

# EIR

Executive Intelligence Review

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Gore's genocide policy could sink his campaign  
No Balkans development is possible with the IMF  
Clark dumped as NATO head; Albright should be next

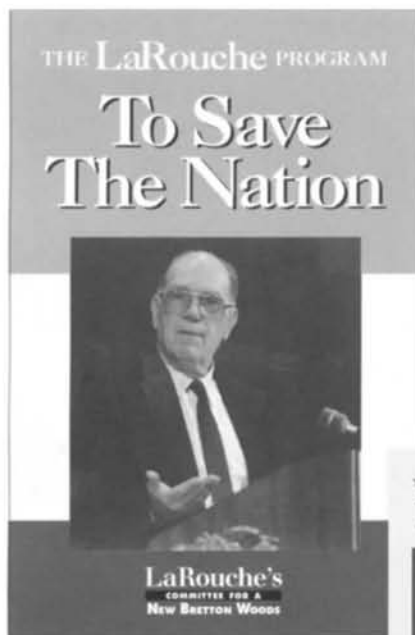
**LaRouche leads the way out  
of a 'century of catastrophe'**



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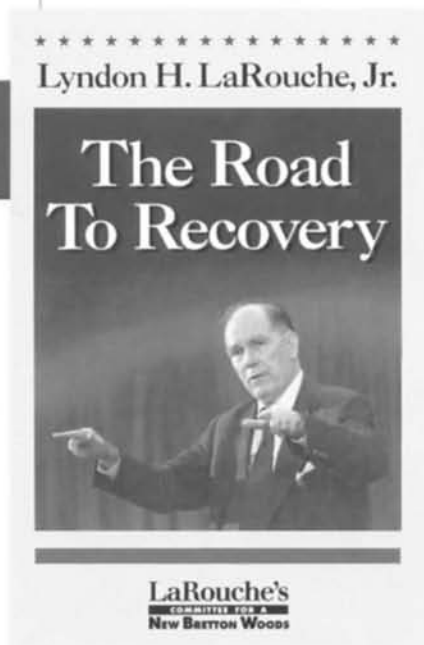
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## From the Associate Editor

Many of our readers who have had the experience of trying to organize their neighbors to support Lyndon LaRouche's ideas, meet with the bull-headed response, "Crash? What crash? LaRouche is always saying there's going to be a crash, but it never happens!" A subscriber recently wrote in to describe some of the responses he was getting from others: "The economy is good! Agriculture has had its hey-day, but if an industry isn't working, get out. It's not our concern. 401 K is the answer for retirement. It's making money. . . . Internet investment? It's great! There's lots of money in it. No way it's headed for trouble!"

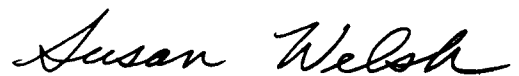
What do you think LaRouche would say to such a nerd? His speech in Oberwesel, Germany, printed in this issue, takes the matter on directly. So does his new Presidential campaign website ([www.larouchecampaign.org](http://www.larouchecampaign.org)), in the humor section, under "Questions Posed to Today's Voters"—but I don't want to spoil it for you, so go look it up yourself.

Don't pay any attention to the wild gyrations on the financial markets. They don't mean anything! The financial oligarchy is floundering, trying to plug leaks in one hedge fund today, another one tomorrow. That's what is pushing the euro up one day, the yen another, the dollar the next—not "market forces." The truth is that all these currencies are coming down.

As Wall Street analyst Henry Kaufman told *EIR*, Fed Chairman Alan Greenspan is worried about the speculative bubble, but "doesn't know what to do about it. . . . The Fed is in a quandary. . . . There really is no public support for the Fed doing *anything* about the bubble."

Meanwhile, as we report in *Economics*, the Japanese financial system is crashing. Ukraine is bankrupt; the only reason it hasn't defaulted on its debts, is that to do so would bankrupt the International Monetary Fund. In South Korea, the attempt to rescue the huge Daewoo conglomerate has only made matters worse.

Truly, as LaRouche says in his Oberwesel speech, this has been a "century of catastrophe." But, he concludes, "we can be optimistic, because we have to recognize that when things are this bad, we've destroyed the illusions of people. And when their illusions are destroyed, you must quickly organize them around a well-founded program of hope."



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**Correction:** An editorial error was introduced into last week’s issue, p. 79, mistakenly saying that Rep. George Miller (D-Calif.), who spoke out against Federal subpoenas issued to officials opposing slave-labor conditions on the island of Saipan, had died on July 15. In fact, it was U.S. Rep. George Brown (D-Calif.) who died on that date. Brown was the ranking member on the House Science Committee, and a tireless advocate for the space program, science education, and science and technology programs generally.

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Democratic Presidential pre-candidate Lyndon LaRouche addressed a Schiller Institute seminar on July 24 in Oberwesel, Germany: "The world financial situation is hopeless, a hopeless catastrophe, nothing can save the world financial system in its present form. Therefore, let's stop trying to save the world financial system, or monetary system, in their present forms." We reproduce his remarks in full.

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## G-7 plays the world's biggest 'confidence game'

by William Engdahl

Leading governments and private banks of the Group of Seven industrial nations are now engaged in what only can be called the world's biggest confidence, or con game. Since this publication identified the secret G-7 efforts in June to prevent a new blowout of the global financial system by getting the Bank of Japan to pump at least \$25 billion into the U.S. Treasury market ("G-7 Central Bankers Hold a Tiger by the Tail," *EIR*, July 16), the governments and major financial houses of Japan, the United States, and the European Union have turned to even more bizarre methods, to try to pump "confidence" back into a system that is in a terminal stage of breakdown.

Only three weeks ago, the consensus among financial currency traders was that the euro was doomed to fall well below the 1:1 parity with the U.S. dollar. Only two months ago, the consensus was that the severe economic problems in Japan, the world's second-largest industrial economy, made a weaker yen a serious danger both to the struggling Asian economies and to the world economy. By the end of July, events had been turned on their head. Today, financial commentators, government officials, and central bank heads in Japan and Europe proclaim that those "sick man" economies are in a miraculous recovery, and that it is instead the U.S. dollar and the United States which is the sick one.

### Faking Japan's turnaround?

On July 23, a leading Japanese weekly, the *Shukan Post*, ran an interview with an unnamed Japan Ministry of Finance official, who let the cat out of the bag. According to this report, the ministry official told the magazine: "It was a faked gift we gave to the June 18 G-7 economic summit in Cologne. We manipulated the growth data." He referred to data released on June 10 by the Japanese Economic Planning Agency, a division of the Ministry of Finance, which reported a surpris-

ingly strong Japanese Gross Domestic Product (GDP) growth of 7.9%, annualized. Most economists had expected data to show severe depression, as the country continued in the worst crisis of the postwar years.

That surprise growth data triggered an avalanche of foreign funds flowing into the Japanese Nikkei stock market. U.S. mutual funds and other large money managers, as well as Europeans, took the strong data as evidence that, finally, after nine years of depression, Japan's economy had begun a turnaround. Money flooded in at record levels to buy up stocks while they still were "cheap." The flows have become so huge, that the weak yen suddenly has become a too strong yen.

On June 28, the Ministry of Finance announced plans to sue *Shukan Post* for the story and, later the same day, the Economic Planning Agency released growth data for June showing another strong advance—this time 2% year-on-year, adding to the bullish sentiment of global investors over Japan.

The real Japanese economy, official data notwithstanding, is a disaster of unprecedented proportions. Japan is essentially caught in a debt trap. Over the past nine years, in a desperate effort to stimulate the economy out of the crisis, the government has spent a whopping sum on public works. Between August 1992 and April 1998, the government spent yen 107 trillion, almost \$1 trillion in public works and tax stimulus cuts. Often, this has been simply political pork to line the pockets of rural party voting bosses, with construction contracts to build bridges that go nowhere, or streets that end abruptly.

The Organization of Economic Cooperation and Development (OECD) reckons that by next year, Japan will exceed Italy as the most heavily indebted G-7 economy, with gross public debt at 118% of GDP. Japan's total public debt today stands only behind that of the United States, at \$2.6 trillion. Only official interest rates artificially held to near zero have

kept the government budget outlays for debt service from exploding into the stratosphere.

Japanese corporations, for their part, face staggering burdens in unfunded pension costs for their employees. Lifetime employment is still the pillar of Japan's postwar social order. Estimates are that, in total, Japanese companies face a bill of yen 80 trillion (about \$700 billion) in unfunded pension obligations. With payrolls still bloated by far too many workers for the present economic depression, these costs will only increase in coming months, further erasing net corporate profits that are urgently needed to spur real net new investment. Belying the official GDP data, another government agency, the Bank of Japan, released data showing that industrial production fell a sharp 1.8% in April and May.

Yet, as the Japanese economy sinks further into real depression and an impossible debt trap, the Nikkei soars to new highs for the year, near 18,000, almost 50% higher than in January. Virtual reality triumphs over actual reality — at least for the moment.

### **The rebound of the euro**

The second surprise in the global monetary swings of the past weeks, has been the remarkable revival of the euro. Only two weeks earlier, most currency traders polled were convinced the euro would fall below the 1:1 parity with the U.S. dollar. The euro started life in January at \$1.17 to 1 euro. Since then, the ever-weaker Euroland economies, especially that of Germany, led to a crisis of confidence in the new currency. The expected flood of foreign investment into euro bonds and stocks, instead became a net liquidation over the past months.

Then, as if by a miracle, in mid-July the Munich economics institute, IFO, released a monthly survey of "business confidence." It was widely hailed as proof that the German economy was finally rebounding. Within hours of the IFO report, the euro made a stunning recovery, going from 1.01 up to 1.03. By July 26, the euro topped 1.07, and predictions of a 1.10 euro were heard.

The euro recovery is just as fake as the Japanese recovery. "Large European banks hold huge sums in euro options contracts, which expire August 31," explained S.J. Lewis of Monument Derivatives Ltd., a London finance specialist involved in the global derivatives business. "If the euro had gone below 1.01, it would likely have gone into a free-fall. If that state held on Aug. 31, those banks stood to lose huge sums in their derivatives contracts. The moment they had the slightest bit of optimistic news, however little, those same banks began buying euro in a big way. That, in turn, forced speculators, who had taken bets the euro would fall further, to cover those short positions by buying euros. That in turn triggered the euro rally of the past days, all in very thin summer trading."

There is much to bear this out, according to Lewis. The minute that banks began to buy euros after the IFO report,

various Euroland officials began going out of their way to hail the "recovery" of the once-mighty German economy. European Union Commissioner Yves-Thibault de Silguy told a London audience that the euro had "appreciation potential." European Central Bank member Otmar Issing declared on July 26, that he didn't rule out a hike in European Central Bank interest rates, a statement which predictably increased the buying of euros.

"The problem is that the IFO data are hardly proof of German recovery," noted Lewis. "The 'good' June results only brought business confidence index back to the very depressed levels of last November. That is hardly a recovery."

Further underscoring Lewis's sober view was the release of German machinery industry results for the first six months, through June 30, by the machinery association, VDMA. New orders for this vital sector of the German industrial economy fell by a significant 11%, compared with the same half year in 1998. New export orders for the period were down by 15%, and in June, new export orders were down 18% from June 1998.

Prospects for German economic growth are depressed further by the demand by German Finance Minister Hans Eichel for DM 30 billion in budget austerity in the coming fiscal year, to control the debt levels. The huge cuts will severely affect public spending and economic growth. On July 24, Eichel announced that his DM 30 billion cut was "just the beginning" of planned austerity budgets. The state sector is fully 43% of the total German economy, far more than in the United States. Spending cuts here will severely damage German economic growth well into next year and beyond.

"I see no convincing proof of the economies either of Japan or of the European Union having any real sustainable growth," commented Lewis. "I cannot recall an earlier period where the divergence has been so great between what people say about the state of the world economy, and what it actually is."

The world's great confidence game is but another desperate step in the latest G-7 crisis-management manipulations to try to get to the next period without reorganizing the manifestly bankrupt global system.

"The Japanese are trying to keep foreign confidence and foreign funds coming into the Nikkei to push the stock index above 18,000 by their Sept. 30 accounting half-year deadline," Lewis concluded. "That would give the troubled Japanese banks a major boost. The Euroland banks are trying to prop the euro comfortably above 1.01 until the options expire on Aug. 31. The powers that be in the various G-7 governments and financial establishment fear that if we don't 'believe' and share the confidence, the world economy will go into depression or worse."

The reality is that the world economy seems preprogrammed to do just that, together with the greatest financial meltdown of inflated paper assets in history, perhaps all as early as September-October.

# Balkans nations are realizing that development is impossible with IMF

by Rainer Apel

Diplomatic contacts among the Balkans governments have reached an impressive density, with every day featuring news about new agreements for infrastructure and economic development projects. At the same time, the expectations of the Balkans governments about the chances of receiving substantial financial assistance from the “rich” Western industrial nations have scaled down, and the more so as the international “Balkans reconstruction summit” of the Group of Seven, the European Union (EU), and the International Monetary Fund (IMF), scheduled for the Bosnian capital of Sarajevo on July 30, drew near.

That summit of the monetarist “donors” and the Balkans “receivers” of future, limited aid, is a scandal in itself: Solemnly announced by the Western governments in early June in the context of the end of the NATO air war on Serbia, it soon turned out that the West would not spend a single dollar for the event, but expected the impoverished Bosnian government to secure the funding for the summit meeting. In a statement on July 22, issued in Sarajevo by the Bosnian government’s summit organizing committee, Prime Minister Edhem Bicakcic voiced his embarrassment about the fact that he had just been told by the EU Commission that funds would not be available before the end of August, because the EU had yet to prepare a draft agreement on the summit financing. “By its lack of understanding of the need for timely preparations of this historic gathering, the European Union has put the summit into question,” the Bosnian statement said.

In any case, the EU had never pledged more than \$1.6 million for summit financing, and as far as the “historic” aspect of this gathering of some 30 heads of state and government, plus their entourage of several hundred aides, body guards, and the like, was concerned, this giant summit machinery contrasted starkly with the fact that the entire summit was to last no more than three hours, and was never designed to discuss any concrete projects. Not only the Balkans government themselves, but also even people inside the EU bureaucracy itself are enraged at this: A senior EU official, whose name was not made public, was quoted in numerous EU and Balkans media as stating that the Sarajevo summit was “not much more than a wasteful photo opportunity” for the prominent personalities attending the event.

Apparently, the pro-monetarist bureaucracies of the Western industrial nations are in no hurry to draft concrete

plans for the reconstruction of the Balkans. Mirel Tariuc, president of the Romanian Agency for Small and Medium Companies, on July 21 voiced his feeling of shock, when reporting that he had presented designs for reconstruction projects to the EU Commission the week before, but had received no response. He was forced to recognize that it was “much too early” for such a response, because the EU has not “decided [upon] specific ways for the reconstruction of the Balkans yet.”

When it will decide, if at all, is not clear. Having met similar disinterest from Washington during talks among visiting Albanian government officials and their U.S. counterparts during the first three weeks of July, Albanian Foreign Minister Paskal Milo warned, in an interview in the July 22 *Washington Post*: “It is not enough to say good words about the Albanian contribution during the crisis. We have heard a lot of this. . . . We will ask our partners to prove, as we say in Albanian, that they are not separating their words from their deeds.”

## Balkan initiatives

Against this Western bureaucratic standstill, the governments of the Balkan nations are undertaking to press for and design ambitious development projects. The week before the Sarajevo summit, there were numerous such developments on the diplomatic level: As reported in the July 22 *Washington Post*, the Albanian government is about to present a “long wish list” of projects, including a commitment to “accelerate work on highways and rail links that would run through Albania and connect the states of the Balkans from Greece and Bulgaria to Montenegro and Croatia. The government is also proposing construction of a \$600 million hydroelectric plant near the Macedonian border, a gas pipeline from Italy, and a highway linking Kosovo with the Albanian port of Durres on the Adriatic Sea.”

“Gramosz Pashko, chief adviser to Albanian Prime Minister Pandeli Majko, estimated that the cost of new construction in Albania could run to \$3 billion, and regionally, the bill will be at least \$10 billion,” the *Washington Post* reported.

Also on July 22, Hungarian Foreign Minister Janos Martonyi held talks with Italian government officials in Rome. He and Italian Foreign Minister Lamberto Dini agreed that Italy and Hungary should combine their efforts to get reconstruction in the Balkans off the ground. And, in talks with



Italian Foreign Trade Minister Piero Fassino, Martonyi discussed the fact that, as countries directly bordering on Yugoslavia, Italy and Hungary have specific advantages over other countries that are unfamiliar with the region, and should therefore play a leading role in the process of reconstruction. Martonyi proposed that his government promote Italian companies that are working in Hungary, for that purpose.

In addition, it was announced that Hungarian Economics Minister Attila Chikan would sign an agreement on setting up a joint Hungarian-Italian investment fund, capitalized with \$30 million, which will mainly assist cooperation among small and medium-size ventures. In a related development, the Hungarian government on July 21 announced its intent to create a national credit-line of 100 million euros (\$102 million), to "help domestic Hungarian companies win contracts in Balkan reconstruction projects, including in Kosovo and Albania, once a program is finalized." The announcement also said that "Hungary was hit particularly hard by the closure of the Danube to shipping, when NATO destroyed bridges across the river in Serbia, and will give special attention to companies that can assist in clearing the river for navigation. The Hungarian authorities have estimated direct losses caused by the Yugoslav conflict at \$200 million, not including losses from weaker tourist bookings and long-term blockage of the Danube."

### **A broader development perspective**

But the special Hungarian credit line is not only designed to compensate for the losses caused by the war. In a guest commentary in the Paris-based *International Herald Tribune* on July 21, Hungarian Economics Minister Chikan wrote that reconstruction in the Balkans must go beyond mere repair of what had existed before the war, and lift the Balkans economies up to Western levels. This hints at a much broader perspective on economic development.

So does the agreement on coordination of national and cross-border infrastructure projects, which was signed in Sofia, the Bulgarian capital, on July 25, by the foreign ministers of Bulgaria, Albania, and Macedonia. The joint press statement stressed the "need to negotiate a common financial coordinating approach to projects of infrastructure development in Southeast Europe." This applies to national road, rail, and energy projects, as well as to cross-border projects, such as the planned rail link between Bulgaria and Macedonia, and the Corridor 8 trans-Balkans project (road, rail, telecommunications, and pipelines) between the Bulgarian port of Bourgas and the Albanian port of Durres.

### **How will projects be financed?**

Not only did the three foreign ministers, and the three finance ministers who met a day later in Ohrid, southern Macedonia, discuss the list of projects as such, but they also put the vital question of funding such ambitious projects on the agenda. And there, they came up with an interesting proposal:

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For the national projects, the foreign ministers agreed to create national development funds, the capital base of which would be taken from payments that otherwise would be made to the Club of Paris foreign creditors. In other words, part of the foreign debt owed to the Club of Paris would be written off, to create financial leverage for urgently required investments in development projects. This is not meant as a debt moratorium (not yet, at least), but as an arrangement in agreement with the creditors, which would be given supervisory rights over the respective funds. This proposal, modest as it may look, resembles aspects of the discussion that led to the 1952 London Debt Agreement, which relieved postwar Germany from a significant share of its nominal pre-war debt, and allowed German banks to grant loans for the second phase of what later on, in the late 1950s, became known worldwide as the “German Economic Miracle.”

The July 25 Sofia proposal for transforming debt payments into credit lines is the more important, because the Balkans governments are well aware that substantial funding from the EU and other Western institutions for projects cannot be expected, at least for the time being. Bulgarian Finance Minister Muravey Radev said after the talks with his finance minister colleagues from Albania and Macedonia in Ohrid on July 26, that he is not optimistic about the Sarajevo summit. He said that at the moment, there is a “high degree of uncer-

tainty and obscurity” on the part of the EU states and the international financial institutions, which has clouded prospects for all the envisaged projects.

### What must be done

Here is what the Balkans governments must do, to end this uncertainty: The Sofia proposal for debt relief to fund real investments should be broadened into a plan for relief from all foreign debt, on condition that the funds not paid into the creditors’ accounts be invested in national as well as Balkan-wide projects of infrastructure development. The Balkan governments should establish sovereign national banks for reconstruction and development, with a Balkans umbrella agency for the coordination of the respective operations of the national banks.

The Reconstruction Center, which the Greek government is just now setting up in the northeastern port of Thessaloniki, separate from the office set up there to handle “reconstruction aid” promised by the EU, could actually serve that overall coordination function — pending the consent of the other Balkans governments. The chief model for what this Balkan-wide agency is to do, is the German Reconstruction Bank (Kreditanstalt für Wiederaufbau, KfW) in Frankfurt, which was established in 1948 under the Marshall Plan. The KfW did not have giant capital reserves at hand, but it pursued a wise policy of investing seemingly small sums into real economic ventures and projects. The return from the production later on refurbished the bank, enabling it to fund other projects. (See Lothar Komp, “How Germany Financed Its Postwar Reconstruction,” *EIR*, June 25, 1999.)

Naturally, this can only work if the hostile environment created by the IMF is broken. The KfW had the big advantage of operating in a banking environment that was much more sane than today’s speculative capital markets. The Balkan governments must realize that it is time to break with the IMF, and to create a capital market of their own which is not operating according to global monetarist “conditionalities,” but along principles of national financial sovereignty and the genuine national right to development. The Balkan nations may not find many friends for this concept in the present governments of the monetarist West, but they will have friends and supporters in the movement of U.S. Presidential candidate Lyndon LaRouche.

### IMF threatens nations’ survival

The debate about sound funding of reconstruction and development has only just begun in the Balkans, but it is finally under way. *Capital*, the leading Bulgarian economic weekly, in an article in issue No. 27, which was released a few days before the Sofia conference of the foreign ministers of Bulgaria, Albania, and Macedonia, shows the way that the debate must proceed. Commenting on the IMF’s refusal to grant loans in the range of \$600 million promised for the compensation of losses caused by the collapse of inter-Bal-

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kans trade during the NATO air war on Serbia, *Capital* wrote that the IMF's demand that Bulgaria first privatize its state-sector industry is incompatible with the national interests of the Bulgarian nation. "The IMF can hardly believe that Bulgaria will be able to raise \$600 million from privatization. It is much more likely, that the fund exerts pressure on the government to sell large enterprises, whose deals are constantly delayed. . . . This is not the first time that the international financial institutions have pressured Bulgaria to privatize. In 1995, the IMF and the World Bank almost entirely stopped their financing of Bulgaria, because the Bulgarian Socialist Party, the ruling party at the time, declined to sell enterprises."

If the Bulgarian government (a conservative-led one, at present) tried to meet the IMF's conditionalities through privatization and the related downsizing of the respective state-sector labor force, it would "enhance the risk of social tension in combination with the huge unemployment in some regions," the weekly wrote.

Even if the government were successful in securing \$600 million from the proposed privatization, it still "would have

to cover the repayments of the foreign debt with the BNB's [Bulgarian National Bank] reserve," the weekly observed. Because Bulgaria's present monetary policy is run by a currency board under an IMF regime, the Bulgarian government would have no other choice than to balance the decrease of its currency reserve through "drastic cuts in budgetary expenses." This, *Capital* wrote, would imply that "a number of projects from the investment program will probably have to be postponed," that "wages will be frozen," and so on. Trying to meet the IMF-currency board demands, the Bulgarian government would be forced into economic policies that "will invariably lead to social tension," *Capital* reported.

The only meaningful conclusion from this analysis—which was not drawn by *Capital*, but which can be easily drawn by all those who have an idea of what national economic sovereignty means—is: If Bulgaria wants to survive, it cannot continue to be run under an IMF-controlled currency board. And that applies to the rest of the Balkans region, which is being strangled by similar monetarist arrangements, as well. Phase II of the struggle for reconstruction and development in the Balkans has begun.

## Israeli urges Mideast peace through development

Israeli Ambassador to the United States Zalman Shoval emphasized the need for infrastructure development for the West Bank, and called for a Marshall Plan for the region, at a forum on Capitol Hill on July 22. Although it was clear that Shoval, an appointee of former Prime Minister Benjamin Netanyahu, and his Palestinian Authority interlocutor at the forum, Hasan Abdel Rahman, the Palestine Liberation Organization representative to Washington, did not agree on everything, Shoval's remarks that the road to peace in the Middle East will be paved through economic development, were well received.

Shoval said that Israeli Prime Minister Ehud Barak is now saying, "Let us move as quickly as possible to all sorts of joint projects, whether it is water projects, whether it's electricity projects—things which we have to share anyway. It's one country. There's no separate ecology for Israel or separate ecology for Jordan or the Palestinians. There is a very common water problem.

"Let's move these things—let's join up as quickly as possible. Let's not wait for an agreement on each and every political problem which we have and probably will have for many years, because once we have these joint projects, there will be an interdependence.

"Nobody is going to risk his water sources, or his elec-

tricity, or trade, or whatever, or standard of living and go to war again. That was the idea of the Marshall Plan with regards to Western Europe, the European Community. So, we want to propose to our Palestinian and other Arab neighbors, to embark on these projects, on these joint projects as quickly as possible.

### Build up the Palestinian economy

"We also call upon everyone, including in the Arab world, to increase their economic assistance—I would say, their investments in the infrastructure of the Palestinian territories. The economic situation is bad. It has deteriorated since Oslo [the signing of the Oslo Accords in 1993], in very many respects. We don't want, and the Palestinians shouldn't want, that their economy should rely to such an extent on work in Israel. It's not good for them, it's not good for us.

"But in order to abolish that situation, their economy has to grow. And there should be more investments. The Arab world could invest a billion dollars per year, they can do it. And the rest of the world will also help, including Israel, in order to fortify the economy. And once there is a strong economy, there will be less terror, there will be less inducement to think about new wars or new armed conflicts.

"And that is another message which Prime Minister Barak and the rest of the government of Israel and the state of Israel have been sending for some time. But we are reinvigorating that message right now."

# The fraud of ‘democratic reforms’: the case of U.S. aid to E. Europe

by Edward Spannaus

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### **Collision and Collusion: The Strange Case of Western Aid to Eastern Europe 1989-98**

by Janine R. Wedel

New York: St. Martin's Press, 1998

286 pages, hardbound, \$27.95

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It is a brutal fact, that the most devastating collapse of the Russian economy and living standards of its population occurred, not under Communism, but during the period of “democratic,” “free-market” reforms after the collapse of the Soviet system. A similar phenomenon has taken place in Ukraine.

The same sort of “market reform” and “democracy” programs, which devastated the economies of eastern Europe and the former Soviet Union, are now at the heart of the “Stability Pact” for southeastern Europe being launched at the July 30 summit in Sarajevo.

It is therefore extremely timely to reexamine the so-called “democratic reforms” which were carried out under the auspices of U.S. and western European aid programs during the 1989-98 period.<sup>1</sup>

*Collision and Collusion* provides a fascinating series of case studies of the operations of Western aid programs to central and eastern Europe during that period. Janine R. Wedel, who is now Associate Research Professor in Sociology/Anthropology at George Washington University in Washington, D.C., particularly focusses on analyzing the relationships between Western aid-givers (or donors), and the Eastern recipients of Western aid programs. Her approach yields often humorous insights into the mentality of aid officials in the U.S. government who were charged with distributing funds allocated by Congress to the East, and the mentality of the

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1. An interview with author Janine Wedel in the June 4, 1999 issue of *EIR* drew out some of the lessons of Russian aid programs for Balkan reconstruction.

various groups chosen by Western agencies to receive grants — who were usually selected because of their ability to speak the language of “democracy” and “reform” while often pursuing their own career or business interests. But, at the same time, she points out the devastating effects on the economies of the recipient countries, and on their attitudes toward the “West.”

One of the most useful features of Wedel’s book is her highlighting of the paradoxical — truly hypocritical — use of “promoting democracy” programs to assist in forcing through extremely *unpopular* economic measures over the opposition of elected parliaments and responsible government officials in the effected countries.

### **‘A Marshall Plan of advice’**

During 1989-91 — the period from the fall of the Berlin Wall to the collapse of the Soviet Union — there were many calls for a new “Marshall Plan” to reconstruct central and eastern Europe. But instead, the countries of the former Soviet bloc got only what Wedel calls “a Marshall Plan of advice” — an army of Western consultants and advisers who, in most cases, left their victim countries in worse shape than they found them.

Wedel points out that few if any policymakers advocated a serious commitment to the billions of dollars in capital assistance implied in the notion of a new “Marshall Plan” for the former Communist bloc. She notes that, by mid-1990, Bush administration officials, such as Deputy Secretary of State Lawrence Eagleburger and Commerce Secretary Robert Mosbacher, had explicitly ruled out a modern-day Marshall Plan.

And already, in November 1989, the U.S. Congress passed the SEED (Support for East European Democracy) legislation “to promote political democracy and economic pluralism in Poland and Hungary.”

So, instead of capital assistance, the focus became what is called “technical assistance” — which was advice and training on how to create a “market economy” through dismantling of

state structures, privatization, creation of financial markets, and, of course, training in “democracy”—the biggest fraud of all.

Poland coined the term the “Marriott Brigade” for the short-term, “fly-in, fly-out” consultants (often from the Big Six accounting firms), who descended on Poland after the fall of Communism. Wedel also describes the “econolobbyists”—of whom Harvard’s Jeffrey Sachs is her primary case-in-point. If Sachs didn’t invent the idea of “shock therapy”—i.e., International Monetary Fund (IMF)-style austerity measures accompanied by abrupt elimination of government subsidies and price controls and the tightening of credit—he was its most prominent proponent.

The lie which Sachs and his ilk peddled to central and eastern European countries was that, if they jumped into the “market economy” and carried out quick and dramatic reforms, Western credits and investment would quickly follow. Sachs told the Poles in 1989 that their standard of living would begin to rise within six months if they followed his dictates. What happened in reality, was exactly the opposite.

The second pillar of “market reforms,” after shock therapy, was privatization—the selling off of state enterprises. Wedel notes that the Big Six accounting firms were designated by U.S. and European aid agencies as “the chief agents of privatization and recipients of privatization aid.” Wedel also notes, but does not elaborate: “The British, given their experience with privatization under Margaret Thatcher in the 1980s, were seen as having special expertise in privatization and took a lead as consultants on the issue.”

What the U.S. and British aid agencies did in eastern Europe with respect to privatization is exactly what those same agencies today denounce as “cronyism” in Asia and elsewhere. The same accounting firms that were designing privatization programs and providing ridiculously low valuations for state enterprises, were then advising their other clients how to come in and buy up the assets cheap.

In 1991, the Polish government’s auditing agency found that government officials had often been paid off by the private companies involved in privatization; the agency also concluded that accepting the recommendations of Western consulting firms with respect to asset valuation, had resulted in significant losses for some Polish enterprises and losses to the national treasury.

## ‘Democracy building’

Central to Western aid efforts is the notion of “civil society” and “democracy-building”—the creation of organizations independent of the government, which are to serve as a mediation between the citizen and the government. Such “civil society” institutions are supposed to offer an antidote to Communist systems in which everything was controlled by the state. But, in fact, the new “democratic” institutions of civil society were anything but “democratic”—they were largely non-governmental organizations (NGOs), funded by

foreign governments or foreign institutions (such as George Soros’s Open Society Institute), which selectively supported individuals or groups which were politically compatible with the funding agencies. This generally meant that the NGOs selected for funding were advocates of radical free-market ideology, friendly to “Western” ideas, and generally hostile to the state.

Other recipients were members of the old elite, the *nomenklatura*, who learned to manipulate Western donors and institutions for their own benefit, mastering the jargon of “democracy” with such catch-phrases as “transparency” and “empowerment.” Wedel’s book contains often-hilarious examples of how aspiring operators in Poland, for example, quickly learned how to propitiate Western aid-givers by repeating the proper words, setting up foundations, and so on, in order to get access to Western money, office equipment, and contacts.

As Wedel describes it, Western donors gave money to groups in central and eastern Europe “that were associated with people who the West identified with programs of market reform (such as that of Finance Minister Leszek Balcerowicz in Poland, where the most vocal alternatives to the Balcerowicz program were post-communist or nationalist populist programs). . . . Economic agendas appear to have been the decisive factor in many aid decisions said to be about democracy, pluralism or civil society.”

For example, the SEED legislation passed by the U.S. Congress in 1989 authorized millions of dollars to “promote the private sector” and “democratic pluralism.” Nearly all of these funds were distributed through the U.S. National Endowment for Democracy. This meant that, often, U.S. funds—government or foundations—went directly to subsidizing political groups or political parties in eastern Europe and Russia. Not only was this an intervention, an interference, in the internal political life of these countries, but it often represented a direct undermining of the institutions of government of those countries.

As one Bush administration official put it in 1992: “We do not have government-to-government agreements. . . . Our task is to promote the growth of the private sector rather than to encourage the growth of new bureaucracies.”

This practice continues to this day. Testifying before the House International Relations Committee on June 9, 1999, the coordinator of U.S. assistance to the Newly Independent States, William Taylor, stressed that U.S. aid is premised on a “bottom-up” approach, what he called supporting “constituencies for reform.” In Ukraine and Russia, Taylor testified, “our programs have focussed on mobilizing popular support for change and working with reformist regions.” Taylor boasted that U.S. “NGO support programs” involving grants and training, have resulted in a dramatic growth of NGOs, so that there are now more than 65,000 NGOs registered in Russia.

Taylor was asked by one Congressman: “But Mr. Taylor,

did I understand you correctly that at this point our financial assistance to Russia is bypassing the Russian government, the central government, and is going to the private sector and to states, or something under the national government of Russia? Is that correct, or did I misunderstand?"

Taylor answered: "No, you understood me correctly, sir. We are moving in that direction increasingly."

### **The case of Harvard and Russia**

The most extreme case of such internal interference and playing of favorites was that of U.S. aid to Russia, where, as Wedel puts it, the United States "placed its economic reform portfolio—set up to engineer the enormous shift from a command economy to free markets—into the hands of a single group of self-styled Russian 'reformers.'" This is the group she calls the "Chubais Clan" or the "St. Petersburg Clan," which received much of its funding steered through the Harvard Institution for International Development (HIID) from 1992 to 1997. The Chubais clan controlled hundreds of millions of dollars in aid from the United States, the G-7, and the international financial institutions (IFIs). Two clan members alone became gatekeepers for about one-third of a billion dollars in aid money and millions more from the IFIs.

How did this come about? Wedel describes how in the late summer and fall of 1991, as the Soviet state was collapsing, Harvard Professor Jeffrey Sachs, Anders Åslund, and other Western economists held a series of meetings at a dacha outside Moscow with a group of young Russian "reformers." Sachs and Åslund offered the "reformers"—including Chubais and Gaidar—their services and access to Western money. Through Sachs, Chubais met Andrei Shleifer, a Russian-born emigré who had become a tenured professor of economics at Harvard while in his early 30s, and who came to head HIID's Russia project.

Sachs used Gaidar (who was Minister of Finance and Economy from November 1991 to April 1992, then deputy Prime Minister, and then acting Prime Minister until December 1992) to implement Sachs's "shock therapy"—the rapid elimination of price controls and state subsidies. The result, among other things, was an at least 2,500% hyperinflation, and the evaporation of much of the savings of ordinary Russians.

By late 1992, Gaidar was under political attack for his failed policies, and Sachs cynically turned on Gaidar, and offered his services to the parliamentary opposition—who wisely turned him down.

Chubais then took over where Gaidar left off. Wedel describes Chubais as being "on intimate terms" with certain Western officials, including high officials of the IMF, the World Bank, and the U.S. government—particularly then-deputy Treasury Secretary Lawrence Summers. Chubais's power was based on these Western contacts and on his consequent control over money flows to Russia from the West.

Harvard's HIID got its first award for work in Russia from

the U.S. Agency for International Development (USAID) in 1992, during the Bush administration. Over the next four years, HIID got almost \$58 million—most of it without competitive bidding, as is usually required. The waiver for HIID non-competitive grants was signed by various U.S. government officials, including then-USAID Deputy Assistant Administrator Carlos Pasqual.<sup>2</sup>

HIID not only got direct grants, but it became the key agency for recommending and overseeing other aid contractors, such as the Big Six accounting firms. A U.S. General Accounting Office study determined that HIID had "substantial control" of the U.S. assistance program for Russia. As Wedel puts it, "This meant that, in practice, the United States, under cover of economic aid, delegated foreign policy in a crucial area . . . to Harvard University—a private entity."

### **The 'great grab'**

After the abject failure of "shock therapy," the keystone of "reforms" in Russia became privatization—which had been Chubais's portfolio since 1991 when he was appointed to head the State Property Committee, the GKI.

Following a plan drawn up by the Harvard-Chubais team, the "mass-voucher privatization" program was launched in November 1992; under that program, citizens were given shares, or "vouchers," in state-owned enterprises. This was a fraud from the start. Wedel cites a study which shows that Chubais and his clique "were telling the public one thing while pursuing an entirely different goal." While Chubais was telling parliament that the purpose was "to let everyone take part in people-oriented privatization," the plan that the GKI had secretly developed was designed to have the opposite effect." What Chubais actually intended was that the population should have the "freedom to cash in" their vouchers—meaning that the vouchers were bought up cheap, and quickly become concentrated in a few hands—often those of organized crime.

Privatization was decidedly unpopular. Russians called it the "great grab" or "grabitization." In 1997, the State Duma (lower House of Parliament) denounced the privatization program by a vote of 288-6. The reform measures being pushed by the Harvard-Chubais gang were so unpopular that Chubais had to circumvent the elected parliament and other institutions of government, and carry out his program through a series of Presidential decrees. Many of these decrees were actually drafted at Harvard University! This dictatorial process was assisted by the network of NGOs set up through Western aid programs. As Wedel puts it:

"USAID set up a network of 'private' organizations that

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2. Pasqual continued to support HIID. Today, Pasqual is the National Security Council's Senior Director for Russia, Ukraine, and Eurasia; on July 23, Pasqual appeared with Al Gore's National Security Advisor Leon Fuerth for a press briefing on the July 27 meetings of what is now called the "Gore-Stepashin Commission."

would help reformers to circumvent channels of government decision making, such as the Duma, and to bypass legitimate bodies of government, such as ministries and branch ministries, that might otherwise be relevant to the activities being performed. Thus, U.S. assistance policies in Russia, like some of those in Central Europe, concentrated on supporting specific reform measures at the expense of democratic processes and institutions.”

The flagship of USAID-funded “private” organizations was the Russian Privatization Center (RPC), established by Presidential decree in November 1992 under the direction of Chubais, who was chairman of the RPC while at the same time heading the State Property Committee. According to some accounts, the “private” RPC had more control over the privatization process than did the GKI.

The RPC, run by the Chubais-Harvard clique, received \$45 million from USAID, millions more from the British and other governments, plus more than \$100 million in loans from the World Bank and the European Bank for Reconstruction and Development—which loans had to be paid back by the Russian government! But there are indications that much more money was involved—some \$4 billion, according to an RPC official.

In the autumn of 1994, HIID set up several other aid-funded “private” organizations. One was the Russian Federal Commission on Securities and the Capital Market, roughly equivalent to the U.S. Securities and Exchange Commission. Again, it was run by the Chubais clique, with Chubais himself the chairman of the board.

Another was the Institute for a Law-Based Economy (ILBE), funded by the World Bank and USAID, which was set up to develop a legal and regulatory framework for markets, and which drafted decrees to be issued by the Russian government.

That these programs were intended as a *political* intervention in support of “free-market reforms” is explicitly acknowledged in a 1995 HIID book, *Privatizing Russia*—a book which, Wedel points out, is found on the desks of many USAID officials: “Aid can change the political equilibrium by explicitly helping free-market reformers to defeat their opponents. . . . Aid can help reformers by paying for the design and implementation of their projects, which gives them a greater capacity for action than their opponents have. Aid helps reform not because it directly helps the economy—it is simply too small for that—but because it helps the reformers in their political battles.”

This approach was affirmed by the State Department’s top aid official, Richard Morningstar, in an interview with Wedel in 1997, who said: “If we hadn’t been there to provide funding to Chubais, could we have won the battle to carry out privatization? Probably not. When you’re talking about a few hundred million dollars, you’re not going to change the country, but you can provide targeted assistance to help Chubais.”

It was a nice deal while it lasted. For Chubais, it continued after he was sacked from the Russian government in January 1996; he was then put on the HIID payroll.

### Looting for fun and profit

In 1997, USAID was forced to cancel most of its funding for HIID, after investigations showed that top HIID officials Shleifer and Hay had used their positions and insider information to profit from investments in the Russian securities markets. Among other things, ILBE was used to assist Shleifer’s wife, who operated a hedge fund which speculated in Russian bonds!

In other words, from Wedel’s description it is obvious that the Harvard-Chubais gang was not just ransacking the Russian economy for ideological and political reasons; they were looting it for personal profit as well. At one point, the Russian directors of the ILBE were caught removing \$500,000 of U.S. office equipment from the ILBE offices.

Not surprisingly, the Gore-Chernomyrdin Commission was involved as well, particularly through its Capital Markets Forum; HIID’s Shleifer was the special coordinator for all four of the Forum’s working groups. In the fall of 1997, Congress asked the GAO to look into Shleifer’s role in the Gore-Chernomyrdin Commission. (There are reliable reports that there is a current Federal grand jury investigation in Boston involving the HIID program, and *EIR* has learned that some sources expect that indictments may be issued in the near future.)

Mega-speculator George Soros also worked closely with the Harvard-Chubais clique, and he was given special privileges under the “loans-for-shares” privatization program launched under Chubais in 1995, whereby banks got shares in state enterprises in exchange for loans to the state treasury.

The effect of all this, Wedel shows, was to convince Russians that the West, and especially the United States, was to blame—was out to loot and destroy the Russian economy. As one Russian quoted by Wedel put it: “Western policy was designed to break us up and make sure we never, ever come up again.”

Wedel does not address the question of whether this was deliberate. In truth, as *EIR* has shown, it *was* intentional, and it originated in Britain. Gaidar, Chubais, and former Finance Minister Boris Fyodorov had been picked up already in the mid-1980s by that center of Mont Pelerin Society feudal, anti-capitalist ideology in London, the Institute of Economic Affairs (IEA). Gaidar’s Institute for the Economy in Transition was sponsored by the London IEA; it almost shut down in 1991, because most of its members then entered the Yeltsin government to carry out the British free-market assault.<sup>3</sup>

3. See, Roman Bessonov, “IRI’s Friends in Russia,” *EIR*, Sept. 6, 1996; Rachel Douglas, “The Systematic Destruction of Russia,” *EIR*, April 16, 1999.

# Argentina's famed 'convertibility' goes up in smoke

by Gonzalo Huertas

On July 12, the Buenos Aires stock exchange, or Merval, once again experienced a "Black Monday," with an 8.7% collapse in one day. The following day, the front page of the financial daily *Ambito Financiero* announced that this was the second worst "financial setback" in 1999; the first was the Brazilian collapse which followed the devaluation of that country's currency, the real.

During Argentina's most recent "Black Monday," the value of the country's so-called Global bonds which come due in 2017, collapsed 10.8%, while the Global bonds coming due in 2027 fell 7%. Brady bonds fell 2-4%. During the week of July 6-12, the Merval fell 14.1%.

Immediately, the financial soothsayers of Wall Street and Buenos Aires blamed the latest Black Monday on "an exaggerated reaction" of the "markets" to the statements by Presidential candidate Eduardo Duhalde, of the Justicialist Party, with regard to a possible default on foreign debt payments (statements which were denied by Duhalde), and to internal fights around this October's Presidential elections.

However, the truth is that Argentina—like Mexico and Brazil—is very close to defaulting on its debt, especially its private sector foreign debt.

## Time to face the facts

In other words, the party is over; it's time to face the facts.

As economist Daniel Muchnik commented in his column in the Buenos Aires daily *Clarín*, "In Latin America, Argentina heads the list of nations with payment problems, way ahead of Mexico, Peru, Venezuela, and Chile. In recent months, Argentina became the country with the largest number of private sector defaults. No fewer than six companies were behind in their payments or went into default for some \$700 million."

According to the April edition of *Informe Económico*, the Finance Ministry's quarterly publication, \$26.429 billion of private sector foreign debt comes due this year, of which \$11.045 billion corresponds to the largely export-oriented, non-financial private sector, and \$15.384 billion to the financial sector.

"Under these conditions," wrote Muchnik, "both foreign and domestic creditors are reluctant to lend to Argentina, or do so at the highest interest rates. This poses major difficulties

for the Treasury, and also for the private companies which are forced to shoulder the burden of these higher costs in a sharp recession."

In the aftermath of the debacle of the Brazilian economy, and given the dependence of Argentine exports on Mercosur (the Common Market of the South, whose members are Brazil, Argentina, Paraguay, and Uruguay), Argentina's production is collapsing, causing an accelerated increase in unemployment and a fall in tax revenues, which in turn is threatening the country's ability to meet public debt payments.

According to Labor Ministry figures, industrial production in May 1999 showed a 10.2% fall compared to the previous month. The hardest-hit sectors were automotive (-50.1%), tires (-29.3%), and metal-machinery (-27%). This, in turn, caused a fall in energy consumption for May of 4.8%.

In Córdoba province, the second most important in the country for its agro-industrial capacity, industrial production during the first quarter of the year fell 20.39% compared to the same period in 1998.

According to the National Institute of Statistics and Census, the government's statistical agency, real unemployment (under- and unemployment combined) in Argentina for May reached 28.2%, representing some 3.6 million people. This is 8.5% more than in October 1998.

It was thus with good reason that Msgr. Rafael Rey, the president of the Catholic relief agency Caritas and the bishop of Zárate, charged that the Argentine "middle class is disappearing, and has joined the poor." He referenced a World Bank study that indicated that some 13.4 million people in Argentina are now living "below the poverty line," and that "the rate of infant mortality in Argentina's northeast is equivalent to that of the African countries."

In the same vein, a study by the Institute of Fiscal and Economic Studies reported that "wages during the 1950-59 period were double those during the convertibility plan. During the 1960s and the first half of the 1970s, wages were 95% higher than what they are at present." The convertibility plan in Argentina refers to the currency board scheme first applied in 1991, in which the peso is pegged to the dollar in a one-to-one relationship.

This picture seriously affects tax revenues. On June 22, Undersecretary of Tax Policy of the Finance Ministry Guillermo Rodríguez Use admitted to *Clarín* that revenues for June "would fall between 8 and 9% over June 1998," and that the growing decline in revenues was due to "the substantial fall in imports, which are between 25 and 30% less than those of last year."

According to the July 14 *New York Times*, foreign bankers are confident that the Argentine government will meet its commitments for at least the rest of 1999, something which is in fact highly unlikely. But what has them really worried, as reporter Jonathan Fuerbringer noted, is that "there is a much greater likelihood of corporate defaults."



## Welfare 'crackdown' is under way

*The government and the Labor opposition are forcing people into low-paying, part-time jobs, and slashing the safety net.*

One hundred years after the world's first Labor government briefly took power in the state of Queensland in 1899, the social justice revolution that Labor originally represented has died out within the modern Australian Labor Party. The ALP has joined the ruling Liberal/National Coalition in attacking "welfare dependency," and promoting "work for the dole" schemes as the solution to unemployment.

"Welfare dependency" is the new evil which politicians are blaming for Australia's high rate of long-term unemployment, and they are slashing everything from unemployment benefits to invalid pensions. However, the insanity and mean-spiritedness of their logic was exposed by figures released by the Productivity Commission in late July, which show that for the 21 years since 1978, three out of four new jobs created in the private sector in Australia have been "casual" jobs—part-time jobs with no benefits. These low-paying, dead-end jobs are the ones that the "dole bludgers" will be forced into, and used as a vast slave-labor pool to help undermine Australia's rapidly shrinking trade unions.

The Productivity Commission's figures are particularly astounding for men: From 1985 to 1997, Australia experienced a net growth of 36,500 permanent jobs for male employees, while 502,400 casual jobs were created for males. Overall, 62% of all jobs created during 1985-97 were casual jobs.

Despite this dearth of decent job prospects, Employment Services Minister Tony Abbott in June blasted unemployed people as "job snobs," because more than 250,000 of the

615,000 dole recipients had not registered with the now-privatized government employment agency, Job Network, which has been in complete chaos since it was privatized over a year ago. Abbott blamed the "culture of welfare dependency" for the nation's high rate of long-term unemployment, despite a supposedly booming economy, and vowed a crackdown. His declaration was echoed by his boss, Prime Minister John Howard, a stooge for the British Crown's Mont Pelerin Society agenda of free trade, privatization, deregulation, and union-busting.

Meanwhile, the allegedly "pro-worker" ALP is trying to outdo the National Coalition. On July 25, ALP employment spokesman Martin Ferguson declared that work-for-the-dole was "a fact of life," and that the ALP differed from the Coalition only on how much "training" the welfare recipients should receive. ALP backbencher and "Third Way" flagbearer Mark Latham told a conference of the Brisbane Institute on July 26 that welfare is "too much like charity," and called for a crackdown on invalid pension entitlements and for moves to force teenage mothers into the workforce, along the lines of the evil 1996 U.S. "welfare reform" bill. All of this will hit hardest Australia's most disadvantaged citizens, particularly those of Aboriginal descent.

Australia's policies toward its 250,000 or so Aboriginal citizens over the past three decades, under both Labor and the National Coalition, have been an utter disgrace. In the late 1960s, the government policy of "assimilation" of Aboriginal citizens was changed, under the direction of such

intimates of Prince Philip as Dr. H.C. "Nugget" Coombs, longtime central bank head and the "father of Aboriginal land rights," to a policy of "indigenism" and "land rights." Coombs set up the Community Employment Program, which paid Aborigines to return to an "indigenous" lifestyle in rural Australia, and which is the origin of much of the "dole problem" among Aborigines today. Now, three decades and untold billions of dollars spent for "land rights" later, the Aborigines are worse off than ever, with a life expectancy 20 years below that of whites; chronic alcoholism; severe health problems, including a shocking rate of sexually transmitted diseases; and high rates of family violence.

Of course, "land rights" was never meant to benefit Aborigines, but was a scheme to lock up huge tracts of Australia under nominal Aboriginal control, but in fact under the control of the Queen's mineral cartel, Rio Tinto, the chief private funder of "land rights" from the very beginning.

Rio Tinto's leading Aboriginal negotiation partner has been Noel Pearson, the former head of the Cape York Land Council, about whom Rio Tinto executive Greg Walker once exulted, "The problem with the Aboriginal community is they don't have another twenty Noel Pearsons." Now, it is Pearson who lauds ALP "Third Way" propagandist Latham, who is *leading the charge for "welfare reform" for Aborigines*.

In widely publicized speeches, Pearson has denounced Aboriginal "welfare dependency" as a "disastrous con" which has "undermined Aboriginal law" and caused all the problems which Aborigines face today. His solution is that of the Coalition and the ALP: Kick Aborigines off welfare, and cycle them into dead-end, low-paying "private sector" jobs, leaving them worse off than ever.

# Business Briefs

## *Economic Holocaust*

### **National Children's Day discloses collapse**

Around the world on July 23, reports were issued giving testimony to the mass murderous effect of economic policy under the doomed, International Monetary Fund-dominated global financial system. Indonesia is a case in point.

UNICEF reports that 10 million Indonesian children suffer from malnutrition, as do 5,000 of the 12,500 children born every day. UNICEF called for urgent revitalization of the state-run integrated health service, the only health service in many areas, and increased supplemental food for babies.

In East Nusa Tenggara province, the social affairs officer reports that the province can only care for 5,055 of the 74,383 neglected children. The International Labor Organization representative repeated that organization's figures that 6 million children, ages 7-15, dropped out of school during the economic crisis of the past 18 months. And, in the second largest city of Surabaya, child support organizations have sounded the alarm over a rapid increase in child prostitution, which has become institutionalized, with village leaders, parents, and neighbors complicit in raising young girls to be sold into prostitution by age 12.

## *Infrastructure*

### **Russia's need for TVA programs blocked by IMF**

Russia's Far East could generate power with a Tennessee Valley Authority-style program, but such an approach is anathema to the International Monetary Fund (IMF), the Russian daily *Rossiyskaya Gazeta* commented on July 7, in a review of the state of the economy in the Russian Far East.

If Russia were able to "build new capacities" for power-generation, replacing the ailing, old ones, it could make energy cheaper for the region, the daily said. "For instance, complete construction work on a new power-generating unit at the Khabarovsk

thermoelectric power station. The Bureya hydroelectric station in Amur Oblast could also be completed." But, the RAO YeEs Rossii company "does not have any money for this. The 3,600 workers at Bureya are on the verge of a hunger strike, because they receive 150 grams of bread, daily." The newspaper added that the Governor of Chita revealed this himself at a conference in Vladivostok.

At the same conference, the deputy chairman of RAO YeEs Rossii, Mr. Remizov, declared that "completing the Bureya station only requires 12 billion rubles. However, the entire investment fund at YeEs for this year is 4.2 billion. Perhaps, in such a case, President [Franklin] Roosevelt in the 1930s would have used a monetary emission [i.e., extended credit] for a profitable project. He did this when building the Tennessee River Valley Hydroelectric Power Station. However, no IMF was hovering over him. This organization completely precludes this way for us."

## *Finance*

### **British firms dominate booming merger activity**

British companies dominated global mergers and acquisition activity in the second quarter of 1999. On July 19, KPMG Corporate Finance in London published its survey on the global cross-border M&A activity in the first six months of 1999. It reported an exploding growth of mergers and acquisitions. Already last year, all historic records had been broken by a total cross-border M&A volume of \$544 billion.

However, this seems to be nothing compared to what is coming up in 1999. In the first six months of this year, the cross-border M&A transactions worldwide already amounted to \$409 billion, or 61% more than the \$253 billion one year ago. And the second quarter of 1999 (\$285 billion) saw a 130% increase compared to the first quarter 1999 (\$124 billion).

The survey emphasized that British companies are by far the biggest buyers of foreign entities. Some 48% of all cross-border mergers and acquisitions in the second quar-

ter of 1999 were undertaken by British firms (\$139 billion), followed by companies from the United States (\$38 billion), Spain (\$19 billion), and the Netherlands (\$9 billion). On the selling side, 51% of the international M&A activity in the second quarter of 1999 were purchases of U.S. companies (\$145 billion), followed by Swedish (\$42 billion), British (\$17 billion), and Argentine (\$17 billion) firms. The sectors most affected worldwide in the second quarter of 1999 were telecommunications (\$113 billion), the chemical industry (\$46 billion), the oil and gas sector (\$17 billion), banking and finance (\$14 billion), and food, drink, and tobacco sectors (\$14 billion).

## *Peru*

### **Fishing, industry in desperate straits**

Peru's largest fishing company, Pesquera Austral, saw the value of its stock plummet 40.6% in mid-July, in response to rumors that it would not be able to meet debt payments on bonds coming due. Austral is Peru's largest exporter of fishmeal, the international price of which has also plummeted. According to *INTERFIP-Bolsa*, a stock-market publication, Austral's losses for the first half of this year could be as high as \$3.2 million, which would also affect the domestic bond market. The estimated overall fishing industry debt is \$2 billion, which industry leader Manuel Sotomayor says is "unpayable." There is discussion under way of reducing the size of the fishing fleet. Pesquera Hayduk and SIPESA, the next largest fishing companies after Austral, are also in very bad shape.

The crisis is intensifying across the economy. ADEX, Peru's Exporters Association, in a July 19 press release, questioned the government's report that GDP rose by 2.4% in the first five months of the year, and said that the country faces a "severe recession." It pointed out that in the first quarter of 1999, internal demand dropped 10.6% relative to the same period of 1998, and private investment dropped 27.7%. Industrial production for January-May 1999 dropped 5.7%; construction dropped 14.8%. The banking sys-

tem default rate for May 1999 was 10.5%, up from 6.8% for May 1998; In the cement industry, sales fell by 17% in June compared to June 1998. ALICORP, a large food-processing company, had losses of \$5.46 million for the first quarter.

## Nigeria

### President challenges legitimacy of debt

Nigerian President Olesegun Obasanjo said that the legitimacy of Africa's debt burden, which is more than \$350 billion, is "dubious," in a speech to the 35th annual summit of the Organization of African Unity, on July 12. The debt's "continued existence begs moral questions," he said. "To illustrate, there is a case in my own country where a state government secured a loan of \$8 million to build a carpet factory on a turn-key basis. The loan was fully drawn, the site of the factory was never cleared; the money never came to Nigeria. Today, every man, woman, or child owes \$357. To redeem this per-capita debt burden, a nation whose per-capita income is under \$100 will have to give up everything in life, go into suspended animation, perhaps for over three and a half years." Nigeria has \$30 billion in debt.

Obasanjo called upon donors and debtors to work together for the vision elaborated by President Bill Clinton, "that no country should be left with a burden that keeps it from meeting its people's basic needs."

Meanwhile, the International Monetary Fund has offered Nigeria a \$1 billion loan, but with the usual austerity conditions. "What the IMF wants to see is a reduction in the budget deficit and a definite commitment to more reform like privatization," a Nigerian official said. "What it doesn't want to see is the continuation of subsidies on fertilizer, fuel, or public enterprises."

However, the Obasanjo government is reestablishing a fertilizer subsidy for farmers removed by the previous administration of Gen. Sani Abacha, reducing the price of fertilizer from 1,350 naira (Nigeria's currency) to 760 naira. According to Agriculture and Natural Resources Minister Alhaji Sani Zango Daura, the subsidy is designed to

boost food production, which he said is "the priority" of the President. He said that other agricultural inputs, including pesticides, are being procured by the government for distribution to farmers, and that the government will drill more boreholes and build earthdams for cattle, to lessen fights over grazing land.

In addition, a program to create 5 million jobs has been designed by Labor and Productivity Minister Alabo Tonye Graham-Douglas. He said that the government is worried over the restiveness of youth, especially in the Niger Delta, where the first job program will begin. "Creating jobs for the unemployed is the first step to alleviate poverty," he said. "This would also provide a peaceful atmosphere to enable the country to advance in its developmental efforts."

## Space Technology

### Make it available to all, says UN's Annan

UN Secretary General Kofi Annan urged that space technology be made available to all people in the world, in a speech to the opening of the UN Conference on the Exploration and Peaceful Uses of Outer Space (the third since the opening of the space age), in Vienna, Austria, on July 19. "The exploration of outer space has already revolutionized life on our planet in many ways," he said. But the fruits of the new technologies are far from being accessible to all people.

"For example," Annan stated, "the telecommunications industry is estimated to be worth \$1 trillion, yet one-third of the world's population has never made a telephone call, and only 5% has access to computers." Although couched in the politically correct terminology of "sustainable development," Annan urged governments and private industry to work with developing nations to use space technology for weather forecasting and land management to the benefit of all people. Reflecting the reduced funding for space exploration by just about every government, this was the first conference where private firms participated as equal partners with governments.

**KENYA** has been denied a loan by the International Monetary Fund, allegedly because it has not made sufficient progress in curbing corruption and keeping spending under control. The IMF decision has already resulted in the delay of two Japanese-funded projects for construction of a hydropower dam, and a water and sewage system for the city of Kisumu.

**THE SUZHOU** industrial park in China, the brainchild of Singapore Senior Minister Lee Kwan Yew, has been returned to Chinese majority ownership. Suzhou Mayor Chen Deming said, "When you or your joint venture partner decide to invest in China, you must take into account our cultural differences," a dig at "Mr. Greater China" Lee Kwan Yew. Planned for 70 square kilometers, it will be reduced to eight.

**THE GERMAN** automobile sector is heading into recession, the head of the Institute for the Automobile Industry, Prof. Willi Deiz, told the July 17 *Die Welt*. Incoming orders are down compared to last year, and the drop is expected to mean falling production by later this year. He expects that next year, about 35,000 jobs in the industry will be threatened.

**BRAZIL** needs an investment of \$1 trillion to eliminate the country's "social deficit," i.e., infrastructure for sanitation, housing, education, and other social needs, according to a study prepared by the Planning Ministry and the National Economic and Social Development Bank. The figure is an underestimate, but sizable in the face of International Monetary Fund demands for austerity.

**THE U.S. TRADE** deficit hit a record in May, at \$21.34 billion, according to figures released on July 20. The deficit for merchandise trade (goods of all kinds) hit a record high of \$28.21 billion, as U.S. imports of merchandise rose for the fifth month in a row to a record total \$98.9 billion. The merchandise deficit was off-set somewhat by a surplus for so-called services.

## The Twentieth Century: century of catastrophe

by Lyndon H. LaRouche, Jr.

*Mr. LaRouche gave the following keynote speech to a Schiller Institute seminar on July 24, in Oberwesel, Germany, which was attended by more than 250 people, mainly from eastern and western Europe.*

I have to be careful when I speak, because I always say the same thing to all audiences, which is considered a violation of the tradition among American political candidates. I speak in the sense of being the presiding officer of the magazine *Executive Intelligence Review*. I speak in the capacity of being number three on the present list of pre-candidates of the Democratic nomination in year 2000. And I speak in my other capacities, which are variously known to various among you. And, to all, I have to say essentially the same thing. But on different occasions, and to different groups of people, I must put what I have to say in the form which is most likely to be useful to them.

We are now in a process which is typified by the act of the Governor of the Bank of England, Eddie George, in looting his own bank of up to \$1 billion and probably more, in concert with an international syndicate which includes the backers of Vice President and fading Presidential candidate Al Gore.

This act of the Bank of England, stealing from itself, for the benefit of a group of cronies of the director of the Bank of England and of the Queen of England, is typical of these types. It must be said that what happened to Russia during the past six years, was found so good by the Western banking system, that they have imported the Russian model, of stealing from their own country's assets, into the West.

For example, there is nothing remarkable or unique in what Eddie George is doing. In every part of the world, we

have a form of criminality called privatization. "Privatization" is a multi-syllabic word for *stealing*.

For example, in Germany, the Stadtwerke, the municipal utilities, are the present object of stealing, under the label of "privatization"—something that every Russian can understand.

If you're going to privatize a firm, you're going to steal from it. That's what "privatization" means. It used to be called, in the Eighteenth Century and the Seventeenth Century, "privateering." That's when people get a legal license to go out and loot. Sometimes they were called "pirates," and if they had a piece of paper from a government, they were called "privateers." So, you don't call the Russian liberals "pirates," you call them "privateers," *because they've been given a special license to steal from their own country, their own banks, and everything else in sight*. Privateers even steal from each other.

And when times get tough, the frequency and the intensity of stealing from one another increases. It could be said that, with probably a rare exception, that at this point, *every leading bank and every leading other financial house in the world, is engaged primarily in stealing*—stealing from its own assets.

Now, in the case of Eddie George's stealing of gold, what happens is that the gold is stolen by selling it below its value to a private syndicate of cronies. A small group of people are allowed to buy this gold below price. They are going to hoard that gold, until after the great financial crash wipes out all financial institutions around the world. And that's in process now. When the crash is over, they intend to come back with their gold.

In the meantime, they're driving down the price of gold, in order to bankrupt the gold mines in South Africa, Russia,



With perhaps a rare exception, LaRouche said, “every leading bank and every leading other financial house in the world, is engaged primarily in stealing — stealing from its own assets.” Shown here: a scene from the banking district in Frankfurt, Germany.

and so forth. So, they will buy up the gold mines which have gone bankrupt, and they will control the world’s gold and gold production after the crash is over—not far into the future.

Every bank is doing the same thing — virtually every bank. Maybe there’s an exception, here and there. But I’ve checked with some bankers, and they don’t know of any exceptions. Every bank and financial house is *stealing from itself*. That is, the relevant directors are stealing assets, and, by various kinds of loan mechanisms and others — with which I’m familiar from the old days, investigating frauds and bankruptcies and so forth, and probate proceedings, in the United States and Canada.

What they do, is they move the money through a lending procedure, or a trade procedure, at reduced prices to a second party, who passes it on to a third party, who passes it on to the fourth party. And the fourth party is the collaborator of the person in the bank who is doing the stealing. When the crash comes, each of the intervening parties, including the bank itself, will go bankrupt. And the bank official hopes to retire on the basis of what has been stolen by the fourth party. It’s an old method of stealing. It was practiced in the 1950s, the 1960s, in the United States and Canada. I investigated many such cases.

What is being done now is no different, except that it’s done on a grand, global scale.

Whenever you hear the world “privatization,” you scream “Thief! Catch thief! Stop, thief!” Every time you hear of pri-

vativization of a Stadtwerke in Germany, you say, “Stop, thief!” when you hear somebody proposing it: “Stop, you accomplice of a thief!” The politicians who are owned by financial interests, are *bought*. And they put through the laws of privatization which enable people to *steal*. There is the greatest amount of theft in history now going on around the world. Government politicians, governments as such, are stealing. They are stealing for the people who pay them, who support the political parties, who have bought and paid for the politicians, who are now stealing for pay under the guise of being elected, and other officials.

### Looting and lying

Why is this going on? Why doesn’t somebody stop it?

Well, this thing can go on only under one condition. The stealing at such levels, on such a scale, with such profundity: It only happens when the system is about to go under, when every one of the people behind authorizing it, covering up the stealing operation, knows that *the entire world financial system is about to blow*. Those who tell you that the system will not crash because they have it under crisis management, are *lying*. They are lying — why? To buy a few more weeks and months at most, in order to complete the process of stealing. In order to steal, they have to keep you quiet, confused, and believing that the system will not crash. That’s how they steal.

So, when a banker says the system will not crash, he is lying. Every leading banker in the world knows the system is crashing, because they’re stealing. And they wouldn’t dare

## The role of Classical culture in world history

At the Schiller Institute's seminar in Oberwesel, Germany on July 24-25, the panels following LaRouche's keynote speech dealt with science, history, and music. *EIR* will publish some of the presentations in future issues.

First, Jonathan Tennenbaum and Jacques Cheminade presented "The Drama of Cognition: How Fresnel and Ampère Launched a Scientific Revolution"—a challenging discussion of the development of the theory of electromagnetism against the anti-science diktat of Newton and his French collaborators.

After an evening of song, poetry, and dance, the seminar resumed the next day with a speech by Schiller Institute founder Helga Zepp-LaRouche, who discussed "The Classical Idea vs. the Enlightenment in the Nineteenth Century," which focussed on the world-historical contribu-

tions of Moses Mendelssohn and Gotthold Lessing in reviving the work of Leibniz, and preparing the ground for the Weimar Classical tradition.

The memory of the two is twisted, today, she said, and their importance for the emerging of the great Classics is almost forgotten—buried by Jewish orthodoxy on the one hand, which rejects Mendelssohn's role in the promotion of ecumenical cultural exchange with Christians, and buried also by the prevalent schools of philosophy that oppose Mendelssohn's writings on false grounds that they are "too speculative" (escaping narrowly defined labels, that is).

To understand the importance of these seminal minds, she said, we have to go back to Leibniz, whose writings were viewed as the ultimate threat among the oligarchs of the late seventeenth and early eighteenth centuries: his work on the nature of the universe, on statecraft, his optimistic view of man and his work for the realization of the Eurasian Land-Bridge—a concept he originally designed. The oligarchy worked through the salon of Antonio Conti from Venice, who set up a network, focussed on intellectuals in England and France, of agents that tried to counteract

steal the way they were stealing if they didn't know the system is about to crash—and if they didn't know that virtually every other banking and related financial institution in the world is doing exactly the same thing. So, they don't blow the whistle on each other. That's what's happening.

In the end, they will rob every savings account. They will loot everything, and leave the poor public, especially those who were foolish enough to invest in mutual funds, absolutely destitute. That's the situation we're now in.

For example, the system began to disintegrate in the spring and summer of 1998. We had entered this phase before this, during the summer into October of 1997. The process leading into this had been established in 1994-1995, with the Mexico crisis and the mishandling of the Mexico crisis by the United States in the so-called bailout. So, these are the steps. We've entered, step by step, going back all the way to the middle of the 1960s, in fact, but in terms of financial systems, 1971, and then the Carter administration in the United States.

The famous names who are responsible politically for setting this into motion, include the first and second Harold Wilson governments in Britain; and you see the result of the Harold Wilson era in a television report yesterday, on the British Sky TV News, on the Great Western Railway System, which is a privatized section of the former British Rail system, a victim of Thatcher. This privatized rail system had a crash. And the crash occurred because of privatization. *People were killed because of privatization.* Because the only way to make profit out of a bankrupt system, is to gut it. So, the safety

signals, which should have been operating—about six of them, according to the British report—didn't function. So the train crashed. And people were killed.

This is *typical* of the effects of privatization. We saw the same thing with the crash in Hanover of the ICE [German high-speed rail system], where a cheaper wheel was used. Safety precautions were not taken. The same thing was done in the German rail system, that was done at Mercedes Benz, with the A-Class—of scrapping the engineering departments which are necessary to develop and prove workable systems, and letting a computer idiot, a nerd—a *mere nerd, not a human being, but a nerd*, on a computer—decide how the thing should be designed. A nerd who understands nothing about the principles of physical science, but who thinks that, if you know how to operate a computer, and a little mathematics, you can solve all the problems. This is a form of psychosis. This is not anything else.

So you see all over the world, the private and public systems are being looted, consciously, willfully, *with willful criminal negligence*. They call it negligence, but it was willful. What do you call that? That's called *an intentional crime*. If you strip away safety systems—for example, you might say, by U.S. standards, that the victims of the Western Railway crash this week, were the victims of HMO-style management—that is, the privatized takeover of medical insurance programs. The cutting of medical care, as Andrea Fischer pushes that here in Germany, is calculated *mass murder!* If you adjust the conditions of life, such as to wittingly increase

the influence of Leibniz with the pessimistic notions of man, as defined by Newton, Mandeville, Voltaire, Bentham, and so on.

This was the context in which Lessing and Mendelssohn came together, as a Protestant-Jewish alliance, in the defense of Leibniz against the “Enlightenment” degenerates. Their collaboration, their work on the development of standards for theatrical performance and aesthetics, and for statecraft, laid the ground for great minds like Friedrich Schiller, for the great German Classics.

Today, mankind is confronted with the threat of a new Dark Age. It is all the more important to study the work of Mendelssohn and Lessing, whose dialogue was no less important than that between Schiller and Goethe, so as to become inspired to overcome the Dark Age. The audience here, today, must be inspired to become the Socrates of the twenty-first century, Mrs. LaRouche concluded.

Her presentation was supplemented by Andreas Ranke, who discussed his work on how Mendelssohn, a Jew, contributed to developing military science in Germany, or, as LaRouche had put it provocatively, how “the German General Staff was a Jewish-led conspiracy.”



*Helga Zepp-LaRouche at Oberwesel.*

The final panel featured musicians Anno Hellenbroich, Arturo Sacchetti, Gianpiero Del Santi, Anatalia Kotsioubinskaia, and Liliana Gorini on the subject of “Bel Canto—Instruments Must Sing as *Vox Humana*.” Sacchetti, a leading Italian organist, took the occasion to present his project on reviving Verdi opera in the original tuning, on the occasion of the 100th anniversary (in 2001) of Verdi’s death.

the death rate and suffering rate, you are a mass-murderer. If you do this for financial reasons, then it’s a *crime* whose motivation for *murder*, is *stealing*. But this is typical—what is happening with the HMO and the medical system inside the United States, what is typical of Congressmen of the United States, who are bought and paid for by Wall Street, who put through the bills which will not allow the victim of an HMO murder to sue for damages in case of injury or loss of life, for criminal negligence.

This is the characteristic of the present world system.

Now, what about crashes? When people hear about crashes, they think about the 1929 crash, or perhaps the 1923 blow-out of the Reichsmark and the great hyperinflation. Well, you want to know about Germany, Weimar, the Reichsmark blow-out in 1923? It’s happening right here, in the United States—on a world scale, in Germany, everywhere, the same thing is happening.

What has happened, is—and that’s what the present phase of the situation is, which is why all bankers generally are stealing, why privateers are stealing, why bought-and-paid-for government officials are voting for stealing, which is called “liberalization.” Don’t make crime a crime any more—*liberalize* it. You don’t call people immoral, you call them “liberal.” You don’t call them murderers, you call them “liberal.” In the old days, they would have called a Nazi death-camp manager a “liberal,” because he was liberally handling the problem.

This is the way of the world we’re in. What’s happening?

## **A brainwashed generation**

During this entire period, you have a series of steps.

First of all, you had the shift to a post-industrial utopia, which started in institutions around the world which were influenced by the famous Frankfurt School here in Germany. That was the center of it—the new post-industrial culture, the so-called Baby-Boomer culture, or the 1968 culture, which you saw in universities and other institutions, but especially university populations in the United States and Europe in 1964 to 1968 and beyond.

So that from that point on, there was an attempt to reverse progress, to reverse scientific and technological progress, and to say we must stop progress, and go on to a different kind of society.

Some people said plainly what they meant. They referred to Nietzsche’s program of the “dawning of the Age of Aquarius.” This was called the “New Age,” it was called various other things. I called it a few things myself; I didn’t call it “New Age.”

All right, this was done.

So, a generation of students at universities were brainwashed. And those that were not brainwashed, generally did not have such good careers. Those who became total idiots, immoral, were advanced, when they got out of the universities, to higher and higher positions. And most are running the top positions in government and finance, and so forth, in the United States and Europe today. That’s how it happened.

Then, the Vietnam War was a great impetus, and the Viet-

nam War opposition, which was largely based, in the United States, on pure cowardice. People in the United States were opposed to the war because they didn't want to go to Vietnam and get killed. Therefore, they discovered a conscience. The conscience said, "I'm not going." We used to call it draft-dodging. It was actually that. It was that simple. Plain cowardice. I was there. I saw it. I met these people. Don't tell me it was something else. It was *plain cowardice*. There were a few of us who thought the whole thing was a horror show and had to be stopped. But, we didn't go *that way*. We went a different way: to try to get the policy changed.

So these cowards, with no morality, and the Baby-Boomer style of indifference to reality — flying into "my personal feelings," not into their responsibilities for the future, completely selfish, and concerned about their personal *feelings* about things, and negotiating their personal feelings with everybody, including feeling everybody up, so to speak.

This became a cultural change. The cultural change was symptomized by the introduction in the U.S. State Department in 1966-67 of a policy, that the United States State Department thereafter, in its dealings with other countries, would shape its policies with regard to the need to reduce population growth in "overpopulated" countries, which usually turned out, in time, to be so-called Third World countries. "We must reduce the population of the Third World countries. And therefore, the economic and other foreign policy of the United States must be shaped to foster the cessation of population growth in developing countries. Even *reduce* the population in developing countries."

### **The Green movement is launched**

And out of this process, that started in 1961, with a meeting between a former member of the Nazi SS, Prince Bernhard of the Netherlands, and the Duke of Windsor, Prince Philip of England, they founded the World Wildlife Fund; they were the kind of world wildlife, I suppose, that they were working for. They also founded the 1001 Club, which is a group of influential financial circles to fund the operations of the World Wildlife Fund, and this is the birth, at this time, of the so-called organized environmentalist movement.

Then in 1972, under British control, at a meeting in Stockholm, the international environmentalist movement, or the Green movement, was officially launched. It had been organized beforehand, by British intelligence, Dr. Alexander King, Lord Solly Zuckerman, and so forth, of the Club of Rome, which is a continuation of the 1001 Club operations, and the World Wildlife Fund. It was followed (since the Soviet Union would not join the Club of Rome directly, for various reasons, although efforts were made to do so), in Laxenberg, Austria, where they founded the International Institute for Applied Systems Analysis, which was a subsidiary of Cambridge University, England, a subsidiary of the so-called systems analysis group under the leadership of Lord Kaldor, at Cambridge University in Britain.

So, in 1972, these various currents of people-haters had a conference in Sweden, which launched the international Green movement, which prepared to destroy science, technology and its applications, and to do everything possible to increase the death rates and the abortion rates among populations, especially in Third World countries, and also in Germany. It always is a common thread: The British hate the Germans. They say they love them, but what they love, is they love to see them *die!* As Thatcher expressed this view in 1989 and 1990. Keep the Germans down. Don't let them prosper. Germany is the great danger. It must be kept down, and Thatcher and Mitterrand, supported by George Bush, agreed. That's why Germany has problems. For that reason.

So these were the policies.

### **Nixon wrecks the financial system**

Then, in 1971, to further this same Age-of-Aquarius policy, poor dumb Nixon — and if you read this week's edition of *U.S. News and World Report*, you know that American politicians can not be elected President unless they are *stupid*. This has been my great difficulty. Actually, Clinton is not stupid, but he's a Baby-Boomer, and sometimes it works to the same effect. A certain cowardice and vacillation, and so forth, even though he's under tremendous pressure and death threats, and so forth.

So, a stupid Nixon, who was actually rather stupid — some people said the contrary, but from everything I've seen, including private discussions, and what statements he made over the years, the man was not intelligent. He was sly — but a snake can be sly, even the dumbest krait snake, this little, brown, worm-like snake whose bite will kill a man in about 60 seconds — he can be sly. And he's about the dumbest snake there is in all of creation. So, some of our politicians, like Jimmy Carter, for example, are like that.

So, this dumb President, Richard Nixon, made a decision, under pressure, on Aug. 15-17, 1971, which *crashed the post-war international financial system*, and created what was called a floating exchange-rate system.

The entire reconstruction of the world economy, following World War II, had been based on a system of fixed exchange rates — adjustable, but not floating parities — on a U.S.-centered gold reserve basis system, with extreme protectionist measures of the forms of capital controls exerted internationally, exchange controls, enforced internationally, and by sovereign governments, and by financial controls applied internally. Without these measures, and interest rates in the 1-2% range globally, you could never have had the recovery in Europe, and other countries, from World War II. Could not have happened. These were the Roosevelt-era measures which survived in part the death of Franklin Roosevelt.

In 1971 and 1972, with Nixon's actions, with the Swedish action launching the Green movement, which more and more has shaped world policy, and with the Azores Conference of 1972, which has savaged the present, floating-exchange-rate





*A demonstration by the radical environmentalist movement in Germany, during the 1980s. The Green movement was launched by Britain's Prince Philip and former Nazi SS member Prince Bernhard of the Netherlands.*

international monetary system, and unleashed wild liberalization which we're suffering from today, *the entire world changed*. And it was from that point on, that the world was threatened by a New Dark Age.

Now, people who are small-minded, foolish, don't pay attention to reality, say, "If it isn't going to happen next week, I'm not concerned about it." Some people with slightly larger minds will say, "If it's not going to happen till next year, I'm not concerned about it." Politicians generally say, "Well, if it's not going to happen until after the next election, I'm not concerned about it." This is the kind of world we live in, with a lot of very stupid people! Not stupid because they were born stupid, but stupid because they are parts of cultures which *stupefy them!*

### **The case of Germany**

For example, one of the great destructions of civilization occurred in Germany, in the course of the Brandt reform of education. Now how did the Brandt reform—how was it introduced in Germany? This produced a result such that people who achieved their *Abitur* before the Brandt reform, are almost a different, superior species to those who received their *Abitur* after the Brandt reform. You have almost different species of Germans these days: those who had their *Abitur* before the Brandt reforms, and those who suffered through the effect of the change in educational policy after the Brandt reforms.

The elimination of Classical education, Classical culture, the elimination of science, teaching physical science as a matter of computer mathematics, or similar mathematics, rather

than pedagogical laboratories, and similar methods: produce people with degrees, but not much content to the degrees.

It's like the guarantee you get with many things built by outsourcing firms. You get a list, an almost unreadable list of specifications and guarantees, but almost none of them work. And you try to get the thing repaired, which is supposedly under warranty: Fat chance! In the old days, you had things you could fix yourself, and you were capable of fixing them. And people used to be able to fix their washing machines, fix their automobile, things like that. No more. It's *outsourced*. Whenever I see a "smart car" on the street in Germany, I say, "This car looks bad, but I'd hate to see the driver!"

So, what they did is not only destruction of the *form* of the economy, there's also been a destruction of the content of the people in it. The people today lack the skills, knowledge, education in which to locate their identity.

For example, Germany has a history. The German is a product of European and German history, most immediately. That history, the history of modern Germany, goes back essentially to the middle of the Eighteenth Century. The rebirth of Germany from the effects of the Thirty Years' War goes back to the middle of the Seventeenth Century.

The first period of the development of Germany, which corresponds somewhat to the period of the Great Elector, or of Mazarin and Colbert in France, was a redevelopment of Europe in the wake of the Thirty Years' War, which is typified, at the pinnacle, by Gottfried Leibniz, an international figure, not just a German figure, and Johann Sebastian Bach.

The revival of Germany, after the catastrophes in Europe, throughout Europe of the early Eighteenth Century, was con-



Willy Brandt, as Chancellor of Germany, introduced a “reform” of the Classical educational system, which destroyed one of the treasures of world civilization. As a result, said LaRouche, “You have almost different species of Germans these days.”

ducted—we’ll have a discussion of more of that this week—under the influence of some people who had been sponsored by the Christian Wolff circles, of Lessing and a friend of Lessing’s, adopted by Lessing, Moses Mendelssohn. Moses Mendelssohn was a young genius, recognized as such by Lessing, and brought into his circle.

### The Jewish root of the German General Staff

And among other things, as Andreas Ranke will explain to you, the German General Staff was a Jewish conspiracy! And anything that’s good in it today is *still* a Jewish conspiracy! Why? Because Schaumberg Lippe created the educational institution which produced Scharnhorst, on the advice, the detailed advice on designing such an academy, by his consultations and help from Moses Mendelssohn. All of the principles that you know as Scharnhorst’s—his *Auftragstaktik*, and so forth, which are the characteristic of German General Staff methods—are a product of the design supplied to Schaumberg Lippe by Moses Mendelssohn, the man who virtually created the German view, and also by influence, created the Yiddish Renaissance in eastern Europe.

So, you want to know the truth about Germany? The General Staff is a creation of a Jewish conspiracy. A Jewish-led conspiracy. As a matter of fact, the role of the German Jew, as a professional, in art, in science, in many functions, in building up Germany, from the late Eighteenth Century, depended upon Jews who adopted these professions under the

influence of the reform organized by Moses Mendelssohn—with whom?

Well, the Mendelssohn family is important because of its relationship with Johann Sebastian Bach, and it was the extended Mendelssohn family which saved Bach’s work for the world. It was the Mendelssohn family which directly influenced Mozart, which directly influenced Haydn, which influenced and sponsored, even financially, Beethoven. So the entirety of German Classical culture, including music, came from this circle of Lessing and Mendelssohn, and people associated with them, in the middle to the latter part of the Eighteenth Century. That is the heart of German culture, that is the heart of the development of the German language. And if you don’t know that, how can you be a German? If you don’t know this?

This is also the essence of the reforms which occurred under the influence of the Yiddish Renaissance in eastern Europe: in Poland, in Ukraine, in Russia, where the fight for the educated, cultivated Jew, against the Hasidic idiots of the type which are now trying to cause wars in the Middle East, was crucial, even under the conditions of the pogroms. In the United States, at a certain point, the German Jew played a crucial part in developing the United States. The Jew of the Yiddish Renaissance, especially from Poland, played a crucial part in the Twentieth Century history of the United States. The Civil Rights Movement of Martin Luther King could not have existed as it did without the influence, the leading

influence of the Yiddish Renaissance in mobilizing support for the Civil Rights Movement. That was the big difference. The Civil Rights Movement of Martin Luther King succeeded *only* because of the marginal difference supplied by the Yiddish Renaissance, the very people who were opposed by the Netanyahu types, and so forth, in Israel and elsewhere.

That's history. And if you don't know where you come from, how can you tell me who you are? If you don't what your relationship is to the past, how can you possibly think about the future?

### The lessons of universal history

In former times, a Classical education, under the Humboldt system for example, you had an education in which you were *not taught what to believe*. *You were not taught to pass tests*, though you may have had tests. The essence of a proper education under the Schiller-Humboldt policy was, the student must concentrate on the great *concepts*—the universal principles which had been discovered in the past, usually beginning with Classical Greek, and that you, the student, *must relive the act of original discovery*.

The student who goes through a modern education, knows nothing. They have learned much; but, they know nothing. Because they did not develop, within their own minds, the enactment of the discovery on which knowledge is based. They didn't discover, therefore they don't *know*. They only learned, in the same way you train a dog to perform tricks.

So, today you have Germans coming out of the schools, who have learned to perform tricks which they have been trained to perform; but who, generally, pitifully, *know almost nothing*.

And that's the condition around the world, in large degree. People are eager to learn how to do tricks in order to prosper, to succeed, in sex, or whatever else their profession is. But they don't *know* anything. Because they did not have the kind of education and cultural experience where they *relived* the act of original discovery.

To be a human being in European civilization, you have to go back to ancient Greece. You have to *relive* ancient Greece. You have to, in a sense, start by reference to the epics of Homer, whether you read them in the original Greek or not. You must start with the epics of Homer, because, in the epics of Homer, you have a picture of the mind of the Greek of the period to which these epics refer.

That Greek is a very poor fellow, who did not believe he could think. Whenever he had a problem which he could not solve in a customary way, some god, evil or good, would appear to him, and give him an instruction on how to change his behavior. This is the characteristic of the *Iliad*, this is the characteristic of the *Odyssey*. How did Ulysses survive? Well, Athena came to him and gave him some advice on how to deal with Poseidon.

So, then you have the image later, of man revolting against these gods, as in the *Prometheus Bound* of Aeschylus.

Then, you have the higher level, the higher of the conceptions of the Prometheus concept which is the works of Plato: that man has within himself the cognitive powers to *know*, rather than to learn. And, through the Socratic method, of attacking and finding out the assumptions which lay within you, and questioning those assumptions, as to whether they are universal principles, or not. And, purging yourself of assumptions which don't meet that test. And, using the same method to discover what might be universal principles, and then proceeding to learn to validate what you believe to have been the discovery of universal principles. This is the method of science, and this is the method of Classical art.

And, when you look at this in this way, what is the result?

You look at the history of the question of civilization, European civilization, as it's been extended worldwide. What do you do?

You say, where did this civilization begin?

For what do you look?

Let's take the case of this team up at Göttingen, who wrote this paper on a discovery in a deep mine in Germany. Where they discovered artifacts which demonstrated that at least 400,000 years ago—in *Germany* (Oh boy, the British won't like that!)—someone went and crafted throwing spears whose crafting showed that they had discovered *principles*, something that no ape can do, including Prince Philip!

Philip professes to be an ape, therefore, obviously he's an animal. He says he's an animal. He says his son is an animal, and after all, he ought to know. Maybe it's because of him; maybe it's because of the girl he married. But somebody's responsible for the fact that poor Charles is merely an animal—according to his father, and he should know. He signed the papers; makes it official.

But, how do you know the difference, that this was a man who had these spears, not an ape? How do you know that? By looking at the specimen of the man? By subjecting him to a gene test? By getting biologists to come in and look at the evidence? No. You can't learn very much from the biological evidence to distinguish between a great ape and a human being. What's the difference between an ape and a human being? The human being is capable of Socratic forms of cognition, the ape is not. How do we know this is a human being, 400,000 years ago? Because the product of his hand was the fruit of a mind with cognition, or minds with cognition. How do we develop our children, when we develop them? By instilling fruits in them, through the forms of nurture and education, to stimulate their Socratic powers of cognition.

Therefore, what is history? Monkeys have no history. Apes have no history. Perhaps the British monarchy has no history. Or, maybe, no future history. Man has a history because we owe to our predecessors the ability to reenact those discoveries of universal principle, and the validation of those discoveries of principle, upon which we depend. It's the foundation for what we can do, is what we gain by reenacting

the discoveries passed down to us as fruits of cognition by previous generations.

### **Man's history: the history of cognition**

So the history of the human species, the history of people, is not the history of their biological descent. It is the history of cognition. The history of an ongoing, Riemannian type of manifold of aggregation of universal principles, physical principles, and Classical artistic principles—including the Classical artistic principles of politics—which have been passed down to us from one generation to another.

The history of man, the history of a people, is a history of ideas. The importance of language, is not that language contains knowledge. It does not! No language, in itself, can contain knowledge. Learning a language can produce an idiot savant, not a thinking person. A language is a device shared between parents and children, and others. A device of social relations, through which the users of the language prompt one another to share the replication of cognitive experiences. Therefore, the importance of a language is its *use*, not its literal content. Its use.

This comes up in music. Every musician knows that a literal interpretation of any score is an abomination. The attempt to improve a literal interpretation of a score by some enhancement, emotional enhancement, is a crime against humanity. Like the Frankfurt School, or similar kinds of things. The function of a language, is a device which people share as a method of communicating, for the purpose of prompting one another to replicate cognitive experiences.

This is the meaning of poetry. A poem which is a literal poem, no matter how artfully composed, is no poem at all. It is only when it contains a metaphor which can not be understood by literal interpretation, precisely a part of the poem which *breaks down* if you try to give it a literal interpretation; it's a self-contradiction. That *metaphor* is the idea, or is the prompting of the idea. So, by communicating the metaphors which the other mind to whom you are speaking recognizes as a metaphor, as an irony, you force that other mind to relive discovering the solution to the metaphor. That is what is the idea. That is the process of cognition.

The same thing in music. In music, which is a derivative of Classical poetry, a polyphonic derivative of Classical poetry, you introduce, in a lawful way, contradictions, paradoxes, ironies, metaphors. Now, a great conductor like Furtwängler—a poor conductor will perform the notes. A great conductor will perform the metaphors. For a poor conductor, it's the succession of particular states which is important. Each section subject to a literal, accepted, academic interpretation.

To a great conductor, like Furtwängler, the performance, the literal performance, is a mechanical aspect of the problem. You learn to play the fiddle or you don't. If you learned to play the fiddle properly, under direction, okay, you're in the orchestra; if you didn't, you're out. So, that takes care of that.

But, the performance of the composition, the performance

of the music rather than those notes, requires a higher level. And, that is, you must have a contradiction, which is generated by the rules of composition itself.

This contradiction can only be understood, and located, if the mind, number one, recognizes the irony, the dissonance, and if it finds the way in which that dissonance, governed by an idea, causes you to make the transition, defines the location of dissonance in such a way that the entire composition of the performance is transformed. So, you're performing a series of dissonances. The dissonances are like transitive verbs. Such that, that dissonance transforms the meaning of what has happened before, and defines the launching-point for what follows.

Therefore, a succession of these transitions, understood as one process of transition, is the music. Not playing the part, not playing the notes. Idiots play the notes. Great performers play the music, and recognize that the score is only a mnemonic device, to prompt the performer, to put the music in their head, and to get the score out of their mind, but to perform the music without violating the score.

*Ideas.* This is the importance of the German Classical composition, the sonata and fugue form, and the development of thorough-composition, beginning with Mozart, based on the Bach discoveries. It was something Mozart was able to do because of the help of the Mendelssohn family, directly. That music, which is a universal language, the music of thorough-composition, of polyphonic, well-tempered, *bel canto* mode, thorough-composition, is the highest standard of universality in all of the non-plastic arts.

The same thing in the question of the Greek. I first ran into this in 1946, in lectures back then, in the case of Scopas and Praxiteles. The difference between the Greek and the Egyptian tombstone art, called archaic art, the kind of the art which idiots in the modern times are trying to turn to, the so-called art—to say nothing of post-modernist.

The Greeks discovered how to take a piece of stone, and create an idea, in stone, by forcing the mind to recognize something in mid-motion. In other words, an irony, a paradox, a metaphor. Something in mid-motion. So that the art of the great Greek sculpture, which the Romans could not understand, could not copy effectively, is located in ideas, in a paradox, which lies in the mind. Greek sculpture does not lie in vision, it lies in the mind. The sculpture provokes the mind, to get the idea.

So, all of this, science, discoveries of principle, discoveries of astronomy, the discovery of ancient calendars which have any approximation of accuracy, the discovery of the principles of poetry, the development of language according to the principles of poetry and science—all of these things are the transmission of ideas from one generation to the next.

The function of education, is to make the most important of these ideas—ideas of physical principle, ideas of Classical art—to make these the personal property of a developing young mind. So that the young mind, coming out of an educa-

tional process, and out of the life-experience of growing up, becomes an adult person who, in that degree and sense, embodies all of history before them, for generations and generations and generations. And by direct knowledge, that is, by replication of discoveries, they know much about history. They know the names of discoverers, the inner mind of Plato is more familiar to them than the bum who is walking across the street. They know him better. They have a closer relationship to Plato, than that poor bum, that poor *Penner*.

That is history. It is to see yourself, to see the past, to see the future, as this kind of continuing process. People who don't know history, are called *slaves*. They're slaves in the literal sense, or they are kept like animals, not knowing where they came from, and not knowing where their children are going. They have no control over their own lives, control over their own nations. They are meaningless, existentialist wanderers in a post-industrial nightmare, a post-modernist nightmare.

And, that sense of history, is what's been destroyed.

The character, the essential moral character of populations, has been systematically destroyed, by what came out of the Frankfurt School, and what the Frankfurt School came out of. The Baby-Boomer culture of the 1960s, and what has followed, is typified by the destruction of science, by the destruction of technological progress, and by the destruction, above all, of education and morality.

### The establishment of the nation-state

The greatest progress which mankind has made in establishing the principle of equality of human beings, was made through the creation of the institution of the sovereign nation-state, which actually began in the middle of the Fifteenth Century, in Europe. The nation-state means, essentially, that for the first time, after a long period of the Babylonian, Roman, Byzantine, and other empires, and feudalism—for the first time—it was defined that the function of the state, is a principle called, in the U.S. Constitution, the “General Welfare.”

That the state is responsible, accountable, not to the opinions of the people—because the opinions of the people are diverse; how can you say, “We represent public opinion”? There is no such thing as “public opinion.” Opinion in any society is highly diversified. There is no uniform public opinion, except among lynch mobs, deranged mobs. What there is, is a sense of accountability, of the state, to care for all the people. To provide justice, for all the people, as the character Socrates, in Plato's *Republic*, defines justice, as a principle of natural law.

So, the state is now bound to be the servant of history, the servant of the history of all of the people. The welfare, promotion, well-being of all of the people. Justice for all of the people. Progress for all of the people. And the state must be an instrument for all of the people, in that way—not for public opinion, but for all of the people. Somebody is suffer-

ing: What do we do about it? Injustice: What do we do about it? The state is responsible, it has the final responsibility, and its character is this caring for all of the people, including the legacy of past generations and the welfare of future generations.

That is what was destroyed, by the process which I've described, especially that of the 1960s, as consolidated in 1971-72.


So, in 1971-72, the world was sliding down the road to Hell. But, because most people are small-minded, and think only about their pensions, or think about their neighborhood, or think about the next election, or foolish things like that, they said, “Well, it's far away, it really isn't important, is it?”

### A new trajectory of development

Now, let's take the case of a planet. Now, the solar system is rather old. It had a beginning when there were no planets. The Sun, which was then spinning rapidly—dizzy, because there was nothing to look at, looking around and around, looking for planets, no planets to see. So, the Sun was spinning.


Now what the Sun was doing—this spinning was a headache. So, just like the man sweating takes off clothing, the Sun began to shed some of its rotation. And it created a corona, which probably would have looked something like the corona

# The Way Out of The Crisis



A 90-minute video of highlights from *EIR's* April 21, 1999 seminar in Bonn, Germany.

**Lyndon LaRouche** was the keynote speaker, in a dialogue with distinguished international panelists: **Wilhelm Hankel**, professor of economics and a former banker from Germany; **Stanislav Menshikov**, a Russian economist and journalist; Schiller Institute founder **Helga Zepp-LaRouche** from Germany; **Devendra Kaushik**, professor of Central Asian Studies from India; **Qian Jing**, international affairs analyst from China; **Natalya Vitrenko**, economist and parliamentarian from Ukraine.



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of Saturn, the rings of Saturn, around itself, as it spun this material off.

Now, because of the nature of rotation, this particular material became polarized. And, subject to radiation from the Sun, this material went through a process of thermonuclear fusion, producing not just some helium, and hydrogen, and so forth, but began to produce higher orders of elements of the periodic table. And it spun these off, in a great centrifuging kind of operation, and the heavier material concentrated on what became known as the inner planets, and the lighter material was concentrated in the outer planets. And all these things were displayed according to a lawful principle. And from that time on, when these planets appeared and formed in this way, in their preassigned orbits, the orbital system has more or less stayed there, for billions of years.

How did this happen? Well, it happened because the orbit is not a result of a Newtonian relationship among planets and the Sun. The orbits are a result of a trajectory, an orbit itself. So, the orbit determines the position of the planet, not Newtonian forces, or Galileo forces. As Jonathan Tennenbaum and Bruce Director have documented in a recent issue of *Fidelio*, how Gauss confirmed that the accuracy of Kepler's calculations for the orbit of a necessary, missing, but formally necessary planet, which had exploded because of its orbit, this shows, that the way in which the orbit is determined is

not explained by Newtonian and similar kinds of things. But, by things which are very small, very small, almost infinitesimal differences, but which are regular, which are persistent. They're not constant, but they're consistent and regular. And thus, the orbit of a planet has been determined over billions of years, again and again and again. Even more, the orbits undergo changes, but these changes are built into the system. And that's gone on for billions and billions of years.

Now, a scientist who wants to think about astronomy must think in those terms.

Now, what about society? In society, if you choose an axiom, an assumption, a policy, and society begins to behave according to the influence of that axiom, that assumption, then society will take a trajectory of development, like a planetary orbit, which will carry it with great regularity, toward a predefined destination. In some cases, if that's a bad orbit, society is doomed. And society can escape from this doom, only by changing its orbital characteristics.

The changes which I refer to which occurred in the 1960s and early 1970s, were a decision to change the parameters, the orbital characteristics, of European civilization. What we have seen is the lawful unfolding, the unfolding of the seasons, and the Earth's orbit. This has undergone, lawfully, a succession of transformations, which has brought us now, to the doom of the system, in just the way an orbital trajectory will determine the doom of a comet which, over millions of years, has been following a track which destines it to die in the Sun.

Therefore, people who are stupid say, "Well, I didn't know that from my experience in the past weeks, I don't think that works at all. From our experience of observing the Sun in the past month, I wouldn't say that winter is ever coming."

That is the problem we have, that people are so small-minded, and so concerned with false values, that they blind themselves with illusion, to the reality of what is happening. So, what we've described, or what I've described, actually, over more than 35 years, in point of fact—when I was, in 1963, horrified, when I recognized what was about to happen, and said, if this civilization continues in this direction, it is doomed, this is the greatest danger civilization has had in all modern times—I was right. The problem was, I was faced with a lot of dumb people, who said, "No, no, that couldn't happen. My experience says that that could never happen."

Well, often things happen that have never happened before.

### 'Where's the crash?'

For example, go back to the situation that I began with. People say, "Where's the crash? You're talking about a crash. Where's the crash?" Well, the problem is, buddy, that there's so many crashes occurring every month that you don't even notice them any more. For example, on June 10-11, 1999, there was a bigger crash than the crash of last October. Bigger! That is, the crash that occurred on June 10-11, worldwide,

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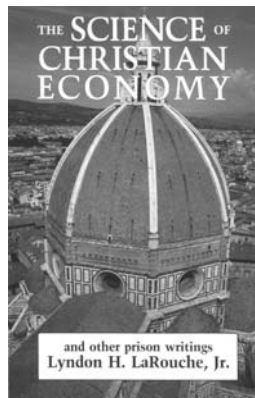
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this year, was bigger than the crash that occurred last October. The whole system went into a phase-shift, where a crash occurred in February, centered around the Brazil crisis. The Brazil crisis, which was addressed by George Soros, collaborators of George Soros, to flood the thing with money, was not an end to the crash, the crash occurred. But a crash is a phase-shift of the system, which has defined the present, terminal phase of the system today.

What do they do? By flooding the system with money, in February of 1999, following the flooding with money, and, on a lesser scale, in October 1998, what did they do? They did something whose only parallel, on a limited scale, is what was done in Weimar Germany in 1923. In order to deal with the debt crisis, associated with the French occupation of the Rhineland, and the threat of France to reoccupy and loot all of Germany if the debts were not paid on time, the Versailles debts, the German government went into the printing press mode to pay these debts, to France, especially. And the blackmail of French bayonets. That resulted in a phase-change in all German politics, which produced the rise of Hitler, which was done by these guys.

Now, what they did, in printing money—if you look at the records; Bill Engdahl has done a report on some of this—you see that the rate of inflation, the manifest rate of inflation, inside Germany, during the early periods of this great money-printing operation, the effects were rather moderate, as inflation goes. Then, suddenly, it reached a point, in late Spring-early Summer of 1923, at which everyone in the banking system, then, as now, recognized the Reichsmark was doomed. And they did then, as they're doing now, as Eddie George illustrates the case. They began stealing left and right to squirrel assets away—or the nuts were storing squirrels, I guess, in this case—to put assets away for the post-crash effects. They knew the system was going to blow up, the Reichsmark was doomed, so they got their money out of the system, and they either bought foreign cash—at fire-sale prices, they would sacrifice anything to get some money parked someplace where they thought it would be safe. Or, they would buy hard-commodity assets, which they thought that they would be able to control and use after the crash of the Reichsmark had occurred.

The entire population of Germany which depended upon financial savings, was bankrupted by the resulting effect, just as the mutual funds holders in the United States, which consists of about 40 million families, will be wiped out by what's about to happen. So, these guys began dumping assets, in order to park some part of those assets out of the system in a safe place, either as hard commodity forms or as foreign currency. The effect of this, was to drive up the prices inside the German economy. The result was a rapid devaluation of the mark, to which the Reichsbank responded by increasing the rate of printing of Reichsmarks. So that over the process of the Summer into Fall of 1923, the whole system went into a hyperbolic, hyperinflationary zooming of both depreciation

of Reichsmarks, and prices, commodity prices.

What happened during this Spring, as manifest at the beginning of June of this year, was a phase-shift in the hyperinflationary process, which was set into motion by the events, first, of October 1997, and then, by the ensuing developments of the Spring into October of 1998. The Brazil crisis, and the attempt to wall this thing over with money, the collaboration with Soros, accelerated this process. In the process, the swindlers, in trying to maneuver money and assets around, relied upon an agreement which Larry Summers, the current, dumber version of a U.S. Treasury Secretary, negotiated with Japan. Whereas Rubin had said in 1997, “not a nickel to save the banks,” Larry Summers and the Japanese government went for the opposite policy, of *save* the banks, and sacrificed Japan to save the banks, to bail out the banks. Japan was printing money, through its central banking function, by dropping the interest rate to what became as low as a quarter of a percent, or lower.

What then happened was, that these guys who were trying to get out of the U.S., European, Brazil, other crises—what they did was they began to borrow yen, overnight, at a quarter of a percent, on short term. They would then take the borrowed yen to buy dollars, deutschemarks, and so forth, and euros. Now the danger was, that if the collapse of the dollar, euro, and so forth, proceeded, then the value of the yen would go up. If the value of the yen went up, then the people who had borrowed yen at a quarter of a percent, would have to pay the difference between the old price of the yen and the new price, as payment, as the equivalent of interest payments, as back payments. They would then all go bankrupt. This is called the “yen carry trade.” And since most of the world was up to its ears in a vast flood of yen, generated by the “yen carry trade” at a quarter of a percent, from the yen central banking system, the Japanese system, that meant that the whole system was ready to go, entirely.

This was called “crisis management.” “We will crisis-manage our way through the system, so that no crash will occur.” That's what they said. It's what Summers and various banks said here. “No, you're wrong, the system will never crash. We will manage it. Yes, there are problems, but we will manage it. There was a meltdown before, but there won't be a meltdown now. It won't happen.” Why wasn't it going to happen? Because they were going to get through it with crisis-management. The key instrument of crisis-management had become the international “yen carry trade.”

Now, the “yen carry trade” threatened to blow out the entire system. And therefore, they began pouring from the euro, from the United States, and so forth, pouring everything they could get, into trying to push down the price of the yen, or to keep the price down. While in Japan itself, they were trying to keep the yen down, while they were also trying to keep the borrowing costs on the yen below one-quarter of a percent; as was said by Japanese officials, down to virtually zero.

So, you had the “yen carry trade,” which involved an operation just as hyperinflationary as in the worst period of the Weimar hyperinflation of 1923, run through the “yen carry trade” on a world scale. The whole system now hung on crisis management, and the crisis management was held on the key-stone of the “yen carry trade.” The “yen carry trade” now threatened to blow out the system. Thus, the crisis management became the disease. This is a terminal stage of cancer in a financial system.

This is where we presently are. We are now in a system where the more they try to keep the system alive, the bigger and quicker it falls. It’s over. The party is over.

The comet is about to enter the Sun. The travel along the long trajectory is now about to be completed, with a certain finality. So, the question is, “So, the system is finished, the banks will be gone, the world will be bankrupt, no hope of recovery. What do we do?”

Well, John Kenneth Galbraith, years ago—he’s still alive, by the way, and probably smarter than any banker in Germany—said, of the 1929 crash: What was falling was *just paper*.

What is collapsing in Russia, and other places today, is only paper. The only reason we’re suffering, is we’re paying too much attention to that paper. Why don’t we burn the paper?

I’ve written a piece which reports on some aspects of this which will be published in the July 30 edition of the *EIR*, but just to indicate what the perspective is. What do we have to do?

## **You need LaRouche as President**

Well, you have to have me as President, otherwise it will be tough to make it; we may not make it. Or, the idea that I’m going to become President, that will do the same thing.

First of all, a group of governments—and I have chosen the United States, joined by cowardly Germany, with Russia, China, India, and a few other countries—simply decides, as an executive decision, the following:

The world financial situation is hopeless, a hopeless catastrophe, nothing can save the world financial system in its present form. Therefore, let’s stop trying to save the world financial system, or monetary system, in their present forms.

What do we do?

Number one, we declare and avow, that we are each perfectly sovereign nation-states, and have the absolute power, embodied in us by virtue of being perfectly sovereign nation-states. Globalization just died. We killed it.

Number two. With this power as sovereign nation-states, we agree—whether anybody else does or not—as sovereign nation-states, we are making a sovereign decision, which we are making in common, and we represent a majority of the human race, so that’s probably important. You put together China, Russia, India, Iran, Malaysia, a few other countries, my friends in South America, in Central America, the United

States, and Germany, what have you got? You have the majority of the human race. You have the future of the human race, assembled.

Because the German economy is the only economy in Europe. Any other economy in western Europe lives just on dole, taken out of the German pocket. Without stealing from Germany, France couldn’t exist. Who else is going to pay for the big hole called Crédit Lyonnais? It’s a bottomless pit. That’s where the devil lives and sups tea with Mitterrand. It’s the bottom of the hole, called Hell. The hole called Crédit Lyonnais. And actually, Mitterrand has special privileges there, because he created the hole.

So, the first thing we do as sovereign nations, is we declare that all gambling debts, including derivatives and junk bonds, are now retroactively declared to be null and void. No one among us will ever honor again, any gambling debts, such as financial derivatives and junk bonds. Now, that does the positive thing of taking at least \$300 trillion of current financial debt out of the world system. If you don’t do that, there is no possibility of reorganizing society, and saving civilization. That’s the price. You cancel \$300 trillion, approximately, of gambling debts, such as financial derivatives, and say that they are null and void as if they had never existed—which sovereign governments can do, if they’re perfectly sovereign and if they represent nations which represent the majority of the human race, that’s a pretty good decision, about as good as you can get on this planet. That’s the beginning.

What about the rest of the junk? Put it into bankruptcy reorganization. Freeze it. Freeze the accounts. Terminate interest payments on these accounts. End it. Government takes over. The government puts each part of its society into generalized bankruptcy reorganization under state supervision. You want to survive, you’re going to do that. If you don’t do it, you’re not going to survive. You have no choice. The comet has reached the Sun. You have no choice.

## **The ‘General Welfare’ clause**

What do you do, then? Well, you then say, we’re going to do a number of things. First of all, we’re going to use, as the legal principle here, the “General Welfare” clause of the preamble of the U.S. Constitution, which is the only constitution which has a provision of Socratic or Platonic natural law in it, the General Welfare clause. This is principle upon which all European civilization, modern civilization, is based, beginning from the time of France, under Louis XI.

That was a great revolution, the establishment of the sovereign nation-state. The power of the sovereign nation-state and its obligation to enforce the principle of the general welfare, which is sometimes called, in the Sixteenth Century, the commonwealth. That means, that we give special protection to the claims of households to their private savings, up to a certain amount—it’s guaranteed. We give protection to the accounts of small businesses. Because our concern is to keep the households intact, and functioning as if there had been no



crisis, to continue to live without losing a step. We must keep the local businesses functioning, upon which the population depends, without losing a step. The butcher, the baker have to be there in the morning. The bread has to be sold in the store in the morning. The people have to have the money to buy the bread. They have to keep their jobs, if they're useful jobs. We'll unemploy immediately all of the stockbrokers, financial agents, and so forth—the parasites. They will go into an unemployed pool. We'll find work for them, but not selling stocks and bonds. We will then take the rest of the accounts, and we will freeze them, including freezing the accounts of the banks. So, from the banks, the banks will be ordered to honor certain payments to depositors, in order to keep society stable.

We'll also keep certain businesses in operation, either by letting them draw on their accounts, savings accounts, or, by issuing credit against the frozen accounts, to enable them to keep employing, paying the salaries, keeping people alive.

Now, beyond that, you have to do something else. The first thing, is to have absolute stability, social stability, and security for the population in general, that is, the ordinary people. The businesses, the banks which they depend upon, they have to—the doors have to be open even if the bank is bankrupt, even if every asset in that bank is frozen under bankruptcy, that bank must stay open, because you must have a place to deposit, you must have a place to move credit into the local community. And, therefore, that banker, unless he's an absolute thief, or we can replace him, must stay with his doors open, to continue to perform those social functions.

So, you have a general bankruptcy reorganization of the whole society. The first thing is to keep everything useful functioning, to keep everybody employed or under some kind of unemployment compensation protection, immediately.

### **Putting society back to work**

Now, we then have to put the society back to work. The general objective is to decrease employment in parasitical areas, such as stock markets and all these other parasites. We'll shut down "Smart" production, perhaps, in order to make real cars again.

Now, we have to expand production. We use the same method that was proposed by Lautenbach and company, this thing that was used in Germany, in part, during the postwar period, for reconstruction under the procedures used by Hermann Abs and the Kreditanstalt für Wiederaufbau. You use state credit, state-guaranteed credit, in order to put funding, credit, into maintaining and expanding production, especially expanding production.

What do we do? Number one, we have a vast infrastructure deficit throughout the world, especially in the Balkans right now. The Balkans can absorb a great amount of rebuilding. Rebuilding the Balkans will involve every part of Europe, in terms of engineering and related capabilities. This will be a great stimulus for the entire European economy. Take

unemployed people from Ukraine, Russia, everywhere from all over Europe, engineering and related facilities, you put them into great projects, infrastructure projects, in these areas, under the direction of competent people who are competent to direct these kinds of projects. You finance the infrastructure on the basis of 20-year to 30-year credit, based on not more than 1% interest, plus grants.

We have other great needs. The development of Eurasia requires the development of these corridors, which we've referred to as Land-Bridge corridors. That will keep people busy. That will also create the opportunity and means, and the foundations, for an expansion of production in general. Remember, farmers do not grow crops by throwing seeds into barren ground. That's not a good way to get a good crop. You get a good crop by preparing the soil, by maintaining it. In the same way that you must prepare and maintain the soil in agriculture, you must prepare the soil for industry and urban life—transportation systems, energy, high-technology, high-density-power energy, abundance of energy.

The best form of energy, which happens to be nuclear energy—because it takes less waste, there is less transportation cost involved, it can be done more locally, you can quickly develop an energy wedge. You don't do the wasteful thing of moving power from Chernobyl into Germany, that is pure idiocy and waste. Transmission of power is costly, in terms of power losses and efficiency. If you want to produce energy, do it nearby. Besides, with nuclear plants, it's easier.

If we have nuclear plants in an area, particularly, then we can produce natural gas or methane—synthetic methane, with the aid of nuclear power, in localities. We have now the technologies in Germany and elsewhere for high-temperature reactors, from 100 to 200 megawatts capacity, which are multi-use capacities, which can produce fuel, in the form of methane and natural gas. You don't need to haul oil and gas all over the world. You can make it where you are. You can retrofit vehicles, including aircraft, to fly, not on inefficient petroleum, but to fly, or drive along the highways, either on natural gas, or methane, combustion engines, or, through types of advanced fuel-cell operations, which also use the same chemical processes, locally. Which means you take the great burden from the world economy of moving fuel, at great distances all over the place, and you shift out of using petroleum as a fuel, into using it as a petrochemical feedstock for production of useful materials.

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# **LAUNCHED!**

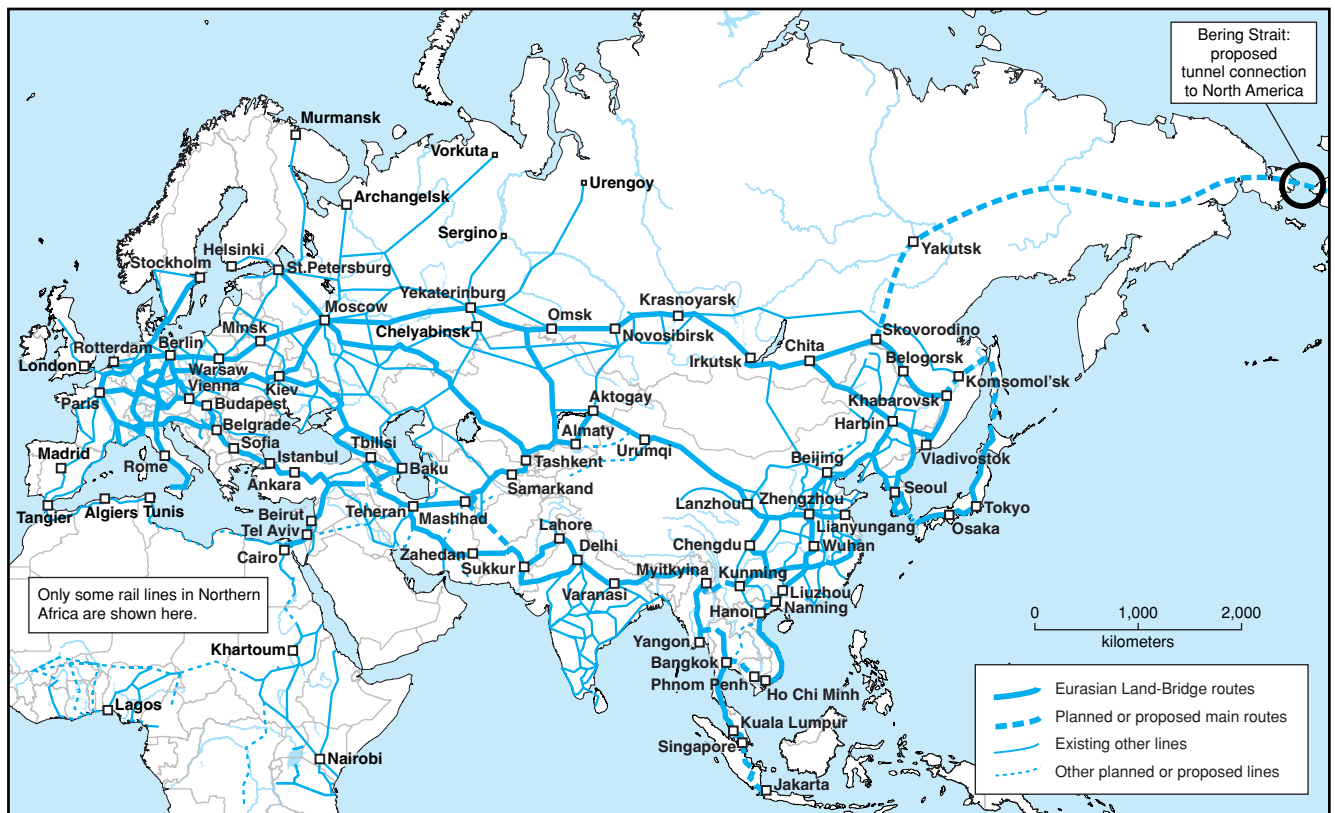
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FIGURE 1

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



So, we have a lot of work to do. If you want to build industries, you must build the environment, you must create the transportation systems, in which whole complexes of industries can function together. You don't want the vendor, or the machine-tool plant that services an industrial plant, 500 or 1,000 miles away from the plant which the machine-tool plant has to service. You want a high density of supporting small industries wherever you intend to put large industries.

The great problem of Asia, is a lack of sufficient machine-tool and machine-tool-design and related capabilities in the area where people want to put plants. People come along and say, "Build this plant. Build that plant. Let's build this big plant. Let's build that." It doesn't work, because you do not have the local support or supporting industry that you used to have in Germany. All the good German industries had support from machine-tool industries, which employed, generally, 50 to 100, 250 people, under the direction of people with scientific and engineering backgrounds, who would be used by all of the major corporations, as indispensable for the development programs of these larger industries. So, you must have corridors, of population, power generation, and so forth, which you can develop.

For example, in the case of the United States, under Lincoln: United States policy, from colonial times of the Ameri-

cas, was to develop development corridors, both as highways, then, and as waterways, which allowed the population to move to the inland territories of the United States—the Ohio River Valley, the Mississippi River Valley. And then beyond, across the trans-continental route. The trans-continental railways were not just railways. The trans-continental railways were conceived as development corridors. The way they worked, is you would build farms, and communities, in areas along the route of the railway system. These farms and communities were the source of the wealth which supported the functioning of the railway, and transformed what otherwise had been useless desert land, into areas of population and economic development.

We have a great interior area of Eurasia, which is lightly populated and vastly underdeveloped, including the Arctic, including the desert in the Central Asian area. We have these vast areas. So, building roadways, railways to China, to the Subcontinent, to the Arab Gulf—which is what the British fought World War I to prevent—building these corridors along these routes, means that this vast area of unused potential, is opened up, by development corridors, to be colonized, by the progress of modern technology. At the same time, bringing together a Europe which is a natural place of machine-tool design capability, if we revive it, and bringing it

together with the areas which need the support of that kind of machine-tool capability, such as China, India, Southeast Asia. And, moving into Africa the same way, with the same program.

### **A great opportunity**

So, the amount of work to be done, to ensure the survival of our civilization and our children and grandchildren, over the coming 40 to 50 years, to live beyond the crisis which is now tearing down the world, is a great opportunity.

And by that, and by science-driver programs, which introduce new physical principles and new technologies into that process, we create a future for humanity. We turn the collapse of a rotten system into a bonanza, a great benefit. We use the occasion to get rid of the system which is crushing us, to build up a system under which humanity as a whole can survive.

And we would hope that by doing this, in this way, that we bring humanity into a sense of what humanity is. We say, "Yes, we must end globalization. We must destroy it and ban it forever."

We know globalization in Europe: It's called feudalism. When, in the Thirteenth Century, and even earlier, leaders in Europe, from the time of Charlemagne, sought to realize Christian principle, by developing the peoples and nationalities of Europe, through a cooperative effort, typified in the Thirteenth Century by the work of Friedrich II Hohenstauffen, the Venetians and other evil people of the feudal tradition sought to destroy the nations in Europe—in Italy, in Sicily as such, in Spain under Alfonso Sabio, in France, and Central Europe—by launching what were called the Welf League wars. The Welf League, in the period from about 1240 to 1340, in these wars, wars which brought to prominence a Venetian-controlled gang, called the Lombard bankers, destroyed Europe, halved its population, eliminated at least one-half of all local communities, parishes, unleashed insanity, Black Death, and other disease, to create what became known in the middle of the Fourteenth Century as the "New Dark Age."

That, is globalization.

This was done to prevent the rise of the nation-state. In the Fifteenth Century, the work of people like Peter Abelard, of Augustinus earlier, of the Christian Apostles, succeeded, in the Council of Florence, around the conception of nation-states, as this concept was explored by Nicholas of Cusa in his *Concordantia Catholica*.

The first nation-state, born of a conspiracy organized in Italy, by the same people who were associated with Leonardo da Vinci—it was created in France, out of the training of the Dauphin who became Louis XI, a program, which established the first modern nation-state. Because it was self-governing by the principle of the general welfare. All kinds of disparate elements: feudal oligarchs, plebeian intellectuals in the city, and so forth, were put together, under Louis XI, to form a kind of federation of forces, united by a common principle: You will all subordinate yourself to the common interest of

France as a whole—it was done under conditions of invading armies from England, from Spain, and so forth. Under the threat of invasion: We must work together in a common interest to develop and strengthen our country and all of its people.

And that was the beginning of the modern nation-state, which is what the Welf League had tried to prevent. Which is what feudalism tried to prevent.

Now, we have degenerates who are promoting globalization, in the name of liberalism, which is nothing but a return to the same old monstrosity which the Welf League represented in the great wars of a hundred years, which plunged a growing Europe from relative prosperity and progress into the darkness and madness of the New Dark Age of the middle of the Fourteenth Century. That's what we have to deal with.

It's a revival of that, organized around the center of those forces associated with the British monarchy, which is the enemy of mankind today. That enemy must be defeated. The collapse of that monarchy's present world system, along with that of its satraps, is now vulnerable, if we mobilize the people to recognize the interests of the people, as expressed by the notion of the general welfare. We have at this moment, if we can find a few more leaders to lead the process, the opportunity to *end this crap*, and to establish a world based on the community of sovereign nation-states which unite in common efforts in recognition of the common aims and common welfare of mankind as a whole.

So, this is the greatest, most terrible time in all known modern history. No part of modern history is more dangerous, more catastrophic than the moments we're living through now. Oh, you may not see or feel that there's a crisis out there. But, let me tell you what's going on, so that you can feel it, right now.

You'll get a crash soon enough. A crash worldwide, which will remind you, if you study it, of what happened in Germany in 1923, in the fall of 1923. That's happening. That's going to happen. But, in the meantime, you have another form of crash, something just as bad as a crash: Were any of you ever in an earthquake? Were you ever standing where an earthquake was happening? You thought you were standing on solid ground, and suddenly you weren't certain which way was up, and where the ground was going. The ground began to feel something like quicksand. That's what's happening now. You're in that phase of an earthquake where the first shocks are coming through, and the ground under you, the social ground, the political ground is turning to something like quicksand. It's a warning: The big one is on the way.

But, we can be optimistic, because we have to recognize that when things are this bad, we've destroyed the illusions of people. And when their illusions are destroyed, you must quickly organize them around a well-founded program of hope.

If you do not, then you'll get an effect. It was in the autumn of 1923 that in Bavaria, the Adolf Hitler movement got off the ground.

## Will Washington wake up to narco-terror threat in Colombia?

by Gretchen Small

Gen. Barry McCaffrey (ret.), director of the White House's Office of National Drug Control Policy, delivered a stark warning in a July 16 press conference in Washington, D.C. An "enormous internal attack on Colombian democracy . . . fueled, in large part, by the production of cocaine and heroin," has brought Colombia to a situation of "a near emergency," he said. The three main drug-linked forces warring against Colombia, McCaffrey explained, are the Revolutionary Armed Forces of Colombia (FARC), the National Liberation Army (ELN), and the paramilitaries. "U.S. support for Colombia is inadequate. There should be no closed door to any Colombian request," he added.

Standing at his side were Colombian Defense Minister Luis Fernando Ramírez and Armed Forces Commander Gen. Fernando Tapias, who had come to Washington to present a request for \$500 million in U.S. assistance, including military equipment, over the next two years. Several U.S. newspapers reported the next day that General McCaffrey sent a letter and memorandum to Secretary of State Madeleine Albright later in the day, requesting that the United States provide even more resources to Colombia and its neighbors, totalling some \$1 billion in emergency supplemental assistance, in order to help Colombia fight—and win—its war for national survival.

McCaffrey's memorandum reportedly specified that the "silly" distinction often made between the drug traffickers and the guerrillas, and which has been used to justify restrictions that U.S. aid can only be used to hit the first, and not the latter, should be dropped. "This is a criminal attack on Colombian democracy fueled largely by the production of cocaine and heroin," he was quoted as saying, and "the United States has an obligation to support the Colombian government as it attempts to reassert democratic control over its drug-

producing regions." In a most controversial statement, McCaffrey was reported to have questioned the continued commitment to a peace process with narco-insurgents, which he noted was, in any case, "faltering." This marks a direct hit at the U.S. State Department, which remains as fervently wedded to "peace" negotiations with the FARC, as does the Colombia government of Andrés Pastrana.

Ten days later, speaking from Bogotá, where he paid a two-day visit accompanied by a high-level delegation of other U.S. anti-drug officials, General McCaffrey continued sounding the alarm. "There's 240,000 police and army and 37 million people facing savage attack from 25,000 internal enemies funded by hundreds of millions of dollars in drug money. . . . It's a serious emergency situation. . . . A situation where there are nationwide offensives killing hundreds of people, and with a million internal refugees, more than in Kosovo, is a situation of incredible pain," he said. Drug production in Colombia has grown far worse in the last few years, and when a new satellite photography plan is completed over the coming months, it will be shown that the situation has worsened, he told a meeting of Colombian businessmen.

McCaffrey reiterated that, although the debate over this will probably continue, the connection between the drug criminals and the FARC, ELN, and paramilitaries is "undeniable." He specified that perhaps as many as two-thirds of FARC units "benefit financially from an association with drug criminal organizations by either guarding the crops, transporting the product, or in some cases actually producing HCl," the psychoactive agent in cocaine. From their association with the drug trade, these three forces have, in some cases, "doubled the pay scale of a Colombian infantry battalion and tripled the number of automatic weapons of a Colombian Army



*Colombian President Andrés Pastrana (foreground, second from right) tours an area attacked by the FARC narco-terrorists, July 15, 1999. There is no "peace process" in Colombia, but a war for national survival.*

battalion," he pointed out. The increase in drug production in Colombia has occurred, by and large, in the areas under the control of these "criminal forces," he emphasized, and he said that, therefore, the Colombian government must regain control over these areas to stop the surging drug production in Colombia. This, he stated, requires U.S. assistance.

### **So, 'peace' with drug traffickers?**

But when it came to discussing the question of *how* to address the crisis, McCaffrey punted: He could only give his commitment that a serious debate would take place in Washington over if, and how much to increase assistance to Colombia. Narco-terrorism exists, but "the solutions are more complex," he said. McCaffrey reaffirmed the official State Department policy tag, that the United States maintains "a fundamental commitment" to President Andrés Pastrana and Pastrana's policy of negotiating a peace with the very guerrillas whom McCaffrey had identified as creating an international "emergency."

The glaring contradiction between reality and the United States' "peace" policy led Radionet journalist Carlos Barragán to ask McCaffrey at a July 26 press conference at the Colombian Ministry of Defense in Bogotá: "Would the U.S. government be committed to support a peace process with a group of drug traffickers?"

Something had happened between McCaffrey's July 16 letter to Secretary Albright, and his tortured defense of an untenable peace process while in Bogotá only ten days later. That something was that President Bill Clinton had, suicidally, issued a public statement which came down squarely on the side of negotiations with the narco-terrorists. In his July

21 press conference, President Clinton repeated the nostrum that Colombia is suffering from "decades of civil war and violence," and the "civil conflict" must be ended first, for Colombia to be able to go about the business of freeing itself from the drug traffickers. Clinton went so far as to state that it is in U.S. national security interest to do what it can to ensure the peace process goes forward.

In the same days, he sent a personal letter to President Pastrana, urging him to stand firm against pressure to cancel the peace process.

The battle raging in Washington over the Colombian crisis and its causes, is mirrored in Bogotá, but with even greater intensity. The FARC's unprecedented national offensive on July 7-12, launched from the giant demilitarized zone (DMZ) which President Pastrana's government had handed over to FARC control, provoked an enormous national backlash against the government's peace policy. Pastrana's respected Defense Minister Rodrigo Lloreda Caicedo and 150 high-ranking military officers had already tendered their resignations to Pastrana in May, in protest over precisely the FARC's innumerable violations of the Colombian Constitution in the DMZ, including driving out the opposition, building up its forces, the forced recruitment of children to its ranks, and so on. Pastrana survived that crisis, by promising that what happens in the DMZ would be monitored by an international verification commission that would be established in the next round of negotiations with the FARC.

When, after having demonstrated that the military was right, that the DMZ was being used as a giant base for national war, the FARC then forced the postponement of the formal peace negotiations scheduled for July 19, on the grounds that

they refuse to accept any oversight commission of “their” area, Pastrana was in no position to make yet another concession. In his Independence Day speech on July 20, he warned the FARC that a commission must be created, because “there is a limit to the patience of the government and of 38 million Colombians. . . . Let there be no doubt, we have an army for peace, but also an army every day more prepared for war.”

Two days later, however, President Pastrana called in reporters, to read them parts of the letter from President Clinton, most particularly Clinton’s admonishment that Pastrana must work to convince “Colombians that a military solution is not possible and that we must find the way to promote a negotiated settlement.”

### **The grip of the Inter-American Dialogue**

The policy enunciated by Clinton did not originate with the U.S. President, but with London—long before President Clinton swore his oath of office. The peace-with-the-traffickers policy, is the baby of London’s Inter-American Dialogue—the same Inter-American Dialogue whose 15-year-long drive for drug legalization and the destruction of sovereign nation-states in the region (and particularly, of their national militaries) is responsible for allowing the drug trade to advance to the point that Colombia—where *there was no drug production whatsoever* 30 years ago—now faces national disintegration at the hands of the narco-armies.

The Dialogue brazenly argues, as its director of Democratic Governance, Michael Shifter, did in the pages of the July/August 1999 issue of the New York Council on Foreign Relations’ *Foreign Affairs* magazine, that the FARC and ELN cannot be treated as criminals, because they run drugs to further their political project—an argument which constitutes sufficient grounds to open an official investigation into the Inter-American Dialogue’s financing of its own political project. The policy is dressed up and sold, through the much-repeated lie that Colombia’s crisis today is an outgrowth of many decades of honest guerrilla insurgency, rather than a product of the takeover of the country by the drug mafia.

The Dialogue is now on an organizing rampage, claiming that “protecting democracy” requires that the other nations in the hemisphere gang up on Colombia, and form a so-called “Group of Friends” which can force Colombia to stick to negotiations with the narco-terrorists, no matter what the cost. The intent of this policy was just enunciated by Arturo Valenzuela, a Dialogue asset recently inserted into White House policymaking for Ibero-America. According to a report in the July 20 *Washington Times*, in his first press conference as director of the National Security Council’s office of Inter-American Affairs, Valenzuela argued that if such a “Group of Friends” mechanism had been in place in 1992, it might have prevented Peruvian President Alberto Fujimori’s April 1992 “self-coup,” and thus safeguarded “democracy.”

This stunning statement is tantamount to declaring, that had there been a “Group of Friends” mechanism such as is

now demanded for Colombia, Peru’s *defeat* of the bestial Shining Path guerrillas *could have been prevented*. To lament Fujimori’s “self-coup,” is to lament that Shining Path and its other narco-terrorist allies do not control the entire Andean region today.

In 1992, Peru faced national disintegration, as does Colombia today: The Shining Path, also integrated into the drug trade, controlled more than 40% of the country, and was moving to surround and isolate Lima, preparatory to an attack on the capital itself. What Valenzuela denounces as “a self-coup,” was President Fujimori’s decision to save the nation. Backed by the military, police, and the majority of the Peruvian population, Fujimori scrapped democratic “rules of the game,” and put the country on a war-footing, to defeat the narco-terrorists. And they did so. The head of Shining Path was captured within five months, and the back of the insurgency broken within 18 months, thus saving an enormous number of lives, and ensuring the continued existence of Peru as a nation.

### **What form of regional assistance?**

Peru’s President Fujimori is now also raising alarm bells on the need to help Colombia defeat the narco-terrorists. In a July 22 joint press conference with Brazilian President Fernando Henrique Cardoso at the end of Cardoso’s visit to Lima, Fujimori urged that a coordinated regional security strategy against narco-terrorism be developed. According to *El Comercio*, both Presidents called for such a strategy “to confront drug-trafficking and terrorism, which usually ally, and undermine the power of the state in insufficiently populated, or isolated areas.” Fujimori was adamant that it is necessary for other Ibero-American nations to help defend the human rights of Colombians, which are under attack by narco-terrorism, as it is also necessary to prevent the Colombian crisis from spreading to the rest of the region.

This can and must be done without foreign intervention into Colombia, Fujimori specified. Any foreign interventions, either direct or indirect, would be “condemnable from every standpoint . . . but I do believe that there can be cooperation to reach a solution which respects the sovereignty and security of that country.”

Fujimori is correct, that if Colombia is provided intelligence and material support, and its military is permitted to go on the offensive, instead of being forced to wait for the narco-terrorists to attack, Colombia can, as Peru did, defeat the terrorists, establish state control over the totality of the national territory, and restore the basic human rights which the narco-terrorists have destroyed, such as the right to not be kidnapped, to maintain a family and educate your children, to go to church, to travel between cities safely, etc. The cost in human lives would be much less than permitting the narco-terrorists to rampage in the name of promoting peace. No greater democratic action could be taken; 80% of Colombians are demanding such government action.

# Resource robbery keeps war going in Angola

by Linda de Hoyos

A manifesto for peace has been launched by churches and political leaders in Angola, to bring to the world's attention the necessity to end to the 24-year-long civil war in Angola between the government of President Jose Dos Santos and the UNITA of Jonas Savimbi.

In December, UNITA, or the National Union for the Total Independence of Angola, launched an offensive against the Angolan government, with greater and more sophisticated levels of equipment than UNITA had previously fielded. The cities of Cuito, Huambo, and Luena in the central highlands of the country are under military siege by UNITA, their populations already swollen by thousands fleeing the rural areas, which UNITA now controls. In a further setback to the government, UNITA carried out an attack on the town of Catete on July 20, only 45 miles south of the capital city of Luanda, killing tens of civilians. The current UNITA offensive, said one Angolan government official, "is the gravest threat we have faced since independence in 1975."

"We find ourselves back up against extreme advances in suffering, barbarity, humiliation, and abuses of power," the manifesto for peace stated. "We have concluded that only we, the Angolans, can seek out the causes and the consequences of the conflict and search for definitive solutions to reach national reconciliation." The manifesto calls upon the Angolan government, UNITA, and also the Cabinda Enclave Liberation Front to open channels of communication to begin dialogue, and calls also for the government and UNITA to open up peace corridors to enable the supply of food and relief to people in the cities and war zones.

The manifesto was launched by the Protestant churches of Angola, and was additionally signed by Holden Roberto, head of the National Front for the Liberation of Angola; Gen. Horacio Njunjuvili, former deputy chief of the joint military commission established to oversee the 1994 peace accords; writer Sousa Jamba; and a former economic adviser to Savimbi, Fatima Roque. The Catholic Church has also issued a declaration calling for peace, and has offered to mediate. Bishop Matta Mourisca told the press that "the Church has a duty to seek reconciliation. It must place itself at the service of the people and the nation."

The Angolan civil war, which began in 1975 after the 14-year-long war of independence from Portugal, continued

through 1991, until Savimbi and the government signed the Lusaka Protocols, and UNITA was able to organize itself as a political party. In 1992, elections were held, but Savimbi did not win the Presidency as he had expected, and he refused to take part in the government, returning to the western regions of the country which are his base, and renewing the war. The United Nations imposed an oil and arms embargo on UNITA. In 1992, the new Clinton administration shifted U.S. policy to full backing for the People's Movement for the Liberation of Angola (MPLA) government of President Dos Santos, and supported government military offensives against Savimbi. In 1994, a substantially weakened UNITA was forced to sign United Nations accords to end the war again. However, the peace was never implemented politically, leaving Angola in a state of no-war/no-peace until UNITA launched its all-out offensive of December 1998. The government has taken the stance that it will no longer engage in negotiations with UNITA, and that only a military solution can end the war.

## Who supplies UNITA?

United Nations embargos on oil and arms to Savimbi's UNITA have not been upheld or enforced. The Angolan government has charged that business networks in Zambia were supplying UNITA through Zambian territory, but this has been staunchly denied by the Zambian government of President Frederick Chiluba. The long border between Zambia and Angola is controlled by UNITA. In January and February, the Angolan government had also charged that Uganda and Rwanda were supplying UNITA, as part of the effort to draw off Angolan troops from the Democratic Republic of Congo. Angola came to the aid of the Congo government of President Laurent Kabila in August 1998, against the Ugandan-Rwandan invasion of that country. In the last two months, despite the ongoing talks in Lusaka, Zambia, to end the Congo war, reports are circulating that Uganda and Rwanda are preparing a major offensive through Congo's southern province of Katanga, on into northeastern Angola in aid of Savimbi.

Savimbi is also known to receive supplies through South African mercenary forces linked to major British Commonwealth interests, which seek to extract the resources of Africa, at a far lower price than if they were under the control of a government. UNITA controls vast territories of Angola, but specifically including most of its diamond fields. The diamonds are mined, and ultimately wind up in the hands of the major diamond traders in Antwerp and South Africa, beginning with DeBeers, the South African mining giant. The UN in June established a Sanctions Committee on Angola, naming Canadian Ambassador Robert Fowler as chairman. Fowler visited Angola, Zambia, and South Africa in an effort to determine how Savimbi was being supplied. At the beginning of July, Fowler met with British officials and senior members of DeBeers. DeBeers has publicly denied

any purchase of diamonds from Savimbi. Fowler also visited the diamond center of Antwerp, Brussels.

Despite denials, however, the ultimate buyers of UNITA's gems are the major diamond corporations, either directly or after they have passed through an underworld of smuggling. This involves an entire nexus of smuggling and criminal activity in the southern Africa region. For instance, on May 6, the South African Press Agency (SAPA) reported that Zimbabwean police had nabbed four South Africans for diamond smuggling worth \$1 million in the northwest town of Victoria Falls, which closely borders Namibia, Angola, Zimbabwe, and Zambia. "Diamonds dug in the war-stricken north of Angola and in the south of the Democratic Republic of Congo have become recognized as the illicit currency that fuels the fighting and massive corruption in the two countries," said SAPA. "Four South Africans, four Namibians, and two Germans were caught with 263 stones—the biggest diamond haul ever in Zimbabwe." Ultimately, these stones will find their way into the highly centralized diamond market.

The supply line to Savimbi's military operations is massive, as UNITA has tanks in the field. The oil and armaments to keep the war going are brought in through airstrips in UNITA-controlled territory. Supplies come from South Africa's 115 unmonitored privately owned rural airstrips, among other locations. Armaments from Ukraine are brought in through Entebbe and Dar Es Salaam, according to sources. It has been suggested that the United States provide satellite monitoring of South Africa's airfields. Sanctions Committee chairman Fowler has also proposed that AWACS aircraft be used to monitor the estimated 10-15 flights coming into UNITA territory every day. This capability would likely have to come from the United States.

### **Angola hocks its oil**

The MPLA government, meanwhile, is under economic siege from the UN's agencies, the International Monetary Fund (IMF), and the World Bank. In May, the Bank announced that it would cease all lending to Angola, because it had failed to undertake necessary "reforms." "In past years we have been patient with the peace process under way in Angola, but now we have come to a point where further lending cannot be justified." Now that the government has been forced back into war and thus forced to divert most of its foreign exchange to buy armaments, the World Bank is cutting the money.

The IMF and the Angolan government have been in long-term negotiations, but there is no flow of money from the Fund to Angola, which has an \$11 billion debt and has also suffered a major loss in foreign exchange, as a result of the plummeting of world oil prices.

Instead, the government has been forced to mortgage its oil production to pay its debt and pay for the war. The government sold off, at \$300 million each, three drilling blocs in

Angola's offshore waters, which are believed to hold the largest untapped oil reserves in the world. The oil companies are making up-front down-payments, known as signature bonuses, for the rights, which gives the Angolan government instant cash.

As reported by the news agency IRIN, "With Luanda unable to come to agreement with the International Monetary Fund, which would release 'orthodox' sources of funding, the government has been forced to mortgage future oil sales on highly expensive terms to international banks."

Therefore, on both the government and the UNITA side, *the continuation of the war is to the direct advantage of the financial powers of London and allied centers, as the war permits the escalated looting of Angola's raw materials.* This explains why, although UNITA shattered the UN accord, there has been no discussion in the "international community" of forcibly bringing about an end to the war.

### **Widespread starvation**

The effect of the war on Angola's population is not a consideration to these interests and the governments they control. As of June, hundreds of thousands of Angolans faced starvation. The offensive has taken its toll on all the rural areas of the central highlands, bringing a halt to crop cultivation. It is estimated that upwards of 2 million out of Angola's 10 million people are internally displaced. According to the UN Office for the Coordination of Humanitarian Affairs, "The international humanitarian community now fears the worst for the Angolan people, considering the distressing conditions in which thousands of civilians are plunged while fleeing from shelling, harassment, and looted or mined crops." The planting season has been completely missed in the central highlands region.

The same "donor" governments which have implicitly condoned the continuation of the war, are also not being forthcoming in supplying money and food for the relief of the Angolan people. The UN 1999 Consolidated Inter-Agency Appeal for Angola has received only 38% of what it requires to carry out relief operations. The World Food Program, according to the Angolan Peace Monitor on July 28, is running short of supplies, with low levels of emergency food stocks. WFP reports a "lack of donor support in committing new resources for operations in the country."

Hence, in the besieged city of Malanje, there have been no food deliveries since May. According to the World Food Program, "two or three people per day are dying from malnutrition-related diseases." Food stocks in the city will run out by mid-August.

Some cities cannot be reached at all. Catholic Radio Ecclesia reported that residents of the town of Cuima in the central highlands, north of the besieged city of Huambo, "are living in extreme, inhuman conditions. They catch mice and eat them with herbs." Relief flights have not been able to reach the town for months, because of fear of UNITA attack.



# Falun Gong: Who is trying to destabilize China?

by Jonathan Tennenbaum

Since the Chinese official banning of the “Falun Gong” cult in late July, China’s political scene has been dominated by the massive government campaign to root out the influence of the Falun Gong sect and a menacing “upsurge of feudal superstition” in the country. Chinese newspapers are daily filled with countless articles exposing and denouncing Falun Gong and its founder Li Hongzhi, against whom the government on July 30 issued an arrest warrant. Not only the large numbers of Falun Gong adherents, but above all the fact that the cult could never have grown so influential, without significant protection and support from within the Communist Party and government apparatus up to a high level, has made the Falun Gong affair potentially the most significant political development in China since the events of 1989.

It would be a grave mistake, however, to regard this as a purely “home-grown” crisis. The timing, circumstances, and key characteristics of the Falun Gong affair fit *perfectly* into the long-standing British strategy to destabilize China. Together with the Chinese Embassy bombing, the provocations of Taiwan’s Li Denghui and other events, it puts additional pressure on those in the leadership who are pursuing a moderate domestic and international policy course, which includes pursuing a positive relationship with President Clinton. Evidence points to a *deep and very high-level operation* linked, among other things, with the long-term effort by circles centered on Britain’s Prince Philip, to propagate “environmentalist” ideology into China—including Prince Philip’s personal emphasis on Buddhism and Daoism as key to organizing of anti-industrial “religious-environmentalist” movements in Asia. Implicated also are channels of influence radiating into China from the powerful Anglo-American mass-media and sports cartel, including especially the British intelligence-linked Hollinger Corporation and operations run out of Australia, as well as via Hong Kong and other present and former British Commonwealth areas.

The most significant factor operating here is not necessarily direct foreign control of Falun Gong (although this cannot be excluded), but rather the uniquely sophisticated British capabilities for *orchestrating* cultural warfare, which are based on thorough study of the historical and cultural vulnerabilities of populations and elites. This applies not only to

the Buddhist-Daoist problem per se, but also to the Chinese leadership’s apparent blindness to the susceptibilities within the party and leadership itself, connected with the influence of Bertrand Russell, Joseph Needham, and others, on leading intellectual strata in China during the early part of this century.

## Wild irrationalism

At first glance, Falun Gong is of the species of wildly irrational Buddhist-Daoist cults which have plagued East Asian societies down through the centuries, and which still flourish throughout the region today. Falun Gong advertises itself as a special, supernaturally powerful variety of *qi gong*, a traditional form of exercise which is widely practiced in China, especially among older people, and considered beneficial to the health. There are countless schools for *qi gong* all over China, and it is here, apparently, that the Falun Gong cult established a mass base.

Li Hongzhi, the founder and exclusive guru of Falun Gong, aspires to be the great transcendent unifier for the otherwise divergent, heteronomic mass of *qi gong* practices and cult beliefs. Li makes wild claims of supernatural powers, attracting people by the claim that the practice of Falun Gong can cure diseases and even make its practitioners invulnerable to disease and environmental pollution. Numerous believers have died after refusing normal medical treatment for their illnesses.

Beyond this, Falun Gong preaches that the planet Earth is about to explode very soon. Li Hongzhi violently denounces modern science and technology, which he claims are responsible for destroying the morality of society. The symbol of Falun Gong features in its middle a large swastika (a traditional Buddhist symbol) surrounded by yin-yang circles. Li Hongzhi cautions that it is not the same as Hitler’s swastika, because people with “special powers” can see that the Falun Gong swastika is rotating! In one direction it absorbs energy from the Universe, and in the other direction it emits energy. Li Hongzhi recommends, for example, that overseas Chinese should not intermarry, in order to maintain their “race character.”

Li Hongzhi’s writings are primitive charlatanry, appealing mainly to the most poorly educated strata in China, especially the older, unemployed, and underemployed, who (among other things) are worried about their health. While Li Hongzhi’s claim of 100 million followers in China appears wildly exaggerated, the official Chinese government press is itself emphasizing that the kind of *destabilizing potential* represented by Falun Gong poses a serious problem, which must be overcome by “popularization of science,” better education, and raising living standards. Quite interesting, in this context, is the unusually prominent role being given to famous Chinese scientists in the public debate over Falun Gong. Evidently, the intention is to go beyond a mere targeting of the cult, to launch an offensive campaign for science.

## Hollinger, Albright rush to defend Li Hongzhi

It was the Hollinger Corporation's London *Daily Telegraph* which first stood up to defend Li Hongzhi personally and condemn the Chinese government's banning of Falun Gong. In a July 27 article based on an interview with Li Hongzhi himself, the *Telegraph* praised Li and his "popular program of breathing exercises and mystic healing," going so far as to claim that Li's own healthy appearance is a "testament to Falun Gong." Among other things, Li Hongzhi, who has up to now insisted that his activities are strictly non-political, is quoted saying: "I don't know why the American government allows so many Chinese intelligence people in the States." Li then calls on Britain "to get involved to stop the Chinese government's brutal actions" against the sect, the which actions he likens to what was done during the Cultural Revolution.

The *Telegraph* article coheres with the reaction of a high-level British insider and China expert in a recent discussion with *EIR*. He condemned the government's action against Falun Gong, and, curiously, likened the situation with the Boxer Rebellion a century ago, "which the government, then, couldn't control." "I am also reminded of the Taiping Rebellion," he commented, "when 25 million people died. These are powerful memories, and history is one of the driving forces in China. We are seeing something that has more to do with the Chinese past than the present. The authorities could

provoke a rebellion by taking stupid action now."

Referring to the psychological impact of the NATO bombing of the Chinese Embassy in Belgrade and the provocative statements of Taiwan's Li Denghui (see "Provocateurs Aim at Carving Up China," *EIR*, July 30, 1999), the British insider said, "Historically, whenever there has been a moment of nationalist-existentialist doubt in China, the country begins to fold internally. I think we are seeing the beginning of that *denouement* now . . . the beginning of an implosion."

## Will the United States fall into the trap?

Whether this wishful but cunning British thinking will come true, is another question; at the moment, the Chinese government appears to have the situation well under control. But in the meantime, U.S. Secretary of State "Mad Madeleine" Albright has already begun dragging the *United States* into the trap of defending Falun Gong. At the Association of Southeast Asian Nations meeting, which began on July 25, she reportedly complained to Chinese Foreign Minister Tang over the Chinese government's handling of the cult. A new, stupid U.S. "human rights" campaign on behalf of Li Hongzhi and his sect, combined with the circumstance that this dangerous charlatan has been living in the United States since 1996, would indeed provide an ideal opportunity to enflame Chinese anger against the United States and distract attention from the British hand in this affair.

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# Tang Jiaxuan: Mankind must achieve a 'beautiful cooperative new world'

by Mary Burdman

Chinese Foreign Affairs Minister Tang Jiaxuan called for “a new international political, economic, and security order,” as the only way for mankind to “achieve its *beautiful* ideal of building an equal, cooperative, and prosperous new world,” in his speech to the opening of the Post-Ministerial Conference (PMC) of the nations of the Association of Southeast Asian Nations (ASEAN) and their “dialogue partners” in Singapore on July 27. The ASEAN series of meetings began on July 25.

The ASEAN Ministerial Meeting and Regional Forum is one of the two most important political meetings in Asia each year (the other one is the Asia-Pacific Economic Cooperation meeting). Foreign ministers participated from ASEAN's 10 members: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam; and their dialogue partners, Australia, Canada, China, the European Union, India, Japan, New Zealand, Russia, South Korea, and the United States. To this gathering, Tang brought the idea of beauty in statecraft, as a principle for saving the world at a time of great international danger and upheaval. This is an idea which Schiller Institute founder Helga Zepp-LaRouche has presented many times in speeches in China and in other Asian nations.

Foreign Minister Tang told his international counterparts, that the transition to the 21st century puts before everyone “a common challenge and . . . a common responsibility” to “expedite the lofty cause of world peace and development.” The 20th century was one of “calamities,” especially two world wars, he said, and the end of confrontation after the Cold War has not brought “a genuine, lasting peace.”

“Hegemonism, power politics, encroachment upon the sovereignty of another country, and interference in other countries' internal affairs are still affecting, and even threatening, mankind's peace,” Tang warned. “The issue of peace has yet to be addressed, and the issue of development remains grim.”

The end of the Cold War made it possible for the question of “how to achieve world peace and prosperity” to catch world attention, and now, entering the 21st century, this issue is even more important. “These questions — which principle shall we follow to guide international relations, which yardstick shall we use to handle international affairs, and which way can promote world stability — have a bearing on whether human society can shake off the scourge of wars, achieve lasting

peace, and achieve its beautiful ideal of building an equal, cooperative, and prosperous new world,” Tang said.

Mankind must look at its history, to learn how to choose its future path, he said. “Hegemonism and power politics . . . may have their way for a short while,” but these forces “do not represent the course of human civilizations.” Despite the enormous changes in the world in the past decades, “the objectives and spirit which the founders of the United Nations put forth in the UN Charter over 50 years ago, and the norms governing international relations that Asian and African countries put forth at the Bandung Conference over 40 years ago, still have their powerful vitality and realistic significance. They are still the foundation for establishing a new international political, economic, and security order, and the hope of achieving lasting world peace,” he said.

## The principle of sovereignty

Chinese leaders have been developing and elaborating the concept, that the international political, economic, financial, and security order must be coherent, and must be based on the principles of national sovereignty and mutual benefit. This concept goes back to the early foreign policy of the People's Republic, and further, to the great republican revolutionary Dr. Sun Yat-sen. But, especially in the recent period, as the international financial crisis worsened and the British-American-Commonwealth forces launched their attacks on Iraq, Sudan, and Yugoslavia, China's leading officials have been emphasizing the just new order.

In February 1998, Defense Minister Chi Haotian called for a new security concept “to win a lasting peace.” Beginning in August 1998, Chinese President Jiang Zemin made a series of speeches to emphasize the strategic importance of “national economic security” for China. This spring, conferences were held at high-level institutes in Beijing, including the China Institute for International Strategic Studies, at which top-level economic and financial experts, veteran diplomats, and military leaders discussed the necessity to develop a “new, comprehensive strategy [that] embraces political security, military security, and economic security together as a single unity,” as the *People's Daily* reported on April 15. The strategists concluded that “the new emergence of Cold War thinking, hegemonism, . . . and the tendency toward strengthening of military alliances are intimately connected with the

imbalance in the real development of the world economy,” including the looting of the underdeveloped nations by “Western short-term speculative capital.”

The Five Principles of Peaceful Coexistence, presented by Indian Prime Minister Jawaharlal Nehru and Chinese Foreign Minister Zhou Enlai at the Bandung conference of African and Asian nations in April 1955, are mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other’s internal affairs, equality for mutual benefits, and peaceful coexistence.

“All countries, big and small, strong and weak, are equal before the principle of sovereignty,” stated Tang Jiaxuan in Singapore. Globalization cannot be allowed to undermine this principle, he said. With the reality that there are serious inequalities among nations’ strengths, “upholding the principle of sovereignty has become even more essential.” For developing countries and smaller nations, “sovereignty and independence are the basic prerequisites for their subsistence and development,” Tang said. He attacked the use of so-called “human rights” issues to undermine national sovereignty.

“Human rights” and “democracy” have been used repeatedly by the British-American-Commonwealth powers to launch one political and military attack after another against other nations during the recent years.

Tang stressed the importance of settling disputes peacefully, in the new international order. The role of the United Nations must be respected in this context. As a “conglomerate of sovereign states,” the role of the UN is “irreplaceable by any other international or regional organization, or country blocs,” he said — clearly referring to the dangerous, unilateral NATO onslaught against Yugoslavia.

“World peace also depends on establishing the international new economic order,” Tang said. While Asia’s economy “appears” to be recovering, he cautioned that the world economy is still in turmoil, and the developing nations, especially, face “harsh” conditions. All nations are involved in economic upheavals, he said, and the economic powers should reflect on the fact that “without the development of the vast number of developing countries, the development of developed countries can hardly last long.”

The policies of a “just and rational international new economic and financial order,” in all aspects, should reflect the interests and rights of developing nations, he said. It is very important to strengthen what is “mutually beneficial” to all nations, especially cooperation in the scientific-technological sector, which he called the “power of the world’s economic development in the 21st century.”

Regional economic cooperation is also a good means for developing smaller nations, he said, pointing to such ASEAN programs as the development of the international Mekong River basin and its Vision 2020, adopted in 1997. Tang concluded by stating that China, which this year will celebrate the 50th anniversary of the founding of the People’s Republic, is moving forward with its economic reform and programs to build its physical economy, and its efforts to develop benefi-

cial relations with its neighboring nations and to play a constructive role internationally.

## **ASEAN-China ties**

Tang also addressed the ASEAN-China Dialogue in Singapore on July 27, where he emphasized the tremendous potential of ASEAN-Chinese relations. These ties have grown rapidly, from a relatively low level only a few years ago. ASEAN’s government leaders held their first-ever summit with Chinese President Jiang Zemin in 1997, and issued the China-ASEAN Joint Statement, to establish a partnership oriented toward the 21st century.

The useful experience being gained in “strengthening mutual trust and cooperation, and expanding good-neighborly friendship,” between ASEAN and China, contributes not only to peace and stability regionally, but also internationally, and can help establish the “new, just and rational order of peace and cooperation,” Tang said. The two sides have to develop and open up economic, trade, and scientific and technological cooperation, including in efforts to reform the international financial and economic order. Tang announced that Chinese Prime Minister Zhu Rongji will attend the third ASEAN-China-Japan-Republic of Korea informal summit, in Manila in November.

Tang expressed China’s “joy and admiration” that ASEAN had realized its long-cherished vision, 30 years after it was founded, of the “ASEAN-10,” by bringing in Vietnam, Myanmar, Laos, and Cambodia as new members.

Malaysian Foreign Minister Syed Hamid Albar, coordinator of the ASEAN-China Dialogue, expressed ASEAN’s appreciation for China’s efforts to counter the Asian financial crisis. China kept “its promise not to devalue its currency despite the tremendous pressures and difficulties faced by China. This has contributed significantly to maintaining stability in the region’s currencies and assisted ASEAN in its recovery efforts. . . . As we have seen, China stood by ASEAN throughout the whole recent turbulent period. By its actions, China has, indeed, proved to be a real friend of ASEAN in times of need,” he said. He added that China’s stimulation of its economy through massive infrastructure development programs will give many opportunities for ASEAN countries to benefit from trade and investment with China.

## **Regional security**

Foreign Minister Tang also announced that China will support ASEAN’s 1995 agreement to establish a nuclear weapons-free zone in the region. The next day, Indian External Affairs Minister Jaswant Singh said that India would also endorse the treaty. A member of the Indian delegation said that his nation, although now a nuclear weapons power, is “committed to no first use of nuclear weapons and non-use against non-nuclear weapons states.”

An article in the Hong Kong *Ta Kung Pao* on July 7, noted the favorable impact of ASEAN’s increasing internal military cooperation on the Asia-Pacific region, and on China. It said,

“ASEAN, an alliance of developing countries, . . . is a major force acting as a counterweight to big-power hegemonism. Its security cooperation will be useful to the establishment of a multilateral security mechanism in the Asian-Pacific region.” Although the so-called “China threat” has been raised by some ASEAN members at various times to promote their military cooperation, “overall, ASEAN’s military cooperation remains limited in scale and constitutes no big threat to either the Asian-Pacific region or China. . . . ASEAN is not an opponent, much less enemy, but a friend to China. It is a partner with whom we can carry out cooperation for a long time to come. It is also an indispensable shield that helps stabilize China’s surrounding environment,” including as a friendly counter to China’s other, much more powerful neighbors.

### **The strategic triangle**

The ASEAN meetings were also a forum for discussions among the three pillars of the “survivors’ club of nations”—China, India, and Russia—both with the ASEAN nations and among themselves.

Indian External Affairs Minister Jaswant Singh said, in the dialogue among ASEAN leaders, that sharing science and technology would be the platform for India’s future cooperation with ASEAN, to create the “knowledge societies” of the future. He identified advanced materials, biotechnology, and information technology as key areas of cooperation. Singapore Foreign Minister S. Jayakumar pointed out that since March, eight ASEAN scientists from Indonesia, Malaysia, the Philippines, Thailand, and Vietnam have been working on advanced materials in Hyderabad, India.

Singh met his Chinese counterpart on July 25, when they discussed both bilateral relations, and the potential to peacefully settle such critical situations as Kashmir, which affect all of Asia.

Tang said that Singh’s recent visit to China represented a step forward in the improvement of relations between their two countries. They have reached some important consensus, which will provide guidance and impetus to the improvement of bilateral ties. Tang said that China is ready to do its part in promoting exchanges and cooperation between the two peoples, in the spirit of enhancing mutual trust and clearing up misunderstanding.

Singh emphasized that India attaches great importance to its relations with China, its biggest neighbor and a major partner in economic relations. India is willing to develop a constructive and cooperative relationship with China, and to strengthen their coordination and cooperation in regional and international affairs on the basis of the Five Principles of Peaceful Coexistence. At a press conference, Singh said: “I certainly do not see ourselves being drawn into any strategic alliance against China. Some of the past misunderstandings with China are now behind us. We have told each other that India does not see China as a threat and China does not see India as a threat.”

Russian Foreign Minister Igor Ivanov said that Russia will further strengthen its coordination and cooperation with China on international issues, after his meeting with Tang, also on July 25. Both ministers announced that they had discussed their preparations for the second “informal” Russian-Chinese summit on international issues, which will take place when Russian President Boris Yeltsin visits China this September. The informal summit will especially discuss issues of the Asian-Pacific region.

The two nations’ leaders will also meet as early as August, at the meeting in Bishkek, Kyrgystan, of Russia, China, Kazakhstan, Kyrgystan, and Tajikistan. In 1996, in Shanghai, these five nations signed an agreement on enhancing cooperation, especially in lowering security along their very long borders. They have met yearly ever since.

On July 28, Foreign Minister Ivanov told the ASEAN forum that Russia is activating the “Asian direction” of its foreign policy, and wants to have long-term and productive cooperation with the ASEAN nations on all issues. He said that the ASEAN nations welcomed this policy of Russia, and want to cooperate with Russia as a major player in the Asian-Pacific region.

Ivanov also attacked hegemonism, and warned that the developments in Kosovo could encourage separatist movements in Asian countries. Ivanov was probably the first high-ranking political figure to call attention to a trend that became apparent at the time of NATO’s strikes against Yugoslavia, reported Moscow Interfax. During the NATO war on Yugoslavia, tensions worsened drastically between India and Pakistan over Kashmir. Pakistan likely hoped to attract NATO’s attention to the Kashmir problem, and broke with the status quo, he noted. Hostilities along the line of control separating Indian Jammu and Kashmir from Pakistani-controlled Azad Kashmir, could have resulted in a new war between the two South Asian countries. There is also indirect evidence of rising separatist trends in China, in particular in Tibet and the Xinjiang-Uigur Autonomous Region, where Muslims also make up a majority, as well as in Inner Mongolia, he noted.

While Ivanov did not add that the NATO operation would also encourage separatist groups within the Community of Independent States, clearly he understands this problem, Interfax commented.

Ivanov also met with his Indian counterpart, Jaswant Singh, on July 27, and told him that the stage could now be set for the formalization of a “strategic partnership” between the two countries. A document reflecting the range and diversity of this “very major initiative” is likely to be signed when President Yeltsin visits India later this year, Ivanov said.

The contours of the “strategic partnership” were outlined in a paper Singh had taken to Moscow during his visit earlier this year. The document “has now been finally examined in Moscow,” Singh said. Ivanov told Singh that “everything is clear,” and that the process could be carried forward for a formal agreement. In Moscow’s reckoning, the “documents are now complete.”

# Britain's 'Operation Surety' launched for post-crash world

by Mark Burdman

Influential elements in the British establishment have set in motion emergency contingency plans for dealing with large-scale civil disorder and chaos in the United Kingdom, in the event of a late-summer/early-autumn crash of the global financial system.

That is the interpretation that informed British sources are giving to a most unusual "signal" article that appeared on the front page of the July 18 London *Sunday Times*, under the title, "Soldiers Pull Out of Kosovo To Deal with Millennium Bug Chaos."

The article began by asserting that "the SAS [Special Air Services] and other special services are to deal with civil disorder and the collapse of utilities under secret plans being drawn up by the armed forces to cope with the millennium bug. The plans, codenamed Operation Surety, will see the special forces and other armed troops deployed to protect not only key government sites, but also civilian installations, such as banks, airports, and power stations. . . . Half the combat troops are to be withdrawn from Kosovo by the end of August, a total of up to 2,000 soldiers."

Defense correspondent Hugh McManners cited an unnamed British Ministry of Defence (MOD) source, who said that Operation Surety was drawn up over 18 months by a small team of specialists at the Permanent Joint Headquarters in Northwood, Middlesex, and had been given the highest military priority after active operations in Kosovo. The source is quoted: "The operation is designed to ensure that essential government and civilian functions can continue between September and February next year, which is the period of danger. It's a real threat and highly classified."

The *Sunday Times* piece further affirmed that "eight leading financial institutions have asked the MOD for protection."

## Y2K is a pretext

The article played heavily on fears of computer failures beginning on Sept. 9, 1999 (9/9/99), and continuing into the so-called "Y2K," at the turn of the millennium. But *EIR*'s British sources insist that the whole Y2K/"millennium bug" scare is being put forward as a "pretext," for setting into motion contingencies that would be required in the event of a systemic financial crash. As one source put it, "We're all very

concerned that something is up, and that the millennium bug issue is being used as a pretext, a dry run, for something very nasty."

The period of August-September is identified by informed City of London sources as the most likely time for the next currency crises and ensuing financial breakdown to occur. That powerful elements in the British oligarchy are positioning themselves for a crash, and are *already* operating in a "post-crash" reality, has otherwise been evident from the recent action by Bank of England Governor Eddie George, to sell off the "crown jewel" of British government gold to selected private (or "privateer") interests (see last week's *EIR*).

The simultaneity of financial upheaval and significant military mobilization has a recent precedent in the United Kingdom. In 1974, in the era of social-financial chaos precipitated by that period's oil price explosions, the SAS was deployed at London's Heathrow Airport, and there were other key domestic military movements, in what were clearly moves toward a coup against the Harold Wilson/Labour Party government. On July 21, 1999, one British source commented on the "chilling" coincidence, that on the same July 18 that the *Sunday Times* ran its feature on Operation Surety, BBC-TV broadcast an exposé feature on the 1974 coup plot.

It cannot entirely be excluded, that elements in the British oligarchy are now planning coup operations against Prime Minister Tony Blair. Some British higher-ups undoubtedly regard Blair and his team as too incompetent to deal with a period of large-scale financial and social breakdown.

## 'A great deal of unease'

An additional element in the picture was elaborated by a well-informed continental European intelligence source. He insisted that Operation Surety "is not bluff, but very real." Other countries in the British Commonwealth also have detailed emergency contingencies for the coming period, but Britain's is "the most extreme." He forecast imminent large-scale military moves in and around the U.K., involving units deployed back to Britain out of Kosovo, because of the unravelling of the Northern Ireland peace process. This deployment could be utilized as a cover for military moves designed for other, more sinister purposes, he said.

A Scottish source told *EIR* on July 21 that Britain is overripe for large-scale social tumult, and authoritarian counter-moves to crack down on it. He recalled that on June 18, there were large-scale "anti-capitalist" riots in the City of London, an outbreak of violence not seen in the City for over 200 years. "There is a great deal of unease running about this place, a definite current of uncontrolled violence, random violence, with a large population of unemployed youth who can be manipulated," he said. He stressed that Britain has entered a "very strange" period of "considerable uncertainty," bordering on "panic" in certain policymaking circles.

# Al Fayed suit targets intelligence ties to Paris crash, Diana's death

by Jeffrey Steinberg

On July 20, after waiting for nearly 15 months while U.S. Federal prosecutors and the FBI probed the April 1998 attempted \$15-20 million extortion and forgery scheme against him, Mohamed Al Fayed filed a lawsuit in Federal court in Los Angeles, demanding more than \$6 million in damages from Oswald LeWinter, Keith Fler, Pat McMillan, and George Williamson, four of the principals in the extortion plot. Fler is a prominent Los Angeles entertainment industry lawyer. McMillan and LeWinter both claim to be former "CIA agents." Williamson is an independent journalist. The four men are accused of attempting to swindle the Harrods department store owner out of \$15-20 million, by peddling forged "CIA documents" suggesting that intelligence agencies, including MI6, had arranged the Paris car crash that killed Princess Diana and Al Fayed's son Dodi Fayed, along with their driver, Henri Paul.

The approach from the four men, which began in March 1998, came shortly after Al Fayed had given a widely reported interview to the London *Daily Mirror*, voicing his conviction that the Paris crash had been the work of professional assassins, not a garden-variety traffic accident, caused by drunk, reckless driving by Henri Paul — the official cover story of the French police. He told the *Mirror* that he was "99.9% certain" that his son and Princess Diana had been murdered, and he announced that he would pay up to \$20 million for evidence documenting what actually occurred in Paris on Aug. 30-31, 1997 that led to the crash.

The 17-page civil suit provides a detailed chronology of the approach by the defendants, first to Al Fayed's Washington attorney Doug Marvin, and, later, to John Macnamara, the director of security for Harrods department store. LeWinter et al. claimed that they had stolen CIA documents that proved that British MI-6, with the full backing of the British royal family, had arranged the assassination of Princess Diana and Dodi Fayed, employing a Geneva-based Mossad hit team, code-named "K Team."

Al Fayed, after consulting with the U.S. Department of Justice, the FBI, and the CIA, agreed to put up \$25,000, which was provided to Williamson, to arrange a face-to-face meeting in Vienna, Austria, where Macnamara was to turn over a bearer pass book for a bank account at the Kreditanstalt in Vienna, containing \$15 million. In return, Macnamara was to receive a series of CIA documents, proving the role of MI-6,

the Crown, and the Mossad in the assassination of Diana and Dodi. He was also to receive a medical report, showing that Diana was pregnant at the time of her death, and an internal CIA document assessing how the assassination was carried out. When LeWinter showed up at the designated hotel in Vienna to meet Macnamara, he was arrested by Austrian police, with CIA and FBI personnel in the vicinity as observers.

Despite the fact that the \$25,000 provided by Al Fayed, which was wired interstate to Williamson, had all been arranged with Justice Department prosecutors and the FBI, so far, the U.S. government has failed to bring any criminal charges against LeWinter's co-conspirators, including attorney Fler. Fler had been key to the deal, according to the suit. He had had previous dealings with Doug Marvin, Al Fayed's American representative. On the strength of his vouching for the purported "CIA agents," Al Fayed proceeded with the arrangement, only to later become suspicious. At that point, he sent Macnamara to confer with U.S. authorities. Fler vouched for the so-called CIA agents and their documents, knowing that they were fake, according to the court filing. There is prima facie evidence of interstate crimes having been committed; and the DOJ has so far failed to explain why there was no criminal action taken against the men.

LeWinter was prosecuted and sentenced to four years in prison in Austria for his role in the documents hoax. The Austrian authorities acted swiftly, despite the fact that they had only limited access to the investigative files, which had been opened by the U.S. Justice Department and the FBI.

Documents found in LeWinter's Vienna hotel room, with CIA letterhead and various coded markings, have been determined to have been forgeries. It is a Federal crime to forge U.S. government documents. Yet, the identified co-conspirators in the shakedown have so far been allowed to go free.

## Why the cover-up?

The wire transfer of \$25,000, from Washington, D.C. to a Las Cruces, New Mexico bank account, used by Williamson, constituted one undisputed instance of a Federal felony, according to sources close to the probe. The funds were wired by Al Fayed, in response to a demand by Fler that travel expenses be provided, so that his "CIA agent" clients could travel to Europe for the rendezvous with Macnamara.

Following his arrest, swift trial, and conviction, LeWinter

claimed that the documents he was offering for sale were, indeed, forgeries, but that they contained the true contents of CIA documents, still in the files at the Agency's headquarters in Langley, Virginia.

It is the case that the CIA, the Defense Intelligence Agency, the U.S. State Department, and the National Security Agency have thousands of pages of documents about Princess Diana, some of which have been released to *EIR* and other news organizations under the Freedom of Information Act. A U.S. Federal judge in Washington, D.C. has ordered the CIA and the DIA to produce all of the documents in their files, for review by attorneys for Al Fayed.

Furthermore, at least up through the early 1970s, LeWinter did have ties to the CIA. At the time, he was an English professor, and he occasionally travelled behind the Iron Curtain to attend scholarly conferences. According to a former senior CIA officer, who had personal dealings with LeWinter in the past, the 67-year-old Austrian-born American citizen had been debriefed by the CIA about some of his East bloc travels. But, eventually, LeWinter proved to be "too much of a flake," and his status as a CIA informant was terminated before the end of the 1970s. The source, however, did not rule out that some CIA operations officers maintained contact with LeWinter, after the formal ties were severed.

In the early 1990s, LeWinter surfaced as a central figure in a documentary film on the crash of PanAm Flight 103, over Lockerbie, Scotland, which occurred in December 1988. LeWinter was depicted on the documentary film, produced by Alan Frankovich, as a high-level Frankfurt-based CIA officer. The film, "The Maltese Double-Cross," was bankrolled by

the late British raw materials magnate and self-confessed MI6 operator, Tiny Rowland. Rowland was one of the most vicious operatives unleashed against Al Fayed on behalf of the British monarchy, following the Paris crash.

All of this makes for a very messy picture. While there is no indication that the content of the LeWinter forgeries in any way reflects material actually in U.S. government files, sources have told *EIR* that, in the spring of 1997, CIA officers posted in the Middle East and elsewhere did receive indications of possible threats to the Princess and to Dodi Fayed, following the earliest revelations of their intimate relationship. Such information should have found its way into the CIA's intelligence database.

Through an elaborate series of bilateral intelligence sharing treaties, some of which date back to World War II, much of the "national reconnaissance" data, gathered by the U.S. National Security Agency and military intelligence branches, is automatically shared with the British secret services. Given the fact that there are growing indications that MI6, at the behest of the House of Windsor, may have played a role in the wrongful deaths of Princess Diana, Dodi Fayed, and Henri Paul, even an unwitting transfer of U.S. intelligence data to Britain's GCHQ—their National Security Agency equivalent—could shed crucial light on the Paris tragedy.

For all of these reasons, the Justice Department has chosen to sit on the LeWinter probe and take no action for more than a year. The Al Fayed suit promises to put a renewed spotlight on the issue of what the U.S. intelligence agencies know about the death of Princess Diana. Now, more than ever, the Justice Department is going to have a lot of explaining to do.

## A plot to kill Al Fayed?

A recently published book by two prominent British journalists, Peter Hounam and Derek McAdam, charges that "the British Establishment" attempted to recruit two well-known crooks to carry out a "plausibly deniable" assassination of Mohammed Al Fayed, shortly before the Paris car crash that claimed the lives of Princess Diana, Al Fayed's son Dodi Fayed, and driver Henri Paul.

*Who Killed Diana?* (London: Vision Paperbacks, 1998) reports that a well-known British cat burglar, Peter Scott, told the authors that he was approached by "people with impeccable links to high society who first wanted Mohamed Al Fayed killed, and later Dodi." The authors, who interviewed Scott in prison, reported, "Beginning three years ago, Scott said he became aware that certain people 'including a former Tory Cabinet Minister' were eager to see Dodi's father, Mohamed Al Fayed, dead. He explained: 'There was a concrete offer doing the rounds

here from the right sources to send Al Fayed home—dad, not Dodi. There was money on the table. . . . The Establishment were looking for a way to get rid of them.'"

Scott told the authors that the effort to stage a hit against Al Fayed intensified in the spring of 1997, as Dodi Fayed's relationship with Princess Diana bloomed. A criminal cohort of Scott's, Russell Grant-McVicar, was also solicited for the assassination plot, according to the authors. And Scott claims that he wrote a series of letters to Frances Shand Kydd, Princess Diana's mother and an old acquaintance, warning her that the affair between Diana and Dodi would soon end "in blood red ruin." He told the authors that, on the morning of Aug. 31, 1997—hours after the fatal car crash—he received a call from Shand Kydd.

Sources in Britain have told *EIR* that they have independently corroborated that the Hounam and McAdam account of Scott's story is an accurate version of the burglar's claims; however, they have not been otherwise corroborated.



# Metaphor in Classical music composition

*At the end of June, Anno Hellenbroich of EIR and the Schiller Institute in Germany, addressed a conference in Budapest, Hungary, on the subject of "Between the Notes: Metaphor in Classical Composition." Hellenbroich is known to EIR readers through his work on music over many years, including his direction of the production of EIR's special issue of Sept. 4, 1998, "The Case of Classical Motivic Thorough-Composition." His participation in the Budapest conference came in the context of his tour of Hungary and Slovakia with Birgit Vitt of the Schiller Institute in Germany, and Margaret Greenspan of the Schiller Institute in the United States. In many conferences and discussions in the two countries, they presented two fundamental issues of human rights: the need for urgent reconstruction of the Balkans; and the gross violation of human rights in the United States, notably in the case of Lyndon LaRouche and associates. Margaret Greenspan is the sister of LaRouche associate Michael Billington, who is serving a 77-year sentence in a Virginia prison.*

*The following report on the music conference was filed by EIR's Wiesbaden bureau.*

Hearing, singing, and speaking are among the most basic phenomena of human life, and so people are always researching these phenomena. Some carry out this research in order to help people with hearing problems, some in order to improve the acoustics of a music studio or the quality of the telephone, and others wonder how a human being can hear so much with such a tiny organ as the ear.

One researcher who carried out investigations and made a number of inventions in all these areas, Georg von Békésy, who received the Nobel Prize in 1961, was the focus of a three-day international scientific conference held in Budapest at the end of June.

More than 100 scientists from the United States, Japan, Ukraine, and various European countries, who work in the most diverse disciplines of medicine, physics, communications sciences, music, and education, gathered in the beautiful rooms of the Hungarian Academy of Sciences on the occasion of the 100th anniversary of Békésy's birth (he lived from 1899 to 1972). In an interview, the scientific organizer of the conference, Professor Laijtha, emphasized the interdisciplinary approach which gave this conference a special signifi-

cance for further scientific research on hearing.

Anno Hellenbroich was invited to speak about what the Classical composers "hear," and what principles underlie their compositions, in order to better understand what the great Renaissance Cardinal Nicolaus of Cusa described as the "mental ear." Hellenbroich emphasized the importance of the investigations and experiences of the *bel canto* school of singing, for a deeper understanding of musical hearing.

In his opening remarks, he stressed that an international group had analyzed thousands of compositions, looking at the registers and register shifts of the human voice, and that this group had come to completely different conclusions from those of Helmholtz's postulation (on the basis of Rameau's theory) of the so-called resonance theory of hearing.

Using examples from the famous motif from the *Musical Offering* by J.S. Bach, Hellenbroich demonstrated how Wolfgang Amadeus Mozart and Ludwig von Beethoven had worked this motif into their compositions. (If one keeps in mind that Beethoven was deaf for nearly 20 years, the question of "mental musical imagination" is posed sharply, given that it is the later works of the deaf composer which manifest the most extraordinary harmonic development.) In this connection, Hellenbroich emphasized the importance of educating the population at large for "active hearing."

## Medical aspects

Various speeches at the conference showed that considerable progress had been achieved in helping people with hearing problems, particularly in the area of new surgical techniques, such as using lasers in order to make stiffened bones in the ear mobile again. But there are still a number of unknowns, such as the processes by which sounds, words, and tones are actually apprehended by the human mind

Georg von Békésy discovered in his researches in the 1930s and 1940s, that a non-linear migratory wave in the interior of the cochlea transfers the incoming waves of sound to the hair cells of the basilar membrane. The hair cells then conduct impulses corresponding to the frequencies to the brain for processing.

One contribution to the conference called attention to certain acoustic phenomena, discovered at the end of the 1970s. It was observed, following stimulation, that emissions of sound are to be detected coming from the inner ear. As the speaker demonstrated, this characteristic of the healthy ear can be used to carry out routine diagnostic tests of newborn children, to determine whether or not they can hear. This makes it possible to diagnose congenital deafness, and thus to initiate medical and educational treatment at an early age.

"Active hearing" and how it functions, for example, via the external hair cells' impulses to the brain, is an area of research into human nature, the phenomenon of psychophysical parallelism, which leaves many unanswered questions for research.

# International Intelligence

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## Japan declares 'TB emergency'

Japan's rate of infection with tuberculosis is one of the highest of all industrialized countries, and is increasing, according to *China Daily* on July 27. "If we fail to change our thinking that tuberculosis is a disease of the past and tackle it as a big problem threatening people's health, there will be a tremendous bill to pay some time in the future," Japanese Health Minister Sohei Miyashita stated. "We, the Health and Welfare ministries, declare a tuberculosis emergency."

Masamitsu Umeki, a Health Ministry official, said that tuberculosis is still the number one infectious disease in Japan. The per-capita infection rate in 1997 was 33.9 per 100,000, up from 33.7 in 1996, the first increase since 1954. In comparison, the infection ratio per 100,000 is 7.9 in the United States, 10.7 in Britain, and 16.0 in Germany.

The number of patients newly diagnosed with tuberculosis rose to 42,715 in 1997, up 243 from the year before. In 1997, a total of 2,742 people died of TB in Japan, slightly fewer than the 2,858 deaths in 1996.

TB was Japan's principal cause of death in the years before and after World War II. Deaths peaked at 560,000 in 1951, and have gradually fallen, until recently, when an increase in the number of elderly patients and cases of mass infections at some hospitals and schools sent the number of deaths rising again.

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## Brits see no difference between man and ape

Prince Philip's minions are going bananas, with a renewed propaganda offensive to obliterate the distinction between apes and humans. For Lyndon LaRouche's ascerbic comments on the matter, see the *Feature* in this issue.

The London *Times* on July 27 sums up the relevant British mood: "Blame Darwin, but this has been the chimp's century."

The June 17 edition of *Nature* magazine

devotes its cover-story to new research by a team of primatologists, supposedly substantiating the existence of "ape cultures." Several of the researchers had been involved in the "Great Ape Project" of Richard Dawkins. (See Lyndon H. LaRouche, Jr., "The Case of the Inedible Professor," and Mark J. Burdman, "Prof. Richard Dawkins: the Darwinian Great Ape of British Academe," *EIR*, July 25, 1997.)

The introduction to the *Nature* package is entitled, "Cultural Primatology Comes of Age," written by Frans B.M. de Waal, from the Yerkes Regional Primate Research Center and Department of Psychology, Emory University, Atlanta, Georgia. He writes: "The chimpanzee keeps inching closer to humanity." The very notion of "culture" must now no longer be viewed as uniquely human. "Biologically speaking, humans have never been alone—now the same can be said of culture."

The London *Daily Telegraph* on July 26 editorialized that, "one by one, the barriers that separate people from animals seem to be coming down. . . . We may not be alone in having a sense of self-awareness. . . . If apes are able to talk, even to imagine the future, can we be sure that they do not have self-awareness?"

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## Stepashin seeks to revive ABM initiative

The Gore-Stepashin Commission announced on July 20 that the United States and Russia would launch formal talks in Moscow in August, on START III and the ABM Treaty.

At a joint press conference with Vice President Al Gore in the Old Executive Office Building, Russian Prime Minister Sergei Stepashin said, "As to the ABM Treaty, I do believe that we should once again return to President Yeltsin's current initiative about a global security system based on the ABM, and carefully study it; and I understood this from our contacts with Vice President Gore and President Clinton, that here there is understanding, that at least this issue can be moved forward so that the

United States and Russia can more actively work on ABM defense together."

The Yeltsin proposal, which called for a global security system, came after a more specific proposal put forward by the Russian side in 1993 for collaborative development of an ABM system, the so-called "Trust" proposal. Following Stepashin's meeting with President Clinton, Gore issued a press release on the commission meeting, that stated: "In addition, we both understand that there are ballistic missile threats we both face that do not come from each other, but from other nations. That is why it is important—in parallel with achieving our arms control objectives—to discuss implications for the ABM Treaty should the United States decide to deploy a National Missile Defense.

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## Cambodia's Hun Sen hailed for human rights record

Cambodian Prime Minister Hun Sen, who has long been viciously attacked by the Western media and politicians, is suddenly receiving more fair treatment. (For an *EIR* interview with the Cambodian leader, see our issue of Feb. 12, 1999.)

Lakhan Mehrotra, Personal Representative of the UN Secretary General in Cambodia, praised Hun Sen for making the right connection between the rule of law and respect for human rights as being essential for development, the *Phnom Penh Post* reported on June 25.

In an interview with the *Post*, Mehrotra elaborated: "From 1989 to 1991, Hun Sen emerged as a staunch champion of human rights. He pleaded for references to genocide and crimes against humanity [against the Khmer Rouge]." Mehrotra refused to be baited about the deaths that followed the falsely labeled "coup" of July 1997, saying that Hun Sen is working directly with UN Secretary General Kofi Annan to bring about a trial of the Khmer Rouge.

Then, in the *Asia Wall Street Journal* on July 6, Barry Wain wrote a long and surprisingly honest profile of Hun Sen, after spending four hours with the Prime Minister at his residence. The report covers the extraordi-

**THE ISRAELI** internal security service, the Shin Beth, has tightened security around Israel Prime Minister Ehud Barak, in response to a possible threat from Jewish extremist groups. The Israel daily *Ma'ariv* quoted a senior military source saying that the Shin Beth was beginning to monitor several right-wing activists who could pose a threat to Barak.

**CHINESE** President Jiang Zemin will meet President Clinton in Auckland, New Zealand, when they both attend the Asia Pacific Economic Cooperation forum scheduled for Sept. 12-13. The meeting was announced by Chinese Foreign Minister Tang Jiaxuan in Singapore, after he met U.S. Secretary of State Madeleine Albright.

**THE ASEAN** nations of Southeast Asia reaffirmed their "one-China" policy at a July 23 ministerial meeting in Singapore. A Singapore spokesman said, with reference to China-Taiwan relations, that the final communiqué would emphasize "that tensions can mess up the economic recovery and in this connection the ASEAN countries will say that they stand behind the one-China policy, or words to that effect."

**THE EUROPEAN** Parliament officially inaugurated its new building in Strasbourg on July 20, which the Italian daily *Corriere della Sera* compared to the Tower of Babel. "Seen from the outside . . . it reminds one of Breugel the Elder's Tower of Babel. Seen from the inside, too." The huge facility, with 1,133 rooms, is constructed as a labyrinth of endless corridors, with no signs and abundant glass barriers.

**IRAN** is offering military assistance to Cambodia, including training and possibly air defense and naval equipment, the *Phnom Penh Post* reported on June 25. Cambodia has no air defense, and it has minimal capacity to guard its coastal borders against smuggling or protect offshore oil facilities.

nary dedication of Hun Sen to education and development for his country, and his non-doctrinaire form of "communism" during the 1980s, when Cambodia was battling the remnants of the Khmer Rouge, while suffering total isolation and a cutoff of assistance from the United States and the West, generally.

The article ridicules the charge in U.S. House Resolution 309, accusing Hun Sen of complicity in Khmer Rouge atrocities during their 1975-79 reign, and for "crimes against humanity" in the years of his rule. The article quotes a Western ambassador who said: "Hun Sen talked to me once for an hour about water pumps. He's fixated on irrigation."

## **London Economist: 'Unban the Taliban'**

In an editorial on July 24, the London *Economist* published an editorial endorsement of the Taliban crazies as the government of Afghanistan. The article, titled "Unban the Taliban," says that since the group has been acting as a government, actually "something like a stable government," and since that is what Afghanistan needs, why not just recognize it?

The British weekly notes that Russia, India, and Iran are totally opposed to the group, and adds that Washington has also taken steps against the Taliban. "The United States regards them with horror," it writes. "They give sanctuary to militants—one would say terrorists—including Osama bin Laden, who is accused by America of masterminding the blowing-up of its embassies in Kenya and Tanzania last year."

The *Economist* argues that it would be better to give diplomatic recognition to the Taliban, and enter into a dialogue with it, to solve problems—drugs, human rights, and terrorism—which the West is concerned about.

The editorial is all the more significant, when taken in the context of recent developments: As reported by the Iranian wire service IRNA, a meeting took place in July in Tashkent, Uzbekistan, of the eight countries

involved in the informal Afghanistan peace process, which agreed that there could be no military solution to the Afghan war. (The eight include Afghanistan's neighbors, plus the United States and Russia.) However, immediately after the meeting, fighting broke out again. This has been consistently the pattern, in that the Taliban do not want a negotiated solution, which would necessarily include a coalition of all political forces in the country, identified with the warring factions.

London is intent on preventing any agreement from coming into being among this grouping, which significantly does *not* include Great Britain.

## **Relations between Iran, Azerbaijan deteriorate**

Iranian-Azerbaijan relations are deteriorating, amid other Western-run efforts to destabilize Iran. The basis of the deterioration is NATO-steered, revived Azeri irredentist efforts to reincorporate Iranian Azerbaijan into a "Greater Azerbaijan." (Azerbaijan was divided between Russia and Iran during the Napoleonic wars.)

Indicative of the provocations afoot, former Azeri President Abulfaz Elchibey, who is the leader of the Azeri irredentist movement, told the Azeri press that the student protests in Iran are "a struggle against the Iranian regime," which show that the regime will soon fall. Consequently, he said, "Azerbaijanis living in Iran will start a national liberation movement."

Boyukbey Rasuloglu, chairman of the Baku-based Committee to Protect the Rights of Azeris Around the World, told the Azeri press that Iranian Azeris must constitute an "independent third force," since the possibility of Iran's breakup is "real."

Meanwhile, Aslan Khalidi, chairman of the National Liberation Movement of Southern Azerbaijan (i.e., part of Iran), has claimed that Iranian intelligence is increasing its efforts to subvert Azerbaijan. Khalidi points to Azeri dissident Mahir Javadov's recent move to Tehran from Vienna, to establish a forward-based Iranian capability for destabilizing Azerbaijan.

## Clark dumped as NATO head; Albright should be next

by Michele Steinberg

Gen. Wesley Clark, who earned the wrath of the Clinton White House and even some top officials in the Pentagon for his handling of the Kosovo war, and his push for a ground invasion of the Balkans, was informed suddenly, by a telephone call from Gen. Henry Hugh Shelton, Chairman of the U.S. Joint Chiefs of Staff, during a trip to Lithuania on July 28, that he will not be re-appointed Supreme Allied Commander/Europe (SACEUR). Clark was further informed, that he is expected to leave three months early, by April 2000, and that his replacement has already been named. The dumping of Clark is the first step in a cleanout of British agents of influence in U.S. military and security positions, one that is vitally needed to prevent the outbreak of a third world war.

Recently revealed details of Clark's operations as SACEUR confirm everything that *EIR* founder and Presidential candidate Lyndon LaRouche warned about in his article, "The LaRouche Doctrine" (*EIR*, April 16, 1999). That article exposed the fact that the Balkans war was a surrogate British operation to manipulate America into busting up the emerging alliance of the Russia-China-India strategic triangle. The Clinton administration, and its favorable orientation toward China and Russia, had to be stopped.

New revelations, in the Aug. 2 issue of the *The New Yorker* magazine, if confirmed, also put Clark irrefutably at the top of the chain of command in changing NATO's target-selection procedure, a change that would have facilitated the bombing of the Chinese Embassy in Belgrade by U.S. planes on May 7.

While White House official statements on Clark's removal reflect typical baby-boomer "diplomatese," praising him for his conduct of the Kosovo war, nothing could be further from the truth.

Highly reliable U.S. military sources report that the decision to dump Clark, and replace him with U.S. Air Force General Joseph Ralston, now the Vice Chairman of the Joint

Chiefs of Staff, came directly from the White House. Defense Secretary William Cohen, who was out of the country in Asia at the time of the notification, had no say in the matter, these sources say.

Another well-placed source, a Russian strategist thoroughly acquainted with U.S. military circles, put the firing of Clark in a broad strategic context. Clark was guilty of full-scale insubordination against President Clinton. There was increasing friction with the Pentagon, as Clark insisted on ground troops, and tried to bully through the use of ill-prepared Apache helicopter crews to justify a ground invasion. Clark also opposed the cease-fire, and tried to provoke a direct confrontation with Russian paratroopers who occupied the Pristina airport as part of the peacekeeping force. He was reined in from Washington.

There is no question that Clark is one of the key operatives working on behalf of Her Majesty's British Empire against Clinton's policies and against the interests of the United States.

According to the Hollinger Corp.-owned *Daily Telegraph* of London, Clark was "an advocate of preparing for a ground war [in Kosovo] . . . in the face of deep reluctance from the White House and the Pentagon to deploy ground troops." The *Telegraph* ought to know: The publication is owned by Conrad Black, the Canada-based billionaire, who financed the launching of the "NATO enlargement" doctrine through the founding of "New Atlantic Initiative" run by former British Prime Minister Margaret Thatcher and the U.S.-based Zbigniew Brzezinski, both members of the Hollinger board of advisers. As *EIR* has documented, the *Telegraph* was also at the center of the British operation to eliminate President Clinton, through impeachment. During the Kosovo war, the *Telegraph* editorialized that Prime Minister Tony Blair should be the "real President" of the United States because

he, unlike Clinton, was ready to carry out a full-scale ground war in Yugoslavia, and didn't fear a confrontation with Russia.

### 'Court-martial the SOBs'

The May 21, 1999 *EIR Feature* story, entitled "LaRouche: I Would Court-Martial the SOB's," directly identified Clark as one of the British agents who must be ousted. *EIR* quoted a May 10 LaRouche Presidential campaign statement about the Chinese Embassy bombing, which says, "The statement of NATO's Gen. Wesley Clark, to the effect that he continues to stand by the system [of targetting] . . . would be sufficient proof to require his immediate discharge for cause of culpable intent to foster negligence in related matters."

The relevant statements by Clark, quoted by *EIR*, said, "The target was mistakenly identified. There was no pilot or crew error. . . . It was a case of the selection of the target and the process that was involved there. We've looked at that process, we've got confidence in it. . . . This was an anomaly and we're going to continue to intensify this air campaign. We're not going to let an incident like this deter us." Clark disdained an ABC reporter's suggestion that an investigation was necessary.

But new revelations by *The New Yorker* journalist Michael Ignatieff indicate that Clark has a lot to hide. According to Ignatieff, Clark developed a "rapid-reaction targetting system" for air strikes in late April, because the normal targetting verification system took "too long." This system would have come into play after it was clear to Clark and his British government secret collaborators that President Clinton was *not* going to capitulate and agree to a ground invasion of Kosovo.

Clark looked for a way to escalate the war by expanding the number of targets and speeding up the targetting process. Ignatieff writes, "The standard air-tasking order—assigning a pilot to a particular target—took 72 hours to clear all its hurdles, and this was too slow." Generals, such as American Air Commander Gen. Michael Short, a Vietnam veteran, was one among the officers who told Clark that pilots "don't develop targets." But Clark was adamant, and "took care of that" opposition.

The article says that at SHAPE headquarters, Clark's team improvised a "target-development-and-review process . . . a computerized system that operated in real time." This system became operational in late April. "Once it was running, it finally gave Clark control of his airwar."

### Albright goes 'psycho'

While Clark's firing is a step in the right direction, President Clinton must move immediately to oust Clark's cohort, Secretary of State Madeleine Albright, whose saber-rattling and unauthorized confrontations with Russia during the Rambouillet talks on Kosovo, brought about the Balkans war. Albright is a disaster, and her psychological instability is no joke.



Gen. Wesley Clark was identified by Lyndon LaRouche on May 10 as one of the British agents and "SOBs" who must be ousted.

The lunatic antics by Albright at the Association of South-east Asian Nations (ASEAN) meeting in Singapore makes this firing even more urgent.

On July 28, at the ASEAN concluding banquet, Albright had one of her "male" minions, Assistant Secretary of Defense Kurt Campbell, dress up in drag as "Madeleine II" and sing a provocative song about the "American hegemony" secured by the Kosovo war. Two years ago, as the Asian financial crisis was breaking out, Albright herself sang of her loyalty to George Soros, and attacked Malaysian Prime Minister Dr. Mahathir bin Mohamad; last year, she sang with former Russian Prime Minister Yevgeni Primakov. This year, "her" song about hegemony was a direct counter to the statements of Chinese Foreign Minister Tang Jiaxuan, who attacked "hegemonism" at the ASEAN summit (see article, this issue).

Albright had to leave early, so Campbell dressed up in drag, posing as the ugly Albright, to sing a tune called "Lone Superpower," to the tune of "Home on the Range." The drag review was introduced with videotaped message by Albright, stating: "American technology can achieve miracles. . . . Before leaving Singapore, I had myself cloned. And I have left behind Madeleine II . . . who combines the modesty of Henry Kissinger with the shyness of Madonna—me."

Campbell then sang the lyrics that convey the lunatic mindset of Albright and the so-called Kosovo "victors": "Lone, lone superpower/From Pristina to Port Au Prince Haiti; Some countries complain/We feel their pain, But we're sticking with hegemony. . . . Where the people can vote/And the currencies float, And the countries all do what we say."

On learning of this performance, LaRouche said, "Has Madeleine gone completely psycho? Where is her psychiatrist?" LaRouche likened Albright's performance to Genghis Khan playing billiards with the heads of his victims, and said that President Clinton, to save the honor of the United States, must announce that Albright is being dismissed.

# Al Gore's genocide policy could sink his campaign

by Scott Thompson and Michele Steinberg

One of the leading topics for the 12,000 participants at an international conference on the world AIDS crisis, which opened in Durban, South Africa on July 22, is to expose the role of Vice President Albert Gore, Jr., in denying African countries the right to purchase low-cost generic drugs for the treatment of HIV and AIDS. As the American head of the U.S.-South Africa Binational Commission, Gore used every threat possible under his doctrine of globalism, to force South Africa to abandon its plans for purchasing generic drugs for the treatment and prevention of AIDS. In 1998, using the sledgehammer of the State Department's definition of protecting "intellectual property rights," Gore threatened then-Deputy President Thabo Mbeki (the Republic of South Africa's new President) with an economic boycott if the nation did not void its law that allowed the development of affordable drugs to fight AIDS.

The criticism of Gore is not limited to Africa; his genocidal policies are becoming notorious throughout the world, including in the United States, where voters persist in rejecting him.

At a conference of the Schiller Institute in Oberwesel, Germany on July 24-25, Lyndon H. LaRouche, Jr., the third major candidate for the 2000 Democratic Presidential nomination, described a cartoon he had commissioned, in response to a question about the American election from a participant from Africa. Gore, LaRouche said, is not intended to win the election; he's only intended to get the Democratic nomination, so that Bush can win the Presidency. In the cartoon, Bush is riding Al the Donkey into the Presidency. If the donkey is knocked out, the rider will go too.

LaRouche explained that he is the "third" of three major candidates in the Democratic Party. The "second" candidate is former basketball player and former Sen. Bill Bradley, best known for television shots of his armpits. LaRouche said he is not saying much about Bradley now—the priority is to knock out Gore politically.

The context for the election campaign is that the whole global system is finished, explained LaRouche, and he is the only candidate capable of both telling the truth about the crisis, and posing a solution.

After Gore's atrocity in Malaysia last November, where he called for the overthrow of Prime Minister Mahathir, who had defended his nation against international hedge funds and

financial speculators, LaRouche decided that Gore was a great danger. LaRouche said he "wrote a couple of articles" which were widely circulated, which caused Gore to react. Now, Gore is in the process of destroying himself.

## Up the creek . . .

On July 26, the *Washington Post* reported that the Gore campaign is going to get tough against Republican front-runner George W. Bush, and will "ignore" Bradley. In this shift, Gore's campaign strategists want to pit "Mr. Megabucks" (that is, Bush, whose campaign accounts are bulging) against "Mr. Message" (that is, Al Gore).

Gore's first problem? As even the media hyenas note, Gore doesn't have a message. His early "practical idealism" label was immediately dropped; his harping on "family values" and his lifelong love affair with his wife, Tipper, played like a bad imitation of Pat Robertson's hypocrisy; and his fatally stupid attacks on the very popular Bill Clinton over the Monica Lewinsky affair are sinking the Gore campaign further.

And just when former Congressman Tony Coelho, the well-known political thug who runs Gore's campaign, tried to shift the agenda to "issues" to underline the Gore/Bush race, "the dam burst" with bad news. In a cascade of negative reports, the *Wall Street Journal* revealed that Gore was lagging by \$240,000 to \$408,000 or more behind Bradley in campaign contributions from the "Silicon Valley" high-technology computer and telecommunications belt in California; new polls show George W. Bush leading Gore by 56% to 38%; and top Gore campaign loyalists are complaining to the media that they being spied on by the "K Street" apparatus—run by Coelho—while they are out in the field trying to campaign for Gore. One unnamed "exasperated" Democrat told the *Washington Post*, "Show me one Democrat besides Tipper Gore" who is dedicating all his time and effort to get Gore elected.

Next, a relatively minor incident—a campaign publicity stunt for Gore, the "great environmentalist," to be photographed on a canoe trip in New Hampshire—took center stage, becoming the symbol for everything that's wrong with Gore: He is now being buried in criticism over the waste of 4 billion gallons of water that was dumped into the Connecticut River from a power company reservoir, so that Gore could



*Al Gore's trip down the Connecticut River cost the citizens of New Hampshire "6 billion flushes," while all around the country, voters are becoming disgusted with the "environmentalist Vice President."*

paddle four miles down the river without getting stuck in the mud.

Local officials hit the roof. Waterways in New Hampshire, as in many parts of the United States, have been drying up in the severe drought conditions. Director of Natural Resources Jim Kassel, in neighboring Vermont, blasted the water spill, pointing out that requests to release extra water to save the salmon population had been turned down. When asked about this water waste, Gore and his campaign stooges claimed they "knew nothing" about it, and hadn't requested it.

However, it was soon revealed that the same thing had happened before. A week after the New Hampshire incident, the *Rocky Mountain News* of Colorado on July 27 reported that in the 1996 Presidential campaign, Gore had had some 96 million gallons of water released into the South Platte River so that he could be seen giving a speech in front of a "roaring river."

A day later, July 28, Gore was criticized in a House of Representatives hearing reviewing the 1992 "toilet bill," which had been supported by then-Senator Gore, to restrict the size of toilets in the United States to save water. Rep. Richard Burr (R-N.C.) said that the "Vice President, in his trip down the Connecticut River, cost us 6 billion flushes." GOP chairman Jim Nicholson put out a press release saying:

"Al Gore and the liberals tell us to hold our water, while they waste 4 billion gallons in the middle of a drought."

## Genocide

Such a stunt reveals Gore's true nature: He could care less about the environment. His much touted "environmentalism" is a cover for his belief in radical population reduction—eliminating 2 to 3 billion human beings. As *EIR* has reported, Gore's book, *Earth in the Balance*, singles out African countries such as Nigeria, where he says population growth is "frightening."

On July 21, Rep. Bernie Sanders (I-Vt.) sponsored an amendment that would have prohibited the U.S. State Department from punishing countries that take actions, legal under World Trade Organization rules, to make affordable AIDS drugs available to their populations. Although the House rejected the measure by a vote of 307-117, the debate reveals the depth of concern over the AIDS epidemic.

In his statements, Sanders called the AIDS epidemic "one of the great moral challenges of this century." He urged his colleagues, "Get the U.S. government on the right side of this issue and help save millions of lives."

Rep. Marion Berry (D-Ark.) backed Sanders's amendment, making the obvious point, "What good are life-saving drugs if they are not affordable for the people who need them? We should not punish countries for trying to save their citizens' lives."

## Profits first

Like Gore, the majority of House members appeared more concerned about the profits of the pharmaceutical firms that produce the drugs, than the people whose lives the drugs are intended to save. Rep. Sam Gejdenson (D-Conn.) warned that while Sanders's motives may be noble, the result of his amendment "will be reduction in new drugs that will save lives." He added that the amendment would "give the opportunity for wealthier nations" like Israel, he said, "to try to evade our intellectual property laws," and buy drugs in countries that produce them generically.

However, the rhetoric by Gejdenson and others is not taking the heat off Gore, especially with new reports on child mortality, such as the recent UNICEF report (see accompanying article), that show the magnitude of the threat.

Jamie Love of the Center for the Study of Responsive Law, a leader of AIDS Drugs for Africa coalition that has exposed Gore's role, told *EIR*: "It's hard to appreciate the horror of the situation. Millions of South Africans will die because of what Vice President Gore has done."

"South Africa is prepared to pay reasonable royalties," Love said, and "the conditions . . . meet those of the World Trade Organization. One out of every five young South Africans is infected by HIV/AIDS and will die. But Gore has kow-towed to the pharmaceutical companies, so that he can raise campaign contributions. Yes, I would agree with you that

‘genocide’ is an appropriate term.”

Love said: “Al Gore . . . is head of the Commission on Binational Relations with South Africa. . . . He said that he had only allowed there to be ‘moderate’ sanctions . . . rather than the tough sanctions that have been called for by the drug companies. . . . What is Gore talking about? People are dying in big numbers, and they view people who are infected as already dead, so why give them any treatment? It is terrible and immoral!”

On June 30, Rep. Harold James, head of the Pennsylvania State Legislature’s Black Caucus, and one of the most widely known African-American leaders in the United States, issued a statement asking, “Will millions die in South Africa because of Al Gore’s policies?”

James’s statement reads in part: “Disturbing reports have come to public attention recently, concerning the apparent role of Vice President Al Gore in denying affordable AIDS medications to . . . South Africa. . . . Why would Al Gore take

actions, which would unnecessarily increase the suffering and deaths from AIDS in Africa?”

“In 1997, the government of South Africa passed legislation allowing the domestic production of generic versions of AIDS drugs, and the purchasing of cheaper types of AIDS drugs on the world market. The law also requires a reasonable fee to be paid by domestic producers to the drug companies which hold the patents. The pharmaceutical industry is worried that if South Africa and other Third World countries go ahead with these plans, their ability to charge vastly inflated prices . . . may be undercut. While AZT, for example, can be purchased on the world market for 42 cents for 300 mg, it retails in the United States for nearly \$6 a pill.”

The criticism from Representative James, a collaborator of Lyndon LaRouche in the policy fight for a New Bretton Woods monetary system, is the tip of the iceberg. Reports from the South Africa conference on AIDS will indeed begin to “break the silence.”

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## UNICEF: AIDS creating a dark age for children

by Colin Lowry

A UNICEF report, “The Progress of Nations,” paints a devastating picture of the impact of the AIDS epidemic on children around the world. The focus of the report is on Africa, where the epidemic has already killed 12 million Africans, and is poised to wipe out most of the current generation of African children. All of the modest gains in child mortality and life expectancy that were built up over decades have been eliminated, and they are now rapidly declining.

In the nine countries of southern Africa, AIDS is a leading killer of children under 5 years old. In Botswana, 64% of deaths in children under 5 are due to AIDS. In South Africa, Zimbabwe, and Namibia, 50% of child deaths under 5 are due to AIDS. In Zimbabwe, the U.S. Census Bureau projects that by 2010, child mortality will be 350% higher than it would have been without the effects of AIDS. In many of the countries of southern Africa, AIDS is projected to account for a 100% increase in child mortality by the end of the year 2000. According to the report, in some of these African countries, three out of four pediatric hospital beds are taken up by children with AIDS.

### A growing number of orphans

As horrible as these figures are, there is another side to this story: What happens to the children who survive past age 5? The most likely answer is that they will become “AIDS

orphans,” whose parents have been killed by AIDS. There are now 8.2 million children in Africa whose parents have been killed by AIDS. The total number of orphans is growing rapidly, with 13 million expected by next year, of whom 10.4 million will still be under the age of 15.

In 35 countries around the world, the rate at which children have been orphaned has doubled, tripled, or even quadrupled in just three years, 1994-97. In most of the industrialized nations of the world, no more than 1% of the child population is orphaned. In the areas hardest hit by the AIDS epidemic, 7-11% of the child population are orphans. In Uganda, there are 1.7 million children who have lost their parents to AIDS, and this is 11% of the total child population, the highest rate in the world.

The orphan problem is not limited to Africa. In Asia, the orphan population may triple by next year due to AIDS. The epidemic, and the rate of children being orphaned, is exploding in Thailand, Cambodia, Vietnam, and India. Add to that the fact that there are at present more children living with an HIV-infected parent, than all the orphans combined. The worst affected areas of the world are struggling to care for the ill and “a generation of orphans, on a scale unprecedented in human history.”

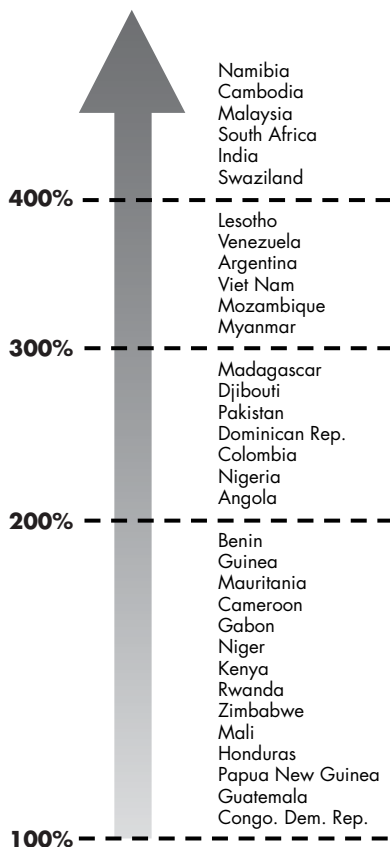
The epidemics’ impact on children is even more pernicious. Orphaned children suffer from malnutrition, are often denied any real education, and are more likely to die from other preventable and treatable diseases. A study in Tanzania found that families that lost one adult to AIDS suffered a 15% drop in their level of nutrition. Malnutrition at an early age can be especially damaging to development, and among AIDS orphans, stunting of growth occurs in about half of these children.

In most countries in Africa hardest hit by the epidemic, the skilled adult workforce has been devastated by AIDS. But



## Mounting toll

Where the number of children orphaned by AIDS has increased sharply over three years\*



\* Countries are listed in descending order of percentage rate of increase over the three-year period, 1994-97. Here, orphans are defined as children under the age of 15 who have lost their mother or both parents to AIDS.

Source: UNAIDS/WHO.

now, with millions of children dying of AIDS, and millions more being orphaned, who will be left to replace this workforce? Among orphans in Zambia, 32% in urban areas were not enrolled in school, and in rural areas, 68% were not in school. But then, where will the necessary numbers of skilled teachers come from to teach the children? In Malawi, a study found that more than 30% of the schoolteachers were infected with HIV.

If the situation is not turned around in Africa, the future for the children will be filled with funerals, orphans, and an early death. The "Dark Age" that is currently sweeping through Africa, cutting down the young like a huge thresher, will continue to spread, unless a crash program of infrastructure building and medical research is undertaken on a scale also never before seen in human history.

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## Book Review

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### George Stephanopoulos, Gore, and Dick Morris

by Debra Hanania Freeman

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#### **All Too Human: A Political Education**

by George Stephanopoulos

Boston: Little, Brown and Co., 1999

456 pages, hardbound, \$27.95

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I read this book back in March and decided then that I wouldn't review it. I read an awful lot of books of this genre: memoirs by "political insiders." I read them because it helps me do my job, not necessarily because I like them. In fact, the only such book I can honestly say I liked was the one written by Barbara Bush's dog. After reading that book, I liked the dog, even though the dog was a Republican.

Now, I should tell you right up front that I harbored prejudice against the book before I read it. It had to do with the book's title, "All Too Human." Presumably, it is taken from Nietzsche; I really hate Nietzsche. After reading this book, though, I decided that I really didn't like George Stephanopoulos, and that's why I wasn't going to review it. I couldn't seem to separate my dislike of him from his book.

Stephanopoulos wants the reader to feel sorry for him; for all he went through during his tenure in the White House. It was no picnic for poor George. The President even yelled at him! Stephanopoulos reveals that the experience was so stressful, his skin broke out, he experienced depression and anxiety, he began seeing a therapist, and he started taking the mood-elevating prescription drug Zoloft while working as the President's senior adviser. He tries to make the case that it was Bill Clinton's fault. He may have a better case against his therapist; I think she may have over-prescribed the Zoloft.

He repeatedly asks, "What is a nice boy like me doing in a brothel like the Clinton White House?" His moralizing can grow very tiresome, as the reader is treated to the story of how a good Greek Orthodox altar boy was almost corrupted by power, but, in the end, escapes.

An astute reader will see, however, that Stephanopoulos was never in danger of being corrupted by power. He *was*, however, corrupted by his fear of losing it. He was so afraid of losing it, in fact, that he was willing to climb in bed (figuratively, as far as I know) with Republican mole Dick Morris,

Clinton's former 1996 campaign adviser, so he could get back into meetings with President Clinton to which he was no longer invited, as the President became increasingly dissatisfied with his advice: "I was excluded, which was killing me and my pride. I needed to be in those strategy sessions. The President needed for me to be there." Stephanopoulos insists, "I had to hug Morris to stop his crazy ideas before they went too far."

### Bad advice

Now, that is just crazy! How could *anyone* defeat Morris by "hugging" him? It is also the case that Stephanopoulos's fall from grace inside the Clinton White House might be more of a positive recommendation for the President than anything else. Stephanopoulos was giving the President very bad advice. The "gays in the military" debacle was his brainchild. Later on, President Clinton wisely ignored his advice that we should evade our own laws against assassinating foreign rulers.

It is also clear from reading the book that Stephanopoulos didn't pick up his ambition and opportunism in the Clinton White House. He brought it with him. He tells us, in his own words, that he did not choose Clinton as his candidate because he admired him. He tells us that he admired Mario Cuomo, had ties to House Minority Leader Richard Gephardt (he worked for him), and was urged by his family to support Paul Tsongas because he was Greek. He went with Clinton for two reasons: He thought Clinton admired *him*, and he thought Clinton could win.

Stephanopoulos has an uncanny ability to be self-flagellating and self-promoting simultaneously. One anecdote: Stephanopoulos writes that he found himself "a wreck" in 1993 when, during a nationally televised appearance, the President's TelePrompTer, which was supposed to unspool a major health care address, instead showed the last State of the Union address.

"This screwup might not have been my fault, but it was my responsibility. 'This is the worst thing that's ever happened,' I muttered." It is very hard to tell if Stephanopoulos gets the point when another staffer, Mike Feldman, is astounded. Feldman replies, "I dunno, George, the Holocaust was pretty bad."

But, despite the fact that all this self-importance and self-promotion grows tiresome, the book is worth reading. It was not until I read it that I began to understand Morris's rise to power inside the Clinton White House.

Stephanopoulos explains that for months, Morris was banned from ever setting foot in the White House. The President talked to Morris only on rare occasions, and then, it was over the telephone, usually late at night, and the President even used a code name.

### Gore and the Morris disaster

We learn that all this changed after the Democrats' disastrous 1994 loss of Congress to the Newt Gingrich-Conserva-

tive Revolution crazies. It didn't change because of the President. And, it didn't change, as I had always assumed, because of Hillary Clinton's superstitious attachment to Dick Morris. *It changed because Al Gore insisted that Dickie be brought in!* It was Al Gore who promoted Morris's "triangulation" theories. Gore argued that it boiled down to a relatively simple idea: steal the popular-sounding parts of the Republican platform—like welfare reform—sign them into law, and we win! Gore apparently argued that the fact that it would anger Democrats was not a drawback, but a bonus!

It's an interesting bit of information. It should go a long way in helping to cast aside that poisonous rumor that, as a matter of pre-ordination, it will be the increasingly unelectable Vice President who will carry the Democratic banner in the year 2000 election. It makes wading through the rest of the book worth it.

An insightful reader gains a great deal. Illusions created by the media are dispelled. The picture of Stephanopoulos that was established during the 1992 campaign, of the moral, quiet, intellectual, sensitive foil to James Carville's "Ragin' Cajun" flamboyant, win-at-all-costs ruthlessness, disappears. Stephanopoulos emerges as nasty and opportunistic. The reader is taken aback by his italicized put-downs and muttered obscenities to *all* the people, including the First Lady, that George is too much of a coward to tell off to their faces.

Finally, Stephanopoulos notes that, before Monica Lewinsky, he had intended to write the story of "how an ambitious and idealistic President of uncertain personal character grew in office," and how a group of "good, talented but fallible people tried to use (what Vaclav Havel called) 'the art of the possible' to effect the 'art of the impossible,' namely, the art of improving ourselves and the world."

He says that the Lewinsky affair changed his appraisal of President Clinton. He tells us that, if he had known in 1992 what he knows now, he would not have supported Bill Clinton; he would not have worked in the Clinton White House.

Don't believe a word of it. He owes Clinton everything. Were it not for his association with a gifted (though obviously flawed) President, George Stephanopoulos would not be working as a very highly paid television commentator, he would never have had a teaching job at Columbia University, and he most certainly would never have received the \$2.85 million advance that Little, Brown and Co. gave him for this book.

Judge for yourself. You don't have to buy the book. Take it out of the library. There are things to be learned here. I hope the President learned something about how to select the people who serve him. I hope Bill Clinton learned, for instance, that someone like James Carville, the anti-racist Southerner from a large Roman Catholic family, will always be a more trustworthy ally than someone like George Stephanopoulos, the theologically trained schemer with the cherubic face.

# LaRouche's ideas dominate state legislators' conference

Despite the fact that Lyndon LaRouche was prevented from addressing the national meeting of the National Conference of State Legislators (NCSL), which took place in Indianapolis in late July, his drive for the Democratic Party nomination in the year 2000 dominated the debate among both Democratic and Republican legislators in attendance.

An organizing team dispatched from campaign headquarters brought a strong dose of reality to an agenda that otherwise generated very little interest. Few of the official panels drew more than 50-75 participants, while the majority of the several thousand in attendance spent their time at the nearby Indianapolis Speedway. Such behavior was not surprising, when one considers the content of most of the panels.

The conference occurred while most state legislatures are scrambling to control the damage wrought by the unraveling of the global financial system, including, but not limited to, the forced sell-off of many states' vital infrastructure to private interests, and the burden of providing some social safety net to increasing numbers of poor and working poor citizens, particularly as the catastrophic impact of Federal welfare reform legislation is being felt. Many face real medical emergencies due to the inadequacy of the states' health apparatus in the wake of the still growing AIDS epidemic. Others are having to deal with massive losses suffered by state pension funds that were heavily invested in high-risk derivatives and other speculative ventures.

Despite this, though, there was only one panel (undoubtedly the week's most heavily attended workshop) devoted to discussing the AIDS epidemic, and that was one organized by the National Black Caucus of State Legislators. For the most part, panels were dominated by high-pressure pitches for privatization, and fantasy-laden discussions about expanding trade with economies in Africa and elsewhere that are near death.

LaRouche organizers circulated thousands of copies of the candidate's analysis of the financial crisis and concomitant economic crisis, and his proposal for global reorganization. As distribution of the pamphlet "The Pure Evil of Al Gore" intensified, the number of "Gore for President" supporters noticeably diminished.

Just a few days before the commencement of the conference, the NCSL staff announced that former U.S. Senator Bill Bradley, who is also seeking the Democratic Party Presidential nomination, would address the gathering. When LaRouche's campaign committee demanded that LaRouche also be accorded an opportunity to speak, that request was

denied, with an excuse of "logistical considerations." Conference officials did feel compelled to provide the LaRouche campaign with a meeting room. Meanwhile, the major Indianapolis newspaper ran a cartoon ridiculing candidates Gore and Bradley, showing Bradley with long rubbery legs, and Gore with a tree trunk for a torso (an increasingly common depiction).

LaRouche spokeswoman Debra Hanania-Freeman released a statement condemning the inadequacy of the response (see *Documentation*), which was widely circulated among the participating legislators as well as the press. The denial of equal time to LaRouche, especially given that a significant number of both past and current NCSL members have endorsed his candidacy, became a point of heated controversy in several meetings of the group's governing bodies, and many legislators sought out the LaRouche organizers to tell them that they had registered protests with NCSL head Rep. Dan Blue (D-N.C.). Some even tried to persuade the campaign to seek legal recourse.

Although legislators were anxious to talk to the LaRouche organizers and the demand for LaRouche's material was high, most shied away from demands that they publicly endorse Lyndon LaRouche's candidacy now. Ironically, increasing numbers of Democratic legislators confided that they had little affection for Gore's candidacy. Some reported that even President Clinton, whose early anointment of Gore led to a widespread belief that Gore had the nomination tied up, was telling them that "Gore's candidacy is history."

"I'm really looking very closely at Bill Bradley," was an increasingly common refrain among the Democrats—that is, until Bradley spoke. According to the printed agenda, Bradley was to address two plenary sessions of the convention. A shorter Tuesday morning address was to be followed by a longer speech that afternoon. Inexplicably, however, the afternoon speech never occurred. As of this writing, it is not clear whether the decision to limit Bradley's remarks came from the Bradley campaign, or from the NCSL.

Those who did hear Bradley seemed less enthusiastic about his candidacy than they had been before. According to the written text that was released to the press, Bradley professed his undying faith in the magic of the marketplace, and attempted to peddle an increasingly hard-to-sell fantasy about endless gambling profits on the stock market.

One legislator, who had gone into the meeting talking about how he was seriously considering supporting Bradley, came out shaking his head in disgust. "That was the worst

speech I ever heard," he complained. By the end of the day, he had endorsed Lyndon LaRouche's candidacy.

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## Documentation

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*Debra Hanania-Freeman, national spokeswoman for Democratic Presidential candidate Lyndon H. LaRouche, released this letter to Dan Blue, chairman of the National Conference of State Legislatures, on July 26.*

I've been informed that the NCSL has refused to allow Mr. LaRouche the opportunity to address the currently ongoing NCSL convention in Indianapolis.

As you know, Mr. LaRouche announced his candidacy for the Democratic Party nomination in July 1997 and, shortly thereafter, filed his statement of candidacy with the Federal Election Commission in Washington, D.C. Today, the FEC recognizes Mr. LaRouche as one of the three leading contenders for the Democratic nomination, along with Vice President Gore, and former U.S. Sen. Bill Bradley of New York.

Your organization's decision to extend an invitation to Senator Bradley, while denying a similar opportunity to Mr. LaRouche, reeks of the kind of "old boy" political fixing that one might have expected from Tammany Hall. It certainly is not what I expected from a progressive, multi-partisan associ-

ation like the NCSL.

The decision is not only unfair and, possibly illegal, it is also stupid. A worldwide economic depression is already under way. During the coming weeks and months, very few American voters will be able to retain any wishful delusions about the so-called economic recovery. The future of our nation and its people depends on the alacrity with which our leaders respond.

Mr. LaRouche is the leading proponent of a new, just monetary reorganization based on the American System, and, he is the leading opponent of the International Monetary Fund. Ironically, if you take each of the issues that the NCSL has defined as critical, from the crisis in health care, to the demise of America's agricultural production, to the collapse of our urban infrastructure, you will find that Mr. LaRouche has been directing the fight for solutions.

In 1996, Lyndon LaRouche received more than 600,000 votes within a limited number of states. The conditions of crisis now make his potential vote much higher. For many Americans, LaRouche's candidacy may well be the ONLY thing that brings them to the polls.

The NCSL's decision to exclude Mr. LaRouche is a very bad one. Within weeks, your members are likely to find their constituents screaming for solutions, while loudly invoking the "general welfare" clause of the U.S. Constitution. Had Mr. LaRouche been permitted to address the NCSL convention, your members would have been much better equipped to respond.

## LaRouche associate Hecht is released on parole

LaRouche associate Laurence Hecht was released on parole on July 13, after serving 5 years, 8 months, and 13 days in the Virginia state prison system. In February 1987, he was charged with the crime of securities fraud, in prosecutions arising out of a joint Federal and multi-state "Get LaRouche" task force, which worked under the direction of Henry Kissinger, FBI Director William Webster, and the highest levels of the Justice Department permanent bureaucracy, to eliminate Lyndon LaRouche as a factor in U.S. and international politics.

Hecht was convicted in January 1991, and sentenced to 33 years. Three of his co-defendants, LaRouche associates Michael Billington, Anita Gallagher, and Paul Gallagher, are still serving time in Virginia prisons, with sentences of 77 years, 39 years, and 34 years, respectively.



*Paroled political prisoner Laurence Hecht, shown here with a model of the scientific apparatus developed by Carl Gauss and Wilhelm Weber to measure the Ampère angular force in electrostatics. While in prison, Hecht made a study of the Ampère-Gauss-Weber development of the laws of electrostatics, which was published in the Fall 1996 issue of 21st Century Science & Technology magazine.*

# British Commonwealth secret services deploy neo-Nazism

by Anton Chaitkin

Over the July 4 weekend, American newspapers headlined the Illinois-Indiana shooting spree attributed to Benjamin Nathaniel Smith. Suspected of killing an African-American and a Korean-American, and wounding several Orthodox Jews, Smith reportedly committed suicide during a showdown with police. The police said he shot himself three times.

The 21-year-old Smith seems to have picked his targets at random, noticing only their racial/ethnic identification. After his death, police and other officials confirmed that Smith was a member of the "World Church of the Creator," a highly secretive neo-Nazi group that recruits young people through the Internet based on explicitly anti-Christian, radically nihilist appeals.

(Smith may have sufficiently debased his mind for this guided madness, through his reported prior addiction to *Dungeons and Dragons*, a feudal-racist fantasy game developed by military war-game professional Gary Gygax.)

The recently mounting toll from berserk shootings in high schools heightened public interest in the Smith case, as an apparently new phase of "blind" terrorism by young Americans against other Americans.

Soon after Smith's death, Benjamin Matthew Williams and James Tyler Williams were arrested in California, and are being investigated for the murder of two homosexuals and the firebombing of Jewish synagogues. The Williams brothers reportedly possessed quantities of literature from the Church of the Creator.

To keep up the momentum, a neo-Nazi grouplet close to the Church plans to march and riot outside the White House in Washington on Aug. 7, a staging whose script includes what the group calls "hand-to-hand combat" with "leftist counter-demonstrators."

The U.S. Justice Department is now talking about a possible FBI investigation of the Church of the Creator, while California police have paid numerous visits to suspected members.

Up to now, news outlets have been surprisingly negligent about delving into the background of the Church. Yet, only six years ago, the group was involved in Canada in one of the biggest scandals of police-controlled radicalism ever to hit

the front pages.

This report presents evidence that the neo-Nazi movement is a controlled initiative of the British Commonwealth secret services, in league with certain U.S.-based military, police, and private agencies.

The Church of the Creator, essentially defunct in the early 1990s, was revived and re-deployed by the Canadian Security Intelligence Service (CSIS). CSIS agent Grant Bristow, who in 1989 had created Canada's neo-Nazi "Heritage Front," guided and used the Church of the Creator as the "security arm" of the Heritage Front.

Much of this was publicized when the scandal broke in Toronto newspapers in August 1994. The official Canadian/British Commonwealth intelligence watchdog, the Security Intelligence Review Committee, wrote a 193-page report on the affair for the Solicitor General, seeking to justify secret police activity which had caused alarm among the Canadian public. Their justification: We had to shape the movement, in order to surveil it.

## The smoke and mirrors of a police provocation

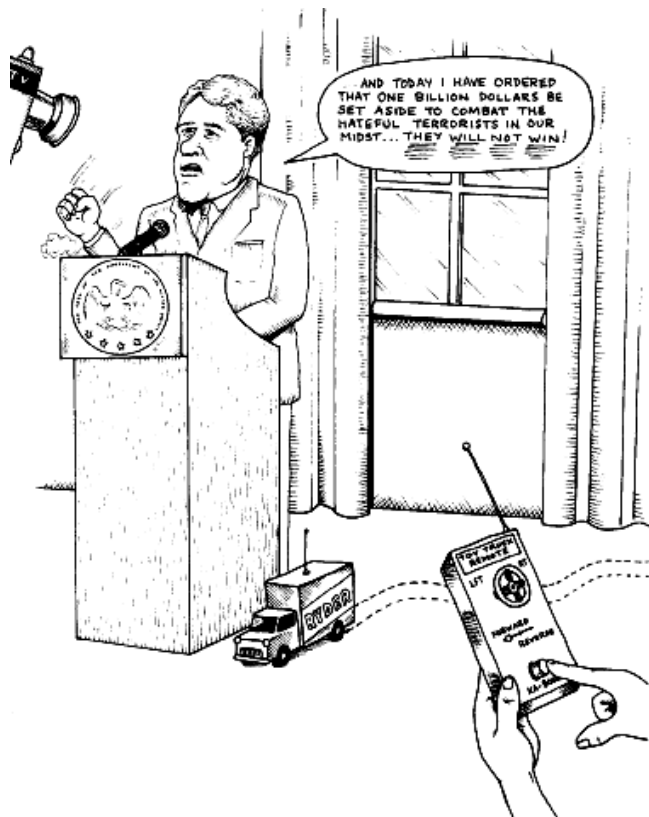
On Aug. 14, 1994, the *Toronto Sun* began the media exposé on how the Canadian secret police created the neo-Nazi movement. Under the headline, "Spy Unmasked: CSIS Informant 'Founding Father' of White Racist Group," reporter Bill Dunphy wrote:

"A paid informant for Canada's spy agency helped create and direct this country's largest and most successful neo-Nazi group. . . .

"Grant Bristow not only helped found the white racist Heritage Front, he directed a harassment campaign that may have contributed to street clashes between racists and anti-racists."

The Church of the Creator, now promoting race war in the United States, carried out Bristow's harassment instructions and served as the street-thug "Security Legion" of the Heritage Front in the affrays described. Indeed, a classic police provocation of this same variety is planned for Aug. 7, 1999 at the White House.

The *Sun*'s Dunphy continued:



This cartoon, from Tom Metzger's *White Aryan Resistance* website, is an "Oklahoma City"-style assassination threat against President Clinton.

"Bristow, intelligence chief and co-director of security for the white racist Heritage Front, has been a paid informant of the Canadian Security Intelligence Service since early 1989. . . .

"Describing the group's dirty tricks, former Front member Ken Barker said: 'Grant brings the wood, he brings the kindling, he brings the match and says, "Light it."'

"Intelligence sources say that during 1993 [alone] Bristow was paid \$50,000 to \$60,000 [by the Canadian government agency].

"Heritage Front members . . . have consistently described him as a 'founding father' of the organization. . . . [Bristow also] paid for organizing and networking trips made by Front leaders.

"As intelligence director, Bristow 'hacked' into voice mailboxes and answering machines to steal names and phone numbers of Front enemies, information he passed out in a fitful campaign in 1993."

On Aug. 19, 1994, the *Toronto Star* published sections of a classified CSIS document, leaked to the newspaper by Brian McInnis, who had been an aide to Canada's former Solicitor General, Douglas Lewis. The secret CSIS document warned of a Canadian newsman's investigation of neo-Nazi activity in the Canadian Airborne elite special forces unit. *Star* reporter David Vienneau wrote, "The document suggests that

if former solicitor-general Doug Lewis were to be questioned in the House of Commons, about CSIS's investigation [sic] of the Heritage Front, he should decline to confirm or deny any operational activities of the spy service."

Royal Canadian Mounted Police promptly arrested the leaker, McInnis, held him for six hours, and threatened prosecution under the Official Secrets Act. McInnis told the news media, "The law was broken twice — once by them [the CSIS] and once by me. Apparently, some good came out of what I did."

Responding to the increasing public uproar, the Security Intelligence Review Committee (SIRC) submitted its report, "The Heritage Front Affair," on Dec. 9, 1994. Because Canadian and all Commonwealth intelligence agencies report to the British monarch (Canada's head of state), the SIRC's members are chosen by Queen Elizabeth's Governor General of Canada, and must be members of the Queen's Canadian Privy Council in Canada.

The SIRC report delicately described the controlled movement, and within it, the Church of the Creator, in these somewhat garbled terms:

"The Heritage Front worked closely with other groups such as the Church of the Creator (COTC), which was led by George Burdi. He was said to be the second in command of the Heritage Front. The militant and action-oriented COTC disbanded in 1993 with the leader making racist recordings in the wake of arrests and criminal charges laid against [Canadian Special Forces veteran] Eric Fischer and Burdi. The members remain active, nonetheless. COTC followers have joined the Heritage Front."

The official Canadian government report continues, in regard to the Church of the Creator:

"On May 29, 1993, . . . [500] anti-racist supporters demonstrated outside a Heritage Front recruitment concert in Ottawa. George Burdi's racist band, RaHoWa [an acronym for Racial Holy War], was playing to a crowd of about 60 skin-heads. After a near-riot, four Heritage Front members were charged with assault. . . .

"In June [1993], three members of George Burdi's Church of the Creator (Drew Maynard, Eric and Elkar Fischer) were charged with kidnapping, forcible confinement and assault in an attack on [a] Heritage Front member [who was dropping out]. . . . They believed he had stolen a COTC computer [with lists of Heritage Front members within Canada's Armed Forces]. Eric Fischer [director of security for COTC and for the Heritage Front] was a former corporal in the Canadian Airborne Regiment."

### **An international project**

Let us now square the Canadian government story, and the standard published account of the Church of the Creator, with what is actually known about this terrorist group. A Canadian named Ben Klassen moved to the United States and founded Church of the Creator in 1972. Klassen, author of *The White Man's Bible* and *Nature's Eternal Religion*, surrounded

by mercenaries and government agents and under tremendous police pressure, turned over control of his group to other men in 1992, and committed suicide in August 1993. News accounts now simply say that the group died out in the early 1990s, and was then somehow mysteriously reborn in 1996 when 24-year-old Matt Hale was appointed “Pontifex Maximus” of the Church. Hale is described as the mentor of the recent racist murderer Benjamin Nathaniel Smith.

The intervening years, and the entire Canadian scandal, have been, until the present report, simply omitted from press accounts.

Yet, this is an international, British Commonwealth project. In the July 10, 1999 Johannesburg, South Africa *Star*, reporter Norman Chandler described the “Kerk van die Skepper” (Afrikaans for Church of the Creator) as the 13-year-old South African branch of the same group implicated in the July 4 killings in the United States.

During 1992, members of the South African secret police revealed their use of the Church as a front for political dirty tricks against opponents of the apartheid racial system.

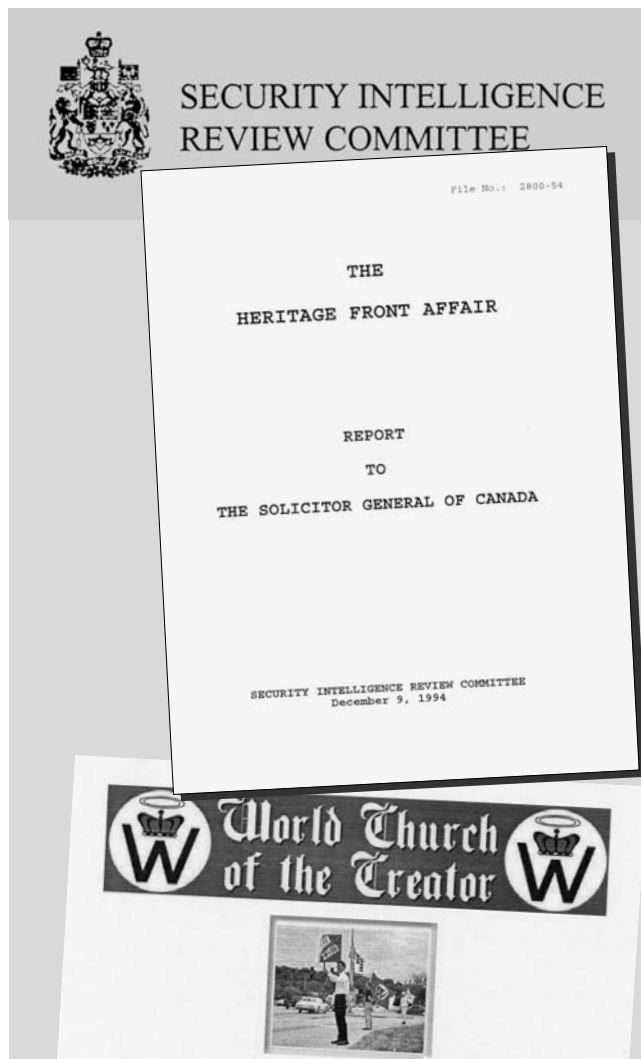
The Church of the Creator in South Africa calls itself the “Israelites.” This is a variety of British Israelism, the 19th-century British Foreign Office and masonic hoax that the tribes of Biblical Israel wandered up to England, giving the British royal family holy blood and making Anglo-Saxons everywhere the chosen people. The Christian Identity and Aryan Nation racist movements take a similar British-origin line.

On June 9, 1993, the Toronto home of most of the members of the Church of the Creator was raided by Canadian police. Three men were arrested on kidnapping and aggravated assault charges. The Canadian government report quoted above mentions this incident.

Not long afterwards, The Nizkor Project, a Jewish anti-racist documentation organization, provided some other crucial details: “The three accused [kidnapping suspects] are now out on bail—\$500 of which was provided by FBI agent ‘Joe Allen,’ the COTC member who later provided evidence leading to the arrest of nine white supremacists. Meanwhile, as a result of these charges, the two Fischer brothers have been suspended from the Queen’s Own Rifles reserve [Canadian military organization] until the resolution of the criminal investigation against them.”

A Canadian source who has closely studied the Heritage Front over the years, confirmed to *EIR* that an agent of the American FBI, going by the name “Joe Allen,” did indeed put up bail money to release Eric Fischer and the other Church of the Creator suspects from Canadian detention. The source said that Fischer was “the real head” of the Church in Canada, while the young skinhead George Burdi was a “front man” to appeal to youth.

As the Canadian government cultivated the group’s rebirth, military/political operative Fischer trained recruits in fighting techniques, and secret service agent Grant Bristow trained them in “counterintelligence.” Bristow reportedly



*The Canadian government’s official report on secret-police-agent control of the neo-Nazi movement. Bottom: The logo for the Church of the Creator, which is a crown under a halo.*

used his private employment (with the Kuhn & Nagel customs brokerage) as a cover to repeatedly cross the U.S.-Canada border for collaboration with the FBI; he reportedly told his dupes that he was “taking FBI law enforcement courses.”

Parallel to the Canadian operation, a U.S. Green Beret veteran reportedly trained American members, in connection with the Milwaukee headquarters of the Church before its dissolution in the early 1990s.

The nominal leader of the Heritage Front, Wolfgang Droege, immigrated to Canada as a teenager from Germany in 1963. During the 1970s, Droege fell in with Church of the Creator founder Ben Klassen, and with David Duke, the American KKK/Nazi leader. Duke had entered the racist underground through his father’s service as a NATO missile defense expert, U.S. intelligence operative in Laos, and England-based Royal Dutch Shell executive. Duke became Droege’s mentor, for the spook-spy world and the criminal racist underground. Droege went to jail for his part in a 1981

secret-services-backed scheme of Canadian and U.S. racist mercenaries to overthrow the government of the Caribbean island of Dominica. After serving another jail term in the United States for cocaine trafficking, Droege was deported to Canada. CSIS agent Bristow asked him to create the Heritage Front, using Droege's name instead of Bristow's.

In an April 26, 1996 affidavit, Droege describes Bristow's role in funding the penniless ex-convict Droege personally, and funding the creation and development of the Heritage Front, funding its publicity, running the provocations and harassment against leftist anti-racist groups, funding and personally running its outreach to the United States and other countries, and running its legal protection from the Canadian authorities. On the legal front, observers were astonished by the 30-day sentence offered by Canadian prosecutors as a punishment for Church of the Creator security director Eric Fischer in the Bristow-instigated kidnapping.

Since the July 1999 Midwest shootings, press coverage has described the Church of the Creator as somehow mysteriously reemerging under its current leadership after its early-1990s demise. Matt Hale, currently "Pontifex Maximus" of Church of the Creator, was appointed to this exalted post on his 24th birthday, July 27, 1996, by a Nebraska cattleman who did not even know him. The cattleman, Rudy "Butch" Stanko, told this reporter that the mysterious Hale "submitted an application" and Stanko "chose him" for the post. The unfortunate Stanko was only a fringe player in this movement, but was a former colleague of COTC founder Ben Klassen. A small but inconvenient meat-packing rival of Armand Hammer's giant Iowa Beef Processors, Stanko got six years in prison for violations of the Federal Meat Inspection Act, and was subject to continual police harassment and surveillance.

The leverage or police blackmail which may have been used to provide legitimacy for hiring Hale, America's current media-celebrated terrorist leader, should be a subject of Congressional and Parliamentary investigations.

## Oklahoma links

Eight months after the Canadian government was caught managing neo-Nazi terrorist activities, a terrorist bomb blew up the Federal building in Oklahoma City, killing 168 persons. While Timothy McVeigh and Terry Nichols have been convicted in the bombing, Dennis Mahon, an Oklahoma-based neo-Nazi who was a Canadian guest of CSIS agent Bristow, has been suspected of involvement in masterminding the bombing.

The Feb. 4, 1996 London *Sunday Times* reported that a leading American neo-Nazi travelled to Britain three months before the bombing, possibly to organize the bomb plot. McVeigh's attorneys said that they had evidence that McVeigh "and his associates" had a 40-minute phone conversation with the man just hours before the April 19, 1995 bombing. The *Sunday Times* reported that FBI officials interviewed Ameri-

can neo-Nazi Dennis Mahon.

This reporter had interviewed Dennis Mahon on Jan. 18, 1993. Mahon specializes in recruiting and training "skin-heads," a racist gutter movement born and bred in Britain for export to other countries. Mahon told *EIR* about his own training by military intelligence, his travels as a neo-Nazi agitator throughout then-West Germany, and his use of false passports. Mahon claimed he was protected from West German authorities not by Western secret services, but by members of the East German Communist secret police (the Stasi).

Mahon is closely allied to California neo-Nazi activist Tom Metzger. The two agitators have been brought to Canada by CSIS agent Bistow and his Heritage Front. Metzger has testified that Bristow helped finance his U.S.A.-based "White Aryan Resistance." On the Metzger group's website there is currently displayed a cartoon, crudely threatening to assassinate President Bill Clinton through an Oklahoma City-style truck bombing.

## Nazi provocation aimed at White House

The Knights of Freedom Nationalist Party, an Internet outreach initiative allied to the Church of the Creator, plans to engage in rioting on Aug. 7, 1999. District of Columbia Police have granted them a permit for a march through downtown Washington, ending in a Lafayette Park rally facing the White House.

A letter to the group's leader, posted on their website, closes with the sentence, spelled exactly as given here: "and for Cliton I wish some on would Kill him!" followed by an anti-Semitic epithet.

The promotional release for the march specifically invites those with the "Creator" ideology to take part. The group's literature otherwise carries the Church's slogan "RaHoWa."

The leader of the Knights of Freedom is Davis Wolfgang Hawke, who legally changed his name from the original Andrew Britt Greenbaum. Responding to jibes at his Jewish name, Hawke/Greenbaum tells a pathetic story of his mother's "race treason" in marrying a part-Jew after his own illegitimate birth by a "real Aryan father." In a press release, Hawke/Greenbaum profusely thanks Morris Dees of the Southern Poverty Law Center, and the Anti-Defamation League of B'nai B'rith, for providing him with so much publicity, resulting in a stream of inquiries from potential recruits to his Nazi group.

The website of Church of the Creator is maintained by Thomas Chittum, formerly a professional mercenary fighting for the British empire in Rhodesia. Chittum is the author of *Civil War Two: The Coming Breakup of America*, a book that promotes the destruction of the United States by racial and ethnic conflict along the lines of Yugoslavia.

Surely, the spectacle of such a blatant international provocation against American peace and security merits an energetic investigation by alert authorities on both sides of the Canada-U.S. border.



# The Reform Party: America's bread and circus for the coming collapse

by Marianna Wertz

If “red-blooded” Americans knew anything about history, the Reform Party, which met over the July 24-25 weekend in Dearborn, Michigan to elect officers and prepare for the year 2000 elections, would be run out of this country on a rail. But most “red-blooded” Americans today, especially the type who prided themselves on rubbing shoulders with billionaires Ross Perot and Donald Trump at the convention, don't know history, and, in fact, don't think they need to. “If Jesse ‘the Body’ Ventura,” who now effectively runs the Reform Party, “can be Governor of Minnesota, then all I need to know is how to get the government off my back,” they boast.

As the Roman Empire collapsed, its oligarchy entertained the increasingly unhappy masses with what it called “bread and circuses” — in which Christian and other unwelcome sorts were fed to ferocious animals before blood-lusting crowds. These spectacles were intended to pacify what otherwise would have become a mass movement of enraged “populists” seeking to tear apart the Empire. A similar policy was implemented by the British-run leaders of the 1789 French Revolution, who unleashed the *sans-culottes* (literally, those unable to afford trousers) to guillotine the leading French scientists of the day, in the name of “the People,” to guarantee that the French Revolution would never move in the direction of the earlier American Revolution, and throw out the oligarchy altogether.

With the collapse of the global financial system now under way, Lyndon LaRouche warned a conference of his movement in Germany on the same weekend (see *Feature* in this issue), that we have the opportunity now to organize around his well-founded program of hope, or, if we don't, we'll see the equivalent of a new Hitler movement emerge. One option for that new Hitler movement is what London and Wall Street's Conservative Revolutionaries are preparing in the Reform Party.

The Reform Party has two distinct advantages for performing this role: It is on the ballot in all 50 states, as a result of Ross Perot's receiving 19% in the 1992 Presidential election and 8% in the 1996 election; and its Presidential candidate will automatically qualify for \$12.6 million in Federal money for the election, as do the Democratic and Republican nominees.

## Blood in the streets

The Reform Party is organized on one principle: blind rage. The only idea that unifies party members, who range in “philosophy” from LaRouche-hating communist-lesbian Lenora Fulani to supporters of Pat Buchanan, is anger at “the government.” But the question of what should be done — what “well-founded program of hope,” as LaRouche put it, should be implemented — is taboo. Tom McLaughlin, the Pennsylvania state party chair, told the Associated Press at the convention that the party can only be unified on negative issues, such as balancing the budget, reducing the national debt, and campaign finance reform. “Social issues,” i.e., those which require thought and compassion, should be left for the individual candidates to decide, he said.

The rhetoric of Jack Gargan, 68, just elected Reform Party chairman as Ventura's hand-picked candidate, reads like a page from Lord William Rees-Mogg's *Blood in the Streets* script for a fascist revolution. Gargan is a retired financial consultant, which means he knows Wall Street. He retired to Cedar Key, Florida, where he intends to move the party's headquarters, because, he says, he is convinced that the coming global financial crash will lead to widespread anarchy, and he wants to be prepared.

During a failed 1998 Reform Party bid for Florida governor, Gargan told reporters that a crash was inevitable. “When it goes, it'll be so fast that no one will have time to reposition their resources. That's why I'm in Cedar Key. You're going to see a bunch of angry people. I can foresee people storming the Capitol and hanging their Congressmen from the nearest lamp-posts.” He's in Cedar Key, Gargan said, because it will be relatively safe from anarchy. “This town is isolated. You've got to come 24 miles down that road [State Road 24] to get here. You could defend the . . . bridge and only let in friends and relatives, or no one at all. We'd tough it out until order is restored.”

According to the *Chicago Tribune*, Gargan was asked to confirm these thoughts at the convention. He replied, “In the event of a collapse, the have-nots . . . it's human nature . . . will go after what the haves have.” “Under the surface,” he said, the nation is seething, and “it will only take a trigger, like the Y2K problem,” to inspire chaos. “History tells us”

that our economic boom cannot be sustained. “It will fall apart . . . and I just feel better to be safe than sorry.”

Gargan told the convention, “I ride a motorcycle. I shoot a pretty fair game of pool. I’ve been known to stay up all night playing poker. And I have an eye for the ladies. And those are my good qualities.” The delegates responded, “Go, Jack, go.”

## Counterpole to LaRouche

It’s not accidental that many ignorant Americans think that Lyndon LaRouche is somehow connected to this thing. “Isn’t he the little guy with the big ears?” one sometimes hears. The Reform Party was founded in 1995 by Ross Perot in part to siphon off growing support for the LaRouche movement in an increasingly disgruntled population, just after LaRouche himself had emerged from political imprisonment. Perot’s populist “infomercials” were modelled on LaRouche’s deeply penetrating, half-hour nationwide Presidential campaign television spots.

The Reform Party is targetting both Reagan Republicans and the core constituencies of the Democratic Party — particularly minorities and laid-off workers, who are rightly furious at the North American Free Trade Agreement and related free-trade policies which both Al Gore and George W. Bush support—to position themselves as a wrecking factor in the 2000 elections.

The role of Dr. Lenora Fulani, who ran for Reform Party vice chairman at the convention and is presumably attempting to take over the party, is key to understanding how the Reform Party is being manipulated.

Fulani, a black sex-therapist, avowed communist and lesbian, and former Presidential candidate of the New Alliance Party, ran a national campaign in 1996 to drive African-Americans out of the Democratic Party and into the Reform Party, in order to defeat President Clinton in his re-election. As part of that effort, that year she launched a tirade against Lyndon LaRouche in a commentary in the July 26 *Philadelphia Tribune*, calling LaRouche a “neo-fascist charlatan” and denouncing LaRouche’s political relationship to Minister Louis Farrakhan of the Nation of Islam. In the piece, she heaped high praise on former Colorado Governor Richard Lamm, then a Reform Party Presidential wannabe, who, she said, “has a long record on behalf of civil rights and affirmative action—one which surpasses that of Clinton.”

For those with short memories, Dick Lamm, Fulani’s “civil rights” advocate who keynoted the 1996 Reform Party convention, is an unabashed Malthusian who believes that the world is overpopulated, and that it’s foolish to try to help starving people in the Third World. “It is my conclusion that ‘Toughlove’ means that we let God’s judgment take place in much of the Third World and that by trying to relieve this suffering all we do is postpone it.” Translated: Poor people deserve to die. Lamm is the leading advocate of active euthanasia, demanding that old people *get out of the way* when their time is up, so they don’t eat up the national budget. In the

mid-1980s, Lamm was quoted, “We’ve got a duty to die and get out of the way with all our machines and artificial hearts and everything else like that.”

LaRouche replied to Fulani’s insanity with the following statement, titled “Dr. Fulani’s Lamm Stew”: “She libels a Democratic Presidential candidate, myself, a well-known anti-fascist, as a fascist, and endorses, as her political ally, an ex-Governor, Richard Lamm, a figure best known for demanding the early deaths of the aged: hence, a fascist.”

Fulani was “recruited to politics” via one Dr. Fred Newman, also a “sex-therapist” who, with Fulani, runs a string of off-beat psychotherapy fronts in New York. Newman briefly infiltrated LaRouche’s political association in the 1970s, attempting to play the same kind of wrecking role there, before he was thrown out, that Fulani is trying to play in the Reform Party. In her autobiography, *The Making of a Fringe Candidate 1992*, Fulani (née Lenora Branch) writes, “At that time I had been in individual therapy with a Black lesbian gestalt therapist for about a year. I wanted to be in group therapy, but my therapist only saw people individually.

“I was intrigued when I first came to [Newman’s] New York Institute for Social Therapy and Research. They were talking about therapy and psychology in very progressive ways and they did group therapy, which I found very stimulating intellectually.” She and her friends asked Newman to lead a study group for them on politics, “so we could learn more about who he was and who we were. We wanted to read the *Communist Manifesto* with him.”

## Presidential contenders

Jesse Ventura, who has yet to send LaRouche a thank-you note for wiping his Democratic “shoe-in” opponent, Skip Humphrey, off the political map in the election for Minnesota governor, told the *Detroit Free Press* during the convention (which he could not attend because of back problems stemming from his career as a professional wrestler), that he likes both George W. Bush and Al Gore. But, Ventura said, “by the time [Bush and Gore] get to this time next year, we are going to be so sick of these people that a third-party candidate can win the whole thing.”

And just whom does he have in mind? Neither Ventura nor Perot is expected to run in 2000. Casino billionaire Donald Trump led the straw poll among the 350 delegates at the convention. Ventura himself says he wants former Republican U.S. Senator and Independent Connecticut Governor Lowell Weicker. Ventura also mentioned GOP Presidential hopeful John McCain (R-Ariz.), who has publicly declined the offer (perhaps because he is already endorsed by Henry Kissinger). Others being mooted, but not so far accepting, are Pat Buchanan, Colin Powell, and Ralph Nader. Then, there’s Lenora Fulani.

Whoever ends up being the candidate, his or her mind will be firmly controlled by Wall Street’s purse-strings, and the Conservative Revolution will be running his or her mouth.

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## Book Review

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# ‘Acres of Skin’ or human beings? Human rights at stake in America

by Marianna Wertz

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### **Acres of Skin—Human Experiments at Holmesburg Prison: A True Story of Abuse and Exploitation in the Name of Medical Science**

by Allen M. Hornblum  
New York: Routledge, 1998  
297 pages, paperbound, \$16

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The title, “Acres of Skin,” is drawn from the statement by University of Pennsylvania researcher and dermatologist Dr. Albert M. Kligman, the architect of the two decades of experiments on human subjects at Holmesburg Prison in Philadelphia, Pennsylvania (which was closed in December 1995). In an interview with author Allen M. Hornblum, Kligman recalled his awe when he first visited the prison: “All I saw before me were acres of skin. It was like a farmer seeing a fertile field for the first time.”

The main subject of *Acres of Skin* is the violation of the Nuremberg Code—the code of medical ethics drafted in 1947 by American jurists to address the Nazi medical experiments in Hitler’s Germany—*by the United States itself*. While none of the abuses of prisoners and mental patients as test subjects for experiments with dangerous and deadly substances, which this book exposes, are going on today, the survivors of one of the centers of experimentation, Holmesburg Prison, are still trying to get justice for what was done to them. In a lawsuit now in the drafting stage, they plan to raise the issue of American violation of the Nuremberg Code, a subject which the LaRouche political movement has raised repeatedly over the years, with respect to the growing use and advocacy of Nazi-style euthanasia—called “the right to die” in politically correct circles—both in and outside the medical profession.

*Acres of Skin* is also a valuable contribution to the growing body of evidence that the “American prison gulag” (see *EIR*, July 23, 1999) is implementing practices that fundamentally

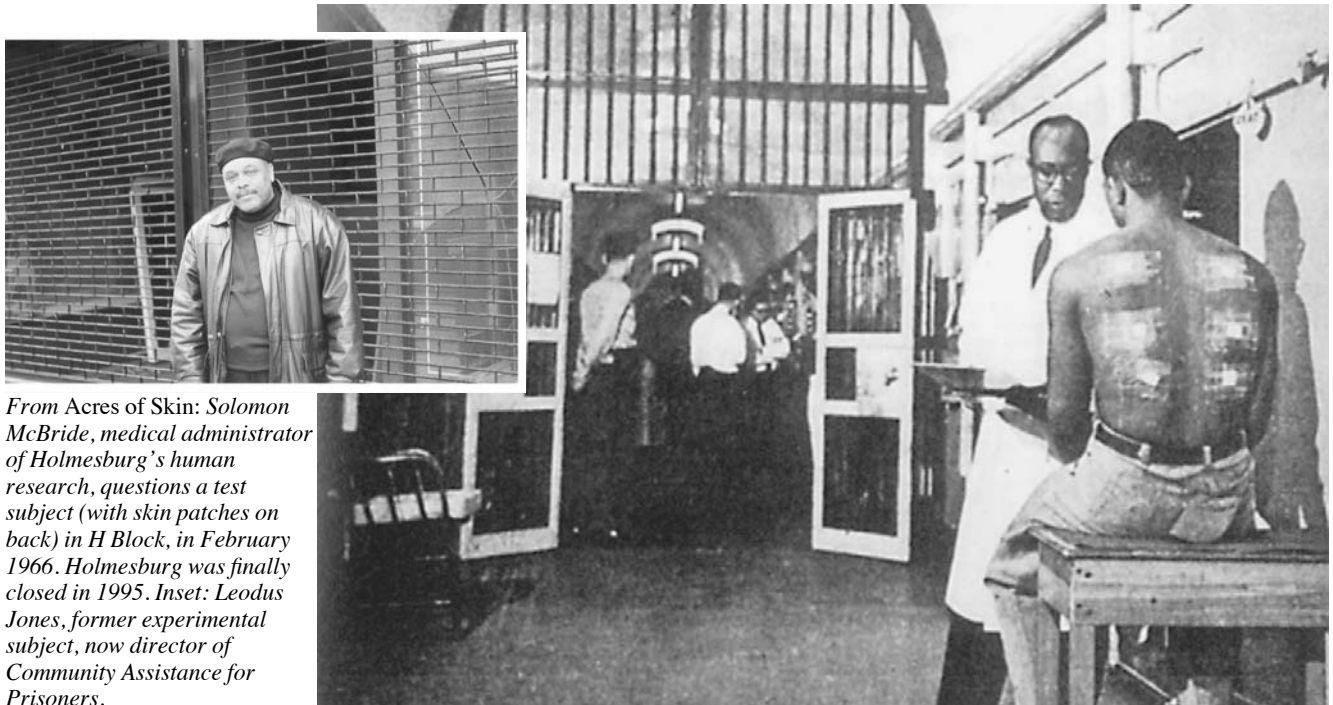
violate international norms for human rights. The nation which most prides itself on its human rights record, and which also preaches loudest to others, has been exposed, in *Acres of Skin*, with a record that reeks like that of the worst human rights violators in modern history.

Author Hornblum risked his career and income in deciding to write this book, as he told *EIR* in a recent interview. Asked what motivated him, Hornblum bluntly responded, “Stupidity! It was not a very smart move economically, and I’m still paying for it, quite frankly. But it was something that I thought was a phenomenal story, that I witnessed. . . . When I first started working in prisons in 1971, I saw the experiments and I couldn’t get over them. I knew that it was a recipe for abuse and, possibly, disaster.”

“I always expected that there would be some sort of historian or investigative journalist who would write the final word on it, but it never happened,” Hornblum continued. “So, out of boredom or something, in the Sheriff’s office many years later, I decided to look into it, initially tracking down former prisoner test subjects, many of whom are still locked up and going to the doctors, who were around then; and the inmates, who were willing to talk but didn’t know anything; and the



Author Alan Hornblum



*From Acres of Skin: Solomon McBride, medical administrator of Holmesburg's human research, questions a test subject (with skin patches on back) in H Block, in February 1966. Holmesburg was finally closed in 1995. Inset: Leodus Jones, former experimental subject, now director of Community Assistance for Prisoners.*

doctors, who knew a lot but weren't willing to talk. So, it fostered increasing interest, and I finally was spending more time doing that than anything else."

**Unwitting human guinea pigs**

As *Acres of Skin* recounts, in American prisons in the mid-20th century, and especially at Holmesburg Prison in Pennsylvania, thousands of imprisoned Americans were unwittingly exposed to polio, tuberculosis, and cancer; had burn and radiation studies performed on them; were subjected to powerful hallucinogenic and psychotropic drugs; and were smeared with everything from powerful solvents and acids to deadly dioxin. This was done under the aegis of "academic" centers, such as the University of Pennsylvania; by profit-seeking pharmaceutical companies; and by departments of the U.S. government, including the U.S. Army, which tested prisoners with drugs they hoped to use on enemy prisoners of war.

The prisoners "freely" consented to these experiments for only one reason, as former prisoner Leodus Jones, head of Community Assistance for Prisoners in Philadelphia and a principal in the planned lawsuit, told *EIR*: "I was in prison with a low bail. I couldn't afford the monies to pay for bail. I knew that I wasn't guilty of what I was being held for. I was being coerced to plea bargain. So, I thought, if I can get out of this, get me enough money to get a lawyer, I can beat this. That was my first thought."

The experiments provided needed cash to post bail or buy needed items from the commissary. Many of these prisoners

had not even been tried—they were pre-trial detainees and were only in jail because they didn't have enough money to post bail. Although many were eventually found "not guilty," they had already been unjustly punished by their experience at Holmesburg.

**The experiments**

*EIR* asked Jones to describe the experiment with the toxic agent dioxin in which he participated. "They put a liquid solution on my skin after taking the top-skin off with adhesive or scotch tape. They would stick it to my arm and keep pulling, stick it and pull it. When they had exposed the layer beneath the top, they dropped a liquid solution on it and then they put a gall on it. I did ask the doctor, who at the time was Dr. Singh; he was from India. He told me it was some sort of foreign germ. I said, 'Foreign germ? I don't want you putting a foreign germ on me.' He said, 'It's just part of the study.' He was really evasive. I went back about a week later and he took the gall off and I had developed a cyst, maybe about a quarter of an inch big. They offered me an additional \$5 if I would allow them to cut it off. I told them yes, I would want them to cut it off for nothing, but he wanted to give me \$5, to pacify me.

"I had no idea what they were doing to me. If I had known that they were experimenting on me with some germ warfare chemicals, there's no way in the world—I was under the impression that these people were doing things to us like trying to find out about ringworms, nothing that would be detrimental to us. Everybody else felt the same way. This is how naive

we were back in that time. If we had known that those things were going to cause the complications later on in life that they have caused, a lot of us—we would have never gotten involved, I'm sure of that."

### **Worse than the Nazis**

Author Hornblum told *EIR* that he believes what was done to the men in Holmesburg Prison was actually worse than what the Nazis did to slave laborers in their concentration camps. "Frankly, I think it pales in comparison to what the men went through here. They were really used as guinea pigs. They were brought out of a cage, they were dosed up with all sorts of things, that were either placed on them, or that they were made to swallow or injected with. They rarely or ever knew what it was, or what the ramifications would be. So, I think it's actually worse than the use of slave laborers."

The book opens with the ten points of the Nuremberg Code. The Code is clear, and its relevance for experiments on men and women who are imprisoned and destitute is also crystal clear: "[T]he person involved should have legal capacity to give consent; should be so situated as to be able to exercise free power of choice, without the intervention of any element of force, fraud, deceit, duress, overreaching, or other ulterior form of constraint or coercion; and should have sufficient knowledge and comprehension of the elements of the subject matter involved as to enable him to make an understanding and enlightened decision."

The Holmesburg prisoners were never told the nature of the materials that they swallowed, or were smeared or injected with. Their "informed consent" was the result of desperation for money; many Nazi gas chamber victims walked in thinking they were finally getting a shower.

Gloria Gilman, one of the attorneys preparing the former prisoners' lawsuit, told *EIR*, "I just think it's unbelievable that American doctors were instrumental in writing the Nuremberg Code, and yet the United States thinks that it's above international law and we never signed on. We also don't sign on to international treaties of various types. But we immediately began engaging in exactly the kind of research that was considered impermissible in the Nuremberg Code, under the guise that we're so benevolent that we would never hurt anybody. But, of course, there was total disdain for the rights of these people. Just look at the quote, 'acres of skin.' It shows how Dr. Kligman didn't even consider these people, people; he considered them guinea pigs, really. I just think that that's amazing, that we could think that."

### **State hearing**

The Holmesburg prisoners—at least those who still survive—would never have known that they had legal recourse for the many ongoing side-effects of these experiments, were it not for Hornblum's book. They would never have had an

opportunity to seek legal and political redress, were it not for a hearing in February of this year organized at the behest of Pennsylvania State Rep. Harold James (D-Dist. 186).

Representative James told *EIR*, "I wanted to be able to have the hearing conducted by the Judiciary Committee so that we, as policymakers, would be able to see some of the tragic and outrageous incidents that happened to people in our prison system and how now they are trying to talk about private prisons coming on, as that there's a possibility that these kind of things may occur again, dealing with already, now, the slave labor that they are using some of the prisoners for."

"I wanted us to have a hearing," Representative James continued, "to make sure that this could not or was not occurring in Pennsylvania, and could not occur again in Pennsylvania. At the same time, the people who were the victims of this had seemingly been whistling in a vacuum, because nobody was listening to them. They were being treated individually and not getting the kind of compensation that they likely deserve. Hopefully, as a result of that hearing, we have everything documented from the people who testified, so that maybe we can help the victims in terms of being able to express their problems and their concerns and making sure that these kinds of things don't occur again."

### **The evils of pragmatism**

Another value of Hornblum's book is that he locates the root of the evil in the reduction of science to a "pragmatic and utilitarian course." As he put it, "Domestically, the well-being of research subjects was viewed as important, but, in the eyes of medical practitioners, not as important as scientific advancement. . . . The result was a marginalization of the [Nuremberg] Code and the creation of an ethical loophole that allowed physicians to pursue a pragmatic and utilitarian course while de-emphasizing the Code's critical provisions of informed consent by autonomous subjects. Since research was seen to have social importance, doctors could easily avoid the Nuremberg Code's prescriptive safeguards and aggressively pursue their individual goals."

Hornblum told *EIR* that such medical experimentation should not be happening today, "and it probably isn't, but I really wouldn't bet the mortgage on it." He said that progress toward gaining justice for the former test subjects is only happening "at a glacial pace," despite demonstrations they have held at the University of Pennsylvania, which refused to settle out of court. Meanwhile, Dr. Kligman is living a rich man's life, with a big spread on the Jersey Shore, travelling the world extensively, Hornblum said.

Americans drafted the Nuremberg Code, and Americans should make sure that it is implemented here, and that those who suffered from its violation are given justice. We say that we would not stand for less from others—what about America itself?

## Interior Department to get more subpoenas

On July 21, the House Resources Committee voted 24-14 to give its chairman, Don Young (R-Ak.), broader subpoena authority in his pursuit of Interior Department employees who disagree with the House GOP on the garment sweatshop operations in the Commonwealth of the Northern Marianas, a U.S. territory in the western Pacific.

Young repeated his formulation of the previous week, that the committee had "specific and credible evidence" of violations of the Hatch Act by at least one employee of the Office of Insular Affairs. He claimed that the activities of that employee were "efforts to undermine the democratic process." Young reported that the acting director of the OIA had turned over some of the materials earlier demanded by Young, but that this was not sufficient to satisfy the committee's requirements, and so future subpoenas may be issued.

The fishing expedition-like nature of the investigation was exposed when Young admitted that the committee has evidence against only one person. "We have suspicion" against other individuals, he said. "I don't believe any one individual can carry out these kinds of activities without the knowledge of higher ups."

Ranking committee member George Miller (D-Calif.) expressed concern that the authority that Young was seeking is too broad, and that the subpoenas are too short notice, preventing the relevant officials from being able to respond within the time-frame specified. He noted that it is "interesting" that the committee was able to react immediately when the allegations against the OIA officials first surfaced, but, in three years, he hasn't been able to get a hearing to look into

the abusive labor conditions that predominate in the Marianas. "We've been avoiding our responsibilities" to those people who have been entrapped in near slave labor conditions, he said.

Young backed off his earlier threat to seek a Contempt of Congress citation against OIA Acting Director Ferdinand Aranza, after the department reached an agreement with the committee to make available all of the materials demanded by the committee, including computers used by the targeted individuals.

## GOP tax cut bill passes the House

Late in the evening of July 21, the House took up the Republican tax-cut bill, after the GOP leadership spent a day scrambling to come to an agreement with Republican moderates to ensure enough votes for passage. The compromise they arrived at reduced the total cost of the bill from \$864 billion to \$792 billion, by reducing the phase-in period for many of its provisions, and it added a provision delaying the tax cuts for any year that specific debt reduction targets are not reached.

The procedure by which the GOP modified the bill, using the Rules Committee to amend the bill as passed by the Ways and Means Committee, generated as much opposition as did the bill itself. Martin Frost (D-Tex.), a member of the Rules Committee, charged Republicans with incompetence. "They simply cannot run this House in an orderly manner," he said. Ranking Ways and Means Committee member Charles Rangel (D-N.Y.) added, "I do not know what they put in the water over there in the Republican cloakroom, but it cannot be that they really think we are going through a legitimate procedure."

Provisions of the ten-year bill include reducing the personal income tax rate by 10%, eliminating the "marriage penalty," and reducing both individual and corporate capital gains tax rates. It also includes a number of tax benefits for education, and deductions for health insurance for the self-employed. However, the provisions phase in gradually, and many don't take full effect until 2007 and later.

In the debate on the bill itself, the GOP charged the Democrats with wanting to spend as much of the taxpayers' money as they can get their hands on, while the Democrats charged the GOP with tax cuts that disproportionately benefit the wealthiest people in the country. Some Democrats questioned the wisdom of basing tax cuts on surpluses that have yet to materialize, thereby threatening efforts to shore up Social Security and Medicare.

The tax-cut package, despite efforts to reach a bipartisan compromise in the Senate, is facing a veto threat from President Clinton. Office of Management and Budget Director Jacob Lew told reporters on July 26 that alternatives to using the surplus for Medicare would require a combination of cuts in benefits and premium increases that are "beyond what there is a political will to accomplish."

## DOE reorganization part of Intelligence bill

Senate debate on the fiscal year 2000 Intelligence Authorization bill focused on proposals to reorganize the Energy Department's nuclear weapons functions, in the wake of allegations of Chinese spying at U.S. nuclear weapons laboratories. Jon Kyl (R-Ariz.) sponsored an amendment to cre-

ate an Agency for Nuclear Stewardship, which would be a "semi-autonomous" agency within the DOE, the head of which would report directly to the Secretary of Energy. That agency would have direct oversight over weapons production and testing, non-proliferation and fissile materials disposition, and naval reactors.

Kyl told the Senate that his proposal, which was passed by a vote of 96-1, was based on the report of former Sen. Warren Rudman (R-N.H.), now chairman of the President's Foreign Intelligence Advisory Board, which calls for reorganization of the DOE's nuclear weapons functions by statute rather than from within the administration.

Kyl also had great praise for the Cox Committee report alleging Chinese theft of U.S. nuclear secrets, calling it "a great service to the nation." The Cox Committee report was treated completely uncritically by those Senators who referred to it. This, despite the fact that, as was admitted by one of that committee's own members, Rep. John Spratt (D-S.C.), the committee never interviewed even one competent scientist who could speak to the actual operations of the labs and whether the Chinese could actually use the data they purportedly stole to build a nuclear bomb.

With the exception of a statement by Sen. Bob Kerrey (D-Neb.), the impact of the reorganization on unclassified scientific work and on international cooperation was not addressed.

## **A**ppropriations bills slowly move along

Spending bills continued to move through both Houses, with Senate passage of the Commerce, Justice, State and the Judiciary bill on July 21, and

House passage of the Defense spending bill on July 22 by a vote of 379-45. About the only controversy in either bill was the surprise action by the House Appropriations Defense Subcommittee to eliminate \$1.8 billion for early production of the Air Force's F-22 fighter plane, a cut reaffirmed by the full House. The plane's supporters avoided a vote on it on the House floor in the hope that they might retain some leverage in conference committee, because the Senate retained the funding in its version of the bill.

One bill which is expected to cause much heartburn, is on funding for the Labor, Health and Human Services, and Education Departments. On July 26, Senate Appropriations Committee Chairman Ted Stevens (R-Ak.) announced his intent to exceed the budget caps for the bill by \$11 billion, in order to write a bill that is passable. Stevens's action, however, would require 60 votes to break the rules, and his announcement was reportedly not well received by the majority of Senate Republicans.

On the procedural front, the Senate passed a resolution on July 26 to enforce Rule 16, which prohibits attaching legislation to appropriations bills. Rule 16 was overturned by a GOP majority in 1995, and the result has been, as Majority Leader Trent Lott (R-Miss.) has complained repeatedly, that the appropriations process has been slowed down by Democratic attempts to attach their agenda to bills, in the form of legislative amendments. Democrats, while nominally supporting the rule change, complained that the reason they had to offer legislative amendments, such as the Patients' Bill of Rights, on appropriations bills, is because they have been left with no other choice. Byron Dorgan (D-N.D.), who served in the House before moving to the Senate in 1993, complained

that Lott has set himself up as a one-man Rules Committee, deciding what amendments the Democrats can bring to the floor.

## **P**rison industries reform bill introduced

An unusual coalition of pro-business and pro-labor interests in the Congress has come together to support a bill in the House to reform the way the Federal Prison Industries (FPI) program does business. The Federal Prison Industries Competition in Contracting Act, introduced on July 19, would eliminate the requirement that Federal agencies purchase the products of the FPI, and would force the FPI to compete with the private sector for contracts. Lead sponsors of the bill are Pete Hoekstra (R-Mich.), Barney Frank (D-Mass.), Mac Collins (R-Ga.), and Carolyn Maloney (D-N.Y.).

At a July 27 press conference, Hoekstra said that the "FPI gives employment to people who have thumbed their noses at laws of our nation and takes those job opportunities away from thousands of honest, hard-working Americans." He said, "FPI's unfair advantages in the Federal market must end."

Frank noted the irony of the fact that the United States bans importation of prison labor products from other countries, but requires the Federal government to purchase the same products produced in the Federal prison system. However, to placate those who believe that prison labor is rehabilitative, Frank supports a provision of the bill that makes furniture and textile products produced by the FPI available for donation to non-profit organizations that do not have the resources to purchase what they need in the private sector.

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# National News

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## Camden, N.J. files for bankruptcy protection

Mayor Milton Milan of Camden, New Jersey filed for Chapter 9 bankruptcy protection on July 20, to protect his city from demands by the state government that Camden allow state auditors to control the budget process of the city.

Because Milan refused the state takeover, one-tenth of the Camden annual budget—\$15 million in state aid payments—was being withheld from the city, wire services reported. City Attorney John Misci, Jr. and Mayor Milan say that the strings attached to the state money “were deemed too high a price to pay.” According to Misci, “The mayor said he’s not going to yoke the residents of this city for generations to that type of punishment.”

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## Georgetown expert seeks U.S. shift on Balkans

Stan Burnett, a Georgetown University analyst with a past career in the State Department and USIS abroad, called for a U.S. policy shift on the issue of Balkan reconstruction, to include rebuilding Serbia, and emphasizing the importance of a Russian role in the Balkans. He was interviewed by Ennio Caretto of the Italian daily *Corriere della Sera*, published on July 26.

Burnett comments on the recent escalation of atrocities against the Serbian population in Kosovo, saying that “the problem is not military . . . but political. Severe measures must be immediately taken to prevent the spiral of revenge from taking off.” NATO, Burnett says, must put pressure on the Kosovo Liberation Army. He calls for “proceeding united in the economic and civilian reconstruction of Kosovo.” When the journalist remarks that there is an agreement to rebuild Kosovo, but no agreement on Serbia, Burnett replies: Agreement “must be reached there as well. I have heard a dozen definitions of humanitarian aid for

Belgrade which would be legitimate.”

Burnett, says the article, “holds it as indispensable that the Russians participate in stabilizing the Balkans.”

Burnett praises the behavior of the Italian government during the war, and criticizes NATO’s conduct of imposing decisions on member countries and selling them publicly afterward as “consultations.”

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## Retired officers hit Naval Academy curriculum

Gerald Atkinson, Commander U.S. Navy (ret.), decried the influence of the Frankfurt School and London’s Tavistock Institute upon the Naval Academy curriculum, in a commentary in the *Washington Times* on July 25. *EIR* “wrote the book” on these two culturally pernicious institutions, and our exposés have circulated widely.

Atkinson referred to a speech made recently by retiring Marine Corps Commandant Gen. Charles Krulak, who used the opportunity to attack some of the curriculum at the Academy that has been introduced under the heading of “political correctness,” a curriculum characterized by Krulak as “full of theoretical classes and seminars . . . mumbo jumbo about Freud, Kant, and utilitarianism.”

Although Krulak’s comments didn’t receive any media attention, Atkinson wrote that Krulak was right on the mark. Atkinson referred to a new “character development program” instituted at the Academy, in which midshipmen are broken down in groups of about 15, led by a “facilitator.”

“It sounds benign,” Atkinson said, “but unfortunately it is right out of Kurt Lewin’s methods of how to ‘brainwash’ individuals in a peer pressure environment where a ‘trained’ facilitator can work his or her ‘magic.’ This type of ‘leadership’ training is taken from the Tavistock Institute, Kurt Lewin’s National Training Laboratory (NTL) at MIT, and the ‘change agent’ movement at the University of Michigan in the early 1970s—which so destroyed our public schools.”

Referring to a recent essay by a female

Academy midshipman on the “Tailhook” sex scandal, Atkinson continued: “The essay is a classic example of Critical Theory straight out of the teachings of the ‘cultural Marxist’ Frankfurt School. . . . The midshipman uses the writings of the 19th-century philosophers Immanuel Kant, Jeremy Bentham, and John Stewart [sic] Mill to evaluate Tailhook 91. Of course, Kant was the founder of the ‘dialectical movement’ which led to Georg Wilhelm Hegel, whose philosophy led to Karl Marx, the father of ‘dialectical materialism,’ the progenitor to Josef Stalin’s communism. . . .

“The midshipman is but a pawn in a very dangerous game being played by the counterculture revolutionaries of the Boomer generation. In their midlife years, this elite has come to power in every American institution. As in all other institutions, they are destroying the U.S. military. It is another step in the long march through our American institutions.”

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## Apollo 11 experiment still returns data

During their little more than two hours on the Moon 30 years ago, the Apollo 11 astronauts left some scientific experiments on the surface of the Moon, one of which is still returning invaluable data, according to a press release from NASA’s Jet Propulsion Laboratory (JPL) on July 19.

The one experiment that the astronauts left that doesn’t require any power, is the Lunar Laser Ranging Experiment, which is still functioning perfectly today. It is a checkerboard mosaic of highly reflective surfaces. Scientists from around the world have used the reflectors on the lunar surface to study both the Earth and the Moon. On a regular basis, the McDonald Observatory Laser Ranging Station in Texas, and the Observatoire de la Côte d’Azur in France, send a laser beam through an optical telescope to hit one of the reflectors. By measuring the time it takes for the light to return to Earth, scientists have learned about an astonishing array of dynamic characteristics of both the Moon and the Earth.



Scientists from JPL report that over the years, they have determined that the Moon is receding from the Earth at a rate of about 1.5 inches per year. Measurements have shown that the Earth's land masses are gradually changing, after having been compressed by the great weight of the glaciers in the last Ice Age. Laser-ranging has provided such precise data about the Moon's orbit that analyses of solar eclipses can now be made as far back as 1,400 BC. And, we have learned that the Earth's atmosphere, tides, and core cause changes in the length of the day, varying about one-thousandth of a second over the course of a year.

## Virginia prosecutor lets Robertson off the hook

Virginia Attorney General Mark Earley declined to prosecute televangelist "Diamond Pat" Robertson for fraudulent fundraising practices, quietly announcing this decision in June, according to a July 15 report by Bill Sizemore in *The Virginian Pilot*.

As *EIR* reported in 1997, Robertson made fraudulent fundraising appeals, in raising tens of millions of dollars for his organization. Money raised on behalf of "Operation Blessing," supposedly to provide aid to poor Africans, financed airplanes flying missions for Robertson's own African diamond-mining venture.

The Virginia Office of Consumer Affairs, after a year-long investigation, recommended that Robertson be prosecuted for violations of the state's charity laws against deception and fraud. The agency's report was made public in July in response to a Freedom of Information Act request by *The Virginian Pilot*.

Despite the state's findings, the Attorney General's Office stated that, though there was "no doubt" that Robertson misled his television viewers on the African airplanes' activity, there was "no evidence" that Robertson acted "with reckless indifference as to their veracity," that is, that he intended to defraud donors.

During Earley's 1997 election campaign for the office of Attorney General, Pat Rob-

ertson gave Earley \$35,000, the largest single donation from any individual.

Defending himself in the diamond scandal, Robertson wrote that his operations in Zaire (now called Congo) were undertaken on President George Bush's request. He said that he told Zairean leaders to turn over financial powers to international bankers and hand over mineral rights to foreign cartels, and that if they refused, "Zaire would be plunged into chaos."

## RAND Corp. analyst ridicules Cox Report

The RAND Corp.'s senior East Asia expert, Jonathan Pollack, was scheduled to give a public briefing on July 21, to denounce the Cox Report, Tom Plate reported in a *Los Angeles Times* commentary on July 21, titled "Cox Report Was 'An Exercise in Amateur-hour Paranoia.'" The Report, released in May by the House Select Committee on U.S. National Security and Military/Commercial Concerns with the People's Republic of China, charged that the P.R.C. was stealing U.S. military secrets. The committee chairman is Rep. Chris Cox (R-Calif.).

In a prior interview, Pollack told Plate: "The report was an unbelievable rush to judgment. I find myself bemused by it—and deeply disturbed. . . . It is particularly weak on the nuclear espionage issue, the most important one. Who did what to whom is very unclear in its spotty narrative. There are too many unhedged judgments, too many unexplained statements. As a serious document, it simply does not cohere. One has to conclude that the committee knew the answers it wanted before it started out. If it were a PhD thesis at RAND, I'd flunk it."

Pollack decried the fact that the report sets up anyone of Chinese ancestry in the United States to be viewed as a spy.

Plate, a teacher at the University of California at Los Angeles, suggests that for such reasons, the American people should be as upset over the Cox Report as the Chinese are.

**WILLIAM REHNQUIST**, Chief Justice of the U.S. Supreme Court, led a sing-along of the Confederate marching song "Dixie," at the 4th Circuit Judicial Conference in June. "The song is offensive to African Americans," said Brent O.E. Clinkscales, a black South Carolina lawyer. "I think it's nostalgic for slavery."

**A SCIENTIST** whose 1992 study linking high-voltage power lines to cancer contributed to public fears, was found to have faked his data, and has left the Lawrence Berkeley National Laboratory, according to the *Chicago Sun-Times* on July 24. The Federal Office of Research Integrity concluded that Richard P. Liburdy had tossed out data that did not support his conclusions.

**MICHAEL FORBES**, a Republican Congressman from New York, switched his affiliation to the Democratic Party, in the first such defection since the Republican conservative revolutionaries seized control of the Congress in 1994. He said that the GOP has fallen into the "hands of extremists."

**SHUTTLE COMMANDER** Eileen Collins said on July 20, at a ceremony honoring the Apollo 11 astronauts, that there are no technical reasons that we could not go back to the Moon; that what is required is the will to do it. She challenged the American people to renew their commitment to an Apollo-type space exploration effort.

**GEORGE W. BUSH** is being accused of campaign finance violations by the election watchdog group Texans for Public Justice, and by rival Republican candidate Steve Forbes, for "bundling contributions" and plotting to circumvent the \$1,000 per contributor limit imposed by the Federal Elections Commission, the *Washington Post* reported on July 20.

### *Crimes against humanity*

It's popular nowadays for those who are attempting to impose the British feudal globalization system on the world, to bandy about the term "crime against humanity," selectively, and usually totally falsely, applying it to governments which maintain active control over their economies in order to try to protect their populations. But meanwhile, these so-called opinion-makers ignore the systemic genocidal premise behind the thinking of economic advisers the world over—especially those associated with the International Monetary Fund, the World Bank, and other supranational financial institutions: the Nazi-style outlook of eliminating "useless eaters" *en masse*.

Back in November 1996, speaking at a meeting of the FDR Political Action Committee in Washington, D.C., Lyndon LaRouche put the problem this way:

"What is happening, is the collapse of the economy has been used as a pretext, in the name of such bogeymen as 'budget balancing,' in order to destroy human beings by a policy which has not been seen in European civilization generally practiced since the Nazis in the 1930s." LaRouche and several other speakers at that event discussed the leading example of such Nazi-like policies, those of the health maintenance organizations, and other institutions of managed care.

Today, there is scarcely a household in the United States that does not directly understand what LaRouche was polemically arguing then. The issue of medical mistreatment, and totally unnecessary deaths, as a result of cost-cutting by health maintenance organizations, has inflamed popular passions. People understand very well that for-profit medical companies are prepared to sacrifice lives for the sake of improving their balance sheets.

This is the very same philosophy that has been behind the denial of decent health care for Third World nations over decades. It "costs too much," the bankers say, to provide the public health and medical infrastructure to the nations of Africa on the scale of an "industrialized" country. What that's really saying, is that the people in those nations are not considered to

have lives worthy to be saved.

And now, the same policy is taking over in the nations of western Europe and the United States. Europe is not hit as hard, yet, although the draconian budget cuts being put into effect in Germany, for example, are taking things in that direction. Here in the United States, however, we see the Nazi-style philosophy going into effect whole-hog.

How dare health maintenance organizations take decisions out of the hands of qualified doctors, to decide who should get adequate care, and who shouldn't? How dare these organizations buy up public hospitals, and then shut them down when the revenues don't come up to their expectations? How dare HMO executives get away without having any personal liability for the decisions which they are making over the life and death of millions of people?

The health maintenance organizations—and the insurance companies and banks behind them—would have you believe that an improvement in care will necessarily result in gigantic increases in fees. This is blackmail, pure and simple. They are simply objecting to any intervention in their right to steal health care money, and to kill.

How should we approach this crisis? First, as LaRouche said in 1996, we must "call a bottle of milk a bottle of milk." Tell the truth about the Nazi actions of the HMOs, to begin with. And then eliminate the *system* which both permits and encourages such actions to occur. The guidepost is the concept of the General Welfare of the population, as outlined in the Preamble to the U.S. Constitution, and embedded in the concept of the sovereign nation-state going back to the period of the 15th century.

It's time the line be drawn. Those politicians now stepping forward to protect the genocidal HMOs must be politically punished. The HMOs must be made liable for their crimes. The General Welfare must be fought for and protected. Any other policy is to accede to crimes against humanity, with consequences worse than those which followed the rise of Hitler to power.

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 Aug. 4, 11, 18, 25  
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 Aug. 4, 11, 18, 25  
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 Wednesdays—7 p.m.  
 Aug. 4, 11, 18, 25  
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 Fridays—10 a.m.  
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 Mondays—10 p.m.  
 ↔NEW HAVEN  
 Comcast Ch. 28  
 Sundays—10 p.m.  
 ↔NEWTOWN/NEW MILFORD  
 Charter Ch. 21  
 Thursdays—9:30 p.m.
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 Sundays—3:30 p.m.
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 ↔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**  
 ↔AMHERST—ACTV Ch. 10\*  
 ↔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.  
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 ↔PLYMOUTH  
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 12 Midnight  
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 3 p.m., 11 p.m., 7 a.m.  
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 Time/Warner Ch. 35  
 Cablevision Ch. 68  
 Sundays—9 a.m.
- ↔CORTLANDT/PEEKSKILL  
 MediaOne Ch. 32/6  
 Wednesdays—3 p.m.  
 ↔HORSEHEADS—T/W Ch. 1  
 Mon. & Fri.—4:30 p.m.  
 ↔HUDSON VALLEY—Ch. 6  
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 Mon.—8 pm; Thu.—9:30 pm  
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 T/W Ch. 34; RCN Ch. 109  
 Sun., Aug. 8, 22: 9 a.m.  
 Sun., Sep. 5, 19: 9 a.m.  
 ↔N. CHAUTAUQUA COUNTY  
 Gateway Access Ch. 12  
 Fridays—7:30 p.m.  
 ↔ONEIDA—PAC Ch. 10  
 Thursdays—10 p.m.  
 ↔OSSINING—Ch. 19/16  
 Wednesdays—3 p.m.  
 ↔PENFIELD—Ch. 12  
 Penfield Community TV\*  
 ↔POUGHKEEPSIE—Ch. 28  
 1st & 2nd Fridays—4 p.m.  
 ↔QUEENSBURY  
 Harron Cable Ch. 71  
 Thursdays—7 p.m.  
 ↔RIVERHEAD—Peconic Ch. 27  
 Thursdays—12 Midnight  
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 Wednesdays—5:30 p.m.  
 ↔SCHENECTADY—SACC Ch. 16  
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 ↔UTICA—Harron Ch. 3  
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 Tue: between Noon & 5 p.m.  
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 Mondays—12 Noon  
 Wed. & Sat.—10 a.m.  
 Sundays—11 a.m.  
 ↔WEST SENECA—Ch. 68  
 Thursdays—10:30 p.m.  
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 Saturdays—3:30 p.m.  
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 Thursdays—3 p.m.
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 Thursdays—6 p.m.
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 ↔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)
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 ↔E. PROVIDENCE—Cox Ch. 18  
 Sundays—12 Noon
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 ↔AUSTIN—ACT Ch. 10/16\*  
 ↔EL PASO—Paragon Ch. 15  
 Wednesdays—5 p.m.  
 ↔HOUSTON—Access Houston  
 Tue., Aug. 8: 12:30 p.m.  
 Wed., Aug. 4: 6-7 p.m.  
 Thu., Aug. 5: 5-6 p.m.
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 Sundays—about 9 p.m.
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 Mondays—6 p.m.  
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 Thursdays—2 p.m.  
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 Thursdays—2 p.m.
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 ↔KING COUNTY—Ch. 29  
 Mondays—11:30 a.m.  
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 Wednesdays—6 p.m.  
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 Mon.—12 Noon; Wed.—6 p.m.  
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 Mondays—1:30 p.m.  
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 Tue.—2 pm; Wed.—8 am  
 ↔OSHKOSH—Ch. 10  
 Fridays—11:00 p.m.  
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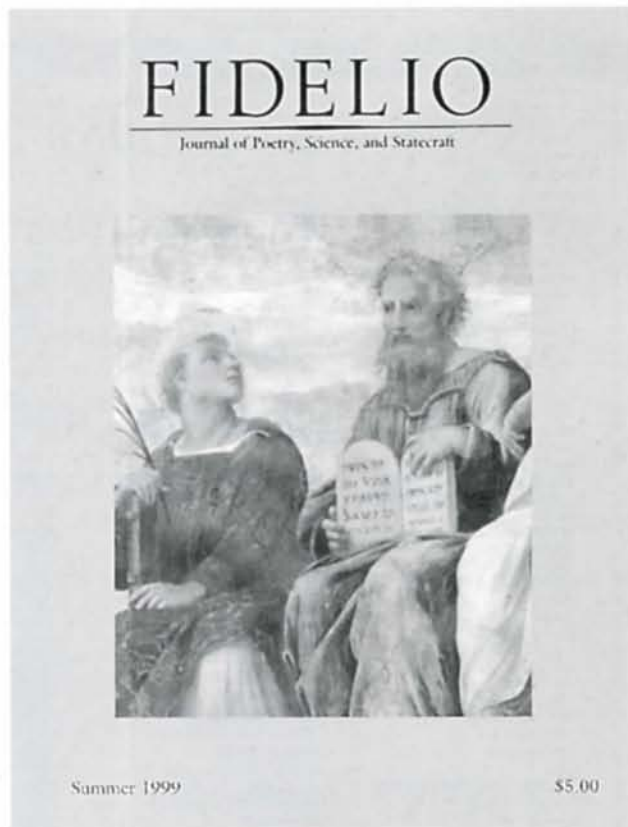
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