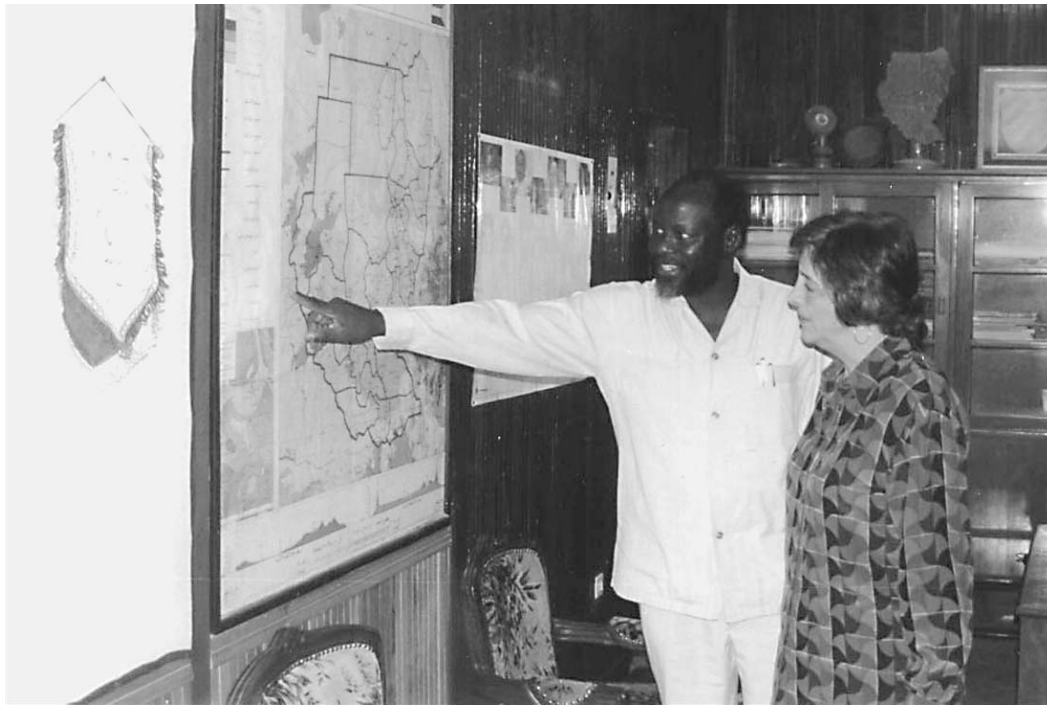
Whether the process toward reconciliation will succeed, will depend largely on whether international forces continue to support the insurgency of John Garang's Sudanese People's Liberation Movement-Army (SPLM-SPLA), which is the sole remaining military group engaged in combat against the government.

That Garang remains the sole obstacle to peace in Sudan, and, by extension, in the entire region, is the point emphasized again and again by leading protagonists of the Sudanese peace process, whom *EIR* met and interviewed during a trip to Khartoum in April. Dr. Riak Machar, head of the South Sudan Coordinating Council, and Dr. Lam Akol, Minister of Transportation, both former leaders of the southern rebels who have opted for peace, hammer away at this theme in their discussions with *EIR* (see interviews). But they are not alone in this

assessment. At literally every level of the Sudanese political establishment, from cabinet members to members of the Parliament, and representatives of the media, the assessment is the same: Garang is blocking peace. And, he is capable of doing so, thanks to the international sponsors he has. Without them, he would be nothing.

As documented by *EIR*, Garang is the puppet of British intelligence, specifically Baroness Caroline Cox, Deputy Speaker of the House of Lords, and leading member of the British intelligence front Christian Solidarity International (CSI). It is Cox who has organized the various components of the Sudanese political opposition, into an umbrella grouping known as the National Democratic Alliance (NDA). Cox coordinated efforts leading to the convocation of a conference of these groups, including the Umma party of Sadiq al Mahdi, the other leading opposition party, the Democratic Union Party of Mohammad Othman al Mirghani, and the SPLM-SPLA, in the Eritrean capital, Asmara, in June 1995. The conference was a watershed, because the Asmara Declaration which it issued called for the overthrow of the Sudanese government, by violent means. It thus cemented the alliance between the political formations and the armed insurgency. Following that meeting, Cox invited the same political leaders to a conference at the House of Lords, which granted official British support to the effort.

Baroness Cox is also the leading light of the anti-slavery crusade carried out under the auspices of her CSI, whose function has been to motivate economic and political sanctions against Sudan. The specific target in this campaign, has been the U.S. Congress, where Cox has presented testimony



Sudan's Minister of Transportation Dr. Lam Akol and Muriel Mirak-Weissbach review Sudan's transport system. Despite Sudan's vast area, the country's poor rail system forces it to rely heavily on river systems for transport.

on slavery allegedly carried out by the government of Sudan.

Recently, the campaign has been reignited, with a very clear focus. Given that the military situation remains in a stalemate, and significant progress has been being made toward reintegrating political opposition forces into the democratization process in Sudan, the British intelligence unit behind CSI hopes that by whipping up hysteria internationally, it can mobilize an intervention against Sudan, leading to partition of the south. Failing such a political (or even military) intervention directly, CSI would opt for organizing a vote for secession of southern Sudan, during the referendum scheduled to be held there in three years. Slavery, again, would be the "issue" around which international support in particular would be mobilized.

Despite the immense political and financial resources being allocated to this effort (including massive sums of money into publications like the *Ottawa Citizen* and *Fortune* magazine), there are several reasons to hope that the CSI operation—and the entire British intelligence strategy behind it—can be definitively defeated. First, the CSI made a potentially fatal blunder at the recent session of the United Nations Human Rights Commission (UNHRC) in Geneva, exposing itself as a political front for the insurgent SPLM-SPLA. This exposure, which has been blacked out of the international press, could lead to the early demise of the CSI, perhaps following legal actions against it in courts of law in several nations. Second, the political process of reconciliation inside Sudan is gaining momentum, and, again in relation to the UNHRC session, also gaining a certain amount of recognition

internationally. Third, the country is succeeding, against overwhelming odds, in holding out: Its economy, which has withstood the effects of international sanctions, is to receive a boost by oil export revenues, beginning in June.

The indecent exposure of CSI

During the most recent session of the United Nations Human Rights Commission, which concluded in April, a rare event took place which exposed British intelligence's CSI as nothing but a front for the insurgents of the SPLM-SPLA.

The CSI, which is accredited as a non-governmental organization (NGO) at the United Nations, had worked for months, to be placed as first speaker at the session on March 23. Many participants and observers expected that Baroness Cox, or another leading light of the CSI, would be the featured speaker. It was a foregone conclusion, that the thrust of the CSI intervention would be a denunciation of Sudan, made in order to motivate a condemnation on the part of the entire assembly. Instead of Cox, the person who entered the UNHRC hall through the VIP entrance—the one UN Secretary General Kofi Annan uses—was none other than John Garang, accompanied by CSI's Geneva spokesman, David Littman, and the CSI's Permanent Representative to the UN in Geneva, John Eibner.

The session opened with a speech by Human Rights Commissioner Mary Robinson, followed by NGOs. Garang rose to speak, *under the auspices of the CSI*, and promptly announced that he was John Garang, chairman of the SPLM-SPLA. At that point, Sudan's permanent representative to

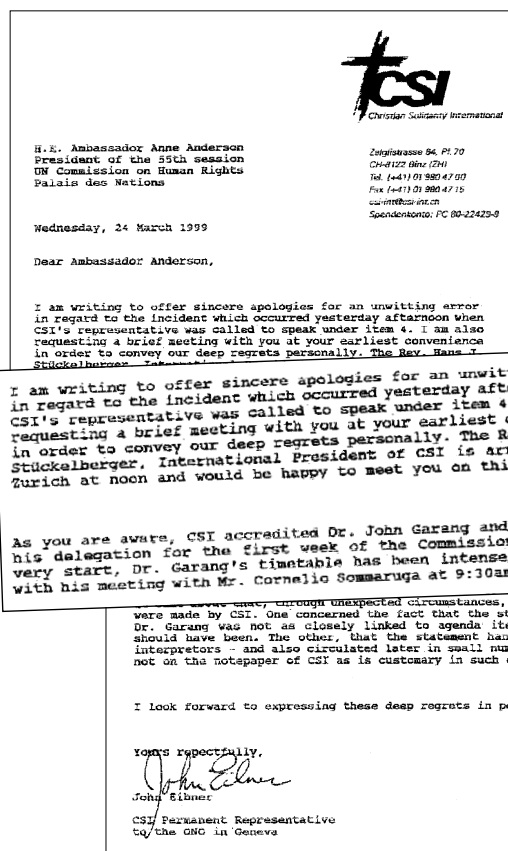
the UN, Dr. Ibrahim Mirghani Ibrahim, intervened, on a point of order, demanding explanations for the fact that such a person, who had committed atrocities against the Sudanese population, and violated the integrity of the country, should be given the right to address the UNHRC. Ambassador Mirghani asked how long Garang had been a “member” of the CSI, and warned that, if the fraud were to be accepted, it would establish a dangerous precedent for the UNHRC. When the chair, after consulting a legal expert, responded that there was no legal means of preventing Garang from speaking, given his credentials supplied by the CSI, Garang again started speaking, again introducing himself as leader of the SPLA.

Ambassador Mirghani then challenged the chair’s ruling, and called for a vote on the ruling, something indeed unprecedented. After considerable turmoil, during which numerous ambassadors expressed their solidarity with Sudan, the meeting was adjourned, for discussion. After it reconvened, Garang was allowed to speak. No sooner had he uttered his first sentence, charging the Sudanese government with genocide, than the chair intervened, declaring him “out of order”; it appears that the guerrilla-turned-NGO had not realized the agenda rules, and was speaking on a country theme, when the agenda item was “general themes.” Flanked by his wife, Eibner, Littman, and the rest of his entourage, Garang abandoned the room, furious.

Although it was expected that Garang would attempt to speak the following day, he instead sent Bona Malwal, one of Baroness Cox’s Sudanese opposition boys, to read a statement to the assembly. Unfortunately for Garang, however, Malwal got into a heated discussion with Littman, and, in a tiff, left the hall. Finally, a southern Sudanese was organized by CSI to read the statement, which dealt with the right to self-determination for the people of southern Sudan.

Ambassador Mirghani, as the official government representative, immediately availed himself of the right to respond, and, in a detailed statement, declared that he was honored to announce that what the gentlemen had demanded—the right to self-determination—had been granted by the government of Sudan in its 1997 peace treaty with seven opposition groups. The treaty, he explained, had been incorporated *in toto* in the draft Constitution, copies of which he said were available. As close to 100 diplomatic representatives lined up to receive copies of the Constitution, it was clear that the CSI had failed miserably in its attempt to denounce the Khar-toum government.

As the session proceeded, attention was focussed on positive developments in Sudan, while complaints of the CSI’s outrageous behavior multiplied. Eibner was forced to dash off a letter to the president of the session, apologizing for the “incident.” In his letter, Eibner claimed that the designated CSI speaker, Garang, had made technical errors: that he had not stuck to the agenda; and that he had issued copies of his



Christian Solidarity International, the British intelligence front group run by Baroness Caroline Cox, was caught in the act at the UN Human Rights Commission session in Geneva during March-April. CSI had granted “membership” to Sudanese People’s Liberation Army insurgent John Garang, to allow him to speak. Garang immediately identified himself as the guerrilla leader he is, and distributed copies of his prepared speech on SPLA letterhead! Garang never got to deliver his full speech, however, as the chair cut him off, ostensibly on a technicality. CSI permanent representative to the UNO in Geneva, John Eibner, had to apologize profusely for the “errors” and the “incident,” which could cost CSI its status as a nongovernmental organization.

proposed statement, on the letterhead of the SPLM-SPLA, and “not on the notepaper of CSI as is customary in such cases.” Eibner announced in his extremely defensive letter, that the Rev. Hans J. Stückelberger, international president of the CSI, was arriving from Zurich that day, to meet the president on the unfortunate “incident.”

Things got worse, not better, for the CSI as the session continued. The Sudanese Minister of Justice stepped up to the podium to announce that his government intended to press charges against CSI in Switzerland, Great Britain, the United States, Canada, and France, for practicing slavery. The argument he presented was that, as the CSI had travelled to areas of

southern Sudan under rebel control, and had demonstratively purchased human beings (at \$50 a head), claiming it was “buying them out of bondage,” this constituted slavery, a practice prohibited by the Sudanese state since 1926, and outlawed by the 1926 Anti-Slavery Convention.

The final blow for the CSI came with passage of the draft resolution, prepared by the European Union, which, for the first time since 1993, did not contain any condemnation of the government of Sudan. The charges of slavery were not mentioned. The issue of “abduction of women and children” was addressed, and identified as a tribal practice, exacerbated by the conditions of war.

Those who were condemned explicitly in the resolution, were the SPLA, specifically for having killed four Sudanese workers of the International Red Cross; for looting humanitarian aid destined for civilians; and, for forced conscription, including of children.

Finally, the resolution also welcomed 20 positive developments in Sudan (see box). Not unexpectedly, the U.S. State Department denounced the resolution *tout court*.

The events in Geneva are a bombshell: For the first time, the forum which has been used and abused by the CSI to issue political denunciations of the government of Sudan, as the basis for organizing punitive actions, like sanctions, against the country, has been restored to its proper function. For the first time, the government of Sudan had its say, and the assembly acknowledged progress in various areas of political and social life in the country.

Most important: The CSI exposed itself, most indecently, as the political cover for an insurgent military operation, the SPLM-SPLA of John Garang, thereby confirming the charges raised by *EIR* over years, regarding the true nature of this British intelligence front. Questions that remain to be answered include: How much money has CSI raised, in its campaign against slavery in Sudan? Where has the money gone? Did those who contributed funds to CSI realize the links of the group to the SPLM-SPLA? And, how long will the United Nations allow CSI to maintain its status as an NGO?

Democratization is a process

Among the 20 points commended by the UN session, is the democratization process inside Sudan, which incorporates a process of national reconciliation. The government of Sudan, under massive political pressure from the British-led insurrection and international isolation, has wisely determined to seek political institutional solutions to unify the country, and thus to defend its territorial integrity and national sovereignty. The watershed in the process came in April 1997, when the government signed a peace treaty with the rebel forces — with the sole exception of the SPLA of John Garang. The peace treaty was incorporated as a whole into the draft Constitution, which was approved in a subsequent referendum (see *EIR*, April 18, 1997, p. 53; May 9, 1997, p. 53). In

early 1998, the government announced that political associations or parties could be established, and could take part in elections at all levels. Since then, 12 political parties have been established and registered, and another 10 have applied for registration. State elections are being prepared now, national legislative elections will take place in the year 2000, and in the following year, there will be the direct vote for President.

The introduction of a multi-party system was not by any means a formality. This became evident in the government’s consistent efforts to convince opposition figures and groups, who had left the country, to return and take part in the process. The first major breakthrough occurred in 1998, when Sharif al Hindi, secretary general of the former Democratic Unionist Party (DUP), returned to Khartoum, and accepted a political post (see *EIR*, March 13, 1998, pp. 18-33). Now, Gaafar al Numayri, who was President of Sudan during 1969-85, has announced his intention of returning to Sudan, from his exile in Egypt. Numayri negotiated his return with the Sudanese government authorities, demanding — and receiving — guarantees, that he will be allowed to move about the country freely, and to organize politically. Numayri has called on other opposition figures to follow his example, and repatriate.

The most recent news of a similar development, pertains to Sadiq al Mahdi, the leader of the Umma party, and a former Prime Minister (1986-89). Sadiq al Mahdi met with Dr. Hassan al Turabi, speaker of the Sudanese Parliament, in Geneva on May 2. Although no joint statement was issued following the discreet talks, the subject was national reconciliation. According to a statement released by the Secretary General of the Umma Party, Omar Nour al Dayim, “A frank discussion took place between al Mahdi and al Turabi, in which both sides expressed their opinions of the Sudan problem.” He went on to say, “The result of the dialogue is to work for establishing an agenda and a mechanism to reach a Sudanese political agreement determining and solving all disputed national conflicts.” Furthermore, he stated that the two political figures “are committed to holding wide-ranging political consultations with all parties in the opposition and the government. And it was agreed that the result of the consultations will determine the next steps” to be taken. Al Dayim located the talks in the broader context, saying, “Sudan today is under a great danger and its population is suffering unprecedented pains, and the country is threatened by fragmentation and separation. This led us to seek all possible means and options to bring the country out of this situation.”

One government official told the international Arabic daily *Al-Hayat*, that the talks had come as a “response to regional and international calls.” He added, that Sudan had “responded to these desires, and have nothing against talking about creating a joint government with al Mahdi, on condition that it be done according to a program.” He pointed to the

The friends of John Garang

Militarily, Sudanese People's Liberation Army (SPLA) leader John Garang receives the backing of the British, and their American allies, referred to in Khartoum, Sudan's capital, as "the British lobby in the U.S. administration." These are the forces lined up behind Secretary of State Madeleine Albright; her charge, Susan Rice; John Pendergast, until recently of the National Security Council; and a host of Congressional backers, including Reps. Donald Payne (D-N.J.) and Frank Wolf (R-Va.), and Sen. Sam Brownback (R-Kan.), to name but the most prominent. Payne and Wolf are the sponsors of Resolution 75, which called for setting up a "no-fly zone" in southern Sudan, modelled on those in Iraq, and for providing the SPLA with Stinger missiles, to "protect" the population. Brownback presented a parallel resolution in the Senate.

It was Madame Albright who, in 1997, launched the war cry from Kampala, Uganda, that the government of

Khartoum should be overthrown, after \$20 million had been allocated in aid to the so-called "front-line states" engaged in hostilities against Sudan.

The most active military partner in the SPLA rebellion is Israel. Garang himself travelled to Israel in 1998, to arrange for Israeli delivery of training, as well as high-tech, laser-guided systems. Israeli experts have been training Garang rebel forces in camps in Eritrea, as well as in the southern part of the country. They are being trained in special operations, sabotage, and mine-laying. Already as early as March 1997, when rebel forces mounted a two-pronged attack, from the east and from the south, government troops destroyed 15 rebel tanks which were found to be equipped with Israeli laser-guided systems. The tanks were destroyed in a battle at Mile 39 (measured from Juba to the southern border). The Israeli tanks had been delivered via South Africa, through the good offices of Ugandan dictator Yoweri Museveni, to the SPLA. The tanks were manned by European mercenaries, including British personnel.

Among the institutions operating under the cover of "humanitarian aid," which are supplying the rebels with food, is Norwegian People's Aid.

statement issued by the Umma party, calling it a "great achievement on the way to saving the country, if we compare it to previous statements by the National Democratic Alliance calling for uprooting and eliminating the regime."

Settling the Sudan-Eritrea conflict

Significantly, the Turabi-Mahdi talks in Geneva took place as the governments of Eritrea and Sudan were settling the conflict which dates back to 1994. Sudanese President al Bashir, who conducted the negotiations with his Eritrean counterpart Afwerki, said a joint commission would meet to lay down "programs for normalization of our bilateral relations." Afwerki said that Eritrea was "completely convinced of the need to go beyond the mistakes of the past, and circumstances now favor a normalization." The agreement they signed foresees the solution of problems politically; the reestablishment of diplomatic relations; the cessation of acts of aggression; the respect for national sovereignty, and non-interference into internal affairs; the cessation of hostile media campaigns; and, the resort to international law and norms in political relations.

It must be added that relations between Egypt and Sudan, which had reached the breaking point when British assets spread the slander that Sudan had been behind the failed assassination attempt against Egyptian President Hosni Mubarak in 1995, have been steadily improving. President al Bashir

laid down conditions for normal relations late in April, identifying the need for Egypt to desist from providing support to the NDA in Cairo. Egyptian Foreign Minister Amr Moussa responded days later, asserting Egypt's commitment to "work with Sudan in all its political trends," to solve Sudan's problems in a positive context and not a negative context, or a context that would threaten Sudan. Moussa reiterated Egypt's commitment to the territorial unity of Sudan.

Finally, the news was released on May 6, that former U.S. President Jimmy Carter has undertaken a mediation effort between the Sudanese government and Uganda.

The importance of these events cannot be overstated. It must be recalled that the entire strategy of the British has been to utilize the so-called front-line states—Uganda, Ethiopia, Eritrea, and Egypt—as bases of military and/or political operations against the Khartoum government. Eritrea had been selected by the British, as the base of operations for the opposition alliance put together by Cox in the form of the NDA. The Eritrean government had in fact given the NDA the former Sudanese embassy, as its headquarters in Asmara. Egypt had been used by al Mahdi and al Mirghani of the DUP, as well as Numayri, as their chosen exile.

Now, it emerges that the careful piecing together of political relations, between the Sudanese government and different factions of the opposition, is a process which is embedded in a broader process of regional stabilization. It is significant, in

this light, that al Mahdi, following his meeting with al Turabi, left for Libya to brief Muammar Qaddafi, who had been involved in mediating regional reconciliation; and that al Mahdi will visit Uganda and Ethiopia, and return to Egypt. In Egypt, al Mahdi is scheduled to meet with al Mirghani, the DUP leader whom Khartoum would also like to see return to the country.

If all this paints an encouraging picture of stabilization — exactly of the type which both Dr. Machar and Dr. Lam Akol described in their interviews with *EIR* — it also adds up to a stunning defeat for the British faction, from British intelligence, down through Cox's CSI, and to her minions in the U.S. Congress and State Department. Although the process is still fragile, if it is provided minimal international support, it could defeat the British plot for destabilization, and open the perspective of durable peace.

Economic resistance

Part of the British war plan against Sudan, has been economic warfare. It was through the efforts of the British that the sanctions against Sudan were pushed through the United Nations Security Council in January 1996. The thinking behind this, and other, related sanctions, was that if the country could be isolated economically, the population, under increasing hardship, could be prevailed upon to rise up against it. The joint military operations by the SPLA and the political agitation of the NDA, combined to prepare for uprisings, especially in the capital.

It did not work.

On the contrary, Sudan has demonstrated an extraordinary capacity not only to resist such economic warfare, but also to succeed in establishing food security, through agricultural production providing for the needs of the population. In addition, it has forged ahead with plans to develop its oil resources, and is expected to begin exporting oil — to China, among other countries — in June.

As *EIR* learned in background briefings at the Ministry for Water Resources and Irrigation, and the Khartoum State Ministry for Agriculture, Sudan has been under economic warfare since the current government of General al Bashir took power in 1989. Following that event, World Bank and other support was withdrawn. In addition, wheat shipments, for example, which Sudan had ordered and paid for, were diverted to other ports (Djibouti), in hopes of sparking food riots.

The government proceeded with a ten-year plan, which aimed at establishing food security for the nation. This involved a vast reforestation program, whereby forests were saved, and a transition was made from firewood as a source of fuel, to fossil fuels. It also entailed a program for conversion of agricultural lands from cotton crops to wheat. Although Sudan enjoyed a relative advantage with cotton, and could reap greater margins of profit through its export, the govern-

ment opted for wheat production, in the interests of security food, as a strategic consideration. Through the introduction of high-yield varieties, Sudan's production of sorghum grew steadily, until self-sufficiency in this basic foodstuff was reached. This was also facilitated by the significant increase in mechanized rain-fed agriculture. The area of land cultivated increased in the decade after 1989, from 2.5 million hectares to 6.3 million hectares. This made possible the record harvest of 6.5 million tons of wheat (70% of which was durum) in January, according to a report in the Swiss financial daily *Neue Zürcher Zeitung* on May 5.

At present, Sudan produces a surplus of sorghum, millet, and wheat. Thus, for example, the humanitarian aid organizations engaged in providing food aid to the civilian populations in the war zones of the south, do not have to go abroad for food, but can commission it from the Sudanese government.

As for the southern part of the country, it too could become self-sufficient, in tea and coffee, and could send its banana and pineapple harvests to the north in exchange for wheat, if the war were not preventing the necessary transportation connections. Currently, due to the ongoing hostilities, river traffic is not secure.

Notwithstanding, Sudan's national production of livestock has continued to improve, such that the country has become a major exporter of meat. Sudanese beef, lamb, veal, and camel meat goes to markets in Libya, Egypt, and the Persian Gulf.

The other crucial component of Sudan's economic survival, is oil. The oil pipeline inaugurated in early 1998, was completed in March of this year, to transport oil from South Kordofan to the refinery outside Khartoum, and thence, to Port Sudan, for export. The pipeline, which was built as a joint effort with Malaysian and Chinese firms, should allow for Sudan to export, thus vastly increasing its foreign exchange revenues. Initial production figures are estimated at 150,000 barrels per day, to rise to 250,000.

This means, that the economic warfare policy, through UN and other sanctions, has not succeeded in starving Sudan. Thus, it should come as no surprise, that the armed insurgency would target precisely these productive capacities for destruction. As reported in the German daily *Frankfurter Allgemeine Zeitung* on May 6, an SPLA spokesman in Nairobi announced that, since the insurgency believes the Khartoum government will allocate oil revenues for pursuing the war, "we consider installations of oil firms as well as their personnel, to be legitimate military targets." Officials in Khartoum confirmed to *EIR*, that they expect rebel attacks on the installations, which, however, lie outside rebel-controlled areas, and are heavily protected.

National survival for Sudan, is, thus, a day-to-day struggle, a war waged against an insurgent force, heavily backed, at least until recently, by international powers.

The record of the past ten years has shown, that the Suda-

nese leadership is committed and able to defend its national sovereignty and territorial integrity. Fighting against immense odds, it has demonstrated the capacity to resist. Furthermore, as events over the past months have documented, the correlation of forces regionally and internationally is undergoing a change in favor of the Khartoum government. The events at the UN Human Rights Commission session, though theatrical, signal a definite shift on the part of certain European and developing sector nations, toward a balanced view of the situation.

The big question mark hangs over Washington. The news in late April, of a slight loosening of sanctions against several countries, including Sudan, may indicate a shift in emphasis there as well. The decision on the part of the Clinton administration, to unfreeze the accounts of Saleh Idris, the owner of the Al Shifa pharmaceutical factory, bombed by the United States in August 1998, also indicates that the wind seems to be blowing in a new, healthier direction.

If the "British lobby" in the U.S. administration and Congress is capable of reading the writing on the wall, it will wake up to the fact that its decade-long crusade against Sudan, is turning out to be a pathetic, tragic failure. Powerful forces internationally are moving now in support of efforts to secure peace in Sudan, and thereby to establish stability for the entire region. It would be high time for Washington to throw its weight into this effort.

Documentation

Sudan assesses its human rights record

The following statement was issued by the Republic of Sudan's Permanent Mission to the UN Office in Geneva, on April 24. It was translated by Hussein al-Nadeem.

Subject: A report on the release of a positive and balanced resolution on Sudan by the Human Rights Commission (HRC) in Geneva.

- The report ended the series of condemnations leveled against Sudan since 1993.
- The international community appreciates Sudan's constitutional, political, social, and cultural achievements that are related to human rights.
- The decision to condemn Sudan in the past six years, which was adopted by the United States, disappeared from the agenda of the HRC in Geneva.
- The international community clearly denounced the SPLA and sanctioned it for the first time since 1983.

- The international community exonerated Sudan from the charges of slavery which have been leveled against Sudan since the mid-1980s, despite the ferocious campaign which was led by Christian Solidarity International (CSI).

- Despite the CSI slanders, the EU draft resolution removes the charges of slavery.

- The Sudanese Justice Minister addressed the HRC and vowed to pursue the CSI legally, to indict it for the slave trade, according to its own confessions.

The strategic content of the HRC resolution

The resolution was based on two strategies:

First: That the armed conflict in Sudan is the main cause of all the charges and violations of human rights in Sudan, and that achieving peace will redress these charges completely.

Second: The international community must appreciate and support each positive development achieved by the targeted states in the HRC, and not resort solely to condemnation, which often serves political ends and not international human rights.

The positive aspects of the HRC resolution

The Resolution, which showed appreciation for the Sudanese government, contained 20 aspects:

1. The Peace Agreement of 1997.
2. The government's endorsement of the Declaration of Principles as a basis for the IGAD negotiations.
3. The government's declaration of a comprehensive cease-fire on April 5, 1999.
4. The government's inviting of the HRC's Special Rapporteur, Mr. Franco, and its full cooperation with him.
5. The government's invitation to the Special Rapporteur in charge of religious fanaticism and the Special Rapporteur in charge of freedom of expression and the working group in charge of all forms of modern slavery.
6. The government's declared commitment to respecting and improving human rights and the rule of law.
7. The government's declared commitment to establishing democracy in order to create an elected government.
8. The reference to human rights and the basic freedoms in the Constitution of Sudan which was enacted in July 1998.
9. Establishing a constitutional government.
10. The reports referring to the recent improvements in freedom of expression and creating associations and parties.
11. The government's educational revolution.
12. The freeing of all political detainees by the government.
13. The government's efforts to solving the problems of refugees.
14. The government's cooperation with the Special Representative of the United Nation's Secretary General in charge of the issue of children in armed conflicts during his visit to Sudan.

15. The government's abstention from recruiting children below the age of 18 into the army.

16. The government's continued cooperation with the Co-ordination Office for Humanitarian Issues of the United Nations and Operation Life-Line.

17. The government's continued cooperation with the IGAD.

18. The government's efforts to adapt the legislation to the articles of the new Constitution.

19. The continued efforts by the government to make its national legislation coherent with the texts of international human rights, and ensuring that all citizens enjoy these rights.

20. The government's commitment to establishing democracy and the rule of law and to creating the conditions leading to a process of moving into democracy, expressing in full the aspirations of the people of Sudan and ensuring its full participation.

Commentary

Hence, the international community acknowledges all the constitutional, legislative, and humanitarian developments that are related to human rights, and especially its acknowledgment and welcoming of the Peace Agreement of 1997 and the new Constitution, which contains chapters and sets up institutions to protect human rights, such as the chapter on "basic rights" and the "constitutional court," and all the mechanisms included in the Constitution that achieve democracy and the active public participation in government.

The HRC resolution against the SPLA

1) The word "condemnation" was used only once—unlike what was done in the previous resolutions since 1993—and this one condemnation was clearly against the SPLA for murdering four Sudanese aid workers recently while they were held hostages by the SPLA. 2) Condemnation of abduction, use of children as soldiers, recruitment by force and torture in the context of the conflict in southern Sudan. 3) Condemnation of the SPLA, especially, for using civilian facilities for military purposes. 4) Condemnation of the SPLA specifically to make it stop its offenses against aid workers, and the demand that the SPLA allow a comprehensive investigation of the circumstances of the death of four aid workers. 5) Condemnation of the SPLA specifically for diverting the flow of humanitarian aid, including food, away from the civilians for whom this aid is intended. 6) Condemnation of the SPLA for recruiting children below the age of 18 as soldiers.

This is the first time that the so-called Sudanese People's Liberation Army (SPLA) has been subjected to a straightforward condemnation by the international community and by a major UN organ, the Human Rights Commission, concerning important issues related to human rights and humanitarian aid activities.

Interview: Dr. Riak Machar

Prospects, obstacles to peace in Sudan

Dr. Machar is president of the Coordinating Council of the South of Sudan and vice-president of the Sudan National Congress; he was the leader of the South Sudan Independence Movement (SSIM), an armed faction against the government in southern Sudan. As recounted in his interview in EIR of Feb. 22, 1998 (see also his interview in EIR of July 24, 1998), his movement chose a course for peace in 1995, and entered into direct talks with the Sudan government in March 1996. On April 21, 1997, they signed the peace accord with the Sudan government. Dr. Machar was interviewed by Muriel Mirak-Weissbach and Uwe Friesecke in Khartoum, on April 14, 1999.

EIR: Dr. Machar, could you bring us up to date on where the peace process stands, one year after the peace treaty was incorporated into the Constitution?

Machar: After we promulgated the agreement, and the Constitution was made, we thought that, for the peace to be complete, there was a need to bring in other players, who were not involved, and particularly John Garang [head of the Sudanese People's Liberation Army, SPLA], on the question of the South. I made efforts to meet face to face with John Garang, and this happened in June, in Uganda). My aim was to explain to John Garang that the political issues on which the war has been fought, had been resolved. Whether it was the national state we wanted to establish in Sudan—Sudan being multi-ethnic, multi-racial, multi-religious, multi-cultural, with the definition of citizenship as the basis for rights. So, I explained to him that this was the cornerstone solution to resolving the conflicts in the country, whether there are differences on rights and freedoms, or differences on the system of government. We recall that the South, since 1947, has been calling for implementation of a different system for the country, because Sudan is so large and so diverse. So, I explained to him that we can resolve all these issues within a multi-racial, multi-cultural, multi-religious Sudan.

Now, I also explained to him that the South has its special characteristics, as has been addressed in the Coordinating Council; therefore, the South can handle its own problems. The Coordinating Council would give us an umbrella government for the whole South, and even if there were legislation which we felt were not good for the South, the Coordinating

Council could seal this legislation off, [preventing it] from affecting the population in the South. And, finally, the permanent solution depends on the people, to exercise their right of self-determination, through the referendum, with the two options open: unity, or opting for secession.

So, what I was telling him was, "Look, there is no political reason for the war today." What remains is, if he wants power, then this can be achieved, not through the barrel of the gun, but through the ballot box. Therefore, if he came and bid for this, saying the country was not democratic, that there was no pluralism, I indicated to him that Sudan was marching toward democratization, and as of Jan. 1, this year, Sudan now has many parties that have been registered. We have now registered the United Democratic Salvation Front: The front that signed the peace agreement, has now registered as a political party.

With this, we hope that if the question is power, in the country, or in the South, anybody can bid for power at any level: the level of the South, the level of the Coordinating Council, or the level of the federal government. So, the SPLA should be free to come in, and establish itself as a political party, and make sure that it abandons the armed struggle. Because after all, they can achieve the objectives they stand for, whether it is unity in the multiplicity of Sudan, or secession for the South, this can be done through peaceful means, instead of the continuation of destruction in the South or in the East.

So, originally, we explained these concepts, contained in the peace agreement in the Constitution, to the neighboring countries, and our belief is that, if Sudan can be stable, it would actually bring about stability and peace in the region. We are a big country, and border on about nine countries, and once we are unstable, it will affect others, because of the nature of the composition of African countries. You will find, across the borders, tribes that share the same language, same culture; for example, I come from the Nuer, and, in western Ethiopia, nobody would question my being a Nuer. So, anything that destabilizes the Nuer land in Sudan, has repercussions on the Nuer land in Ethiopia, and the same goes for the tribes in Equatoria, or Zandi in western Equatoria, some of whom are in Democratic Congo and some in the Central African Republic. If you go into western Sudan, also, you'll find that we have common tribes with Chad, and so on. So, any instability in Sudan spills over into neighboring countries. Thus, our contention was, that if a comprehensive peace was achieved in Sudan, the rest would be stable.

Now that we have addressed the fundamental problems which made us different, whether it be the southern problem, or the question of democratization and pluralism, or with some northern political parties, and took up arms, we have now resolved this. Our main concern is that we may not reach an agreement with the northern political parties or the SPLA in the South; this is because the American position has not really shifted, it is not yet for peace in the Sudan.



"If today we have difficulties implementing the peace agreement, it is from the financial aspect; it is because the West and particularly America has not supported it," says Dr. Machar.

There is no logical explanation, because we know the three reasons for which the U.S. administration was at odds with Khartoum. One, was the question of peace and war in the Sudan. The steps taken by the Sudan government on the question of war and peace, particularly toward peace, are known. What we had expected was that the American administration would support the peace process, support it politically, support it morally, support it financially, but today, one of our handicaps is [the lack of] financial support for the implementation of the peace agreement. And we had expected the Western world, the U.S., to support this noble process, because this would bring stability to the country. With the peace agreement, a lot of things have changed.

One accusation of the U.S. administration, was that Khartoum was harboring international terrorism. Since 1997, this talk has totally died down, because it has been proven that it is not there. If at all, if it had existed before, now no longer. One would have thought the American administration would have been happy, and supported the peace process.

The third reason why the U.S. administration was against Khartoum was the question of human rights. They used to talk about religious persecution, detention of political opposition figures, but this is no longer there. I remember the speech of Sudanese President Gen. [Omar] Bashir on April 5 this year, when he opened the Parliament, and he said, "We do not have a single political prisoner." This would also be attributed to the fact that the peace agreement has brought about liberalization, respect of human rights, and therefore people are free to express their political views without fearing intimidation or detention. So, one [would

have] thought that the U.S. administration would see the qualitative change that had taken place.

The fourth issue over which the U.S. administration was at odds with Sudan, was the question of democratization and pluralism. Now we have made it. The parties are registered, and one felt that the U.S. administration would support this process, so that a comprehensive peace would be brought about. And before the U.S. Ambassador, Mr. [Timothy] Carney, left Sudan, I had a long conversation with him. By then, Sudan was drafting the Constitution. My advice was, “Why doesn’t the U.S. support this move to constitutionality?” But it was not supported. I was surprised that the move toward democratization and pluralism was not even being supported.

These were the four issues the U.S. administration had raised, in its opposition to the Sudan government. I thought, on the international front, the Sudan government has done its best. On the internal front, it has pushed the peace process, and all it needs is support from the international community to ensure that those who have been fighting come to the peace process. There is openness for it.

Let us say, Sudan has been declaring a comprehensive cease-fire from time to time; prior to any peace talks, the Sudan government would declare a cease-fire. But strangely enough, the SPLA would refuse the cease-fire. And when people were dying, the humanitarian situation was not a good one; in Bahr al Ghazal, it was so bad—in the areas controlled by the SPLA. But then we opted for a comprehensive cease-fire, so that this humanitarian situation could be corrected. That was not heeded by the SPLA, the international community could not exercise influence on the SPLA, so that the humanitarian situation could be corrected. In addition, the world made a lot of noise about what was happening, but they could have pressured the parties to accept a comprehensive cease-fire. It didn’t happen.

In a way, as if condoning the mass deaths from starvation in the South—but then, the liberation process would be meaningless, because if people are dying, what are you “liberating” after all? Mainly, people were dying in the areas controlled by the SPLA. So, we thought, by July 1998, that the SPLA would have come to reason and said, “Look, enough is enough. The Sudan government has shown good faith, in settling the problem peacefully.” That was not the case. After all, we got bombed, on Aug. 20. We did not see the justification for the bombing. We did not see the need for that pressure, to get to peace, because, already, steps had been taken by the Sudan government, whether on the question of the South, whether on the Constitution, and there was a program to reach democracy and pluralism. And yet, they dropped the bombs. And before that, it was an economic and trade embargo. These pressures do not have any justification.

Sadiq al Mahdi and Othman Mirgani have to be pressured, to come to peace. If they think that they have the majority in the streets, if they think the population would vote for them, they should have the courage to come here, register their

parties, and run for elections. This could be done by the U.S. administration. Most probably, the British stand would not allow that. So, in a way, it looks as if the peace process that was started in 1996 and completed in 1997, is to collapse. But that would mean going back to a war, where they expect support. If today we have difficulties implementing the peace agreement, it is from the financial aspect; it is because the West and particularly America has not supported it. So nobody is moving to financially support the implementation of the peace agreement.

EIR: What do you think motivates Garang to be so stubborn? His own people are dying because of the war, and he still refuses.

Machar: I think he has not gotten the message. And the other side is telling him, don’t do business with this government. They don’t want it. The U.S. administration doesn’t want this government.

EIR: But if he is an African, why is he listening more to them than to his own people?

Machar: Maybe because he thinks there’s only one superpower today which decides the fate of many nations in this world. Probably. As I’m telling you, we didn’t get any financial support, from anyone, to implement the peace agreement. So, he may be holding out; if the U.S. doesn’t want a peace agreement with this government, then where does he implement it? But the resources which are now going into the continuation of the war, could be used to implement the peace. But the main reason, is what the superpower says.

EIR: Is this what John Garang told you?

Machar: This is what we understand. Because there is no reason for continuation of the war.

EIR: But what was his actual response?

Machar: He was dismissive. He was dismissive in the sense that he held back. Those people are buying time, they are not serious. There is a war, but it is on all of us, the North and the South. The South is worse, because the war is being fought there; people get displaced, others die because of disease, others die because of hunger and the problems like floods, drought, and all that. So, in a way, he needs to be helped.

There is also the psychology of war, and he has become afraid of peace. I think John Garang is afraid of peace. He has become used to war for so long that he has lost the political will to come to peace. But, he could be helped. If he needs international guarantees, the IGAD [Inter-Governmental Authority for Development] forum, supported by the IGAD partners, is a good international forum for guaranteeing any agreement he arrives at with the government. He says that he lacks confidence in this government.

EIR: On IGAD: Are there other governments associated

with that process which are supportive of the peace process?

Machar: Yes, I think the Germans and the Italians, maybe the Norwegians; those are clearly in support of getting a peaceful settlement.

EIR: On other occasions, we have discussed the possibility of bringing the truth about the peace process to the U.S. population. A delegation could go there and lobby Congress, to present the reality of the peace process. Have you had the opportunity to go to the U.S. as a representative, a leading protagonist of this process?

Machar: I don't think the American public, the American people, know that there are children, women, and elderly people dying because of war in the Sudan. They do not know about it. They do not know how long this war has gone on; it is now over 44 years since the first shot [was fired]. And over 52 years since the conflict was raised. And the very political solutions suggested during those years, whether in 1947 or in 1956, are today the ones that are being implemented.

Now, if we've got a political solution, our conflict that had lasted so long, we expected the American public to support it. I don't know whether they know that people who should explain it to them are barred from going to the U.S. There was a conference held at the U.S. Institute of Peace [USIP]. The Sudan government was belatedly invited. I had a long talk with Dr. [Thomas] Smock [of USIP], who was the organizer. I told him, "Look, the Sudan government is ready to send a high-level delegation, led by the First Vice-President, if they were going to be let into the U.S." I talked to the guys responsible for the [U.S. State Department] Sudan desk, I talked with [Matt] Harrington, and with [Thomas] Gallagher, responsible for Sudan, trying to persuade them to move for top-level Sudan government officials to be at that conference if the opposition is invited. Because we strongly feel we have a case to make, to the Congress, to the American public; we have a case to make to the world. That, sometimes, we are being denied.

I don't think it is easy for Sudanese diplomats to go into Britain, a former colonial power in Sudan, which should keep its doors open, for dialogue. I even don't think there is a sincere dialogue, that the U.S. administration is serious about dialogue with the Sudanese government on the issues they raised. Because if they had dialogued seriously, they would have found out that the issues they raised, on which the U.S. administration imposed trade and economic sanctions, and bombed one of the medicine factories, these issues would have been resolved. I think the U.S. administration, or even the public, would ask themselves—the American taxpayer is paying for most of the humanitarian aid in south Sudan, but can this humanitarian aid be shifted to development, to empowering the people to produce for themselves? If this war is stopped, I think this can be done. But how do we explain that to the American public, to the Congress, to the U.S. administration, when the U.S. administration is shunning dialogue, is ignoring whatever positive steps have been taken?

EIR: And what happened with the USIP conference? Did a delegation go?

Machar: What we did, some of our supporters, Sudanese, as individuals, attended, people who could serve their country. We said to them, the Sudan government cannot send a delegation because the U.S. administration cannot give them visas. You are Sudanese citizens in America; attend on our behalf, this is our position. So, I would say, intentionally, a forum was created to lash out against Sudan, and intentionally, the Sudan government was denied an opportunity to defend itself. You cannot try somebody *in absentia* when that person is not refusing to be present. Particularly when we heard that John Garang was going to attend, we said we would send a high-level delegation.

EIR: How do you respond to the new allegations of slavery, which are being spread massively in Canada and in Britain?

Machar: I saw a video shot in areas controlled by the SPLA. Now, the question is: Who is sanctioning the slavery? Is it the SPLA? . . . Since that time, it has been our concern that, if at all such is happening, it will stand out, and then we see the North and South have very long borders.

The war was very intensive in northern Bahr al Gazal, in Wahabi state, which are adjacent to southern Cordofan and southern Dafur states. There was big displacement in the areas of Waharat state, and northern Bahr al Gazal state. There was famine in that area. So, desperate people would also abandon their children. The intensive fighting can cause abductions. We have tried our best. I am part of the government: If there is slave trade of people of the South going on, and people of the North [are involved], we try to get at the truth: Where are the markets for that? Abduction—I can understand how it happens. Recently, there was a conference in Bahr al Gazal, a peace and reconciliation conference between the Dinka and the Nuer people. In the resolution of that conference—which was successful, with the international community involved, people from America were involved—one of the resolutions was about locating people—children, women—who had been abducted during seven years of conflict. If you turn that into the slave trade, that is wrong. Let us say, even if it were happening in that part of this country, what would be the cause of it? It would be the war. It would be the fact that there is lawlessness created by the war. Why, then, not resolve the fundamental problem? The problem is this war. Get to a peaceful settlement, and then impose authority of government in that area. To me this would be the approach to take, that is why we are pushing for peace.

EIR: You mentioned the financial constraints. Can you say something about what has been achieved, despite these constraints, on the ground over the past year?

Machar: You know that the South is made up of many states. Now there are governments and state assemblies in place, doing their normal work, providing security, providing ser-

vices to the people, doing limited development with the resources they have. We in the Coordinating Council have rebuilt some of the infrastructure destroyed by the war. The main emphasis is on agriculture, so that our people can have food security, and the other is security itself, so that they can produce for themselves. The third is that we try to open up roads and river transport, so that this infrastructure can help us carry out development. Some industries, particularly the labor-intensive industries, we have revived during this time. This we are in the process of doing.

But our main handicap is financial support. In 1972, when the first agreement was made, it was possible to take off very fast, setting up the political institutions, and the administration, in a very short time, because then the war stopped and there was financial support externally. This we lack.

EIR: Is there no financial support coming from the outside?

Machar: Nothing, nothing. The policy of strangulating the implementation of the peace agreement through withholding of finances, has effectively worked.

EIR: You also went to Kampala, Uganda, during the last year. What attitude toward a peace settlement did you find there?

Machar: I met [Ugandan] President [Yoweri] Museveni more than three times, and I was persuading him that we were going to get regional peace and stability. There is a need to see the peace agreement on the table in a positive manner. I tried my best to explain to him in detail, that the Ugandan government and the people in the region would get a return if there were peace. There is one of the big corridors for our exports and imports. There could be very strong trade links, as the people are culturally one. There could also be economic integration with Uganda. Politically, I wanted President Museveni to see that this peace agreement made inside, is stronger than the 1972 peace agreement, which was supported internationally, and with us having the stability, he would be stable. He definitely has problems, and I think with stability in southern Sudan, these problems would find resolutions very quickly. And I wanted President Museveni to use his influence on John Garang, and that if Garang wanted a guarantee, Museveni could give one, since he is part of the IGAD mediation team.

The fear with Garang is that, coming in, the peace agreement may not last unless it has international support, regional support from governments that supported him. So I said, that is understandable all right. Museveni would be in a good position, someone who knows Sudan.

EIR: And what was Museveni's response?

Machar: Initially it was positive. But I think he got external pressure. I think the U.S. policy in Africa is having bloc countries—in Central Africa it is a bloc, led by Museveni, with that bloc moving together and sanctioned by the U.S. adminis-

tration. There are difficulties: It is crumbling in Central Africa; Congo is fighting Uganda, Uganda has invaded half of the country. So, the policy is failing.

EIR: What is the situation with southern faction leader Kerubino Kuanyin Bol [who signed onto the April 1997 peace accord between southern leaders and the government of Sudan, but quit the peace charter in late 1997, and re-defected back to the SPLA]?

Machar: When Kerubino left the peace process in January 1998, he was pushed by parties opposed to the peace agreement, and he thought he would find an alternative. But when he got there, he found that the peace agreement he had left was the one that met the needs of the people of the South. We then contacted him, when we realized that he had himself gotten a shock from the other side. We were clear that he was positive to come back to the peace process; we gave him guarantees: All that is needed is that we join in a peace settlement, if you think it was a mistake that you left and you now believe that this is the solution to The problem. We welcomed him back. So, he made a unity statement.

EIR: Recently, at a forum on peace and reconciliation in Munich, a Ugandan parliamentarian, Mr. Mao, the editor of the *Monitor*, said that after apartheid was dissolved in South

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Africa, now the next big threat to peace and reconciliation is the Sudan government. The parliamentarian explicitly spoke of the “appetite” of the Sudanese government for the rest of Africa. How would you respond?

Machar: I think there is a lot of misinformation, and this is intended. Really what is happening in the Sudan: I fought for 13 years as a guerrilla leader, against oppression, and when I found out that we could make a peaceful settlement with this government, we did it. Sudan should be judged on what it is doing and what it has on paper. Sudan is a federal government. When you take the steps of implementing a federal system of government, it is a higher stage to democratization, and you are ensuring more participation of the people in their own affairs. We have 26 states. If this system is a monster, it would not have chosen federalism as a system of government, because with federalism you have a broader participation of the people. On top of that, now, we have moved to a multi-party system. Anybody can form a party, a number of 100 can form a party, to propagate their views.

There is misinformation about Islam, the cultural differences. I am not a Muslim, but it looks like the countries that are Islamic and which try to bring their religious background into their political life, get misjudged. To the Muslims, *Sharia*, or Islam to them, is a way of life, it regulates their way of life; it is also a religion, it plays a part in the governance. And, this comes to the question of what is your source of legislation. Sudan today has three sources of legislation: One, is the *Sharia*, the Islamic background—the majority in the North has [this background]. The other is custom, and this is particularly meant for the South. The third is consensus, or commonality, what we see, as Sudanese, common among ourselves; we can use it as a source of law when legislating. I don’t think this is unique to Sudan.

We have no state religion, but other countries, Islamic countries, take Islam as a state religion. In the Sudan, it is not a state religion. There is only mention that a majority of Sudanese are Muslims. As for eligibility for holding public office, your religious background is not necessary, your creed is not necessary, your cultural background is not a condition for eligibility to public office.

Now, when statements are made, to equate the Sudan with apartheid, I think this is a gross misrepresentation, and I even think it is lack of information. Apartheid can be based on race, where power is exclusively with one race, which is what happened in South Africa, or when voting rights are denied on the basis of race. But I can also see institutionalized religion. We are talking here, this is the Republican palace, I am assistant to the President of the Republic and I am not a Muslim. I am not even alone: There is another Vice-President who is not a Muslim. So, there is no way of constituting apartheid based on religion.

Apartheid can be instituted on the basis of culture. We have Islamic, African cultures in this country. Our Constitution says, citizenship is the basis of rights and duties, it is not

done on the basis of culture. So, there can be no justification for saying there is apartheid in the Sudan. These are the three basic factors, on which apartheid can be instituted. I think that what brothers somewhere are saying, is not true. If they talk of power-sharing and wealth-sharing, this is the cornerstone on which we fought this war: Let’s share the power equitably, let’s let the wealth be distributed equitably, so that each has a fraction of the national cake. So, I think it’s untenable to support a theory of apartheid in the Sudan.

Interview: Dr. Lam Akol

Sudan’s struggle for peace and development

Dr. Akol is Sudan’s Minister of Transportation. He was interviewed by Muriel Mirak-Weissbach and Uwe Friesecke in Khartoum, on April 15.

EIR: How do you see the current status of the peace process?

Akol: As you know, there have been many sessions of peace talks under the auspices of the IGAD [Inter-Governmental Authority for Development] countries; this initiative started in November 1998, and is still ongoing. In the first two years, they developed the Declaration of Principles, in which they outlined the main principles on which a solution, a just and durable solution, could be reached between the parties in the war. When it started, of course, it was three parties, the [Sudanese People’s Liberation Army] SPLA-United, the SPLA-SPLM of John Garang, and the Sudan government. Those principles, clearly, stated that the first preference was for a united Sudan, and that, failing that, the next option was to grant the people of southern Sudan the right to self-determination, so that they can decide for themselves what kind of future they want for Sudan: Either they want to be part and parcel of a united Sudan, or they would want to have a state of their own. This is the outline of the Declaration of Principles.

EIR: We have followed the peace process closely, and *EIR* has published the documents from 1996 and 1997.

Akol: Then, as you well know, at the moment, a number of countries are opposed to this regime in Sudan, for different reasons. There are regional countries, and the United States, and, to a lesser extent, some other European countries: They want the government to be overthrown; they want to change

the regime rather than getting into a dialogue with it. So, this kind of attitude has influenced the peace talks, because it is the very countries which are opposed to the government of Sudan which are supporting Garang's movement. Their agenda is to see this government overthrown. Then, they would not be seriously moving to bring about peace.

In other words, we are suspicious that some of these countries are not interested in achieving peace now, but they still have options. They think that maybe they can change this government, and then have another government to bring about peace—or whatever they want to do. So, this has been a complicating factor in the peace process. These countries brought together all the opposition groups in 1995 in Asmara [Eritrea], where they signed an Asmara Declaration, and the first principle in that declaration is that the government must be overthrown.

EIR: Was that the meeting organized by Baroness Caroline Cox?

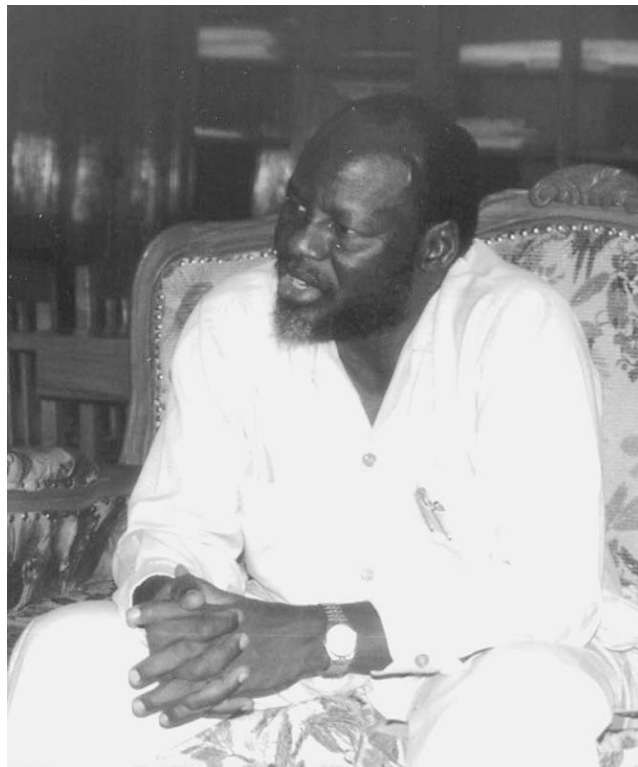
Akol: No, the Cox meeting was in London, in November. The Asmara conference was in June.

EIR: I understood that she was also involved in that.

Akol: I think she went there, to attend it. And the meeting that was held in the House of Lords, was more inclusive; there were people outside the NDA [National Democratic Alliance] who attended that meeting. So, these are the countries that brought the opposition groups together, and they adopted the Asmara Declaration, calling for the overthrow of the regime.

This idea of overthrowing the government comes directly into contradiction with what the SPLA has been fighting for. When we were in the SPLA—our principle has always been, that we would talk peace with the sitting government in Khartoum, what we called the “government of the day,” regardless of its color, regardless of its ideological outlook. What was required is that this government should address the southern problem. If the government addressed the southern problem, then we would reach an agreement with that government, regardless of its political orientation. We started with [former President Gaafar Mohamed] Nimeiri, then with the transitional government, then with Sadiq [al Mahdi]'s government, then with this government. So, all these carry all the political colors in Sudan. And we have talked with all of them. And this confirms the point that our basic principle was to address the issue, rather than a choice of a particular government in Khartoum.

This has now been changed totally by the Asmara Declaration. Now, for the first time, the southerners are talking about overthrowing the government first, and then talking peace with whoever comes after. And this kind of approach is dangerous, and is actually negating the southern problem itself. Because if we take it that the southern problem was created by the successive regimes, starting from the colonial powers and from the national government that came after,



Right now, John Garang is the stumbling block to further progress toward peace, says Dr. Akol.

we are failing to address the issue of equitable distribution of power and wealth. So, if the southerners are to fight, just simply to change the leaders in Khartoum, then we have lost. And all these actors have contributed, in one way or another, to the problem. Sadiq al Mahdi, Osman al Mirghani, all of them were in power in Khartoum, and they did not solve the problem. So, we cannot be fighting to bring them back to power. We are fighting in order to solve our own problem.

This is basically where Garang went wrong, tying himself to a group that is bent on overthrowing the government rather than discussing peace with it. The agenda of the opposition in the north, who want to overthrow the government—of course, that is their only agenda. The government overthrew them, so they want to come back to power. The problem they have with this government, is nothing else than this. You can understand their position, but what about Garang, who has been fighting this war: Why was he fighting them? He was fighting them to see that the southern problem is addressed. Now, the position of these groups—the northern opposition which wants to overthrow the government, the regional countries that want to overthrow the government, the U.S.A. which wants to overthrow the government, and some other countries—their agenda now, is one: the northern position. Now they have succeeded, to divert the agenda of the south from the question of looking for rights from the national government in Khar-

toum, to that of changing the government itself. This is a development which the southerners take very seriously; they are not happy with it.

Therefore, if we want to arrive at peace, we must disentangle this element. Is Garang free from the allies to address the southern problem, or is he still a part of an equation that seeks to overthrow the government? Because overthrowing the government has its own difficulties, also. Can they do it? And if they cannot do it, does that mean the southern problem has to wait? This is the first issue that is to be addressed by anyone who wants to see a solution brought about in southern Sudan. And, therefore, the southerners see the changing positions of Garang as a way of avoiding to address the issue. In one minute, he says he's for self-determination, in the next, he says he wants to talk about state and religion. Then, because people could not agree on a religion as a way to achieve a united Sudan, this is why people went to the self-determination option. That since you, the southerners, cannot accept an Islamic state, then now you are given the right to choose whether you want to be part of a united Sudan or you want to be a country of your own. So, why does he again bring up this issue?

We think that the shifting positions of the SPLA are indicative of the attitude that they have developed, that they must

be part and parcel of a move to remove the government, rather than to solve the southern problem. And of late, when our Foreign Minister contacted the Egyptian Foreign Minister, and the proposal was presented to the opposition—the NDA [National Democratic Alliance], including Garang—the first thing they talked about was, not the southern problem: They talked about a national government, a national government would organize a constitutional conference; they will address the southern problem and then carry out elections.

So, the issue of the south was relegated to just an item in a program of a national government. That is the difficulty we see. If we are assured that now Garang is free, and is ready to address the problem, then we can discuss, what are the possibilities, the modalities, what are the available solutions.

EIR: Do you think that in the peace agreement, the problems of the south are sufficiently addressed?

Akol: There is nothing more than saying, they have the option of being part of Sudan or being separate. This is a maximum offer. What else? You are told that, okay, you have the right to choose: Do you want to be part of a united Sudan, or do you want to be a separate state? There's no other option. I think this offer must be taken very seriously, for anybody who wants to solve the problem in the south.

EIR: Do the conditions under which a united Sudan would be preserved, as they are laid out in the Coordinating Council of the South of Sudan, constitute an institutional framework in which you think a united Sudan could be preserved, and in which the problem of justice and freedom for the southern Sudanese can be effectively addressed?

Akol: The Southern Sudan Coordinating Council is a formula presented by the Khartoum peace agreement. It doesn't mean it is the only formula. What is important, is the agreement on self-determination, for the south. Second, in order to arrive at that, there must be a transitional period; in that transitional period, there are certain functions to be carried out: You need to resettle the refugees, the displaced; you need to at least establish infrastructure, basic health facilities, an educational system, and so on. You need to register the people for the referendum—these are some of the things that will be done in the interim period.

Then, in that interim period, there must be a kind of government in the south. What is the nature of that government? What is its relation to the north? The assumption is that in the interim period, it is within a united Sudan, because the unity of Sudan is to be put to question at the end of the interim period. There must be security arrangements to guarantee the process itself in the interim period. What are the possibilities of these security arrangements? The relationship between the Sudanese Army and the fighting forces: How will they be kept, how will they be fed, and so on? These are the elements of a solution. Everything else is subject to discussion.

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EIR: Do you see any progress over the last year in the implementation of the measures for the interim period?

Akol: The implementation has been poor. This is a fact. But, who is responsible for that? We are told the Coordinating Council did not try hard enough. It is more than one year—fourteen months—since the Coordinating Council was appointed, and they are still sitting here in Khartoum. They did not go to Juba, to establish themselves and start operating from there. This is a weakness.

But, this is beside the point. The point is, if Garang were ready to address the issues, as I outlined them—is he ready to do that? We are saying that the formula given in the Khartoum peace agreement is not sacrosanct, is not the only option, but these are the elements to which everybody agrees. Garang says he agrees with self-determination. But, then, he knows that there must be an interim period, and during it, there must be a government in the south, related in one way or another to the government in the north, and there must be security arrangements.

EIR: The formulas that have been laid down in the peace agreement, on the issues of power-sharing, revenue-sharing, federalism, the religious question, the law question—do you think these are formulas that could lay the basis to preserve the unity of Sudan?

Akol: All these are subject to discussion. All these were discussed here in Khartoum. If Garang has some input to them, if he wants to change them, if he has some new idea—all these are subject to discussion. What is important are the basic elements of that agreement, which everyone seems to have agreed on, including the NDA. They said that they are for self-determination. They said that they accept an interim period as necessary for the implementation of the referendum; they accept a kind of government in the Council, in the interim period. They also accept that this government must have a relationship with the government in the north, since the country is still one. They accept that there must be security arrangements, how the forces will be positively related to each other in the interim period. In the Addis Abeba agreement of 1972, fifty percent of the time of the negotiations was consumed in discussing the security arrangements. Definitely, you know why: Because of the lack of confidence that has developed in the two parts of the country. So, these are the basic elements of a solution. What we need to put into it, is everybody's contribution. We are not saying that we have all the solutions, but we are also telling Garang that he doesn't have all the solutions either.

EIR: So, you are saying that Garang is the stumbling block right now to any further progress?

Akol: Yes.

EIR: Do you see any possibility of his being moved toward

agreement with the government on this? You indicated before, he is being sponsored by foreign elements, both regionally and internationally—

Akol: —who have an axe to grind with the government.

EIR: What is your estimate of the sentiment of the population in the south? Were a referendum to be held today, do you think there is a consensus for maintaining unity?

Akol: The problem is, that people now are under conditions of war, and under such conditions, you don't expect somebody to decide rationally. This is why we want to have a cease-fire. Once an agreement is made, you have a cease-fire, you have a transitional period, where tempers can cool, people can see basic services being offered to them, where they can see the confidence-building measures taking place. After that, they can decide rationally what they want. But, it is difficult to say at this stage, what their view is. Of course, if you go to them now, under conditions of war, when they are angry, they will take a decision that is not well thought out. It will be more of a reaction, than a rational decision.

EIR: What would your vision for the future of Sudan be?

Akol: As a person, I would think that if the country is really given an opportunity, that whatever system people agree is a just system—that guarantees equality, that gives freedoms to everybody, religious freedoms, democratic freedoms, human rights, and so on—one would opt for a united Sudan, because the world now is moving toward conglomeration rather than division.

EIR: Do you see elements of the peace treaty moving in that direction, laying the basis for that?

Akol: This is what I am hoping. Let's hope that whatever peace agreement all agree upon, including Garang, should push toward that direction.

EIR: As Minister of Transport, how do you see the future development of the country? Clearly, the war is an enormous obstacle to development of any infrastructure. But what kind of vision do you have of the future, from the standpoint of transport, and trade relations regionally?

Akol: No doubt, transport plays the greatest role in linking the country together. If you don't have a good transport system, it is difficult for various parts of Sudan to interact. As you well know, the country is 2.5 million square kilometers [1 million square miles] in size, a very huge country, so you need to have an efficient transport system that can connect the various parts of it. At the moment, the south is served mainly by river transport. We have only one rail line that goes to the south, the one from Barbanusa to Awiel and Wau. But, basically, we rely on the river system.

We also want to connect to the neighboring countries by rail, countries like Chad, and the Central African Republic,

because if you could do that, then they could depend more on Sudan's ports, rather than getting their goods from western Africa. So, we want to extend to the neighboring countries, by extending our rail in that direction. At the moment, we have a program of trying to develop the rail system, in a way that will make it more efficient than it is now. Sometimes you find a line being used once a week; that is a waste.

We are trying to separate the infrastructure from the operational side. In other words, the infrastructure, the rail system, the communications, the stations—that was owned by the government. We want to open up the operation of the railways to the private sector; whoever is ready to invest in running a rail system between Khartoum and Port Sudan, they can use that line. Anybody who wants to use the line from Kosti to the west, can also do that, and so on. Because it is very expensive for the government to run this. At the same time, the government needs to set up strong infrastructure for the private sector to be able to operate. Of course, it is easier for them to run a railway system than for them to pay for extending the rails.

Washington war dog takes diplomatic tack

by Linda de Hoyos

At a one-man seminar at the U.S. Institute for Peace on April 28, John Prendergast presented a three-part policy for a diplomatic offensive by the United States government against Sudan, now that military operations against the Khartoum government have definitely stalled—in short, a policy of war by diplomatic means. Prendergast, formerly with the National Security Council, had been contracted by the U.S. Agency for International Development (AID) to revamp U.S. policy toward Sudan, and had just returned from a tour of southern Sudan and Uganda.

Prendergast has nearly made his career as a crusader against the government of Sudan, working with Roger Winter of the U.S. Committee for Refugees and Ted Dagne of the Congressional Research Service. In September 1997, the three had dominated a U.S. Institute for Peace forum in which they called for a U.S. policy of total war against the National Salvation Front government of Sudan. Assuring attendees that this would not involve U.S. ground troops, they called for total support from Washington for John Garang's Sudanese People's Liberation Army (SPLA). This was their answer at the time to the April 1997 peace accords between the Sudan government and all other factional leaders in southern Sudan, with the sole exception of Garang. This war, said Roger Winter, was required, "even though I know it will bring about a

humanitarian catastrophe."

Prendergast noted that now with Susan Rice as Assistant Secretary of State for African Affairs and David Dunn as head of the East Africa desk, the team was assembled that could implement such a war policy. That is precisely what happened after a debate that went into November among Washington policymakers.

However, war failed. Not only did the SPLA, along with Ugandan tank divisions, fail to make serious headway in Sudan in two separate offensives in 1997, but the back-up to Garang from Eritrea and Ethiopia collapsed in May 1998, when Eritrea invaded Ethiopia.

Hence, Prendergast was charged with devising a "diplomatic" fallback.

His proposal hinges on a three-track plan with the aim, he said, of bringing about a "progressive change in the Sudan government, through a comprehensive settlement or as a result of new realities on the ground," meaning a more favorable military situation.

The first track is to be through the talks sponsored by the Inter-Governmental Authority for Development (IGAD), comprised of the countries in the region, and which has been the sponsor for talks between the Sudan government and Garang's SPLA for the last two years under the chairmanship of Kenyan President Daniel Arap Moi. Prendergast noted that the IGAD talks must somehow arrive at a "comprehensive settlement," and that the National Democratic Alliance, the coalition of northern opposition parties and Garang's SPLA cobbled together by Baroness Caroline Cox, Deputy Speaker of the British House of Lords, must be involved. This "comprehensive settlement" is therefore the goal for bringing about a "restructuring" of the government in Khartoum.

Prendergast also called for the IGAD talks, with the next round possibly beginning on May 20, to become the focus of attention from the "international community." Pressure must be brought to bear against Sudan, through IGAD, said Prendergast, who had just met with the IGAD Observers Forum, the grouping of "donor" countries which are to use IGAD as a focus for international attention against Sudan.

Second, Prendergast called for "grassroots" peacemaking in southern Sudan. He cited the late-February conference of the Dinka and Nuer chiefs as an example. That conference, sponsored by the Sudan Council of Churches and coordinated by Presbyterian church leader William Lowery, was funded by the U.S. AID. Garang, a Dinka, has been relying on a base within the Dinka community, particularly from region of Bor, while Riak Machar and other leaders in the Southern Sudan Coordinating Council are often from the Nuer community. Prendergast said that such "grassroots" meetings are important to establish greater unity in southern Sudan, where civil war has been going on since 1991 when many SPLA leaders split with Garang. However, Prendergast emphasized that the principal motivation for holding "grassroots" peace conferences is "to pressure Khartoum."

Third, Prendergast called for the U.S. government, particularly through AID, to support the creation of “civil administration” in southern Sudan in areas controlled by Garang’s SPLA. “The civilian capacity of the SPLA must be enhanced,” he said. This has been a longtime concern of Garang’s boosters in Washington. First, such civil structures are designed to counter the work of the Southern Sudan Coordinating Council, led by Dr. Machar, which functions as the de facto government of southern Sudan. Second, the creation of civilian institutions in Garang-held territory provides a new channel for the funneling of money into Garang’s operation, Prendergast lamented, in answer to one question that Congress would never permit U.S. covert military support to Garang. Even as early as 1995, Winter et al. have been attempting to corral Garang’s operation into a civilian mode, so as to provide a credible repository for money, and also to boost Garang’s flagging credibility internationally.

The overall problem, Prendergast indicated, is that given the military stalemate, “there is no pressure on Khartoum in the absence of external stimulus.” He averred that the Sudan government is “comfortable” with the situation as it is.

In answer to questions, Prendergast left no equivocation that peace is not the aim of the policy he put forward, but pressure on Khartoum. He summarily rejected the idea of a special U.S. envoy to bring about meaningful negotiations between the SPLA and the Sudan government, as had been called for by Reps. Tony Hall (D-Ohio) and Frank Wolf (R-Va.) in June 1998. He summarily rejected as meaningless the provision in the April 1997 accord between the Sudan government and all other southern factions for an internationally supervised referendum to be held in the south on the question of southern secession. No one could possibly believe that the Sudan government would permit such a referendum, he argued, although he could not say why all other southern faction leaders *did* believe it strongly enough to lay down their arms and work for peace in southern Sudan.

“The aim is to change the nature of governance in Sudan,” Prendergast said. “The end result [of the IGAD process] would be geared toward a framework for the changing the nature of the government in Sudan. It is in no one’s interest to see a partial solution where only the south is addressed.”

In plain English, the issue of the south has been cynically used by Prendergast and company merely as a means to “pressure Khartoum,” to destabilize the nation-state of Sudan, to destroy the Sudan government.

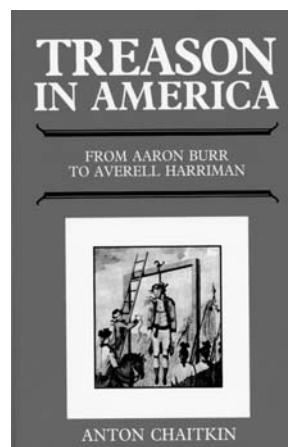
The actual reality in the south, that the population of southern Sudan is being destroyed by this war—wracked by disease and famine, close to the brink of social and physical annihilation—is not a concern for Prendergast et al. For Prendergast, a career-theorist of relief agency work, the fact that up to 200,000 people or more died in the 18 months in which war policy was unsuccessfully carried out, is not a concern. The reality of the south, that the southern leaders and their people seek peace among themselves and with their neigh-

bors, including in northern Sudan, is not only not a concern to Prendergast, but is in fact *a threat* to the strategic interests he represents, who are determined to turn Sudan, where a functioning highly educated elite is committed to building a nation, both in the north and in the south, into yet another “failed state” in Africa.

Most southern leaders see through the game: that the war in the south has been used as a battering ram against Khartoum, not for the people of the south. Only Garang appears to be unable to figure this out. Prendergast’s policy is not in the interests of the United States, and is incoherent with President Clinton’s vision of a partnership with Africa, but it does suit the geopolitical aims of British intelligence and their complicit allies in the United States, such as Rice, and their protector, Secretary of State Madeleine Albright. These aims not only include the domination of the River Nile by Israeli interests, and but also the grab of Sudan’s tremendous wealth in natural resources by British Commonwealth extraction companies. The primary aim is the destruction of Sudan through war—continued war in the south and new civil war in the north—so that no effective government in either northern or southern Sudan can ever again threaten British and allied interests. Now that the military “timeline is slipping,” as Prendergast noted, he and his gang are shifting to diplomatic terrain.

Treason in America

From Aaron Burr To Averell Harriman



By Anton Chaitkin

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How the Balkan war could have been prevented

by Elke Fimmen

Immediately after the fall of the Berlin Wall, in 1990, Lyndon LaRouche proposed a program for the development of eastern Europe, which he called the the “Paris-Berlin-Vienna Productive Triangle.” LaRouche’s program called for using this region as the motor for the economic buildup of eastern Europe following the collapse of communism. Reaching out from the core region, spiral-armed infrastructure corridors would stretch into the rest of the European regions, and, through an integrated system of links for high-speed, magnetically levitated trains, as well as roads and waterways, a market of over a half billion people would be created.

LaRouche’s program for economic reconstruction was not adopted. Instead, the policies of British Prime Minister Margaret Thatcher and U.S. President George Bush enforced brutal International Monetary Fund (IMF) “shock therapy,” open markets, and the looting of the economies of eastern Europe and Russia, with the well-known, disastrous social and strategic results.

In Yugoslavia, with these methods, the fuse on the dynamite was lit. The IMF devised a “reform package,” under the guidance of foolish Harvard economist Jeffrey Sachs, for the already economically weakened Yugoslavia, a package which within a year, led to unstoppable economic decline. The country was plunged into deep depression, with mass unemployment and hyperinflation; living standards fell, and state investment programs were stopped. At a meeting of the Mont Pelerin Society in September 1990, economics professor Steve Pejovich from Texas A&M said that, thanks to the IMF “reforms,” the probability had increased that “the country would be politically destabilized by growing disparities between ethnic groups.”

It was a situation which might as well have been custom-

designed to supply fertile soil for Yugoslavian strongman Slobodan Milosevic’s “Greater Serbian” domination strategy.

In May 1991, the U.S. State Department, under Secretary of State James Baker III, further worsened the situation in Yugoslavia: All U.S. aid was stopped to all the constituent republics, and the U.S. imposed a veto on the issuance of further IMF credits. A bridge credit of \$1.1 billion collapsed, and with it, also all further expected foreign credits in the amount of \$3.5 billion, which were tied to the IMF credits.

With a single blow, the Bush administration had thrust Yugoslavia into a whirl of a total financial and economic collapse, with dramatic results for the entire region — without any positive alternative. The Bush administration claimed that this step had to be taken, to punish Yugoslavia for its failure to hold free elections the year before, and for human rights violations in Kosova — even though such violations had already been known about three years earlier.

A social explosion — especially in Serbia — was expected for the Autumn of 1991, since wages could not be paid. The cessation of payments on the foreign debts of \$16 billion, which up until this time had been serviced under IMF oversight, still stood.

The republics of Croatia and Slovenia, which only a few months before had been ready to continue a political union in the form of a loose confederation of the Yugoslav constituent republics, so as to create a common economic region and customs union, as well as a common defense in case of attack, now declared that under these circumstances, and in the face of Serbian power politics, they intended to declare their total independence from Yugoslavia.

In June 1991, two days before the the two republics offi-

cially declared independence, U.S. Secretary of State James Baker, on a sudden visit to Belgrade, assured Milosevic that the United States stood “for the territorial integrity of Yugoslavia.” This, despite the fact that the disintegration of Yugoslavia was being accelerated precisely because of the U.S.’s decision to cut off credit! Under these circumstances, Milosevic interpreted Baker’s visit as a green light for a military action against Slovenia and Croatia.

The World Bank and the IMF continued to insist on payment of the Yugoslavian back state debt of about \$5 billion — about the portion which had been promised to Bosnia as construction aid. Payments promised by the European Union, never came.

Official U.S. passivity regarding Milosevic continued until the change of the Presidency from George Bush to Bill Clinton, and with the help of intentional British and French support for Milosevic, made possible the complete destabilization of the region, and all of Europe. Today’s war is having the same effect.

The Schiller Institute’s record

During the entire time, the Schiller Institute had been aggressively proposing the implementation, by the latest at the end of the war in Bosnia-Herzegovina, a comprehensive “Marshall Plan” for the entire Balkan region. Had the United States adopted and promoted such a program, the region would have been stabilized, and ethnic conflict avoided. There would also have been a different perspective for the Serbian population, which could have led to peaceful political changes.

The Schiller Institute’s policies and proposals were well known to leading circles in Europe, the United States, and in Yugoslavia itself. But they were wilfully, and tragically ignored. Lest there be any doubt about that, we present here a summary of the activities of the Schiller Institute in the region, with special emphasis on the economic development perspective.

Croatia

In a public call for the recognition of the independence of Slovenia and Croatia, the Schiller Institute declared: “We support the full realization of the proposed all-European infrastructure program of the American economist Lyndon LaRouche, the Productive Triangle, as the only possibility for restoring peace to the Balkans.” The call’s supporters included, in addition to German Schiller Institute president Helga Zepp LaRouche, artist Boleslaw Barlog (now deceased), former Austrian Justice Minister Dr. Hans Klecatsky, and numerous state legislators as well as many politicians, artists, and scientists from Austria, Hungary, Croatia, Armenia, the United States, Peru, Venezuela, and elsewhere.

The Schiller Institute’s international activities, including



Bosnian leader Faris Nanic addressing FDR-PAC seminar on Jan. 4, 1997 on the need for economic reconstruction. To the left are Lyndon LaRouche and Schiller Institute founder Helga Zepp-LaRouche.

many visits from 1991 onward, fostered discussion not only on the question of the geopolitical background of the war, but also sparked a debate on the question of the future orientation of economic policy. This theme was repeatedly stressed in the Schiller Institute’s many reports and seminars. Two examples:

- July 1994: Michael Liebig, at a Schiller Institute-sponsored seminar at the University of Zagreb, presented “An Alternative to the IMF’s Shock Therapy.” He laid out the foundations for the tested principles of physical economy and productive credit creation. His presentation was subsequently translated into Croatian, and was circulated in the Croatian-language edition of the Schiller Institute’s “Strategic Studies” among Croatian institutions, journalists, and interested individuals.

- Spring 1997: the Schiller Institute’s Paolo Raimondi gave lecture on the “Strategic Significance of the Eurasian Land-Bridge,” at the international spring “Europa-Haus” lecture series in Zagreb, with high-ranking European and American diplomatic participants.

Lyndon LaRouche, who at this point was still incarcerated as a result the Kissinger-led effort to erase him from the political map, gave many multifaceted interviews to Croatian newspapers, including one in November 1994 to the weekly *Nedjeljnja Dalmacija*. In that interview, LaRouche attacked the malthusian British geopolitics behind the Balkan war,

and warned: "If we fail, what has already begun in former Yugoslavia, will become the beginning of a new world war."

Bosnia-Herzegovina

In April 1994, at the high-point of the destructive war in Bosnia-Herzegovina, Schiller Institute founder Helga Zepp LaRouche spoke at a conference of the "International Parliamentarians Against Genocide" in Brussels, which was opened by the former Bosnian Foreign Minister Irfan Ljubljankic. In the face of the endless horror, it would appear to be very difficult to imagine future economic cooperation after the restoration of the pre-war border, she said, but "there must come a time at which the bitterness is overcome and the way for peace is opened up." She referred to the efforts in the Middle East for an "Oasis Plan" as the basis for political peace. The geopolitics of Thatcher and Bush from 1989 onwards, must be reversed, she said. This means not only stopping the genocide and giving the idea of tolerating a "Greater Serbia," but it also means bypassing the IMF and World Bank. Instead, "massive economic development with western aid to the Balkans, but also urgently to Russia, Ukraine, and the other countries of the former Warsaw Pact," must be put into effect.

Immediately after the Dayton agreements at the end of 1995 the Schiller Institute worked out a series of further initiatives:

- February 1996: At a press conference in Washington, Helga Zepp LaRouche, along with Dr. Josef Miklosko, former vice-premier of post-communist Czechoslovakia, and former U.S. Congressman John Dow, released a "Call to Save the Children of Bosnia-Herzegovina," which was also supported by Father Richard McSorley, S.J., the director of the Center for Peace Studies of Georgetown University, and by as many other well-known international figures.

- February 1996: The international Schiller Institutes circulated a "Program by Bosnian Intellectuals for National Reconstruction." It proposed, among other things, the establishment of a national bank, productive credit creation to crank up production, a currency reform, and the creation of a national commission for infrastructure and regional development. This was meant to especially drive the upgrading of the country's energy and water supply, as well as the construction of canals, railroads, and roads.

- April 1996: An international Schiller Institute delegation, which included U.S. Massachusetts State Legislator Benjamin Swan and former U.S. Congressman James Mann from South Carolina, visited Bosnia-Herzegovina for talks with top-level political and church representatives, including the Cardinal of Sarajevo, Vinko Puljic; the highest level Muslim dignity in the country, Dr. Mustafa Ceric; Croatian and Serbian members of the seven-person Bosnia state presidium Klujic and Pejanovic; the vice-president of the Social Democratic Association (the ruling party) Bicakcic; the acting defense minister Cengic; and the president of the humanitarian

organization Merhamet, Dr. Becirbegovic. At a press conference in the headquarters of the ruling party, the SDA, they demanded that "The reconstruction must be undertaken in the context of an emergency program along the lines of the American Marshall Plan of the post-war period. . . . The political, institutional and economic sovereignty of Bosnia-Herzegovina must be asserted against the orders of the international financial institutions and against geopolitical interference by powers like Great Britain."

- August 1996: German Gen. (Ret.) J.A. von Kielmansegg travelled with a delegation of the Schiller Institute to Sarajevo. Up until 1994, General von Kielmansegg had been chief of staff of the NATO Northern Army group in Mönchengladbach, and also was head of the UNPROFOR protection force in Bosnia. In his report, he stated that "the will for reconstruction, and also the capability for, it are present in the country, but the promised and so urgently needed financial

LaRouche: British hand behind Balkan wars

There is no understanding the outbreak of the 1990s war in the Balkans without understanding the role of British geopolitical aims, and methods, in the region. Lyndon LaRouche and Executive Intelligence Review have repeatedly identified this causal factor, which we will briefly review here, and insisted that the British role be identified explicitly. We quote here from LaRouche's discussion of the issue at a Jan. 5, 1997 seminar in Washington, D.C.

Then, in 1989-91, when the Soviet system disintegrated, we said, 'We don't need the nation-state any more!' And there began a process of full-scale destruction of the nation-state as an institution, because the likelihood of any form, the challenge from a nation-state seemed impossible. We had now entered, as Bush said, a new world order, which is a global order, in which the nation-state is to be eliminated.

In that context, you had a special problem, where the Balkan war erupted. Thatcher, who brags in her biography, quite accurately, that Bush was her puppy dog — she could control him by snapping her fingers, as only an old British nanny could do — went into things like Desert Storm, for reasons of a policy which was enunciated by the British government in 1989, in the fall of 1989. They said the danger is that with the collapse of the Soviet system, that Germany will instinctively react, by using its machine tool

and economic aid is, up until now, either not forthcoming, proceeding slowly or drop-by-drop, or it is tied up by the World Bank and the IMF over conditions which are totally unfulfillable by such a poor and destroyed country. What's necessary is a kind of Marshall Plan for Bosnia-Herzegovina, just as the one which helped us Germans once again to our feet 50 years ago."

- October 1996: General von Kielmannsegg, Gen. (Reg.) Paul-Albert Scherer, former chief of Germany's military intelligence service, and Elke Fimmen from the Schiller Institute published a memorandum titled "No Return of the Bosnian War Refugees Without Economic Reconstruction in Bosnia-Herzegovina." The memo demanded bilateral German economic aid for infrastructure projects, instead of the aid being tied up by the totally ineffective European Union and World Bank mechanisms. This memorandum was circulated in all important institutions in Germany. Its supporters

included Maria Jepsen, a bishop of the Northern Elbe Evangelical Lutheran Church in Hamburg.

- January 1997: Faris Nanic, co-initiator of the recent call for peace through reconstruction in the Balkans, spoke, at the request of the Schiller Institute, at a Washington, D.C. conference of Lyndon LaRouche-associated political action (FDR-PAC) on the theme "Bosnia—Bridge between West and East." Nanic appealed to the United States and Europe, to establish a lasting peace in Bosnia through economic development, and to expand this process throughout the region, the Balkans, and all southeastern Europe. "Otherwise," he warned, "the policy of balance of power politics, which has caused enormous blood-sacrifices in this century . . . will prevail far into the future."

- Spring 1997: the Schiller Institute was invited to participate along with Bosnian and Serbian economists, in a Sarajevo seminar of the United Nations Development Program.

potential as an export potential, to open up a new phase of development of eastern Europe and the Soviet Union, too, or the territory of the Soviet Union. This must be prevented at all costs.

The British call this the "Fourth Reich issue": the danger of Germany emerging as a Fourth Reich, that is, as an economic power, through its collaboration with those sections of the former Comecon which had been part of the Soviet system earlier. That this would therefore reaffirm the institution of the nation-state. This was a geopolitical issue.

Under that policy, Bush, with Thatcher, were the mediation for ensuring that, now that eastern Europe and the former Soviet Union were down on the ground, let us keep them there forever. And every economy in eastern Europe has been significantly destroyed, relative to its level of 1989, under the so-called reform. The most savage reform, the most savage collapse of any part of eastern Europe is perhaps in eastern Germany, where the economy has been destroyed by the German government, under orders from the Anglo-Americans and the French, Mitterrand, under Maastricht. But, the same pattern exists in Poland, exists throughout eastern Europe. Romania is notorious, Bulgaria is notorious, Hungary is notorious.

Then there's another aspect to this: the Balkans. You may recall, when the war in the Balkans started, which started *after* Desert Storm, it was unleashed by British Intelligence, with the support of Mitterrand in France. The war cry, the original war cry used by Belgrade to justify the attack on Croatia and Slovenia, was the magic phrase, " 'Fourth Reich.' " "Germany is the Fourth Reich, Germany is the danger." That terminology was no longer used after that phase, in the Bosnia phase of the war, but it was used

in the opening phase.

Now, we dealt with the British in that period, talked to them about it, to high-level people we knew. And they admitted, that the purpose of the Balkan war, the reason that they and the French organized the Balkan war, was for geopolitical purposes, *identical to those which set World War I into motion*, which they did, the British and French at that time, started the Balkan war of the early part of this century, and organized the Balkan war, in effect, during World War II. It was organized on the same logic, as part of the destruction of those parts of the world which might be the basis for re-emergence of nation-states. This is the same policy which is being carried out in Africa, which is a deliberate policy of genocide.

There is no intent, on the part of the British or their friends in France, or others, *to allow* the restoration of any state power in the Balkans. They are now in the process of putting Serbia through the meatgrinder. The opposition is legitimate, but the leadership is doubtful. It looks like another meatgrinder. It looks like they're preparing to set into motion the basis for a new Balkan war—as they did before World War I. Remember, there were two Balkan wars in that period, one set up after the other.

We know there's no intended solution for Africa.

And, that's the point. We now face a situation in which those are the realities. We are in a system which is collapsing, where the collapse of the system is imminent, the financial system. The economies are collapsing under the influence of these policies, and we have, in various parts of the world, as typified by the case in the Balkans and the case in Africa, we have parts of the world which exemplify the horror show which results from the continuation of these policies.

Helga Zepp-LaRouche keynotes EIR Washington seminar

by Bonnie James

The outcome of the war in the Balkans will be determined in the precious days we are living through now, Helga Zepp-LaRouche told a seminar in Washington, D.C. on May 5. She added that at this moment, we are offered the chance to create a new, just world economic order out of the horror unleashed by NATO's air war.

Drawing on the historical example of the 1648 Peace of Westphalia, which ended the gruesome Thirty Years' War, Zepp-LaRouche, president of the Schiller Institute and wife of Democratic Presidential pre-candidate Lyndon LaRouche, demonstrated that even where long-standing hatreds and the commission of unspeakable brutalities have characterized the conflict, there can still be peace established, if a *passion* for mankind's welfare can be found.

An audience of 150 attended the *EIR* seminar, which was titled, "After the NATO Summit, What Next? The Post-Balkan War Perspective." Among these were 17 embassies (including three ambassadors and one defense attaché), representing East and Central Europe, Central Asia, Ibero-America, and Southeast Asia. In addition, there were elected officials, trade-union leaders, representatives from the Nation of Islam, local ministers, community organizers, and several international media.

Following Helga Zepp-LaRouche, *EIR* economic analyst Richard Freeman gave a short presentation that completely demonstrated the collapse of the physical economy and life expectancies throughout the world, proved the fraud of U.S. Gross Domestic Product figures, and debunked the myth of low unemployment. Using Lyndon LaRouche's Typical Collapse Function ("Triple Curve"), Freeman presented 15 charts to document what is really going on in key areas of the physical economy. One devastating picture showed population growth in Russia "before and after" the International Monetary Fund shock therapy was imposed. The audience saw — right before their eyes — about seven years of "normal" popu-

lation growth, immediately followed by a collapse to negative population growth. No tapering off, just a dramatic, deadly plunge, exclusively the result of the IMF economic policy.

LaRouche expresses 'cautious optimism'

Opening the afternoon meeting, Debra Freeman, Lyndon LaRouche's East Coast Presidential campaign coordinator, read a message from LaRouche, who was unable to attend:

"Until this planet is ruled by a general commitment to a just, new world economic order among perfectly sovereign nation-states, this planet is on the road toward a global catastrophe, a plunge into a prolonged new dark age.

"Happily, crisis sometimes breeds solutions. The present spiral of global financial crisis has brought the world to new wars, such as the recent series of attacks on Iraq and the current Balkans war. However, the severity of the global financial crisis also produced a new form of cooperation among certain nations of Eurasia: China, Russia, India, Malaysia, and others. This combination of Eurasian nations represents in itself the majority of the human race, and the area of the greatest opportunity for future growth of the world economy as a whole.

"If the world wishes to escape the danger," if it wishes "that NATO's present military quagmire in the Balkans does not lead into a new form of worldwide warfare, leading nations must create a new partnership in shaping the economic and other relations among the President of the U.S.A., some nations of continental western Europe and the growing Eurasia bloc centered around China, Russia, India, and other nations. Such cooperation, if based upon the principle of partnership among truly sovereign nation-states and their economies, is the only foundation on which the present tendencies toward a worldwide spread of NATO's Balkan war can be reversed.

"Therefore, I am optimistic — cautiously optimistic."



Schiller Institute founder Helga Zepp-LaRouche addresses the EIR seminar, "Alternatives to Worldwide Depression and War: The LaRouche Doctrine."

Debra Freeman noted that the greatest cause for optimism is Lyndon LaRouche's campaign for the Democratic Presidential nomination.

A new situation

Zepp-LaRouche began her presentation by observing that at the moment when the last *EIR* Washington seminar was taking place, on March 24, Russian Prime Minister Yevgeni Primakov's airplane, en route to Washington, turned back to Russia, and within hours, the bombing of Yugoslavia by NATO warplanes began. Yet, now, there are equally dramatic developments, which are much more hopeful for a possible solution to the war, she said. These have been signalled by President Clinton's statement at a joint press conference on May 4 with Japanese Prime Minister Keizo Obuchi that, among other things, a pause in the bombing is possible under certain conditions, and that peacekeeping troops could be deployed under UN command. This, she said, could mean that we are on the road back to the rule of international law, and it may be possible to avoid the catastrophe of a wider war.

This, combined with Clinton's recent speech in San Francisco discussing the need for a Marshall Plan-style reconstruction of eastern Europe after the war, creates an entirely new situation, wherein it becomes possible to ask: What is the peace plan? How will the Balkans *and Russia* look 20 years hence? By approaching the question this way, one can work back to a real peace solution, Zepp-LaRouche said.

The shock of the war—the continuing horror of the bombing, the streams of refugees (600,000 Kosovar Albanians)—has jolted the nations of Europe as well, and the realization that World War III is possible is far more real in Europe than here in the United States, she said. The shift can be observed in the intensity of diplomatic activity, especially that involving

Russia: Undersecretary of State Strobe Talbott's trip to Moscow, UN Secretary General Kofi Annan's efforts, among others, are exemplary.

Yet, even with all this, there are still forces, especially the British, who are determined to escalate the war: "We are still potentially going into a quagmire," warned Zepp-LaRouche, with the possibility of an all-Balkan war expanding to world war, but this time with a nuclear component.

Although Europeans have little trouble connecting an economic crisis with war, here in the United States, Americans are lost in a fantasy state over the stock market, which has now gone over 11,000. Americans think: "We will all be rich . . . forever!" But, she pointed out, the policy of the Federal Reserve since the events of last summer and fall—the Russia default and the Long Term Capital Management blowout—has been exactly that of pre-World War II Weimar Germany: hyperinflation! Fed chairman Alan Greenspan, who described the stock-market ballooning two years ago as "irrational exuberance," has now produced "insane exuberance," by lowering interest rates three times since last summer's events.

In reality, said Zepp-LaRouche, we cannot solve the Balkan crisis without solving the financial crisis.

A New Bretton Woods system

For lasting, just peace in the Balkans, there must be a return to *at least* the system of relations established under the United Nations, Zepp-LaRouche said. But this must take place within the context of a New Bretton Woods system, characterized by two features: First, we must apply the lessons of the successful post-World War II reconstruction of Germany, as was done under the previous Bretton Woods system up until 1958, with the role of Germany's Kreditanstalt für Wiederaufbau as a model for financing the rebuilding of the

country. And, second, we must return to the commitment of Franklin Roosevelt during the Second World War to end all forms of colonialism throughout the world.

This is the program now on the table, said Zepp-LaRouche; then she detailed the horrific economic and social conditions prevailing throughout the Balkans and the nations of the former Soviet Union. She also presented a dramatic review, using maps and other images, of the history of the Balkan region, where wars, partitions, and the re-drawing of borders have been used by the British to prevent the unification of continental Europe around a program of mutually beneficial economic development. Today, as a result of all this, *the Balkans are completely destroyed*, she said.

Thus, the question is posed: How can peaceful relations ever be reestablished in this region? To answer this, Zepp-LaRouche employed the model of the Peace of Westphalia.

Using principles later adopted by American President John Quincy Adams, wherein Adams asserted that U.S. foreign affairs must be based on the policy of a “community of principle” among sovereign nation-states, the 1644-48 Westphalia conference succeeded, after 30 years of savage bloodletting, in bringing peace to a Europe divided among Protestant and Catholic, prince and emperor, nations and peoples. How? By assigning *equal status* to all warring parties; and, above all, by *forgetting the past, for the sake of peace*.

What we must do today, Zepp-LaRouche implored, is to view each nation as we would our own family, because, as

the Renaissance’s Cardinal Nicolaus of Cusa said, peace in the macrocosm, can only be based on peace and development of the microcosm. If Clinton, harkening back to the best traditions of America, could but seize this historical moment, if he were to develop a *passion* for the idea of an international community of peoples, and find the kind of passion for mankind that a parent feels for a child, then we would have a just peace.

Animated dialogue among participants

The scheduled remarks were followed by an animated question and answer period; and then a brief, but very moving presentation by Kosovar Albanian Feride Istogu Gillesberg, a member of the Schiller Institute in Copenhagen, who has been on tour in the United States. A leader of Kosovar Albanians, she represented Kosova at the Helsinki Commission. Her statement graphically described how, back in 1990-91, it was *only* the Schiller Institute and the LaRouche movement which had organized against the Milosevic genocide.

One American suggested to Mrs. Zepp-LaRouche to call the reconstruction plan for the Balkans, the “Ron Brown Plan,” to acknowledge the efforts of the late U.S. Secretary of Commerce, at the time his plane crashed en route from Bosnia to Croatia in April 1996. Such a name, the questioner suggested, would also force President Clinton to look at what he must do. Zepp-LaRouche said she would give this idea more thought.

Unnatural born killers: video brainwashing and Littleton

by Anton Chaitkin and Jeffrey Steinberg

On Aug. 10, 1998, less than a year before the Columbine High School massacre in Littleton, Colorado, Army psychologist Lt. Col. David Grossman (ret.) penned an article in the magazine *Christianity Today*, titled “Why Are Kids Shooting Their Classmates?” Grossman is from Jonesboro, Arkansas, the scene of an earlier teen murder spree. Grossman, according to the introduction to his *Christianity Today* piece, coined the term “killology,” to describe a new interdisciplinary field of study: the methods employed by military trainers to help soldiers overcome their inhibitions to killing fellow human beings.

As Grossman detailed, first, in his *Christianity Today* piece, and, again, last week, in an interview with *EIR*’s Anton Chaitkin (see below), the very same behavior modification

techniques employed so effectively within U.S. Special Forces, U.S. Marines, and other front-line combat units, are being used on a massive, and indiscriminate scale today, on our nation’s youth. Desensitization, operant conditioning, role modeling: The techniques developed by military psychologists to produce trained killers in uniform, are being used on a growing majority of pre-schoolers, pre-teens, and teens.

Quite literally, some of the very video game companies that have driven the NASDAQ “internet stocks” up through the stratosphere, contributing to the biggest asset bubble in modern history, have made their money by exposing our nation’s youth to “self-brainwashing” as “Manchurian Candidate” killers.

Colorado teen killers Dylan Klebold and Eric Harris were clinically addicted to the video game “Doom,” produced by ID software, of Mesquite, Texas. GT Interactive, the distributor of “Doom,” boasted of \$531 million in revenue for 1997 (the last year that statistics were available), and a growth rate of 50% per year during 1995-97.

The culture of Gore

Lyndon LaRouche, Democratic Party pre-candidate for the 2000 Presidential nomination, observed recently that those people raising Cain against lax gun laws, following the Littleton tragedy, have got it all wrong. Back in the 1950s, far more Americans per capita owned firearms, and there was no wave of juvenile mass murders. What created the conditions for the Jonesboros and the Littletons is the “New Age” internet culture, lionized by Vice President Albert Gore. It is the culture of Gore, spread through Hollywood, through the interactive computer video game industry, through an ever-more violent and pornographic rock music industry, and given license by school systems adopting “outcome-based education” and other forms of social engineering, that has turned millions of youth into “unnatural born killers.”

Colonel Grossman underscored the same point in his article in *Christianity Today*. “The virus of violence is occurring worldwide,” he lamented. “The explanation for it has to be some new factor that is occurring in all of these countries. . . . There is only one new variable present in each of these countries, bearing the exact same fruit: media violence presented as entertainment for children.”

Grossman reported on his own experience, over a 25-year period as a military psychologist, studying techniques to allow soldiers to overcome their aversion to killing. U.S. Army Brig. Gen. S.L.A. Marshall conducted a study during World War II, in which he discovered that only 15-20% of riflemen could bring themselves to open fire on an exposed enemy. By the time of the Vietnam War, the rate had risen to over 90%. What had occurred? The military had perfected techniques for behavior modification of the soldiers, to overcome their natural human aversion to killing.

Grossman then dropped a bombshell: “Something very similar to this desensitization toward violence is happening to our children through violence in the media—but instead of 18-year-olds, it begins at the age of 18 months when a child is first able to discern what is happening on television. . . . When a young child sees somebody shot, stabbed, raped, brutalized, degraded, or murdered on TV, to them it is as though it were actually happening. To have a child of three, four, or five watch a ‘splatter’ movie, learning to relate to a character for the first 90 minutes and then in the last 30 minutes watch helplessly as that new friend is hunted and brutally murdered, is the moral and psychological equivalent of introducing your child to a friend, letting her play with that friend, and then butchering that friend in front of your child’s eyes. And this happens to our children hundreds upon hundreds of times. . . .

Our children watch vivid pictures of human suffering and death, and they learn to associate it with their favorite soft drink and candy bar, or their girlfriend’s perfume.”

Grossman reported that, in every region of the country, with the arrival of television, there was an immediate jump in playground violence; and within 15 years, the murder rate had doubled. “Why 15 years? That is how long it takes for the brutalization of a three- to five-year-old to reach the ‘prime crime age.’ That is how long it takes for you to reap what you have sown when you brutalize and desensitize a three-year-old.”

Grossman ended with this dire warning: “We have raised a generation of barbarians who have learned to associate violence with pleasure, like the Romans cheering and snacking as the Christians were slaughtered in the Colosseum.” Grossman labeled this virulent disease “Acquired Violence Immune Deficiency Syndrome (AVIDS).”

Interview: David Grossman

Video games teach children to kill

Lt. Col. David Grossman was interviewed on May 6 by Anton Chaitkin.

EIR: I read your excellent article from last year’s *Christianity Today*.

Grossman: Interesting background to that article: It has sold an all-time record of reprints, twice or three times as much as they’ve ever run. And it has been picked up for reprinting now in seven different languages, including Japanese and Chinese, and periodicals in those nations, including secular periodicals. And it has been picked up for reprinting in six different periodicals in the U.S., including *U.S. Catholic* and *Hinduism Today*. So, it struck a chord.

EIR: And that’s before the latest shooting, in Colorado.

Grossman: That’s right.

EIR: Could you say how you see the Colorado events, the Littleton massacre, relating to your warnings?

Grossman: What we actually have is a national game, in which ever more children are invested in scoring the new high score in the national video game. Now, when you score a high score in the video game in the local arcade, you get your little three-letter initials in there. That reward, along with the pure joy of the game, is sufficient.

But now, the arcade games are vastly more violent. In this new national video game, the winner of the new “high score” gets to have his picture on the cover of *Time* magazine.

And there is an interacting set of variables. We invest the children in sick, violent fantasies. We have flight simulators that will actually teach you how to fly without ever touching a plane. We have driving simulators that teach you how to drive. And we have mass murder simulators, whose only “redeeming characteristic” is to teach you how to commit a mass murder.

In the case of other industries, the gun industry, alcohol industry, tobacco industry, pornography industry, none of those industries openly market their products to children. And we all agree that children should be protected by their family and their parents. But society helps the family. We have laws that say, that anybody that gives your child unrestricted access to guns, alcohol, pornography, tobacco, drugs, explosives — these people are criminals.

But on this one topic, everybody, from the American Medical Association, to the American Psychological Association, to the American Academy of Pediatrics, to the Surgeon General, agrees upon just unequivocally, on this one topic of media violence, and in particular the violent video games. Despite this, for some reason, the parents have just been left on their own.

And so, there’s a comprehensive initiative; the whole mind of a nation is going “click.” The data have been denied by the industry for so long, and now—you know, you can dam up a stream for a while. But inevitably when the dam breaks, the longer you dam it up, the worse the flood of the other end.

I was on “Meet the Press” with the Surgeon General, and the Surgeon General was asked, should we do a Surgeon General’s report? And he says, well sure, I can if you want me to, but why don’t we begin by looking at the 1972 Surgeon General’s report? The same Surgeon General at about the same time that they made the warning about the link between tobacco and cancer, made a warning about the link between media violence and violent behavior in children.

It has been denied and ignored for decades.

The American Medical Association a couple of years back said media violence is America’s number-one health care emergency. The National Institute of Mental Health in 1982 assessed over 2,500 scholarly studies and came to the conclusion that there is a clear consensus about a strong link. And, in 1992, the American Psychological Association had similar findings.

Now the question has become: Why don’t people know about this? If the American Medical Association were identifying any other single substance as being this harmful and this destructive, everybody in America would rally behind it. Why, on this one topic, have we got such a consistent denial and obfuscation?

The answer is, that the people we count on for our informa-

tion literally have blood on their hands. The national media, the television industry, know that they are responsible.

The most definitive study is in the *Journal of the American Medical Association*, June 10, 1992, which identified the fact that anywhere in North America that television ever appeared, 15 years later [violence sharply increased]; there appeared to be an immediate cause-and-effect relationship. It is one of the most astounding epidemiological studies in the second half of this century, and it has been virtually denied.

What’s going on here? The people we’ve entrusted the public airwaves to, have done a systematic brainwashing on this topic. It is extraordinarily difficult for any of us to grasp the fact that they are using a toxic, addictive substance, to increase their market share.

The magazine, newspaper, radio, book industry, have been crippled during a time while the television industry has increased their market share. Their addictive ingredient is violence, just as the addictive ingredient in tobacco is nicotine.

And the addictive ingredient is also a deadly one. A child who watches his dad beat his mom; twenty years later, when he’s under stress, and he’s got a wife, what’s he going to do? The same thing. Now, not necessarily, but there is a far greater probability.

Why does a child replicate that behavior? Because the behavior that they observe in the first five years of their life cannot be unlearned. If a child watches his father beat his mom, or if he watches 1,000 violent acts on TV, he is cocked and primed to participate in those actions in the future.

Not every child with access to guns is going to use those guns in violent crime. Only a tiny fraction of a percentage will. But because of that tiny fraction of a percentage society says, children have no Second Amendment right to guns.

In the same way, not every child with access to media violence, in particular these violent video games, is going to become a mass murderer. But because of that tiny percentage, and because it serves no useful purpose for a society for children to have access to this violence, the time has come for us to treat these firearms trainers in the same way we do firearms.

The ACLU [American Civil Liberties Union] is not trying to defend these devices. This is essentially a Second Amendment issue. These are firearms training devices. [An ACLU member] said let the NRA [National Rifle Association] take care of this. Well the NRA’s position is, these things need to be reined in.

EIR: You have spoken of the use of this training, as military training, for children’s videos. What is the transfer? Were there military people who took a second career, to go into this?

Grossman: No, here’s what happened. In World War II, we taught our soldiers to fire at bull’s-eye targets. We learned that that was tragically flawed. No bull’s eyes ever attacked someone on the battlefield.

Their ability to transfer the training to the reality was

limited. We realized that there is this tremendous gulf between being a law-abiding citizen, and then taking a gun in your hands and being able to take another human being's life. Not everybody can do it. In order to help them do it, you have to give them intermediate steps to cross that vast gulf.

And that's what these simulators are. We taught our people to practice shooting at realistic man-shaped silhouettes. The law enforcement community had to do the same thing. And then in the 1970s, we introduced the shoot-no-shoot program for the law enforcement community, in which you fire at rear-projection movies.

Pop-up targets were simulated human beings that you shot at in the military. Then we had the rear-projection movies where you fired blanks. Now that was as far as the military or the law enforcement community went, for quite some time.

But the video community picked up on the military training. They picked up on it and began to develop games based on that same technology. But now the games went far, far out. Now we are at a video arcade where you hold a gun in your hand, and you're shooting at human beings — and this is totally industry-driven.

Then the military became aware of these games. They began to go out to civilian contractors, and took off-the-shelf civilian products — like "Doom," from which they developed Marine Doom. Or, the Nintendo, Super Nintendo. The Army purchased over 1,500 of these Super Nintendo devices, attached an M-16 [automatic rifle] and turned it into a superb marksmanship-training device.

Now, these devices were the next generation. The military simulations became the next step in the law enforcement environment. You can talk to your local law enforcement agency training division, and tell them you want to use their FATS trainer (Fire Arms Training Simulator). You'll hold a mock-up of a real gun in your hand. You'll pull the trigger at a large-screen TV, and the slide will slip back, you'll feel the recoil, and when you hit the targets, the targets will fall. Understand that the law enforcement officers have to demonstrate restraint in this test.

Then go to the video arcade and play a game called "Time Crisis." Hold the gun in your hand, feel the slide slip back, and mow down [police] SWAT team members. Then walk next door to that game and play a game called "House of the Dead." Then watch as you blow heads off and arms off, and get bonuses as you're blowing heads off; and on and on. And get a feel for the fact that what the law enforcement officers are using as a powerful simulator, is being given indiscriminantly to our children. So, there are flight simulators, that teach you how to fly, there are killing simulators, that the military and law enforcement use, that enable you to kill, and there are mass-murder simulators.

EIR: I investigated the companies that developed and marketed the video game "Doom" and its sequels. The designers were a company called ID Software.

Grossman: Yes, ID Software, that's right.

EIR: Then GT Interactive is the financial end, the promoter, in New York; I think they just moved to Hollywood. ID Software, in Mesquite, Texas, is just across from the North Mesquite High School. The company has no name on the building lobby, though you can see the Ferrari and Porsche cars belonging to the wealthy video-game designers. On the 6th floor, there is "666 — ID Software"!

Grossman: Are you serious?

EIR: Now this is a frankly Satanic organization.

Grossman: Oh, yeah!

EIR: If you look at their Web site, they use tongue-in-cheek descriptions of themselves. One of the designers talks about his CIA and Special Forces background in a joking fashion; you can't tell what of it is true and what is not. Another one says that he was a designer for TSR, for "Dungeons and Dragons." John Romero, who designed "Doom" to begin with, was the son of a very high-security Air Force officer in spy planes, who went to England with his son, the young John Romero. John claims that as a young budding computer game designer, he programmed computers for the Royal Air Force, and he said that that "changed my life." This guy is now in the multi-multi-million-dollar range, getting investors from all over the world pouring money into a new company that he has started after ID. I see within the military, former military, Special Forces and intelligence community, a clique which is not at all patriotic people —

Grossman: Yes.

EIR: —and these guys are backed by something similar in the financial community in New York, and London, and Israel, and all kinds of places, and Russia probably . . .

Grossman: I don't doubt a word of that. Let me give you a different angle on it.

EIR: Have you investigated any of the companies?

Grossman: No, not at all. But I'll tell you this. There is a body of classified data, that enabled us to transition from bull's-eye targets to pop-up human beings. That taught us why that works, and how it works. The Army in recent years converted from just a man-shaped silhouette to an actual plastic dummy that pops-up on the firing range, a three-dimensional dummy. . .

Now that did not happen, a multi-multi-million-dollar transition, that kind of target did not happen without research. But I can't get my hands on any of that research! The Army could contribute a great deal to this national debate, by releasing that research. . . .

I am so grateful that there's somebody like you that's looking into this matter. Because I'm telling you, there's something weird going on. . . .

Only LaRouche is advancing ideas in the U.S. Presidential campaign

by Nancy Spannaus

It's already political season in the United States, as candidates for the Democratic and Republican party nominations for the year 2000 Presidential election seek to position themselves with the money and the support to win the nomination. The "standard wisdom" is that the winners have to raise more than \$20 million this year to have a chance to sweep the primaries, most of which have been moved up to late February and early March. By this standard, Al Gore (Democrat), George W. Bush (Republican), and Bill Bradley (Democrat) are leading the pack.

But the currency of the coming election is actually not going to be money at all: It's going to be *ideas* for dealing with the most devastating financial and strategic crisis in history. Measured by this standard, Democrat Lyndon LaRouche is the only qualified candidate, and the only candidate proposing ideas to address the reality of the world situation.

LaRouche statement on the Balkans

Take, for example, the matter of the war which is now raging in Kosovo, threatening to turn into a new Thirty Years War world war. Gore and Bradley have said virtually nothing about the war. The Republican candidates—all nine of them—have evaded specificity as much as possible, although their sentiments range from wanting an all-out ground war (John McCain) to seeking withdrawal (Pat Buchanan).

LaRouche, to the contrary, has been actively working to provide the ideas which could form the basis of a solution, not only to that particular conflict, but also to the underlying cause of the war: the financial collapse. On May 5, he issued the following campaign statement:

"Today, President Clinton arrived in Europe. Although the Rev. Jesse Jackson's success in bringing the U.S. servicemen out of Yugoslavia is notable, my attention is focussed on the President's efforts to bring Russia and relevant nations of western continental Europe fully into the effort to build an exit strategy for the present carnage in the Balkans. More may depend upon the President's success than most citizens might even suspect.

"You know my policy in this matter. I stated it in a keynote which I delivered at a recent seminar held in Germany's capital of Bonn-Bad Godesberg. The President is working in a similar direction; he deserves your energetic support in that effort.

"It is probable that a point may soon be reached at which the President will need the help of our active support for his efforts. Most continental European states are in support of the President's taking the lead in working for the exit strategy, but there are some other influential circles who would prefer that the world is plunged into a full-scale ground war in the Balkans. The President may need your full backing against those who wish him to fail. Give him that backing."

LaRouche then added, "I take the occasion to welcome former Sen. Bill Bradley into the Y2000 nomination campaign. I would hope that an additional qualified candidate would join us; the rebuilding of a victorious Democratic Party will require the kind of public dialogue which several of us, as Y2000 Presidential candidates, would be best situated to generate for Party-rebuilding purposes."

The Democratic Party mess

It should be common knowledge that the only factor which keeps the national Democratic Party alive, is the popularity of President Bill Clinton. Clinton provides the fundraising and the draw which generates what exists of *esprit de corps* in the party organization. That said, the party has seen its core constituencies—working people and minorities, in particular—slip away, in terms of organization and willingness to turn out at the polls. This is the lawful result of the compromises which President Clinton and the party made, most dramatically beginning in 1996, with his disastrous capitulation to Al Gore and Dick Morris in signing the Welfare Reform bill.

The reason for this disintegration is laid out in LaRouche's *Road to Recovery* campaign book, as is the solution. What is needed is a thoroughgoing dialogue within the population, with the objective of bringing back into an active role in the party, the constituencies associated with Franklin Delano Roosevelt: labor, minorities, independent farmers, and senior citizens.

If the "frontrunner" Al Gore succeeds in winning what he believes that he has inherited, there is virtually no chance that the Democratic Party will survive the Year 2000 elections in a form worthy of the name. Gore, with his commitment to Malthusian depopulation, free trade, and austerity, is distrusted or hated by most trade unionists, and many civil rights leaders. His nomination would lead to a smashing defeat for

the Democrats, most likely by Republican frontrunner George W. Bush.

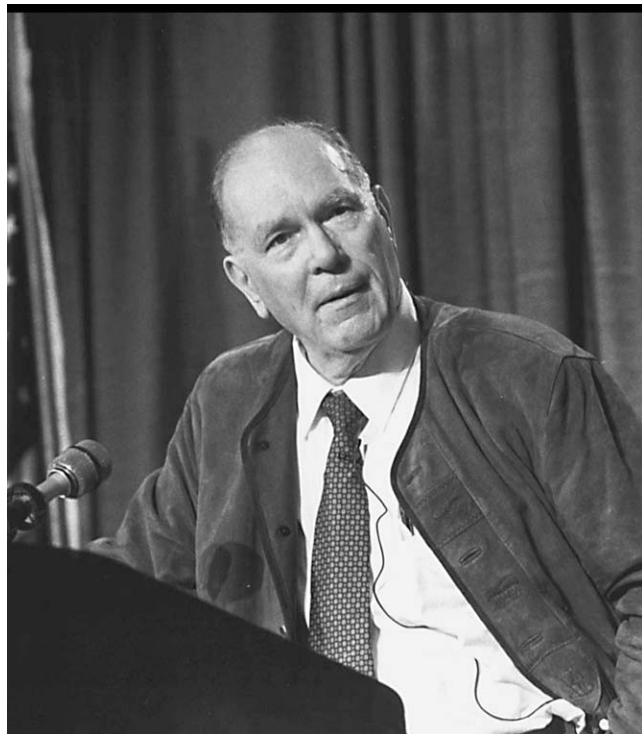
Despite the fact that party “insiders” are signing up for Gore, his support is paper-thin. Polls show Bradley, the only other Democratic candidate whom the establishment media is prepared to recognize, getting a surprising 23-35% against Gore. But some show a strong desire for another (*any* other) candidate. And leading columnists, as well as gossip columnists, are filling their pages with tales of the Vice-President’s gaffes and difficulties. Notable are the April 25 *Washington Post*, which stated that Bradley could upset Gore in the early primaries, and the statement by self-proclaimed Democratic Party “attack-dog” James Carville to the same effect.

Who is Bill Bradley?

The Bradley candidacy is, indeed, picking up steam. The former New Jersey Senator was endorsed on April 25 by Sen. Paul Wellstone of Minnesota, who had himself considered running for President, but pulled out due to health problems. Wellstone’s stated basis for the endorsement was Bradley’s emphasis on solving the growing problem of child poverty, and his opposition to the 1996 Welfare Reform Act. Bradley’s opposition to the Welfare Reform Act is not necessarily what you would expect from him, given his background. A Rhodes Scholar like President Clinton, and a former professional basketball player, Bradley served in the U.S. Senate from 1978 to 1996. There he took the middle of the road, collaborating with some of the Republicans on tax cut bills (1986), supporting the Contra operation, and advocating free trade. In his 1996 autobiography, *Time Present, Time Past, a Memoir*, Bradley cites as his three major accomplishments in the Senate the 1986 Tax Reform bill; the Brady bond reform of the late 1980s, which reduced Third World debt in the short-term, but only as a palliative; and the Clean Water Act of 1992.

Bradley’s book provides no indication that he recognizes the disaster of the “global economy” which goes along with the post-industrial axioms that set in in the 1960s, or the Malthusian axioms behind it. But interestingly, the former Senator does identify the crucial turning point, when President Nixon took the U.S. dollar off the gold standard in 1971. Criticizing the Democratic Party, he says, “we might have addressed the international economy, *whose monetary system had been broken since the early 1970s*, when inflation and Eurodollars forced the abandonment of fixed exchange rates backed by the gold standard, and whose chaotic functioning made business planning increasingly problematic.” (p. 54)

Unlike Gore, however, Bradley has been engaged for several years in travelling the United States talking to ordinary people, and his speeches reveal that he has learned about some of the realities of life. In addition to child poverty, and declining health care coverage, Bradley notes that the increased income of U.S. households in recent years is a direct result of more people in each household having to work! That’s hardly what you would call prosperity. When asked



Democratic pre-candidate Lyndon LaRouche.

directly to distinguish himself from Vice President Gore on the “issues,” Bradley has so far demurred, saying that there will be plenty of time for such discussion in the fall. But he is picking up big financial backers, such as Microsoft, and was endorsed recently by none other than former Federal Reserve Chairman Paul Volcker, whose murderous high interest rates of the late 1970s, Bradley points out, “brought the economy to a screeching halt.”

Gore on the Internet

While Vice-President Al Gore has been mercifully consigned to the “funeral” and “local disaster” circuit lately—keeping him at a distance from foreign policy—his problems have not decreased. His speeches inevitably fall flat, as the only variation in his normal monotone delivery is his occasional resort to shouting. As for campaign events, he is concentrating on the “little issues,” like suburban sprawl.

So far, no one outside the LaRouche movement is asking Gore the really hard questions. A few hundred thousand copies of the *New Federalist* pamphlet “The Pure Evil of Al Gore,” are circulating, and are being snapped up especially by trade union layers. One devastating question, for example, would be related to the massacre in Littleton, Colorado, whose perpetrators’ murderous inclinations were fostered by the hideous fare promoted on the Internet (see article, p. 00). Would Internet-promoter Al Gore like to take responsibility for that bit of evil, which goes directly with the medium that he promotes?

The Anglophile Vice President, Al Gore, Jr.

by Scott Thompson

EIR has documented, through the statements of sources close to Buckingham Palace, that Vice President Al Gore, Jr. has met with, and is a close collaborator on ecological issues with Prince Philip and with his son, Prince Charles. According to Johnathon Powell, who has known Gore for more than a decade, and is now British Prime Minister Tony Blair's Chief of Staff at 10 Downing Street, Gore is also a good friend of Blair and a host of officials who have served at the British Embassy in Washington, including Powell (when he was the number-three person at the Embassy) and former Amb. Lord Robin Renwick. The following interviews with Powell and Lord Renwick, conducted by Scott Thompson on April 30 and May 4, respectively, show that Gore is a strong adherent of the U.S.-U.K. "special relationship."

Interview: Johnathon Powell

Q: I understand you were a close friend of Vice President Al Gore, Jr. Is that correct?

Powell: Well, it would be a bit of an exaggeration to say a "close friend," although I would certainly say a great admirer. I first came across the Vice President when I was with the British Embassy in Washington in 1991. And, I was — had the privilege of accompanying him on a campaign swing. . . . I was particularly pleased to be able to do that: to go along on a trip with him campaigning and to also see him relaxed and at his humorous best, as he can sometimes be when he's traveling around like that. . . .

Q: At the time you worked at the Embassy in the United States?

Powell: Yes, that's right. I was the political officer at the Embassy. . . . Obviously, the Embassy is next door to the Vice President's residence. And, I know that the Ambassador there, Robin Renwick, Sir John Kerr, and also his successor, [the current ambassador] Sir Christopher Meyer, have gotten to know the Vice President very well as a result.

Q: I understand that Al Gore's father was a protégé of one of the leading U.S. supporters of Sir Winston Churchill. Did you ever discuss this with Vice President Gore? I understand

that he himself is an Anglophile.

Powell: He's a great Anglophile. I would be pretty — although I can't swear to it — but, I am pretty sure that he has discussed those sorts of issues with the Prime Minister, Tony Blair. As you know the Vice President was here relatively recently — what, two months ago? . . .

And, he was staying at Chequers, and had a really good chance to talk to the Prime Minister, while staying at a place that Churchill himself loved very much indeed. So, I'm sure they would have talked a good deal about Churchill when they were there, as far as his father's relationship with him.

Q: I understand that they put out a joint communiqué on e-commerce. Were there other matters of major importance discussed?

Powell: Yes, well, they did, they really covered the whole range, because of the chance of staying there and having dinner and everything, they had a chance, really, to discuss everything from e-commerce, to the environment, to the international situation (Iraq and so on). They also drove down together in a car, and they had a really good talk. The Prime Minister told me afterwards he'd been absolutely overwhelmed by Al Gore's knowledge of technology and science and the ways they applied to the future. He said he had never met a world statesman who had quite such a breadth of knowledge, quite such a range of subjects that he was interested in and enthusiastic about and knowledgeable about.

Q: They seem to have several issues in common, which I think deal with what Prime Minister Blair calls "The Third Way": the information superhighway, welfare reform, ecologically sustainable development, global warming —

Powell: I would say ideologically very similar, because they come from very similar positions. You know, as a "New Democrat" Al Gore has been one of the first people in the DLC [Democratic Leadership Council], and Tony Blair has been reforming the Labour Party and putting it into this "Third Way" position. And there are also similarities between those two approaches. I think that's something that they find they have in common, and, as you know, the Vice President has been involved in a number of these "Third Way" events, that we've had both in Washington and here in England, and, so, I'd say he's very much in the same sort of stable ideologically as the Prime Minister.

Q: The only “Third Way” event I was aware of in Washington was the one right after the NATO at 50 Summit, at the Democratic Leadership Council.

Powell: Well, no, there was one in the White House in—the last time we were there. . . . That would have been the year before. It was ’98. . . .

Q: Are you aware that then-Senator Gore met with Prince Philip to discuss their mutual passion for ecology?

Powell: I didn’t. That’s interesting. I’d never heard of that. . . . I know that the Vice President is a good friend of Prince Charles here, who also has a great interest in the subject. . . .

I think they [Gore and Blair] didn’t actually meet until after the Prime Minister was already Prime Minister. I know that I did introduce Tony Blair to a number of Al Gore’s aides, after his victory in ’92, when he was in Washington. As I recall, he did not meet Al Gore at that time, but he met people like Elaine Kamarck, and others who worked for the Vice President.

Q: Elaine Kamarck is working on “reinventing government.”

Powell: That’s right.

Q: And, I believe Prime Minister Blair has adopted this program?

Powell: Exactly. We’re also engaged. As he [Blair] said in his speech in Chicago last week, we are very much emulating what Vice President Gore has started. . . .

Q: Do you find that Vice President Gore is very open to Prime Minister Blair’s views on the Kosovo matter?

Powell: Well, I would say that the two of them share a common viewpoint on many of these issues, not just on Kosovo, but also Iraq. But, again, as I say, they come from very much the same sort of ideological stable, so their approaches are very similar. . . . I don’t think they’ve ever discussed the question of ground troops at all in Kosovo. . . . They didn’t during his most recent visit [during the NATO summit], because the Vice President, as you say, was out of town campaigning. So, no, they didn’t discuss it this time, but they have in the past. Indeed, on Iraq and other national security issues, they have often had conversations.

Q: What have I left out that I might find of interest in the relationship between Prime Minister Blair and Vice President Gore?

Powell: Well, I’m not sure. I think we’ve covered most of the territory there. I mean, as I say, I think that it’s a very warm relationship. . . . Both, you know, [are of] the same sort of generation, and come from essentially the same ideological stable. I think it’s a close, warm relationship. I think it’s a close, warm relationship, which we hope to see continued in government for some time to come.

Interview: Robin Renwick

Lord Renwick is a former British Ambassador to the United States. Today, he is with Fleming Bank in London.

Q: Johnathon Powell said that you had gotten to know Vice President Gore when you were Ambassador to the United States. Could you tell me something about that?

Renwick: Right. Well, since Vice President Gore was my neighbor and, you know, a very good friend during my time as ambassador in the U.S.—you know he has this currently rather wooden public image; we all know about that—that, in fact, in private, he is actually an extremely relaxed and entertaining and interesting person. Always very good fun.

He came to dinner with me—I remember—the night before he did his famous debate with Ross Perot. And, we had a whole bunch of Washington dignitaries at the dinner. And, every single one of them was telling him it was a great mistake to be in the debate with Perot, except me. Actually, I was convinced he was doing absolutely the right thing. And, of course, in that debate he did extremely well, and I think it was a decisive moment in deflating Perot. You know, I think that was a favor he did to everybody, actually.

So, my own experience of Vice President Gore has been a very good one. And, I had a lot to do with him about the crisis in Bosnia. He’s a very strong internationalist. He’s an exponent of free trade. He takes America’s security responsibilities around the world very seriously.

And, he’s very, very fortunate in his family, because, as you well know (as everybody knows), his wife, “Tipper” is absolutely charming, extremely good fun, a very dedicated person. And, it is true of the rest of his family, too. You know, his daughter occasionally came to dinner, as well as the Vice President and Mrs. Gore. And, she’s good at dealing with people who come from different political camps.

Sometimes, when I was there, I would take [former British Prime Minister] Margaret Thatcher, whenever she came through town. He got along pretty well with her, not the least because they agreed about Bosnia.

Q: I suppose that as a “New Democrat,” which is similar to Prime Minister Blair’s “Third Way,” they would have had several issues in common.

Renwick: Yes. That’s true. He has established a very good relationship, as Johnathon will tell you, with Prime Minister Blair. And, I can only say that, you know, he was a good friend while I was in Washington. And, my experience with him has been a very positive one. And, as you realize, I’m entirely non-party line. It’s not for me to say whether a Republican or a Democrat should be President. But, I don’t think there’s any doubt that Al Gore has been a very good Vice President indeed.

House votes against war on Yugoslavia

by Carl Osgood

In a series of votes on April 28, the U.S. House of Representatives passed a bill to prohibit the use of U.S. ground forces in Yugoslavia without the authorization of Congress, and it rejected a resolution supporting the continuation of the current air campaign. The House also failed to pass a resolution calling for the withdrawal of all U.S. forces from Yugoslavia within 30 days, and a fourth resolution declaring war on Yugoslavia. The debate revealed a split between those who want a serious discussion of the Kosovo crisis and how the United States should respond, and those obsessed with a "get-Clinton" agenda.

Consideration of the Balkans crisis was triggered when Tom Campbell (R-Calif.) introduced the war-declaration and troop-withdrawal resolutions on April 12. At the time, he said that the reason for introducing the resolutions was to "ensure that the people's representatives in Congress have a vote on the merits of both of these." Otherwise, he warned, the war would continue without Congress ever having had a role in the process, "as the Constitution requires." Campbell explained to reporters that his strategy was to use the War Powers Act of 1973, which requires a vote on such resolutions, and to sue the Clinton administration in Federal court if the declaration of war were to fail.

Once Campbell had introduced his resolutions, the resolution authorizing the air war, which passed the Senate on March 23, and the bill placing restrictions on the use of ground troops, offered by Bill Goodling (R-Pa.) and Tillie Fowler (R-Fla.), were introduced.

All four measures were brought to the floor under a single rule which split the House along partisan lines. Tony Hall (D-Ohio) complained, "What we have here is a grab bag of conflicting, contradictory, and confusing resolutions about the war in Yugoslavia which stand little chance of enactment." The rule was passed on a party-line vote of 213-210. However, on the measures themselves, significant numbers of members of both parties crossed party lines.

Certain Republicans used the debate as a forum to attack the Clinton administration. Most notable among these was Majority Whip Tom DeLay (R-Tex.), the man who led the impeachment attack on the President. At one point, DeLay announced his opposition to the use of ground troops in Kosovo, and attacked Clinton as responsible for the declining readiness levels of U.S. military forces. "Despite these growing military deficiencies," he said, "the administration is con-

sidering sending ground forces for an open-ended peacekeeping mission that would further erode military readiness." Later, DeLay characterized the current military action as "Clinton's bombing campaign," ignoring the British hand not only in crafting the current policy, but also in attempting to escalate it into a ground war.

The British role did not go unnoticed, however. Bill McCollum (R-Fla.) asked if the United States has "embraced a new NATO policy as described by British Prime Minister Tony Blair, that NATO will not permit ever in the future human rights atrocities and ethnic cleansing of a dictatorship anywhere on the continent of Europe?" Don Manzullo (R-Ill.) also referred to Blair, but then, using newspaper headlines from the NATO summit a few days before, suggested that Clinton is moving closer to Blair's position on use of ground troops, even though the outcome of the summit was clearly the opposite.

Otherwise, most of the debate centered on what kind of message would be sent to U.S. allies, U.S. military personnel, and Serbian President Slobodan Milosevic. One issue, was whether the refugee crisis was exacerbated by the NATO bombing, or could be laid at Milosevic's door. Those such as DeLay, laid the sole blame on President Clinton. Some Democrats, such as Ed Markey (D-Mass.), argued that the ground troops option must be left open "in case the air campaign proves unsuccessful." John Olver (D-Mass.) told the House that he believed that if NATO had responded in 1991 when Milosevic attacked Vukovar, Croatia, "We would not have witnessed the agony of Bosnia with 200,000 killed and 2 million displaced from their homes," and therefore, any constraint against NATO acting now could not be tolerated.

'We must pursue peace'

Not all the arguments were based on support for, or opposition to the President. Dennis Kucinich (D-Ohio) said, "We must win the peace. We cannot win peace through war. The failure of the bombing campaign is proof. We can win peace through negotiation, through diplomacy. We must pursue peace as vigorously as we would pursue war." He warned that if the Senate resolution authorizing the air war were passed, "we will have given a license to expand an undeclared war."

The Goodling/Fowler bill passed by a vote of 249-180, with 45 Democrats for and 16 Republicans against, and the Senate resolution failed by a tie vote of 213-213, with 31 Republicans supporting it and 26 Democrats voting against it. The declaration of war resolution only garnered two votes in support, and the vote on Campbell's troop withdrawal resolution failed by a vote of 290-139. House Speaker Dennis Hastert (R-Ill.) was criticized for failing to lobby for the Senate resolution (which he voted for), the contention being that if he had lobbied for it, to counter DeLay's lobbying against it, it might have passed.

The Senate has yet to follow up on the House action.

National News

U.S. unfreezes assets of El Shifa firm owner

The Clinton administration released \$24 million in assets from a frozen bank account of the Saudi businessman whose El Shifa pharmaceutical firm in Sudan was bombed on Aug. 20, 1998, on orders of the U.S. National Security Council. The decision, revealed in papers filed with the U.S. District Court on May 3, are a major victory for the owner, Saleh Idris, who sued when his accounts were blocked immediately after the attack, because the administration fraudulently claimed that the plant was making biological and chemical warfare components. In lifting the freeze, the Treasury Department chose not to contest Idris's lawsuit.

The Clinton administration, however, has yet to compensate him for destroying the plant, one of Africa's largest makers of pharmaceuticals. In order to prove his innocence, Idris had hired a leading U.S. chemist, who reported finding no nerve gas precursors in extensive samples from the site. He also hired former CIA agents, now employed at Kroll Associates, to investigate him. They also found no links to terrorist organizations, or to the semi-mythical terrorist master-mind Osama bin Laden.

Study calls for 'pause' in gambling expansion

The nine-member National Gambling Impact Study Commission voted 5-4 to "call for a pause" in the expansion of gambling, while its effects are studied further, the *Wall Street Journal* reported on April 29. The commission released a new study, dated April 1, 1999, which found that "patterns of adult gambling have changed substantially" since the last national survey in 1975. Among the findings:

- Since 1975, gambling expenditures have increased from 0.30% of personal income to 0.74%.
- Within the past year, about half of all adults have played a lottery, and more than 29% have gambled in a casino.
- An estimated 2.5 million adults are "pathological gamblers," 3 million are

"problem gamblers," and 15 million adults are "at risk for problem gambling." There are some 148 million low-risk gamblers (which apparently includes 29 million who have never gambled).

- There is a wide perception among community leaders that, in communities with new casinos, there is an increase in indebtedness, youth crime, forgery and credit card theft, domestic violence, child neglect, problem gambling, and alcohol and drug offenses.

Legislators say states drowning in depression

State legislators from around the country have confirmed to *EIR* how deeply the economic depression has struck their states. In many of these states, proposals to tax securities transactions, which, even at very low rates, would produce budget surpluses, have been defeated.

The chairman of the Tennessee legislature's State and Local Government Committee reported that the budget deficit is \$365 million. Tennessee is one of nine states with no income tax. It is planning to lay off 2,000 state employees, cut the education budget for K-12 by \$40 million, and increase the regressive sales taxes.

Alabama is now facing a \$100 million deficit, and is planning 10% across-the-board budget cuts. According to the Chair of the Agriculture Committee, the Federal courts have ruled that the franchise tax (a higher tax on out-of-state companies doing business in the state) is unconstitutional. If the court rules that the state must reimburse companies that were taxed, the deficit could soar to \$500 million. The legislator who spoke to *EIR*, had unsuccessfully introduced the securities transfer tax last year, which would have provided ample funds for any deficit. Now the money has to be cut from the General Fund, which funds Alabama's contribution to Medicaid and its Department of Human Resources.

In New Hampshire, which also has no income tax, the state's method of funding schools through property taxes was ruled unconstitutional last year by the state Supreme Court. As a result of this "Clarendon decision," school districts have no budgets, and

cannot legally negotiate teachers' contracts without it. Manchester has already sent out pink slips to all schoolteachers. The court gave the legislature a one-month extension—until May 15—to come up with a "constitutional" way to finance the schools. The former legislator who briefed *EIR* on the situation had introduced a security transfers tax after the Clarendon decision. The bill, which met the constitutional criterion for funding and would have more than covered the school budget, was defeated.

Washington Post covers up for Scaife networks

The *Washington Post* published a two-part series on Richard Mellon Scaife on May 2-3, titled "The Right's Funding Father," which purposefully obscured some of the most important dirty operations funded by Scaife. The *Post* presented a personality profile of the Pittsburgh billionaire, portraying him (accurately) as a man who has never been known to have had an original idea in his life, but is vindictive and capable of nursing grudges for years.

The most glaring omissions in the series are the following: While the *Post* mentions that Scaife was a member of the Advisory Committee on Public Diplomacy in the 1980s, it does not cover Scaife's well-documented role in the Iran-Contra "Public Diplomacy" operations run by George Bush's office and the National Security Council, involving Walter Raymond, Oliver North, etc. These operations included targeting Lyndon LaRouche and coordinating the defamation campaign run against LaRouche through the news media. The article omits the most important aspect of Scaife's "Arkansas Project" to overthrow Clinton: that it was organized and run by Kenneth Starr's former law partner Theodore Olson, who was deeply involved in orchestrating Whitewater and other Arkansas scandals before Starr was appointed as the Whitewater independent counsel.

The series opened by quoting Scaife telling luncheon partners in Nantucket in August 1994: "We're going to get Clinton," adding, for the Democrats' benefit, "you'll be much happier, because Al Gore will be President."

Minimum wage under Republican attack

On April 27, the House Education and the Workforce Committee held what its chairman, Bill Goodling (R-Pa.), called the first of “many” hearings on the minimum wage. Goodling said that the hearing was not specifically on the minimum wage bill introduced by Democrats earlier this year, but rather on whether past increases in the minimum wage have reduced poverty. Bill Clay (D-Mo.), the ranking minority member, was happy that the committee was focussed on the minimum wage rather than on “destroying overtime and bringing in company unions.”

Three of the witnesses were academics, who argued that increasing the minimum wage has little or no positive effect on poverty rates, or worse, that raising the minimum wage has a negative effect. The fourth witness, Dr. Jared Bernstein of the Economic Policy Institute, argued that “the evidence unequivocally supports the view that increases in the minimum wage, by increasing the earnings of low-income workers without diminishing their employment opportunities, have historically helped to lower poverty rates.” Jared strongly defended his views against committee Republicans, and was highly critical of the work of his colleagues at the witness table.

The bizarre nature of the hearing became clear when the opponents of the minimum wage endorsed, as alternatives, policies that the GOP has tried to kill in the recent past, most notably the earned income tax credit. Clay called the testimony a “strange phenomenon,” and said that the committee was being told “that you help the poor by depressing wages.” He said that major corporate mergers displace more people from the workforce than

increasing the minimum wage “ever will.”

However, no discussion of the looting of the industrial sector, and the consequent effects on wage levels, was admitted into the debate, because, according to popular wisdom, the United States is in a time of “unprecedented prosperity.”

Bill seeks curb on Saipan sweatshops

On April 29, a bipartisan group of members of the House and the Senate introduced a bill to close the legal loopholes that allow the products of sweatshop labor in the Commonwealth of the Northern Marianas Islands (C.N.M.I.) to be imported into the United States duty- and quota-free. The bill, the “Made in the U.S.A. Label Defense Act of 1999,” prohibits the use of the label on any products manufactured in the C.N.M.I., and denies those products duty- and quota-free treatment.

The bill, however, is a narrowly crafted compromise measure that avoids addressing globalization, which the sweatshop system is a symptom of. The bill’s sponsors primarily blame China, in cooperation with the local C.N.M.I. government, for the sweatshop system that has developed there. Sen. Spencer Abraham (R-Mich.), in remarks on the Senate floor, pointed out that he is a “strong believer” in free trade, but “the fact that foreign garment exports to the U.S. are laundered in Saipan to escape duties and quotas has nothing to do with free trade and everything to do with a form of subterfuge.”

Rep. Gary Franks (R-N.J.), the lead sponsor of the bill in the House, was equally condemnatory of China.

He said at a press conference intended to rally support for the bill, that the C.N.M.I. “has been transformed into an appendage of the Chinese garment industry.” When asked if perhaps the system of globalization, with its regime of cutting costs and driving down wages, might be a factor, he replied that “manufacturers will seek the lowest costs consistent with quality,” which is just part of free trade. “American public policy,” he said, “should not give the People’s Republic of China a back door through the C.N.M.I. to the U.S. economy.”

Year 2000 liability bill hits Senate gridlock

Frustrated in their attempts to bring their agenda to the floor for debate, Senate Democrats used a bill addressing liability issues expected to arise from the year 2000 computer problem, as a vehicle to bring Senate floor activities to a halt. The fireworks began on April 27, when Majority Leader Trent Lott (R-Miss.) asked for a unanimous consent agreement that no non-germane amendments be allowed. When that failed, he executed a parliamentary maneuver, known as “filling the amendment tree,” to prevent the introduction of any amendments beyond a substitute amendment that had been introduced by the bill’s sponsors.

There was one loophole that Lott forgot to close, however. On April 28, Edward Kennedy (D-Mass.) submitted a motion to recommit the bill to the Education, Labor, and Pensions Committee with instructions that the committee report the bill back to the Senate with the minimum wage provisions attached as an amendment. That raised the ire of the Republicans, including the bill’s sponsor, John McCain (R-

Ariz.), who complained that Kennedy's action not only "impeded" but was "making very difficult our progress on the legislation." Lott said, "If we are going to pass legislation," no matter what it is, "I am going to have to take actions to block irrelevant, non-germane amendments that are just part of a political agenda." At that point, Kennedy's motion was tabled by a party line vote of 55-44.

Minority Leader Tom Daschle (D-S.D.) complained that the GOP was leaving Democrats no other options to ensure debate on their legislative agenda. He pleaded with the Senate to follow the usual procedures with amendments, including improving them or tabling them if they are undesirable. "But to deny Democratic Senators, and even Republican Senators, for that matter, the chance to amend a bill, is not acceptable." He warned: "I am hopeful we can find a way to resolve this. If we can't, I will put the Senate on notice that we will use other recourses if we have to," to get floor debate on the Democratic agenda.

Farm crisis demands action, Senators say

On April 27, Sens. Byron Dorgan (D-N.D.) and Kent Conrad (D-N.D.) warned that the farm crisis is continuing, and will worsen if Congress does not take action. Dorgan brought to the floor a map showing counties throughout the country that are suffering losses in population, most of which are in the central part of the United States. "That depopulation," he said, "stems from a farm economy that means family farmers are not making a living and all too often are having to leave the farm."

Dorgan took issue with those who extol the virtues of the globalized

economy. "If it is a global economy, then why on earth do we have so many people hungry in the rest of the world?" he asked. He said that a farmer in North Dakota can take a truckload of his grain to an elevator and be told that it has no value. "That is not a global economy that seems to work, in my judgment."

Conrad said that, while spring is normally a time of celebration, "we are not celebrating in farm country because spring has brought us up against a hard reality. The hard reality is that our operations are not going to make it. They are not cash flowing. Many farmers are not getting the credit they need to get into the field this spring."

Dorgan and Conrad expressed frustration that the disaster supplemental appropriations bill, which contains \$152 million in emergency funds to help farmers, is languishing in conference committee. Dorgan warned that the bill had to be passed by Memorial Day, or July 4 at the very latest, to repair the farmers' safety net.

Dorgan and Conrad were echoed a few days later by House Minority Leader Richard Gephardt (D-Mo.). In a statement on April 29, Gephardt said, "Vital Farm Service programs are out of funds and about to close. Once again, the Republicans are about to cause another disastrous government shutdown. The only difference this time is Republicans have targeted this one to hurt farmers."

Kosovo supplemental passed by House panel

The House Appropriations Committee on April 29 passed a supplemental appropriations bill to fund military operations against Yugoslavia that is more than double the \$6 billion that the Clin-

ton administration had requested. Appropriations Committee Chairman Bill Young (R-Fla.) said, "This \$12.9 billion bill recognizes that we are more deeply involved in Kosovo than we were led to believe and that unless [Serbian President Slobodan] Milosevic has a major change of heart, our involvement will be deeper than originally anticipated."

In addition to the \$5.4 billion for military operations requested by the President, the bill includes \$3.5 billion for spare parts, depot maintenance, recruiting, readiness, and base operations that was not requested by the President. It also includes \$1.8 billion for pay and retirement, but that money is subject to an authorization bill being passed into law. The bill also includes almost \$1.1 billion for military construction, mostly base facilities, in Europe and the Middle East.

While President Clinton was reportedly sending signals to the Congressional GOP leadership that he would accept the add-ons in order to avoid a fight over the bill, Senate Minority Leader Tom Daschle (D-S.D.) told reporters on April 30 that "we do a real disservice to our troops and to the effort" if the bill is bogged down by extended debate. "We have to find that balance between warning our colleagues not to take this impudent action with regard to add-ons, and yet providing the support necessary to ensure that we get the money there on time."

Senate Majority Leader Trent Lott (R-Miss.) indicated to reporters on May 4 that the Senate bill will also be larger than the administration request. "We have got to make sure that when this conflict ends," he said, "that our military is at least as strong as they were" before the conflict started. He indicated, however, that the bill would probably be less than \$10 billion.

Even wilder lies about China

Following the setback which the British received at the NATO summit, we have been anticipating an hysterical counterattack against the Clinton administration, in particular. After all, the whole purpose of the push for the “New NATO” doctrine and the war in Kosovo, is to destroy the potential for an alliance among the United States, Russia, and China—an alliance in the tradition of Franklin Delano Roosevelt, which President Clinton has clearly indicated his predilection to establish.

The British-American-Commonwealth crowd did not disappoint us. Not only are they escalating in the Mideast theater, and making bellicose noises about a possible confrontation around North Korea, but once again, the so-called China threat has hit the front pages.

It’s a ludicrous story, built on the prejudices of uneducated Americans, many of whom don’t even seem to realize that Mao is dead. On the implicit assumption that there is an inherent state of conflict between China and the United States, scribblers for the *New York Times*, the *Washington Post*, and other BAC press outlets (like Rupert Murdoch’s Fox TV) are now asserting, with no evidence, that alleged security breaches at the nation’s weapons labs have led to the transfer of nuclear secrets to the Chinese.

The “news” is simply a set of wild, undocumented assertions. “The People’s Republic of China has acquired the majority if not all of our most sophisticated nuclear technology,” wrote Fox TV mouthpiece Tony Snow, in a late-April column. “This is probably the most serious case of espionage in U.S. history,” Sen. Don Nickles (R-Okla.) asserted on May 2. Sen. Richard Shelby (R-Ala.), the chairman of the Senate Intelligence Committee, also told the press that the Chinese spying was “a lot worse than people ever imagined.”

Yet, there is no evidence at all that nuclear technology from the labs ever was transferred to the Chinese! All that is documented is: 1) classified files were transferred to unclassified computers at Los Alamos Labs; and, 2) the Chinese have nuclear capabilities. The causal link between these two is entirely the concoction

of those who have decided, in advance, that the Chinese are hostile thieves who stole the material.

In fact, one of the designs which the press insists on saying the Chinese stole from the United States, actually has been published in widely available scientific journals.

There is obviously no reason for anyone to assume that the Chinese could not have come up with competent designs for nuclear weapons on their own. And, their success is not only *not* a threat to the U.S. today—just compare the size of their arsenal, of 20 ICBMs, to the United States’ 580 ICBMs—but there is no reason to assume that it ever will be, if the United States does not adopt a hostile attitude toward China.

There is a broader question involved here on the matter of scientific research. There is a school of thought which argues that scientific breakthroughs must remain secret, as a matter of protection for our country. That is the imperial outlook, that of slavemasters and autocrats. On the other side, is the view of science which sees the development of knowledge as the “common patrimony” of all mankind.

By tradition, the United States, as the world’s premier republic, should be on the second side. The proper outlook was expressed by none other than leading U.S. nuclear scientist Edward Teller, a Hungarian émigré who worked in the U.S. Manhattan Project during World War II. Dr. Teller had been a leading adviser to President Reagan, during the period when the Strategic Defense Initiative was adopted, and still promotes the sharing of science for the common good of mankind.

Dr. Teller had another point as well. He has argued for 40 years that the massively restrictive classification policy of the U.S. government actually hurts U.S. interests more than the copying of knowledge by any other government could. In an atomic alphabet dictionary he wrote for his young son, Dr. Teller put it this way:

“S stands for secret; you can keep it forever.

“Provided there’s no one abroad who is clever.”

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- CHICAGO—CAN Ch. 21*
• SPRINGFIELD—Ch. 4
Wednesdays—5:30 p.m.

IOWA

- DES MOINES—TCI Ch. 15
1st Wednesdays—8:30 p.m.
Following Sat.—3 p.m.
- WATERLOO—TCI Ch. 15
Tuesdays—5 p.m.

KANSAS

- SALINA—CATV Ch. 6*

KENTUCKY

- LATONIA
Intermedia Ch. 21
Mon.-8 p.m.; Sat.-6 p.m.
- LOUISVILLE—Ch. 70/18
Fridays—2 p.m.

LOUISIANA

- ORLEANS—Cox Ch. 6
Thurs. & Sat.—10 p.m.

MARYLAND

- ANNE ARUNDEL—Ch. 20
Fri. & Sat.—11 p.m.
- BALTIMORE—BCAC Ch. 5
Wednesdays—4 p.m. & 8 p.m.
- MONTGOMERY—MCTV Ch. 49
Fridays—7 p.m.
- PRINCE GEORGES—Ch. 15
Mondays—10:30 p.m.
- W. HOWARD COUNTY—Ch. 6
Monday thru Sunday—1:30 a.m.,
11:30 a.m., 4 p.m., 8:30 p.m.

MASSACHUSETTS

- BOSTON—BNN Ch. 3
Saturdays—12 Noon
- WORCESTER—WCCA Ch. 13
Wednesdays—6 p.m.

MICHIGAN

- CANTON TOWNSHIP
MediaOne Ch. 18: Thu.—6 p.m.
- DEARBORN HEIGHTS
MediaOne Ch. 18: Thu.—6 p.m.
- GRAND RAPIDS—GRTV Ch. 25
Fridays—1:30 p.m.
- PLYMOUTH
MediaOne Ch. 18: Thu.—6 p.m.

MINNESOTA

- ANOKA—GCTV Ch. 15
Thu.—11 a.m., 5 p.m.,
12 Midnight
- COLUMBIA HEIGHTS
Community TV—Ch. 15
Wednesdays—8 p.m.
- DULUTH—PACT Ch. 24
Thu.—10 p.m.; Sat.—12 Noon
- MINNEAPOLIS—MTN Ch. 32
Wednesdays—8:30 p.m.
- NEW ULM—Paragon Ch. 12
Fridays—7 p.m.
- PROCTOR/HERMAN—Ch. 12
Tue.: between 5 pm & 1 am
Friday through Monday
3 p.m., 11 p.m., 7 a.m.
- ST. PAUL—Ch. 33
Sundays—10 p.m.
- ST. PAUL (NE burbs)*
Suburban Community Ch. 15

MISSOURI

- ST. LOUIS—Ch. 22
Wednesdays—5 p.m.

MONTANA

- MISSOULA—TCI Ch. 13/8
Sun.—9 pm; Tue.—4:30 pm

NEVADA

- CARSON CITY—Ch. 10
Sun.—2:30 pm; Wed.—7 pm
Saturdays—3 p.m.

NEW JERSEY

- MONTVALE/MAHWAH—Ch. 27
Wednesdays—5:30 p.m.

NEW YORK

- AMSTERDAM—TCI Ch. 16
Fridays—7 p.m.
- BROOKHAVEN (E. Suffolk)
Cablevision Ch. 1/99
Wednesdays—9:30 p.m.
- BROOKLYN—BCAT
Time/Warner Ch. 35
Cablevision Ch. 68
Sundays—9 a.m.
- CORTLANDT/PEEKSKILL
MediaOne Ch. 32/6
Wednesdays—3 p.m.

NEW HAMPSHIRE

- HORSEHEADS—T/W Ch. 1
Mon. & Fri.—4:30 p.m.

NEW MEXICO

- HUDSON VALLEY—Ch. 6
2nd & 3rd Sun.—1:30 p.m.

NEW YORK (cont.)

- ILION—T/W Ch. 10
Saturdays—12:30 p.m.
- IRONDEQUOIT—Ch. 15
Mon. & Thurs.—7 p.m.
- ITHACA—Pegasys Ch. 78
Mon.—8 pm; Thu.—9:30 pm
Saturdays—4 p.m.
- JOHNSTOWN—Ch. 7
Tuesdays—4 p.m.

NEW YORK (cont.)

- MANHATTAN—MNN
T/W Ch. 34; RCN Ch. 109
Sun., May 30: 9 a.m.
Sun., Jun. 13 & 27: 9 a.m.

NEW YORK (cont.)

- N. CHAUTAUQUA COUNTY
Gateway Access Ch. 12
Fridays—7:30 p.m.

NEW YORK (cont.)

- ONEIDA—PAC Ch. 10
Thursdays—10 p.m.
- OSSINING—Ch. 19/16
Wednesdays—3 p.m.

NEW YORK (cont.)

- PENFIELD—Ch. 12
Penfield Community TV*
- POUGHKEEPSIE—Ch. 28
1st & 2nd Fridays—4 p.m.

NEW YORK (cont.)

- QUEENSBURY
Harron Cable Ch. 71
Thursdays—7 p.m.

NEW YORK (cont.)

- RIVERHEAD—Peconic Ch. 27
Thursdays—12 Midnight
- ROCHESTER—GRC Ch. 15
Fri.—11 p.m.; Sun.—11 a.m.

NEW YORK (cont.)

- ROCKLAND—T/W Ch. 27
Wednesdays—5:30 p.m.
- SCHENECTADY—SACC Ch. 16
Tuesdays—10 p.m.

NEW YORK (cont.)

- STATEN ISL.—CTV Ch. 57
Wed.—11 p.m.; Sat.—7 a.m.
- SUFFOLK, L.I.—Ch. 25
2nd & 4th Mondays—10 p.m.

NEW YORK (cont.)

- SYRACUSE—T/W
City: Ch. 3; Burbs: Ch. 13
Fridays—8 p.m.
- UTICA—Harron Ch. 3
Thursdays—6 p.m.

NEW YORK (cont.)

- WATERTOWN—T/W Ch. 2
Tue: between Noon & 5 p.m.
- WEBSTER—WCA-TV Ch. 12
Wednesdays—8:30 p.m.

NEW YORK (cont.)

- WESTFIELD—Ch. 21
Mondays—12 Noon
Wed. & Sat.—10 a.m.
Sundays—11 a.m.
- WEST SENECA—Ch. 68
Thursdays—10:30 p.m.

NEW YORK (cont.)

- YONKERS—Ch. 37
Saturdays—3:30 p.m.
- YORKTOWN—Ch. 34
Thursdays—3 p.m.

NORTH DAKOTA

- BISMARCK—Ch. 12
Thursdays—6 p.m.

OHIO

- COLUMBUS—Ch. 21*
- OBERLIN—Ch. 9
Tuesdays—7 p.m.

OREGON

- CORVALLIS/ALBANY
Public Access Ch. 99
Tuesdays—1 p.m.
- PORTLAND—Access
Tuesdays—6 p.m. (Ch. 27)
Thursdays—3 p.m. (Ch. 33)

RHODE ISLAND

- E. PROVIDENCE—Cox Ch. 18
Sundays—12 Noon

TEXAS

- AUSTIN—ACT Ch. 10/16*
Wednesdays—5 p.m.
- EL PASO—Paragon Ch. 15
Wednesdays—5 p.m.
- HOUSTON—Access Houston
Mon., May 24: 7-8 p.m.
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Sat., June 5: 5-6 p.m.

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- ALEXANDRIA—Jones Ch. 10*
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Sun.—1 pm; Mon.—6:30 pm
Wednesdays—12 Noon
- CHESTERFIELD—Ch. 6
Tuesdays—5 p.m.
- FAIRFAX—FCAC Ch. 10
Tuesdays—12 Noon
Thursdays—7 p.m.
Saturdays—10 a.m.
- LOUDOUN—Cablevision Ch. 59
Thursdays—7:30 p.m. & 10 p.m.
- P.W. COUNTY—Jones Ch. 3
Mondays—6 p.m.
- ROANOKE COUNTY—Cox Ch. 9
Thursdays—2 p.m.
- SALEM—Adelphia Ch. 13
Thursdays—2 p.m.

WASHINGTON

- KING COUNTY—Ch. 29
Mondays—11:30 a.m.
- SPOKANE—Cox Ch. 25
Wednesdays—6 p.m.
- TRI-CITIES—TCI Ch. 13
Mon.—12 Noon; Wed.—6 p.m.
Thursdays—8:30 p.m.

WISCONSIN

- KENOSHA—T/W Ch. 21
Mondays—1:30 p.m.
- MADISON—WYOU Ch. 4
Tuesdays—2 pm
Wednesdays—8 am
- OSHKOSH—Ch. 10
Fridays—11:00 p.m.
- WAUSAU—Marcus Ch. 10
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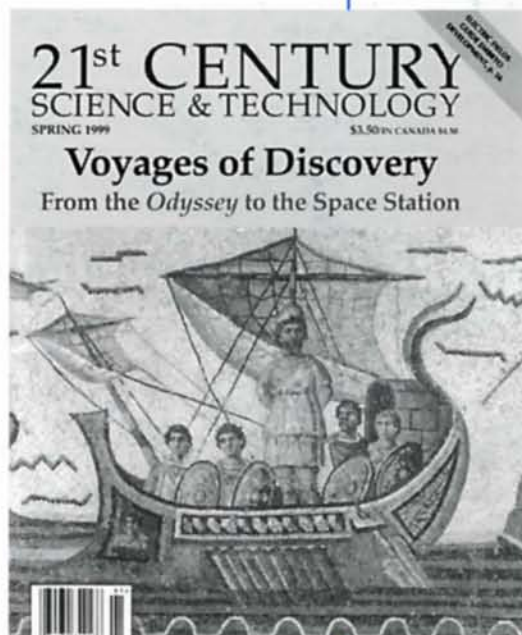
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